

Fuel Snapshot

July 2026

Overview

The Ministry of Industries, Mines and Energy has announced that, **as at Friday, 3 July 2026, fuel pump prices will decrease by N\$1.00/litre for Petrol 95 and N\$4.00/litre for both diesel grades.** The adjustment reflects softer international oil prices, lower petroleum product prices, reduced freight costs, a stronger Namibia Dollar and over-recoveries recorded during the review period.

GLOBAL OIL MARKET DYNAMICS

Global oil markets softened during the June review period as geopolitical tensions in the Middle East eased and crude oil flows through the Strait of Hormuz gradually showed prospects of a peaceful deal. Brent crude prices declined from the elevated levels recorded during the conflict period, contributing to lower international petroleum product prices and lower Free-on-Board prices for petrol and diesel.

International tanker freight rates also moderated as vessel movements through key shipping routes improved. Higher tanker availability, lower charges, reduced port congestion and shorter waiting times at loading terminals helped reduce shipping-related costs during the review period.

On the demand side, weaker global oil consumption growth continued to place downward pressure on petroleum prices. At the same time, increased crude oil production from non-OPEC+ producers helped offset supply disruptions elsewhere, improving overall market supply conditions.

According to the Ministry's latest calculations:

- Petrol 95 averaged USD 113.913 per barrel during 1–23 June 2026, down 14.51% from May.
- Diesel 50ppm averaged USD 131.467 per barrel, down 17.93% from May.
- Diesel 10ppm averaged USD 131.865 per barrel, down 17.89% from May.

As shown in Figure 3, oil prices remain elevated compared with the pre-conflict levels seen in early 2026, but the June review period marked a clear moderation from the peak levels reached during the recent Middle East shock.

MINISTRY PRICING MODEL DATA

The Ministry's fuel pricing model incorporates international petroleum product prices, freight costs, exchange-rate movements and other import-related costs to determine the domestic fuel price position.

During the review period, the Namibia Dollar strengthened against the United States Dollar. From 01 to 23 June 2026, the average exchange rate stood at N\$16.3649 per US Dollar, representing an appreciation of approximately 0.71% compared with the May 2026 average of N\$16.4827 per US Dollar. This stronger exchange rate helped reduce fuel import costs.

Based on the Ministry's fuel pricing model, the following over-recoveries were recorded:

- **Petrol 95: over-recovery of 124.853 cents per litre.**
- **Diesel 50ppm: over-recovery of 490.322 cents per litre.**
- **Diesel 10ppm: over-recovery of 496.206 cents per litre.**

Accordingly, fuel pump prices will decrease by 100 cents per litre for Petrol 95 and 400 cents per litre for both diesel grades. The new Walvis Bay pump prices will be N\$22.48 per litre for Petrol 95, N\$24.26 per litre for Diesel 50ppm, and N\$24.36 per litre for Diesel 10ppm, with prices in other towns adjusted accordingly.

The July adjustment follows the unchanged fuel prices recorded in June and signals a more favourable domestic pricing outcome than during the recent period of under-recoveries. As shown in Figure 2, the July decrease reverses part of the sharp increases recorded earlier in 2026, particularly for diesel.

GOVERNMENT SUPPLY ARRANGEMENT

The Government has introduced a coordinated fuel supply arrangement for the period July to September 2026. This arrangement is expected to ensure that fuel imports are procured at the **Basic Fuel Price (BFP)**¹, without the additional **import premiums**² that would ordinarily be charged above the BFP.

By eliminating these premiums, the arrangement is expected to help contain fuel procurement costs, reduce upward pressure on domestic fuel prices and protect consumers from unnecessary price increases during the implementation period.

The arrangement is also expected to strengthen the financial position of the **National Energy Fund**³ by reducing fuel price under-recovery obligations. During April and May 2026, the NEF incurred cumulative fuel price under-recoveries and shortfalls of approximately N\$1.3 billion, excluding import premiums, which averaged about N\$300 million per month.

