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Fuel Snapshot

August 2026

Overview

The Ministry of Industries, Mines and Energy has announced that, **as from Wednesday, 5 August 2026, fuel pump prices will increase by N$2.00/litre for Petrol 95 and both diesel grades**. The adjustment primarily reflects the reinstatement of the temporary fuel levy reductions introduced between April and July 2026 as part of Government's response to elevated international oil prices. While international petroleum prices firmed moderately during the review period, global oil market conditions remained considerably more stable than during the peak of the recent Middle East supply shock.

GLOBAL OIL MARKET DYNAMICS

Global oil markets remained relatively stable during the July review period despite continued geopolitical uncertainty in the Middle East. Although international petroleum prices increased moderately from June, market conditions remained considerably more stable than those experienced during the peak of the recent conflict.

According to the Ministry's calculations:

- Petrol 95 averaged USD 115.16 per barrel during 1–27 July 2026, up 2.87% since June.
- Diesel 50ppm averaged USD 127.14 per barrel, up 10.97% from June.
- Diesel 10ppm averaged USD 141.68 per barrel, up 11.10% from June.

The increases reflected some firming in refined petroleum product prices and freight costs, rather than a renewed geopolitical shock. As shown in Figure 3, international oil prices remain well below the highs recorded during April and May and have broadly stabilised around levels seen before the recent Middle East supply disruption.

Recent reporting also suggests that commercial shipping activity through the Strait of Hormuz has continued recovering, reinforcing market confidence that one of the world's most important energy corridors remains operational. While geopolitical risks remain present, markets appear increasingly able to price ongoing conflict without the sharp risk premiums observed earlier in the year.

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 domestic fuel prices.

During the review period, the Namibia Dollar depreciated slightly against the US Dollar.

The average exchange rate moved from **N$16.3850/USD** during June to **N$16.4250/USD** during July, representing a depreciation of approximately **0.24%**.

According to the Ministry:

- **Petrol 95: over-recovery of 2.976 cents per litre.**
- **Diesel 50ppm: under-recovery of 17.985 cents per litre.**
- **Diesel 10ppm: under-recovery of 14.132 cents per litre.**

These recovery positions were relatively balanced and, on their own, would not have justified a substantial increase in pump prices.

REINSTATEMENT OF TEMPORARY FUEL LEVIES

Global oil prices have eased considerably from the levels recorded at the height of the recent supply shock. Average Brent spot prices rose from **US$70.89 per barrel in February 2026** to a peak of **US$117.29 per barrel in April**, before declining to **US$107.14 in May, US$85.40 in June and US$82.11 in July**. Brent futures followed a similar trend, easing from **US$102.46 per barrel in April** to approximately **US$84.51 in July**.

This downward trend, together with the reduced month-to-month movement between June and July, indicates that global oil market conditions have become more stable relative to the volatility recorded between February and April.

Against this backdrop, the August fuel price adjustment largely reflects the reinstatement of the temporary 50% fuel levy reduction introduced in April 2026 to cushion consumers during the period of elevated international oil prices. The measure was initially implemented for three months and subsequently extended through July.

Government has therefore restored the levies from August 2026. These levies finance statutory obligations and public programmes, including the Road User Charging System. The increase represents the unwinding of a temporary support measure as external market pressures ease, while other interventions, including the Emergency Fuel Supply Arrangement, remain in place to limit the domestic pass-through of supplier import premiums.

GOVERNMENT INTERVENTION TO CUSHION CONSUMERS

Government's fuel price support has now shifted from emergency relief to targeted cost containment. During the peak of the recent oil price shock, temporary 50% fuel levy reductions and support through the National Energy Fund (NEF) were used to cushion consumers against elevated international fuel costs.

With the temporary levy reductions now reinstated, Government's primary intervention is the Emergency Fuel Supply Arrangement. Under this arrangement, fuel imports continue to be procured at the Basic Fuel Price (BFP) flat, eliminating supplier import premiums that recently ranged between **N$0.50 and N$4.00 per litre**.

The Ministry estimates that, without this arrangement, pump prices would have increased by approximately **N$6.00 per litre**, comprising **N$2.00 per litre** from the reinstated levies and a further **N$4.00 per litre** from supplier import premiums. The current intervention therefore continues to cushion consumers while allowing the temporary levy support introduced earlier this year to be phased out.

Outlook

The August fuel price review marks a transition from broad emergency support towards a more targeted approach to managing international fuel market risks. The reinstatement of the temporary levy reductions reflects the limits of maintaining large-scale cushioning measures over an extended period, while the Emergency Fuel Supply Arrangement continues to contain supplier import premiums and reduce the immediate pass-through to domestic pump prices.

