

# Fuel Snapshot

May 2026

## Overview

The Ministry of Industries, Mines and Energy has announced **fuel price increases effective from 00h00 on 8 May 2026. Petrol will increase by N\$1.40/litre, while both diesel variants will increase by N\$4.63/litre.** The adjustment follows higher international oil and refined product prices, elevated freight and insurance costs, supplier premiums, and exchange rate pressures during the review period. The Government also confirmed that part of the *under-recoveries*<sup>1</sup> and supplier premiums will continue to be absorbed through the National Energy Fund (NEF), alongside temporary fuel levy reductions aimed at limiting the full pass-through to consumers.

## GLOBAL OIL MARKET DYNAMICS

Global oil markets remained under pressure during the April review period as conflict involving Iran, the United States and Israel continued to affect market sentiment, shipping conditions and supply expectations.

### **According to the Ministry, the fuel price adjustment was driven by:**

- Continued geopolitical tensions in the Middle East affecting global oil markets.
- Rising international crude oil and refined petroleum product prices.
- Increased freight and shipping costs to the Port of Walvis Bay.
- Higher insurance and fuel procurement premiums charged by suppliers.
- Exchange rate fluctuations between the Namibia Dollar and the United States Dollar.

Brent crude oil prices remained elevated during the period, with market pricing moving higher following the escalation in the Gulf region and disruptions surrounding the *Strait of Hormuz*<sup>2</sup>.

The Strait of Hormuz remains one of the world's most important oil transit corridors, handling roughly 20% of global oil flows and approximately one third of globally seaborne crude oil trade. As a result, even partial disruptions or fears of disruptions in the corridor can influence global oil prices relatively quickly. Reports during the review period pointed to tighter controls over tanker movement, vessel delays, higher maritime insurance costs and reduced shipping activity through the corridor.

The recent market response shares similarities with the 2022 Russia-Ukraine conflict, where oil prices also rose quickly as markets priced in supply disruption risks, sanctions and trade re-routing. In both episodes, oil markets reacted not only to realised supply losses, but also to uncertainty around future supply availability, freight costs and the reliability of key energy corridors.

A key difference is the transmission channel. The Russia-Ukraine conflict primarily disrupted Russian exports and European energy supply chains, while the current episode is centred on maritime transport through the Persian Gulf. For Namibia, however, the effect remains broadly similar: higher international fuel procurement costs, rising freight and insurance premiums, and increased import parity pressure.

<sup>1</sup> Under-recoveries occur when the regulated fuel price is below the estimated import and supply cost of fuel.

<sup>2</sup> The Strait of Hormuz is a narrow shipping route near Iran through which a large share of the world's oil exports passes.

Namibia imports all refined petroleum products and therefore remains exposed to international oil market volatility, global freight costs and supply-chain disruptions.

## MINISTRY PRICING MODEL DATA

As of 30 April 2026, the Ministry recorded the following provisional under-recoveries within the domestic fuel pricing mechanism:

- **N\$2.81/litre for Petrol 95**
- **N\$9.74/litre for Diesel 50ppm**
- **N\$9.68/litre for Diesel 10ppm**

Government indicated that the full extent of these under-recoveries was not passed directly onto consumers. Through the National Energy Fund Fuel Price Equalisation Fund, Government committed:

- N\$805 million to offset April 2026 cumulative under-recoveries and associated fuel premiums.
- A further projected N\$490 million to offset May 2026 cumulative under-recoveries and associated fuel premiums.

The Ministry further noted that supplier procurement premiums ranging between approximately N\$0.50 and N\$2.00 per litre were charged above normal landed fuel costs due to heightened global market risks and supply uncertainties. The direct financial implication associated with these premiums alone is estimated at roughly N\$300 million for April and May 2026.

Government also confirmed that temporary reductions and suspensions of selected fuel levies remain in place from April through June 2026. According to the Ministry, the temporary 50% levy reduction and suspension currently reduce fuel prices by approximately N\$2.03 per litre across products.

Exchange rate movements also added to import cost pressure. Based on available daily rates, the Namibia Dollar weakened from around N\$16.34/USD on 17 April to approximately N\$16.66/USD by 30 April, implying an estimated depreciation of roughly 2.0% over the latter part of the review period. As fuel imports are priced internationally in US Dollars, the weaker exchange rate increased the local currency cost of imported fuel and contributed further to domestic under-recoveries.