The Emergency Fuel Supply Arrangement is therefore expected to improve the sustainability of the fuel pricing framework and support the Government's capacity to maintain fuel price stability. It will also provide a transition period for the implementation of the **Bulk Petroleum Import Coordination system**⁴, which is intended to consolidate petroleum procurement, improve operational efficiency and reduce overall fuel import costs over the longer term.

Outlook

The July fuel price decrease suggests that immediate pressure from the recent Middle East oil shock has started to ease. Lower international product prices, reduced freight costs, a stronger Namibia Dollar and over-recoveries across all fuel products point to a more favourable pricing environment than during April and May.

However, the decrease does not yet return domestic fuel prices to pre-conflict levels. Further relief would depend on oil markets continuing to normalise, product prices easing further and shipping costs remaining contained. The Russia-Ukraine conflict provides a useful reference point: although the war remains unresolved, energy markets have gradually adjusted to the shock over time. A similar pattern could emerge with the Iran-related conflict if supply routes remain functional and market participants gain confidence that the disruption can be managed.

Domestically, the coordinated fuel supply arrangement becomes important in this adjustment phase. By reducing import premiums and procuring fuel closer to the Basic Fuel Price, the arrangement should help lower procurement costs, ease pressure on the National Energy Fund and create room to rebuild the fiscal cushion used to limit earlier pump price increases.

Overall, the outlook has improved, but remains conditional on stable global oil markets, steady exchange-rate conditions, effective implementation of the fuel supply arrangement and no renewed disruption along major energy routes.

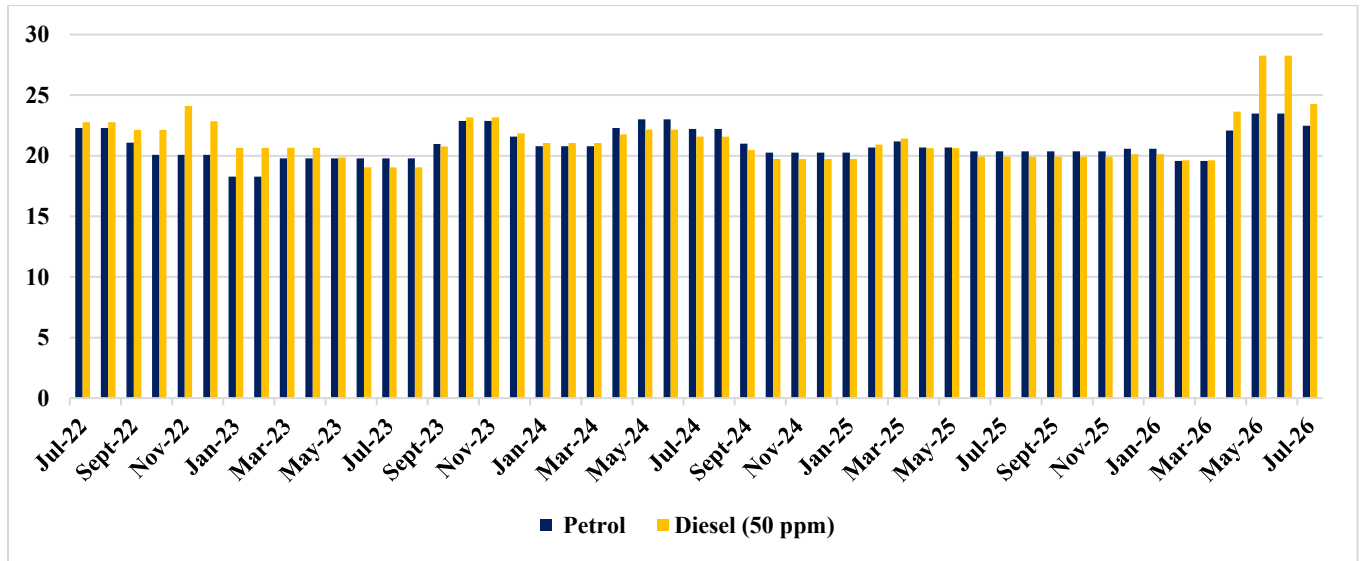
¹ **Basic Fuel Price (BFP):** The benchmark import-parity price used to estimate the landed cost of fuel before domestic levies, margins and other regulated charges.