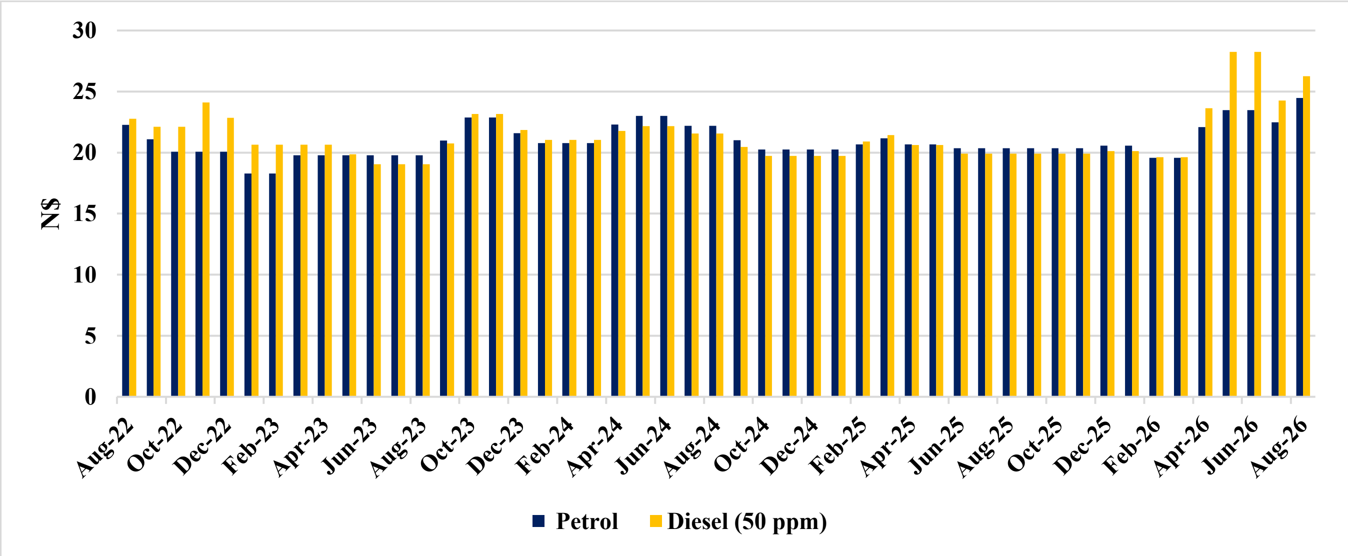
Although oil prices remained volatile during individual trading sessions, opening and closing prices were comparatively more contained than during the peak of the recent Middle East shock. This suggests that markets are gradually adapting to persistent geopolitical risk, even as tensions remain unresolved.

A similar adjustment is likely across the wider oil supply chain. Producers, traders, shippers and importing countries can be expected to develop more targeted mechanisms to manage risks linked specifically to the Strait of Hormuz, rather than relying indefinitely on broad emergency interventions or pricing oil persistently above US$80 per barrel purely on the basis of geopolitical risk.

For Namibia, this shift should help contain fuel inflation, provided international product prices, freight costs and the exchange rate remain broadly stable. Overall, the outlook is one of greater adaptation rather than a full return to normal conditions, with policy support becoming more focused on specific cost pressures while preserving financial buffers for future shocks.