## REGIONAL CONTEXT

The Ministry noted that regional fuel prices also increased during the review period, reflecting broader international fuel market pressures. According to the Ministry's regional comparison for May 2026:

Country	Petrol (N\$/Litre)	Diesel (N\$/Litre)
<b>Namibia</b>	23.38	29.53
<b>Botswana<sup>3</sup></b>	24.63	30.85
<b>South Africa</b>	26.63	31.17
<b>Zambia</b>	24.07	30.14
<b>Zimbabwe</b>	34.73	34.89
<b>Lesotho</b>	25.90	34.75
<b>Eswatini</b>	25.27	31.60

Source: MIME

The Ministry noted that Namibia remained the most affordable among Common Monetary Area<sup>4</sup> member states during May 2026.

<sup>3</sup> As at April 2026

<sup>4</sup> The Common Monetary Area includes Namibia, South Africa, Lesotho and Eswatini, whose currencies are closely linked.

## Outlook

Oil markets are expected to remain sensitive to developments in the Middle East over the near term. Ongoing diplomatic discussions and reports of possible de-escalation have introduced some cautious optimism, although at the time of writing no formal resolution or ceasefire agreement had been finalised.

If geopolitical conditions stabilise and shipping activity through the Strait of Hormuz normalises, fuel price pressures could moderate in upcoming review periods. Under this scenario, May may represent the peak of the current adjustment cycle, with prices potentially stabilising before broader relief emerges once oil markets settle.

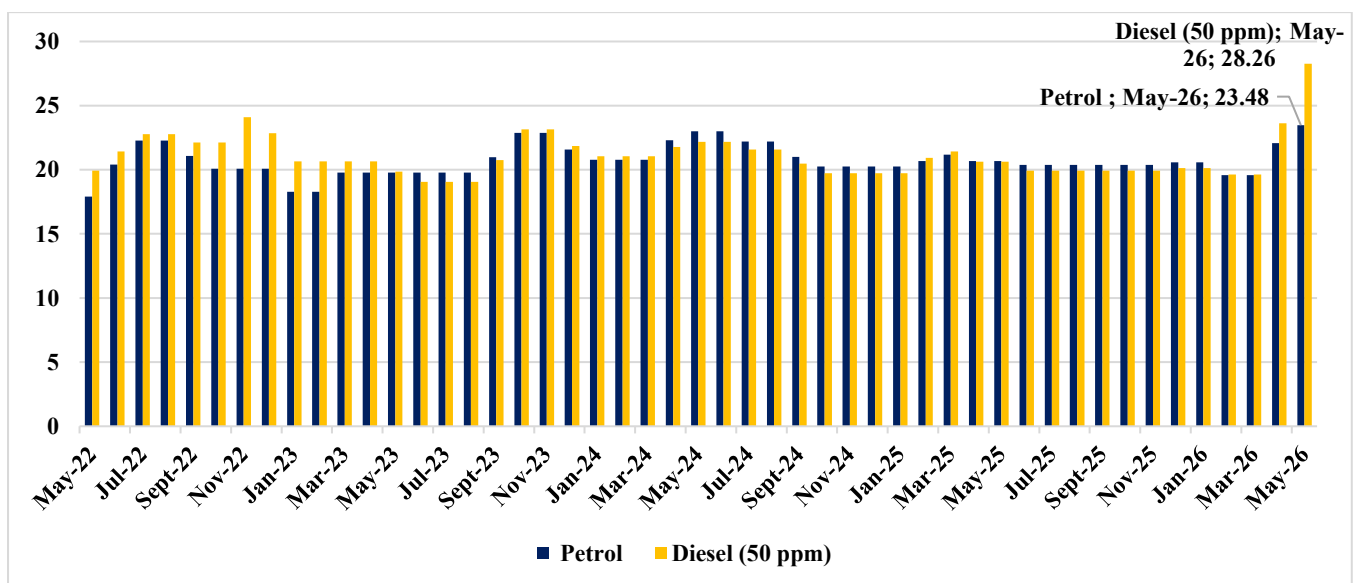
However, if tensions persist or supply disruptions intensify, upward pressure on international fuel prices could continue, increasing the likelihood of further under-recoveries and additional domestic fuel price adjustments.

The 2022 Russia-Ukraine conflict provides a useful reference point. Geopolitical shocks can influence fuel markets beyond the initial disruption, especially where shipping routes, supply chains, insurance costs and risk premiums remain affected.

Domestically, Namibia's fuel reserves, temporary levy relief and continued support through the National Energy Fund provide short-term cushioning. However, this cushioning works best alongside stable demand. Avoiding panic buying and excessive stockpiling will be important to maintain orderly supply conditions and prevent unnecessary strain on the domestic distribution system.

