

Fuel Snapshot

March 2026

Overview

The Ministry of Industries, Mines and Energy has announced that Namibian **fuel pump prices will remain unchanged for March 2026**. This decision follows developments in international oil markets, exchange rate movements, and the outcome of the Ministry's fuel pricing model for the February review period.

GLOBAL OIL MARKET DYNAMICS

During February 2026, global energy markets reflected mixed cost dynamics. International shipping and freight costs declined as geopolitical tensions along key transit routes eased and tanker availability improved. Congestion in major export corridors normalised, increasing the supply of Very Large Crude Carriers relative to demand and lowering charter rates. Reduced bunker fuel prices also contributed to lower voyage costs.

In contrast, crude oil prices firmed during the month. Tightening global supply conditions and stronger than expected demand from major consuming economies supported upward price pressure. OPEC+ maintained production discipline, limiting additional output and sustaining a geopolitical risk premium.

Average international product prices for the period 1 to 23 February 2026 were as follows:

- Petrol 95 averaged USD 78.67 per barrel, up 5% from January.
- Diesel 50ppm averaged USD 88.21 per barrel, up 9.19 %.
- Diesel 10ppm averaged USD 88.37 per barrel, up 9.30 %.

The US Dollar remained relatively weak amid expectations of an expansionary monetary policy stance by the Federal Reserve, while the Namibian Dollar strengthened over the review period, partially offsetting the increase in international product prices.

Late in February, the geopolitical landscape shifted materially following coordinated US and Israeli strikes on Iranian territory on 28 February 2026, and subsequent regional retaliation. Although these developments occurred after most of the pricing review window, they introduce a renewed risk premium into oil markets. *The Strait of Hormuz*¹, through which roughly one fifth of global oil supply flows, has re-emerged as a key transmission channel for potential volatility.

As a result, while February pricing dynamics were shaped primarily by product cost increases offset by freight relief and currency strength, the market now enters March with elevated geopolitical uncertainty.

MINISTRY PRICING MODEL DATA

During the review period, the Ministry's fuel pricing model incorporated international product prices, freight costs and exchange rate movements to determine import parity costs.

¹ A narrow shipping route between Iran and Oman that connects the Persian Gulf to global markets. A significant share of the world's oil exports passes through this strait, so tensions involving Iran or the wider Gulf region can quickly affect global oil prices.

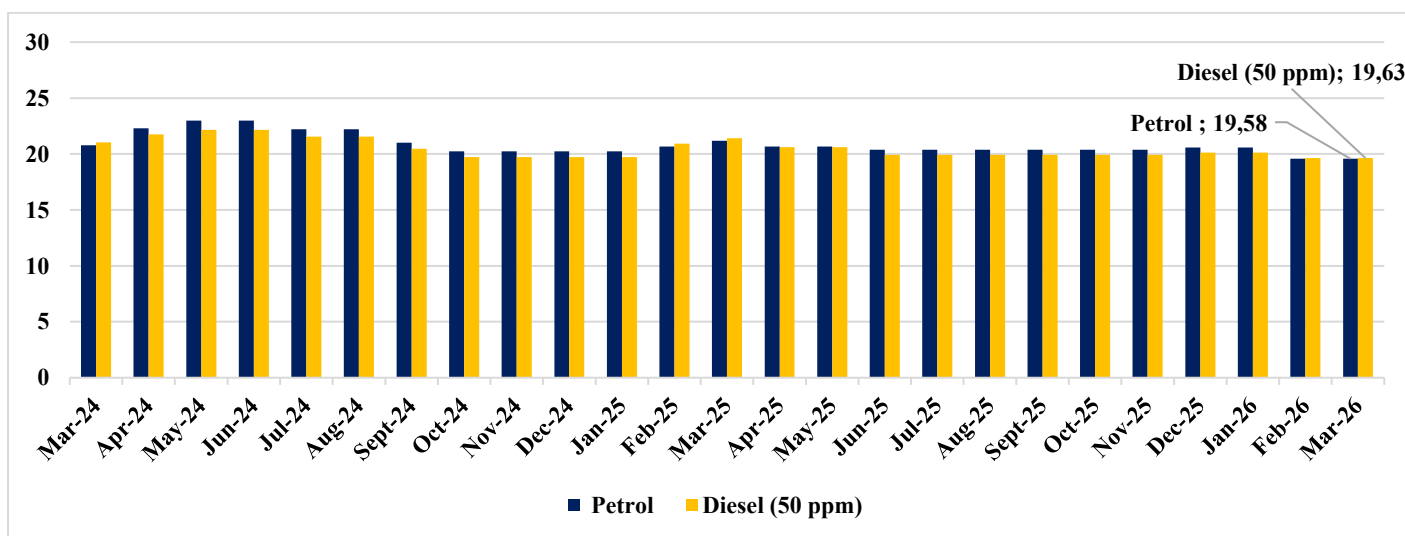
The average exchange rate for 1 to 23 February 2026 was N\$16.03 per USD, reflecting a 1.68% appreciation compared to the January average of N\$16.30. The stronger Namibian Dollar reduced the local currency cost of imported fuel, partially offsetting higher international product prices.

