

Newsletter | July 2026

Capricorn Asset Management
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Namibia's Resource Story Moves into a New Phase

Events in July reiterated that Namibia's future growth story is increasingly tied to how it manages and develops its natural resources. There were several big developments in the month for Namibian resources.

TotalEnergies clears another hurdle

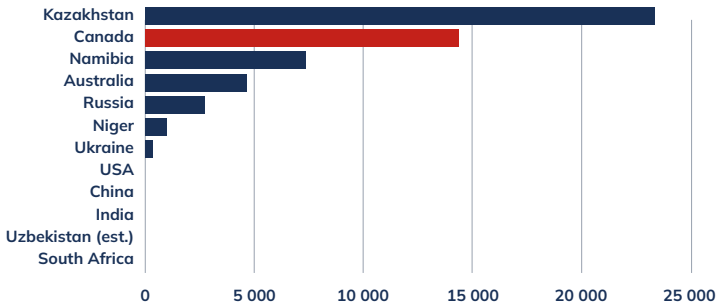
Namibia is a step closer to developing its offshore oil resources with the government granting approval of the swap between TotalEnergies and Galp. However, major decisions remain, particularly whether TotalEnergies takes a final investment decision (FID) on the Venus discovery soon.

Namibia Deepens Its Economic Relationship with China

President Netumbo Nandi-Ndaitwah's visited China in July. The visit resulted in agreements covering critical minerals, infrastructure, energy, agriculture and broader economic cooperation. The discussions also emphasised local processing, technology transfer and skills development.

China is already one of Namibia's most important economic partners, both as a major export partner and as an investor in the domestic economy. In 2024, Namibia was the third-largest uranium producer in the world, behind Kazakhstan and Canada. Chinese investment is already deeply embedded in Namibia's uranium sector through the Rössing Uranium and Husab mines, both of which are majority-owned by Chinese firms.

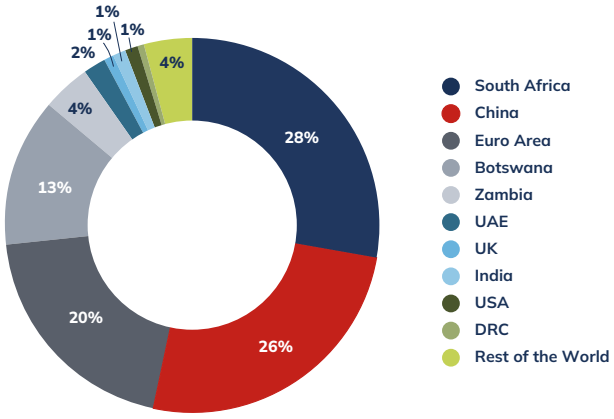
Namibia is one of the world's largest producers of uranium
Tonnes of uranium produced in 2024



Data Source: World Nuclear Association

China's growing importance creates both opportunities and risks for Namibia. China accounts for roughly a quarter of Namibia's exports, with uranium making up 86% these exports.

Export by Destination (Q4 2025)



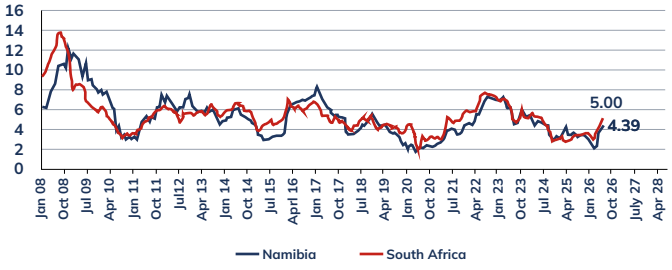
Strengthening ties with China should support investment, trade and export opportunities in the years ahead. As one of the largest producers of uranium and other critical minerals, Namibia stands to gain from closer ties with China and from increasing Chinese demand. However, as China becomes a larger investor and a more important export market, its continued economic growth becomes increasingly important to Namibia. A meaningful slowdown in China would have damaging implications for Namibia's mining sector and export earnings.

Inflation remains high and Central Banks remain cautious

Inflation is climbing. Earlier this year, we expected inflation to moderate as the conflict in Iran appeared to be winding down. Instead, inflation has increased, and the war has ramped up again. South Africa's June inflation rate rose to 5.0%, well above the market forecast of 4.7%, while Namibia's inflation rate in June reached 4.4%.

In both countries, transport was the main driver of inflation, due to rising fuel prices. Transport contributed 1.7 percentage points to South Africa's inflation rate and 1.9 percentage points to Namibia's.