² **Import premiums:** Additional charges above the BFP, often linked to supply risk, procurement conditions or market uncertainty.

³ **National Energy Fund (NEF):** The fund used to help stabilise domestic fuel prices by absorbing under-recoveries or supporting fuel-related costs.

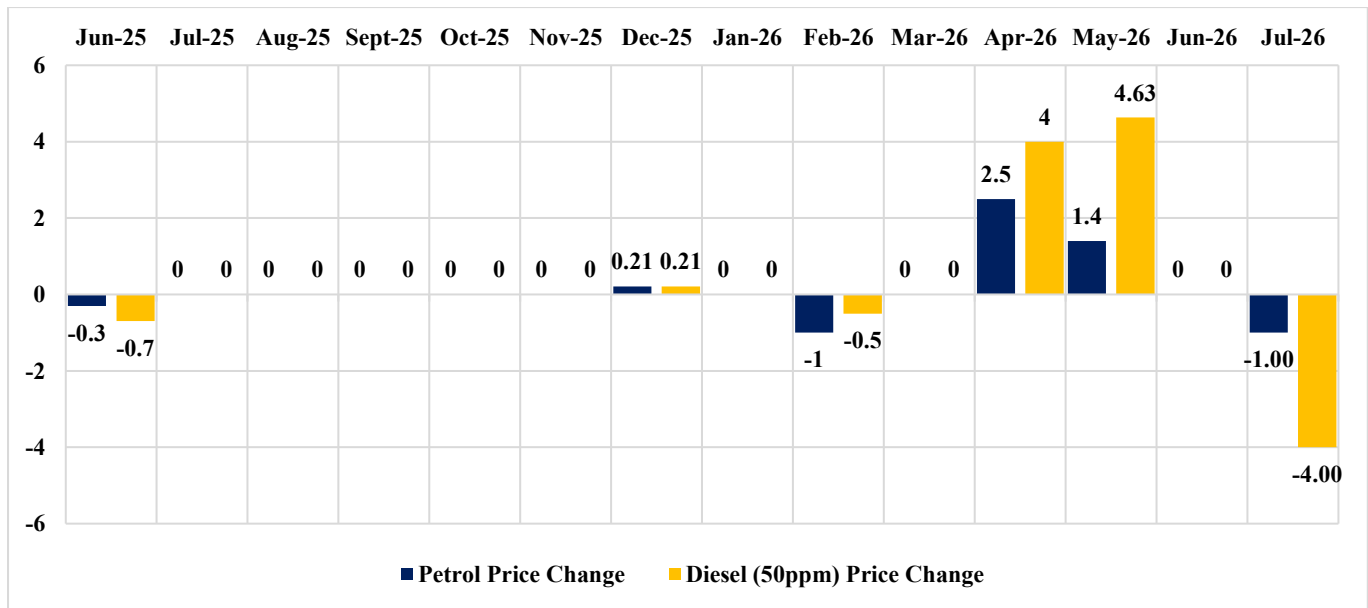
⁴ **Bulk Petroleum Import Coordination:** A coordinated procurement system intended to consolidate fuel imports and reduce overall import costs.

