Q1 2026 GDP GROWS BY 3.89% YOY

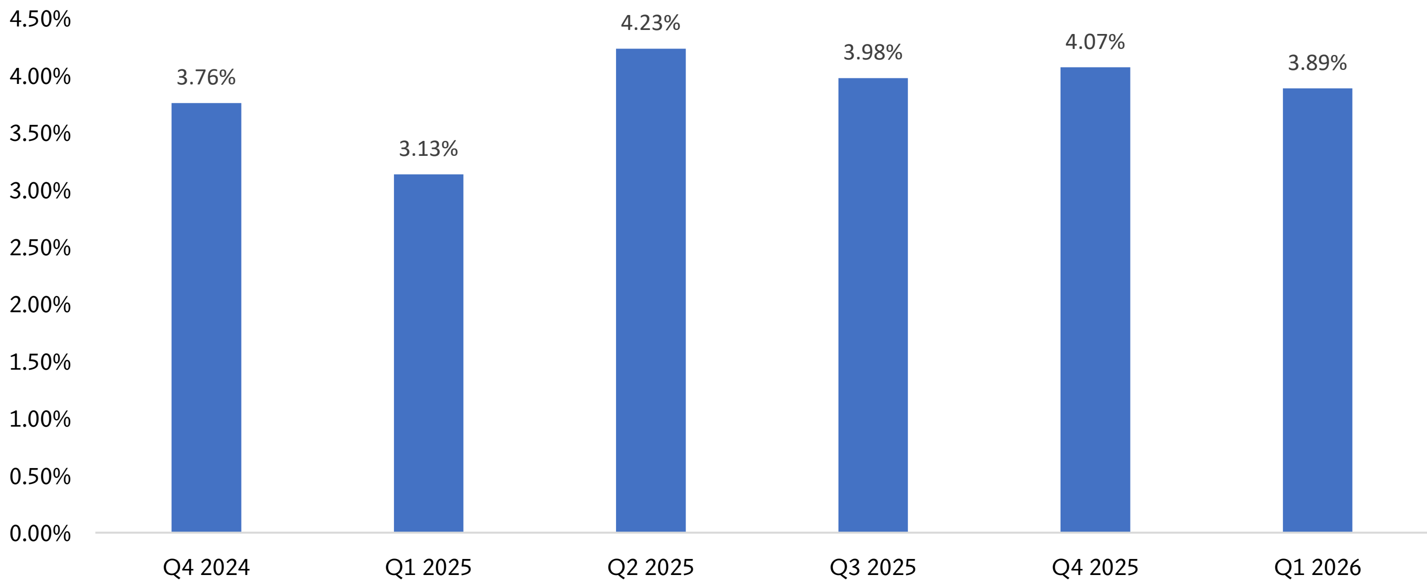
.... Stable Growth Amidst Global Tensions

May 26, 2026.

Economic Report

Nigeria's economy strengthened further in Q1 2026, with real GDP growing by 3.89% year-on-year, according to the National Bureau of Statistics (NBS). Although this performance exceeded the 3.13% growth recorded in Q1 2025, it remained slightly below the 4.07% achieved in Q4 2025. The oil refining subsector stood out as the best performer, which recorded a significant 37.46% year-on-year growth. This huge growth is due to the spike in oil prices because of the US/Iran conflict that broke out in late February.