Based on these combined inputs, the pricing model recorded:

- An over-recovery of 5 cents per litre for Petrol (ULP95).
- An under-recovery² of 40.04 cents per litre for Diesel 50ppm.
- An under-recovery of 89.77 cents per litre for Diesel 10ppm.

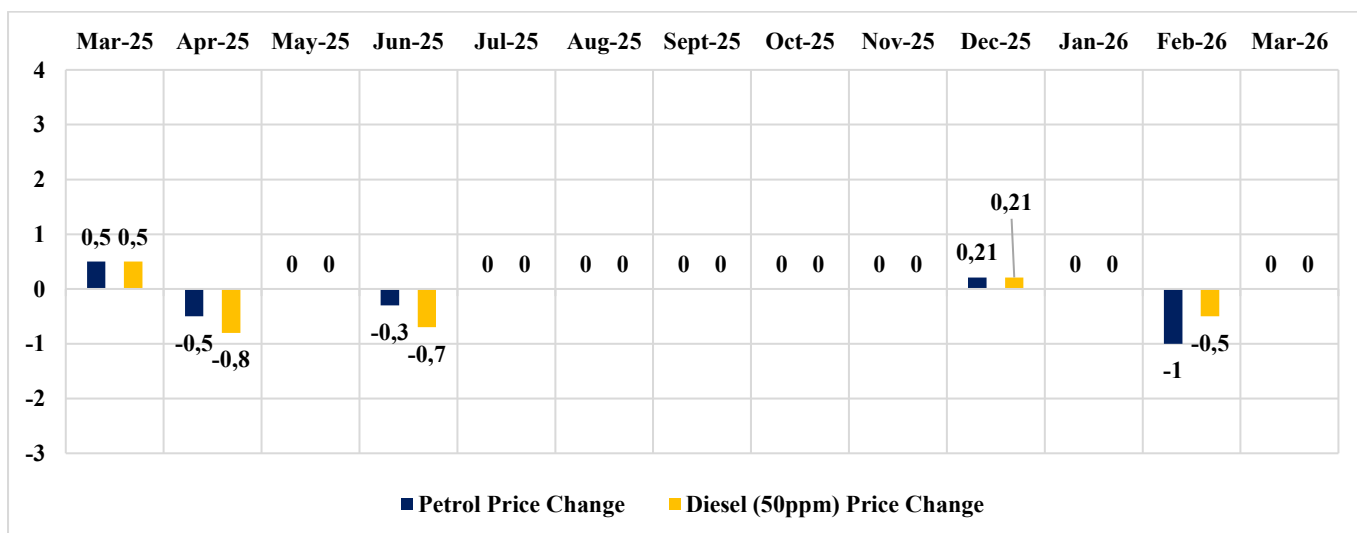
This indicates that petrol prices slightly exceeded calculated import parity costs during the review period, while both diesel variants remained below full cost recovery levels.

Figure 1: Walvis Bay Fuel Price, March 2024 – March 2026



Source: MIME

Figure 2: Monthly Fuel Price Changes, March 2025 – March 2026



Source: MIME

² This occurs when the regulated fuel pump price is lower than the actual cost of importing and supplying the fuel. The shortfall must then be absorbed by the fuel stabilisation mechanism, such as the National Energy Fund.

Outlook

Fuel pump prices will remain unchanged for March 2026, reflecting February market conditions as incorporated into the Ministry's pricing model.

However, the external risk environment has shifted following the late February escalation in the Middle East. While these developments occurred toward the end of the review window and did not materially affect March pricing, their effects are more likely to emerge in subsequent review cycles.

In the near term, oil markets are expected to incorporate a geopolitical risk premium, particularly if tensions influence shipping conditions, insurance costs, or export volumes through the Gulf region. *The Strait of Hormuz* remains a critical transit corridor for global energy supply, and sustained disruption would place upward pressure on crude and refined product prices.

For Namibia, future pricing outcomes will depend on international product prices, freight and insurance costs, and exchange rate movements, all of which feed directly into the fuel pricing model. If elevated geopolitical risk persists through March, April and subsequent review periods may record further under-recoveries, increasing the probability of upward fuel price adjustments.

Conversely, a stabilisation in geopolitical conditions and moderation in oil prices would ease import parity pressures.

At present, while March prices remain stable, the probability distribution for fuel price movements into Q2 2026 is skewed modestly toward upward revisions.