Inflation in Namibia and South Africa has spiked recently
Year-on-year inflation rate (%)





There seems to be a lag between higher fuel prices and inflation. When oil and fuel prices surged in March, inflation remained relatively subdued, leading many analysts to question why inflation was not responding more quickly. We are now seeing those effects filter through the economy. Although fuel prices have since declined from their peaks, the impact of earlier increases can take time to filter through the economy as businesses adjust prices to recover higher transport and operating costs. With the ceasefire between Iran and the United States having broken down and the Strait of Hormuz closed, oil prices are rising and have breached $100 per barrel again. Thus, the risk of renewed oil price pressures feeding into inflation later this year remains.

Another risk to the inflation outlook is El Niño. Meteorologists are warning of a developing El Niño event that could be particularly strong, increasing the risk of drought across Southern Africa. At this stage, it is impossible to know how severe the impact will be. Thus far, food inflation has remained relatively contained. A reason for this is South Africa's bumper maize harvest, which has helped keep maize prices low. This is important for Namibia, which imports roughly two-thirds of its grain requirements, mostly from South Africa. However, if El Niño leads to weaker harvests and lower crop yields, maize prices could come under pressure again. While the effects may not be felt immediately, this could become an additional source of inflation during 2027.

The inflation outlook has important implications for interest rates. Central banks are primarily concerned with where inflation is heading, rather than where it is today. If the current inflation increase proves temporary and inflation expectations remain anchored, policymakers can afford to look through the near-term spike. However, if higher inflation proves persistent or begins to feed into broader price pressures, the case for tighter monetary policy strengthens.

Surprisingly, the SARB chose to hold interest rates at 7% rather than raise them in the July MPC meeting. The Bank cited weak domestic growth, an already restrictive monetary policy and a belief that the inflation outlook had improved since the June meeting as their reasons for not hiking rates. Given that the Namibia dollar is pegged to the rand and that the BoN broadly aligns its policy rate with the SARB to maintain the currency arrangement, it is likely that the Bank of Namibia will similarly hold rates at its August meeting.

However, as SARB Governor Lesatja Kganyago mentioned in his media briefing, the outlook remains uncertain. The Bank has chosen a “wait-and-see” approach now, but remains committed to the 3% midpoint inflation target. If inflation fails to moderate as expected or if inflation expectations begin to rise, the case for a rate hike at a subsequent meeting would strengthen.

How do fuel prices work in Namibia?

The war in Iran and the closure of the Strait of Hormuz have had a devastating impact on global markets

The disruption to the Strait of Hormuz represents one of the most significant shocks to the global oil market in recent decades. The Strait of Hormuz is one of the world's most important energy chokepoints, carrying roughly a fifth of global oil consumption and a significant share of the liquefied natural gas trade. The closure of the Strait has led to a loss of more than 1 billion barrels of oil from Gulf producers. This triggered an extraordinary surge in prices, with brent spot prices reaching above $140 per barrel in April. As a fuel importer, Namibia is particularly exposed to the crisis.

How is the oil price set?

The Oil prices are determined not only by supply and demand but also by market sentiment. A large futures market allows speculators and hedgers to trade contracts far more rapidly than physical changes in supply or demand occur. As a result, expectations about future events can significantly influence prices.

Oil is also a physical commodity that must be transported, stored and, in the case of crude oil, refined before it can be used. These logistics costs form an important part of the final price.

The recent conflict has increased pressure by disrupting shipping routes and raising the risks of moving cargo through key maritime corridors. Threats to oil transportation therefore affect both physical supplies and market expectations, contributing to higher oil prices.

The Domino Effect of Fuel Prices

The final price consumers pay at the petrol pump is influenced by many factors, most of which are outside Namibia's control.

Namibia pays not only for refined fuel but also for transporting it to Walvis Bay. The closure of the Strait of Hormuz has disrupted global shipping routes, forcing tankers onto longer journeys and significantly increasing freight costs. For example, VLCC freight rates from the Middle East to Asia rose by 460%, from $2.79 to $15.65 per barrel.

Longer routes also result in higher war-risk insurance premiums, freight charges and fuel losses through evaporation during transit. Upon arrival in Walvis Bay, tankers may face port delays, incurring demurrage charges before unloading. Any fuel lost during the voyage is redistributed across the remaining volume, increasing the landed cost per litre.