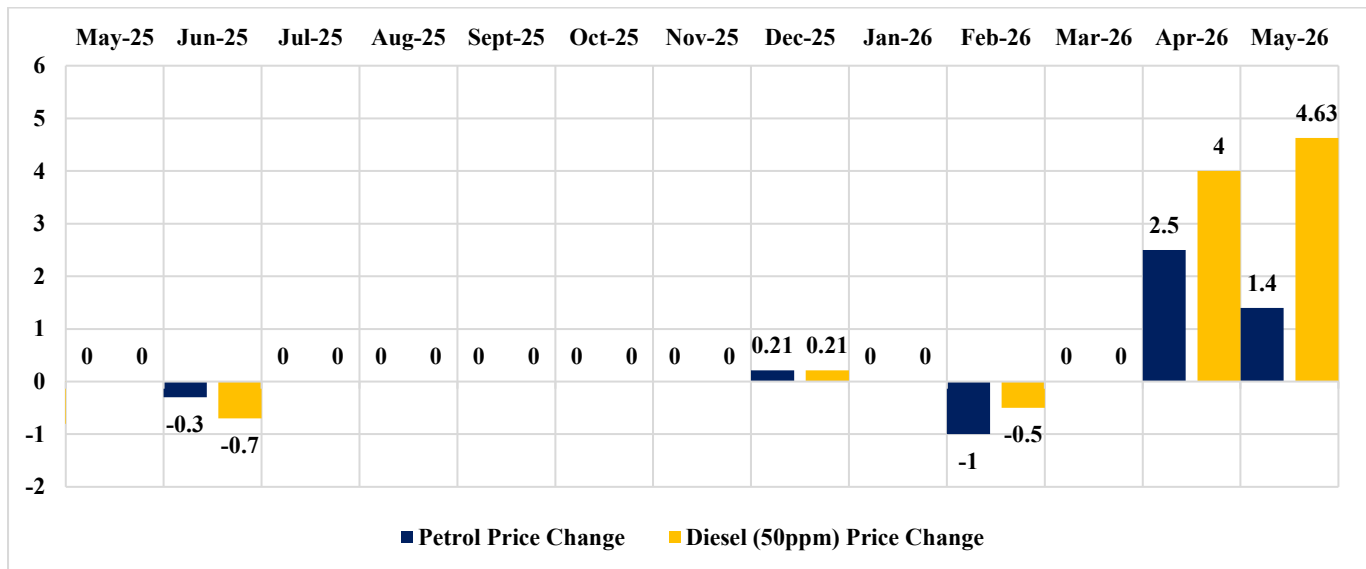
## Figures & Graphs

**Figure 1: Walvis Bay Fuel Price, May 2022 – May 2026**



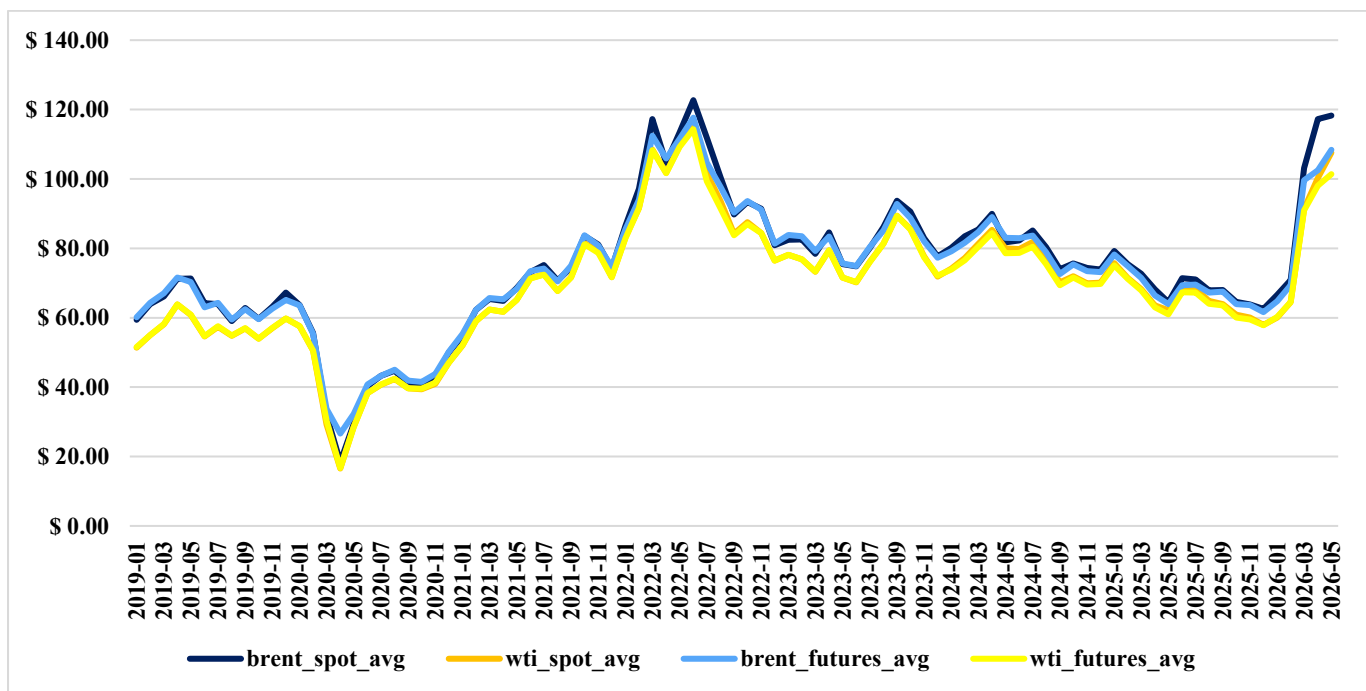
Source: MIME

**Figure 2: Monthly Fuel Price Changes, May 2025 – May 2026**



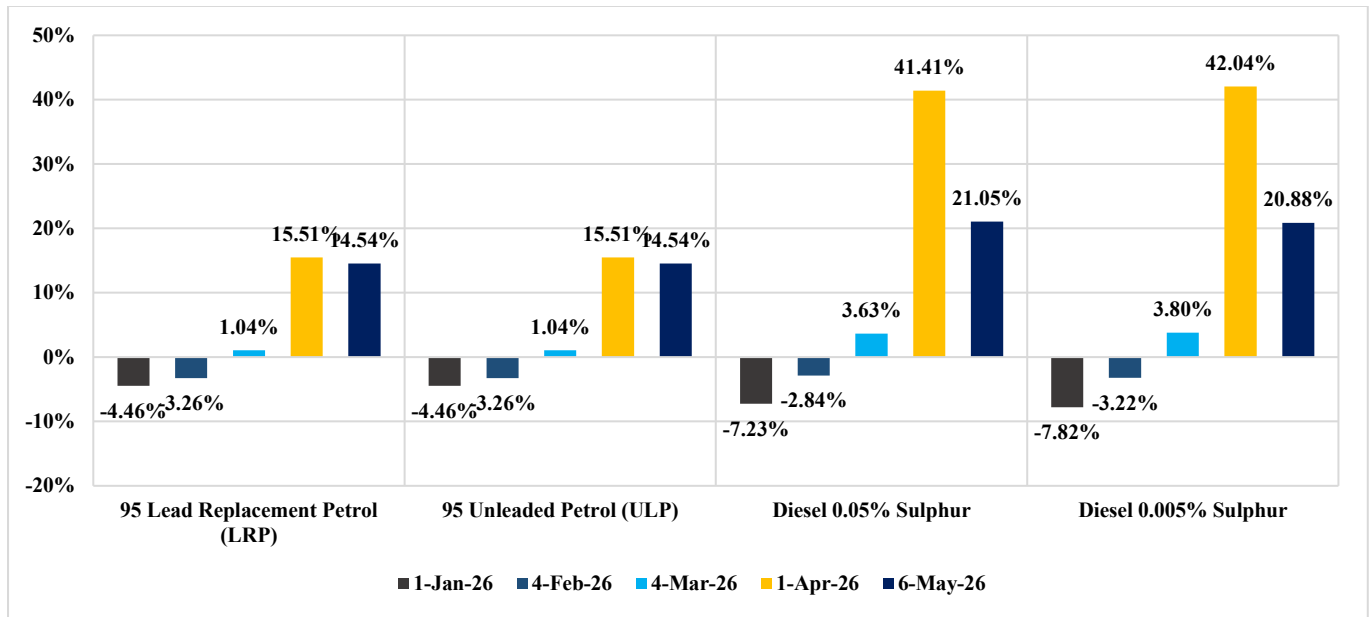
Source: MIMÉ

**Figure 3: Various Average Monthly Oil Price Metrics USD per Barrel 2019-2026\***



Source: U.S. Energy Information Administration (EIA), via FRED & Market Data, via Yahoo Finance

**Figure 4: South African 2026 Fuel Price Changes (%)**



Source: Fuels Industry Association of South Africa