Namibia Economic Observatory

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Namibia Trade & Exchange Rate Review 2026

Widening trade gap, a defended peg and a tightening cycle

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Key findings

- The merchandise trade deficit widened sharply in mid-2026: N$5.5 billion in June (a record import bill of N$18.3 billion) and N$5.9 billion in July, against near-balance in July 2025.
- The first-half cumulative deficit reached about N$20 billion on exports of N$67.2 billion. Mineral exports remain the anchor of earnings; fuel, vehicles and machinery dominate imports.
- The Namibia dollar has tracked the rand one-for-one throughout. The rand traded near N$/US$16.5 in early November, after a March low near 17.1 and a January high near 16.3.
- The Bank of Namibia raised the repo rate to 7.00% on 28 October (its second hike of 2026) to defend the peg. Inflation reached 5.6% in October.
- International reserves have recovered to N$59.3 billion (3.6 months of import cover) at end-September, but a persistent deficit and rising oil prices keep the peg's cost in view.

1. Introduction

Namibia is a small, open economy whose external accounts are shaped by two structural facts: a narrow export base dominated by minerals, and a one-to-one peg of the Namibia dollar (N$) to the South African rand within the Common Monetary Area. Trade performance, the exchange rate and monetary policy are therefore tightly linked. A larger trade deficit draws on foreign reserves, and the Bank of Namibia (BoN) must then keep interest rates and reserves consistent with the peg.

This review brings those threads together using the latest releases from the Namibia Statistics Agency (NSA), the Bank of Namibia and market data. Trade figures run to July 2026, the most recent NSA bulletin identified at the time of writing; monetary and reserve figures run to end-September 2026.

2. Merchandise trade

2.1 The deficit has widened since the first quarter

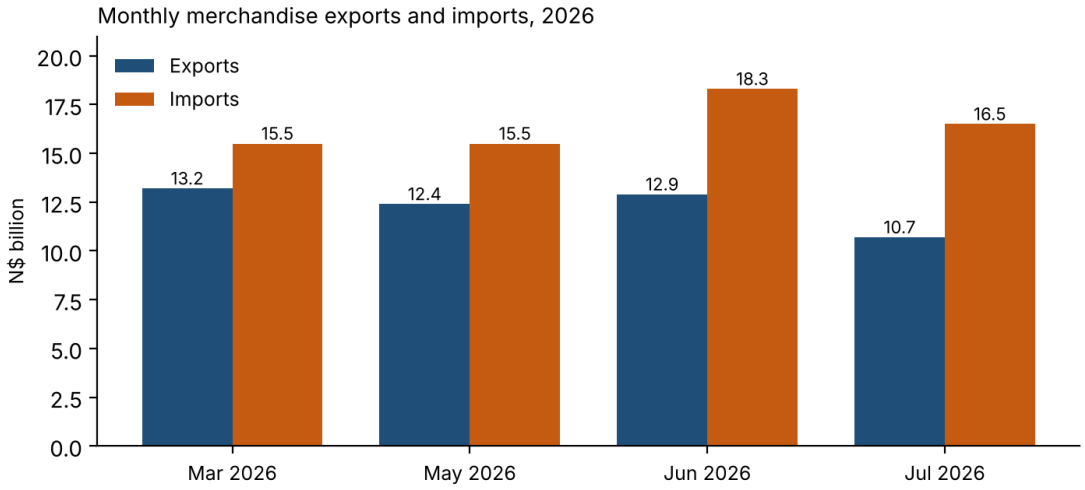
2025 was a year of external repair. The BoN reported that the merchandise trade deficit narrowed by 35.4% to about N$25 billion, from N$38.7 billion in 2024. That progress has stalled

in 2026. According to the BoN, the first-quarter deficit widened by 9.5% year on year to about N$9.0 billion: export earnings grew 7.5%, but import payments grew faster.

Monthly NSA data show the gap opening further through the middle of the year. January was a small surplus of N$193 million. The deficit then reached N$2.3 billion in March, N$4.4 billion in April, about N$3.1 billion in May, N$5.5 billion in June and N$5.9 billion in July. The June import bill of N$18.3 billion was the highest on record, and July's deficit compares with a near-balanced N$17 million surplus a year earlier. Cumulatively, the deficit reached about N$20 billion in the first half, on exports of N$67.2 billion (up N$3.1 billion on the same period of 2025).

Month (2026)	Exports (N$ bn)	Imports (N$ bn)	Balance (N$ bn)
January	11.4	11.2	+0.2
March	13.2	15.5	-2.3
April	n/a	n/a	-4.4
May	12.4	15.5	-3.1
June	12.9	18.3	-5.5
July	10.7	16.5	-5.9

Source: Namibia Statistics Agency, International Merchandise Trade Statistics bulletins. Initial releases; later bulletins revised some months (for example May to -3.2 and June to -5.4). February and April levels are not shown because the figures were not retrieved.



Source: NSA; NEO calculations. April omitted (levels not retrieved).