Each month, the Ministry of Mines and Energy converts these costs—including freight, insurance, demurrage and fuel losses—into Namibian dollars. If the total landed cost exceeds the regulated fuel price, an under-recovery is recorded on the National Energy Fund's Slate Account, which can lead to an official fuel price increase.



Once landed, the fuel is transported inland by rail and road, with these distribution costs also included in the final pump price.

The Baltic Clean Tanker Index (BCTI), which tracks the cost of transporting refined fuel, illustrates the impact of the conflict. The index rose from just over 2,000 in early March to more than 3,200 in May as longer shipping routes, fewer available vessels and higher insurance costs pushed up transport prices. Although it has since eased to around 2,500 amid ongoing peace talks, transport costs could rise again if tensions escalate.

What goes into a litre of fuel?

The price per litre consumers pay at the petrol pump is made up of several costs. First, the actual fuel and import cost, which makes up most of the price of fuel. This is the cost of importing refined fuel into the country and has increased dramatically following the closure of the Strait of Hormuz. On top of that cost, fuel levies are imposed.

In response to the fuel crisis, the Namibian government has utilised the National Energy Fund to reduce these levies between April and June. This reduction has cost the government N$1.2 billion. The table below shows how the fuel levies have been reduced between March and May.

	March 2026 (cents per litre)	May 2026 (cents per litre)	Reduction (cents per litre)	% Reduction
Customs & Excise Duty	4.000	4.000	0.000	0%
NEF Fuel Levy	186.775	182.975	3.800	2%
Road User Charge	243.000	121.500	121.500	50%
Fuel Tax	90.000	45.000	45.000	50%
MVA Levy	47.700	23.850	23.850	50%
National Road Safety Council Levy	18.180	8.800	9.380	52%
Total levies	**589.655**	**386.125**	**203.53**	**35%**

Data Source: Ministry of Industry, Mines and Energy

In total, government levies were reduced by 35% between April and June. Without the government reducing levies, Namibians would have been paying an additional N$2.03 per litre of fuel between April and June. Despite the respite from reduced fuel levies, the price of fuel is largely outside Namibia's control, and the government's response, while welcome, is limited.

Namibia must import refined fuel, and import it regularly

Namibia does not produce or refine petroleum itself and therefore relies on importing all its refined fuel. This means that Namibia is a price-taker in oil markets and vulnerable to geopolitical shocks. Consequently, Namibians are paying approximately 15% more for petrol and 40% more for diesel than they were a year ago.

As Namibia is fully reliant on imported refined fuel, a stabilisation of crude oil prices does not necessarily mean oil prices in the country will come down. The International Energy Association forecasts that refinery crude throughputs will decline by 1.6 million barrels per day in 2026, due to infrastructure damage, crude supply shortages and export restrictions. Since Namibia imports fully refined fuel rather than crude oil, these elevated refining margins play a significant role in determining the final price consumers pay. This means that even if crude prices stabilise, fuel prices can remain high if refining capacity remains constrained.

Strategic reserves in some countries have provided an important buffer, helping to moderate price spikes and maintain supply. However, Namibia does not have significant strategic fuel reserves, meaning it cannot rely on stored supplies to cushion price shocks. According to Namcor, Namibia's oil storage facility at Walvis Bay has a capacity of 75 million litres of fuel, enough to last 30-45 days. This is a useful buffer but is not sufficient for an oil shock lasting longer than a few weeks. As a result, global price movements are transmitted more directly and often more rapidly to local fuel costs.

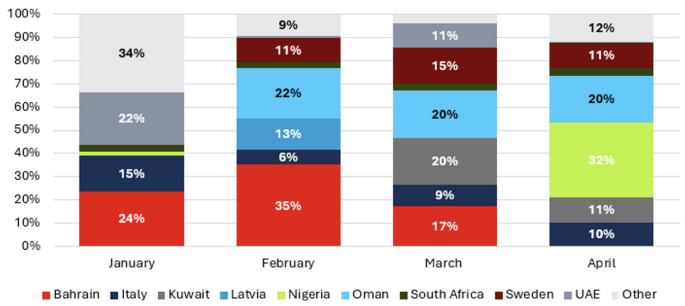
The changing imported fuel landscape

In April 2026, petroleum oils were the top commodity imported into the country, accounting for 18% of total imports. The top three markets Namibia imported oil from were Nigeria (32% of imports), Oman (20%), Kuwait and Sweden (11%). South Africa made up 3% of fuel imports, and no fuel was imported from Angola during the month.