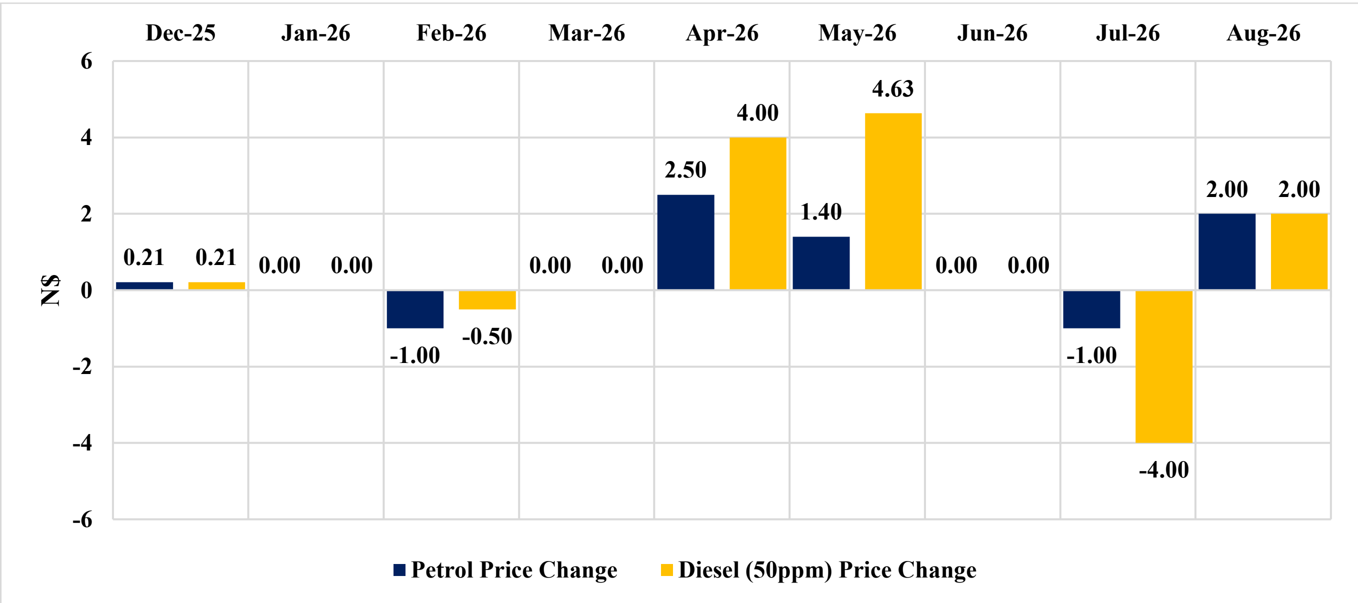
Figures & Graphs

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



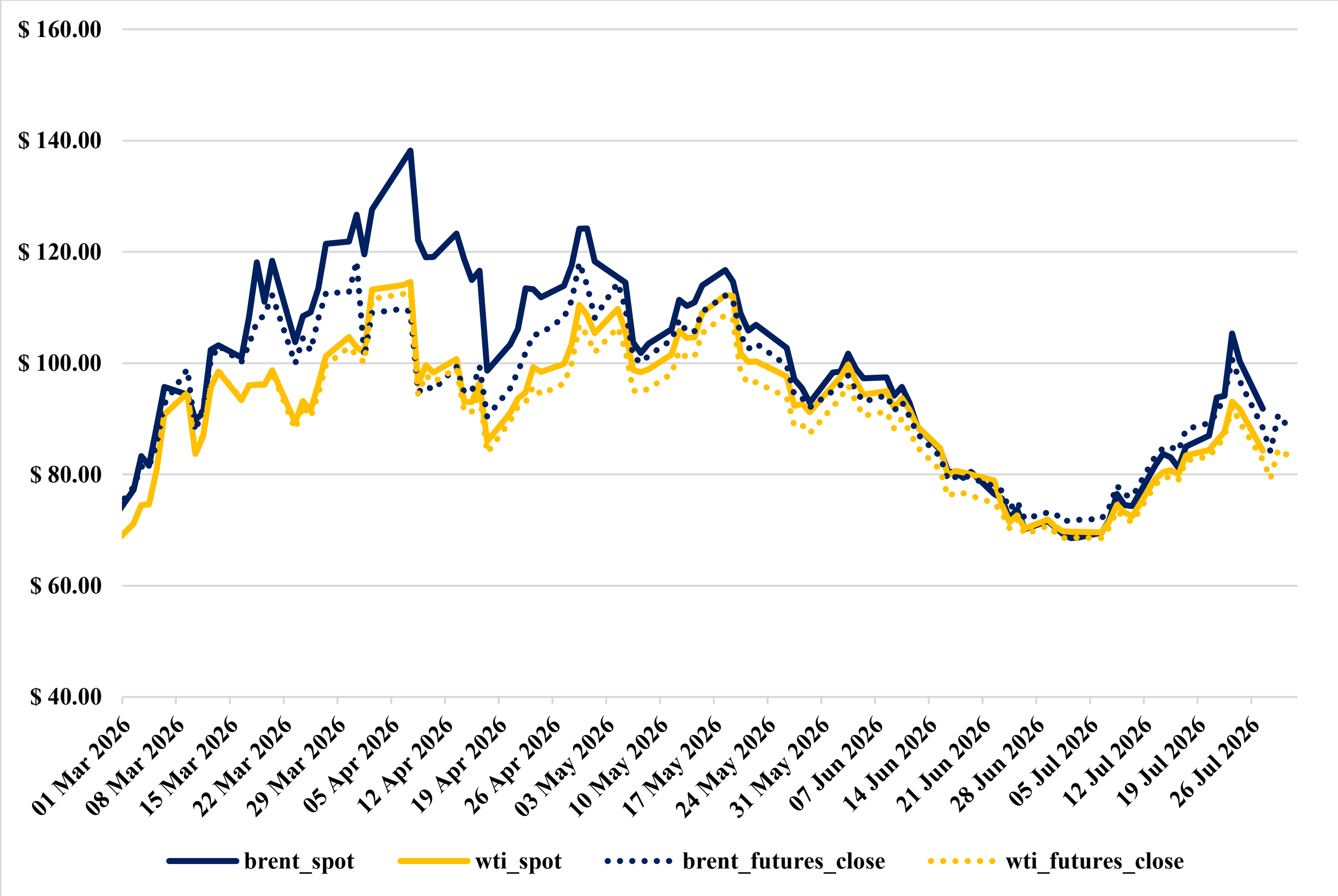
Source: MIME

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



Source: MIME

Figure 3: Various Average Monthly Oil Price Metrics USD per Barrel March – July 2026



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