2.2 What is driving it

- **Imports:** Namibia relies on imported fuel, vehicles and industrial equipment. Petroleum oils produced the largest single product deficit in April (N$1.8 billion), and higher oil prices have lifted the fuel bill. BoN analysis also points to high imports by the mining sector in 2026.
- **Exports:** Gold, fish and uranium all recorded sizeable surpluses in April (N$1.7 billion, N$1.5 billion and N$1.5 billion respectively), and diamonds also supported first-half earnings. In June, five commodities made up 65.5% of total exports. Exports fell 17.2% month on month in July to N$10.7 billion as uranium shipments dropped sharply.
- **Food:** Namibia remains a net exporter of food (a surplus of N$533 million in July) but a net importer of beverages (a deficit of N$282 million).

2.3 Trading partners

South Africa remains Namibia's largest trading partner and the largest source of the bilateral imbalance, with a deficit of N$2.4 billion in April. Namibia traded with a broad network in mid-2026: exports went to 109 markets in June and imports came from 159. Intra-African trade is substantial: in May, African markets took 47.2% of Namibia's exports and supplied 45.2% of its imports, with a continental deficit of about N$1.2 billion. Regional agreements such as the African Continental Free Trade Area (AfCFTA) are the main route for deepening this link.

3. The exchange rate and the peg

The Namibia dollar is fixed at parity with the South African rand, so its value against the US dollar, euro and other currencies moves with the rand. The peg delivers lower transaction costs and price stability for a country that sources most of its imports through South Africa. The cost is that Namibia cannot use the exchange rate to absorb external shocks, and must hold enough reserves and keep interest rates consistent with South Africa's to avoid disorderly capital outflows.

Period	Rand per US$ (approx.)	Context
Jan 2026	16.3	3.5-year high on gold strength
Mar 2026	17.1	Low; rand fell nearly 8% in the month
Late Aug 2026	16.1	Strong; hawkish US Fed remarks
Early Nov 2026	16.5 to 16.7	Weakest since late July, then recovered

Source: Trading Economics, BusinessTech, Engineering News. Approximate levels read from market reports; not official BoN rates.

Three forces dominate the rand in 2026: a firm US dollar, volatile oil prices tied to Middle East tensions (oil was reported near US$110 a barrel in early November), and precious metals, which support the rand when gold and platinum-group metals rise. For Namibia, a weaker rand raises the local-currency cost of imports and so feeds both the trade bill and consumer prices. It is partly offset because dollar-priced mineral exports earn more in Namibia dollars.

4. Monetary policy and reserves

4.1 Policy rate

The BoN held the repo rate at 6.50% through April, raised it by 25 basis points to 6.75% in June (its first increase in about three years, citing energy-driven inflation), held in August, and raised it again by 25 basis points to 7.00% on 28 October in a unanimous decision. The stated aim is to safeguard the one-to-one link with the rand while containing inflation and protecting reserves. South Africa's repo rate rose to 7.00% in May, so Namibia's policy rate has moved back to parity with its peg anchor after running below it since late 2022.

4.2 Inflation

Annual inflation rose to 5.4% in September and 5.6% in October 2026 (from 4.4% in June), driven mainly by transport costs. Core inflation, which excludes food and energy, was 3.7% in October, which suggests that much of the pressure is imported through fuel prices rather than broad domestic demand.

4.3 International reserves

End of period	Reserves (N$ bn)	Import cover (months)
March 2026	51.8	n/a
May 2026	55.4	3.5
June 2026	56.4	3.5
July 2026	58.0	n/a
September 2026	59.3	3.6

Source: Bank of Namibia MPC statements and presentations. July is the revised figure (preliminary N$57.1 billion).

Reserves have rebuilt steadily through 2026, supported by SACU receipts and customer foreign-currency placements. About 3.6 months of import cover is sufficient to sustain the peg, but it is only modestly above the roughly three-month benchmark that the BoN monitors. A reserve dip in late 2025, when the US$750 million Eurobond was redeemed, shows how quickly large one-off payments can pull cover down.

5. Outlook and risks

- **Trade:** With imports at record levels and uranium exports volatile, the deficit is likely to remain wide in the near term. Oil and gas investment and mining activity can lift imports before they lift exports, so the deficit may persist even as the economy grows.
- **Exchange rate:** Rand direction depends on the US dollar, oil and precious metals rather than local factors. Further rand weakness would raise import costs and complicate the inflation outlook.
- **Policy:** The BoN is tied to the SARB's path. Any further South African tightening would likely be matched, which would raise borrowing costs for households and firms in an economy where private-sector credit is already subdued.
- **Reserves:** Reserve cover is adequate but not generous. Sustained deficits, large debt repayments or capital outflows would erode it, while gold purchases and revenue inflows support it.

Policy implications

- Prioritise export diversification and local value addition (fish, food, manufacturing) so that earnings are less dependent on a handful of mineral commodities.
- Reduce fuel and food import dependence through local energy and agricultural capacity, and make fuller use of AfCFTA and SADC market access.
- Keep reserve accumulation on track by managing large foreign-currency obligations ahead of time.

Data notes and sources

Figures are as first published and may be revised. NSA monthly data and BoN quarterly balance-of-payments data use different bases, so the first-quarter totals (BoN) do not equal the sum of NSA monthly balances. Exchange rate levels are approximate market readings. Sources: Namibia Statistics Agency International Merchandise Trade Statistics bulletins (January to July 2026) as reported by The Brief, Namibian Sun and Observer24; Bank of Namibia Monetary Policy Committee statements (April, June, August and October 2026); Namibia Statistics Agency consumer price index releases as reported by Rio Times; Trading Economics, BusinessTech and Engineering News for rand levels.

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