Since the war in Iran began, Namibia's refined fuel import mix has shifted significantly. In January 2026, almost 50% of Namibia's oil was imported from two Middle Eastern countries: Bahrain (24%) and the UAE (22%), while only 1.9% of fuel was imported from Nigeria. In April, Bahrain and the UAE accounted for only 0.3% of the country's fuel imports (although other Middle Eastern countries, such as Oman, remain important suppliers of fuel).

Namibia Fuel Imports

Source: Namibia Statistics Agency

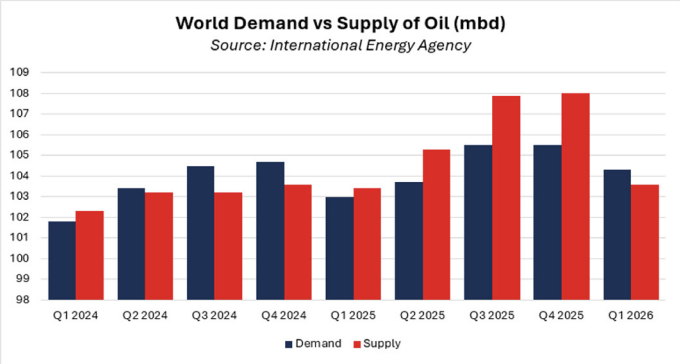


South Africa makes up a small portion of Namibia's fuel imports – approximately 3% in 2026, despite being one of Namibia's most important trading partners. South Africa has two operational crude oil facilities: NATREF (run by Sasol) and Astron Energy. But decades of under-investment have left South Africa's refining capacity low. Between 2010 and 2024, South Africa's refinery capacity halved. Like Namibia, South Africa is a net importer of refined fuel.



How quickly can global supplies of refined fuel recover?

In 2025, a robust supply of crude and refined oil left an important buffer. This allowed oil-producing countries to release oil in response to the crisis, and for countries with large strategic reserves to draw on this. In Q3 and Q4 of 2025, especially, oil supply outstripped demand. This has changed since the start of the war, with demand outstripping supply for the first time since Q4 2024. In response, refiners in Nigeria, the US and Europe have increased their supply. These regions are not fully offsetting the disruption in the Gulf but are playing an important role in partially compensating for the supply shock.



But countries have also started implementing protection measures to ensure local fuel supply. India has raised taxes on diesel exports to protect its supply. Likewise, China has also enacted export restrictions. Although Asia's crude oil supply is on track to return to pre-conflict levels, its refined fuel exports are still 13% below pre-conflict levels. As fuel inventories reach their end, the supply of refined fuel remains tight.

In the medium term, the key factors to monitor are whether the ceasefire holds and the extent to which shipping through the Strait of Hormuz continues to normalise. Under its base-case scenario, which assumes the conflict de-escalates, the International Energy Agency expects crude oil supply to remain below pre-conflict levels for some time.

Global supplies of refined fuels are expected to gradually recover as refiners outside the region increase production and supply chains adjust. However, this recovery is likely to be uneven. Shipping routes have already been reoriented to avoid high-risk areas, reducing the risk of severe supply disruptions but increasing freight costs, transit times and pressure on global tanker capacity. As a result, refined fuel markets are expected to remain more vulnerable to renewed geopolitical disruptions than crude oil markets, even if overall supply continues to improve.

Oil prices have fallen: will Namibians see relief at the petrol pump?

With the tentative peace deal between the US and Iran in place, crude oil prices have fallen to just over $70 a barrel. The Namibian government's temporary 3-month fuel levy expired at the end of June, and many were anticipating higher fuel prices in July. However, the Ministry of Mines and Energy announced that from 3 July, fuel prices will fall by N$1 for petrol and N$4 for diesel. This is due to an easing of tensions in global oil markets, which reduced the cost of importing oil into the country, as well as the introduction of a fuel import agreement with Vitol between July and September.

Namibia as a future fuel exporter?

Namibia's recent offshore oil discoveries in the Orange Basin have generated significant interest and raised expectations regarding the country's future role in the global energy sector. Major discoveries by international exploration companies suggest that Namibia possesses commercially promising hydrocarbon resources. However, discovery alone does not guarantee production. Extensive appraisal drilling, technical studies, infrastructure development, regulatory approvals, and final investment decisions are still required before production can commence. Given the complexity and scale of offshore developments, commercial production is generally expected to occur only later in the decade or potentially into the early 2030s, depending on project economics and market conditions.

KYC Compliance Update: Keeping Your Investments Active

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