Figure 1: Walvis Bay Fuel Price, July 2022 – July 2026



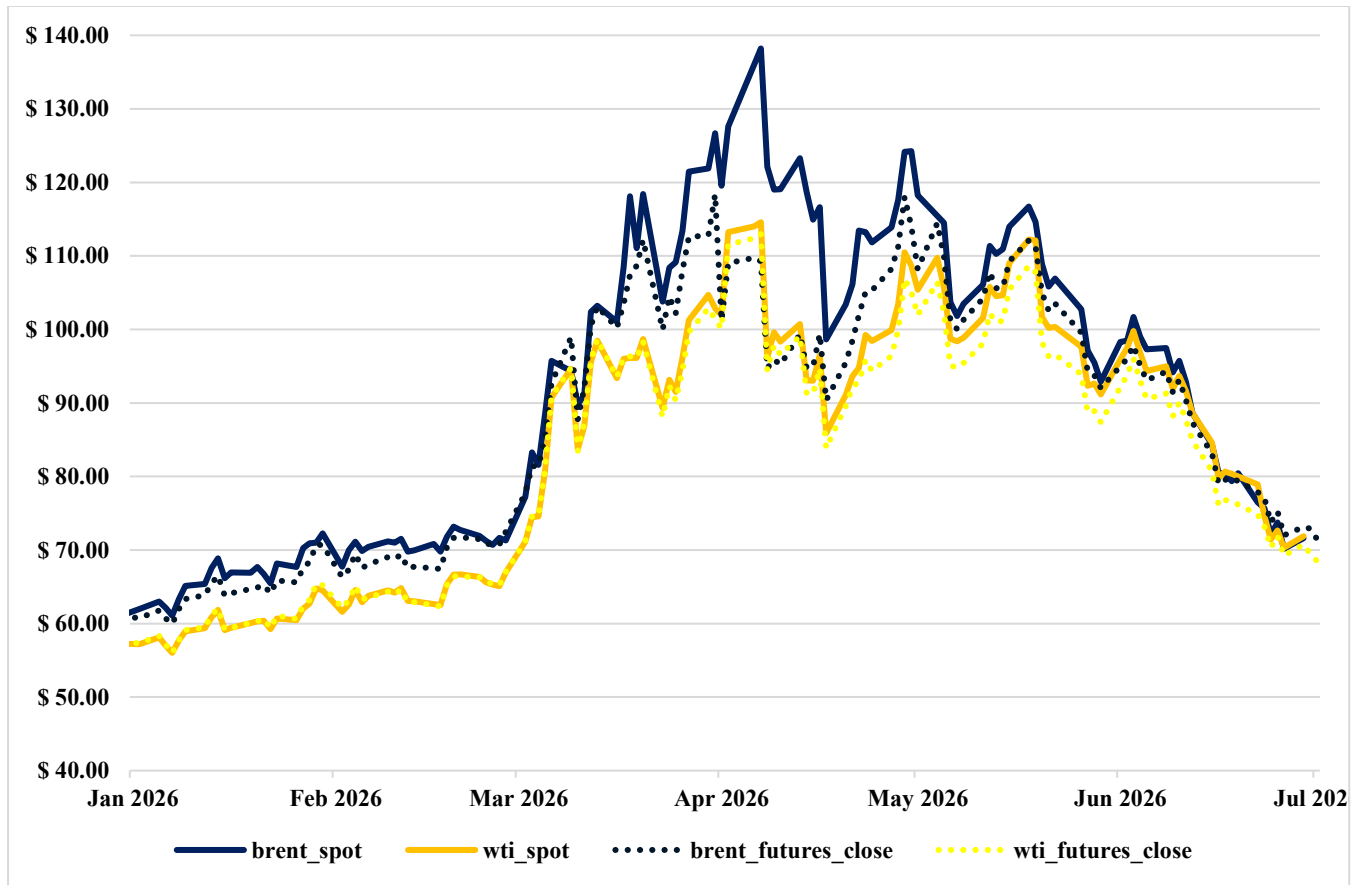
Source: MIME

Figure 2: Monthly Fuel Price Changes, June 2025 – July 2026



Source: MIME

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