Quarterly Real GDP Trend

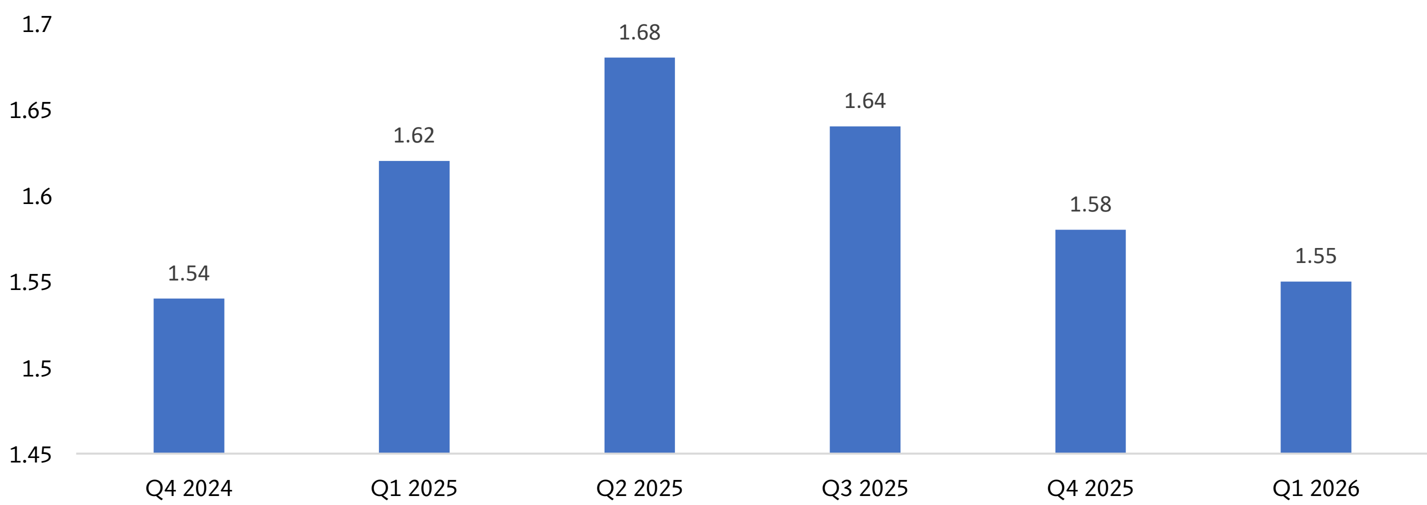


Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Oil Sector

The Oil sector posted a moderated growth of 2.57%, which is higher than the 1.57% increase in Q1 2025 but lower than that of Q4 2025 (6.79%). This drop quarter-on quarter is due to a continuous drop in the oil production, which dropped from 1.58mpd in Q4 2025 to 1.55mpd in Q1 2026. The Oil sector contribution to GDP stood at 3.92%. (Q1 2025: 2.87%, Q4 2025: 3.97%).

Oil Production Trend (Mpd)

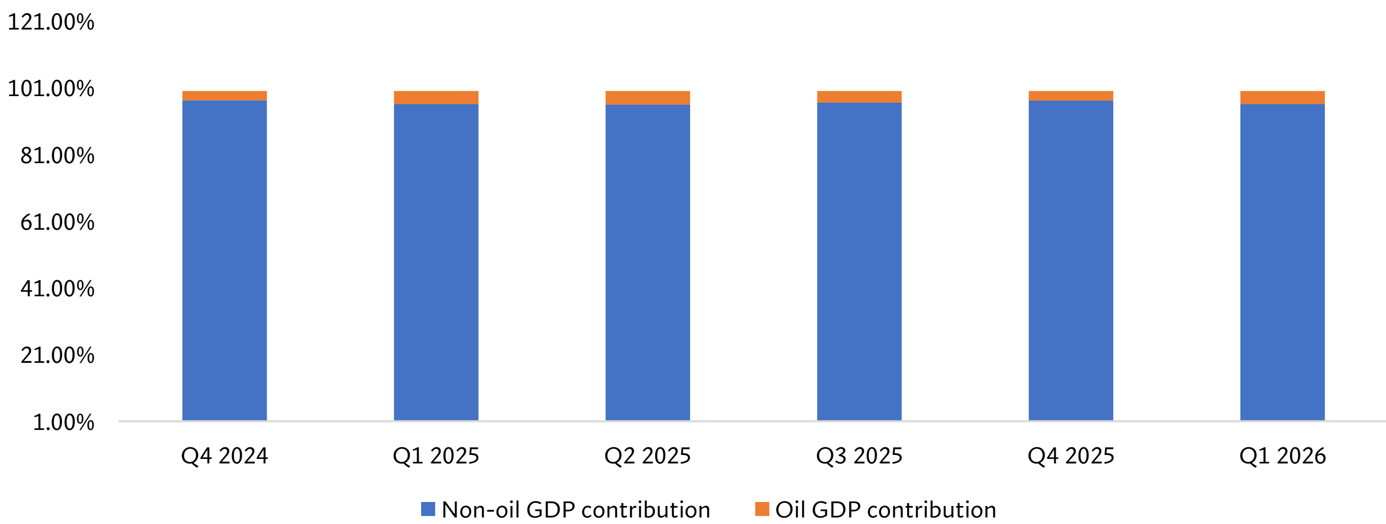


Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Non-Oil Sector

The non-oil sector remained the primary driver of economic activity, expanding by 3.94% year-on-year. This marks an improvement from the 3.19% growth recorded in Q1 2025, although it was slightly lower than the 3.99% achieved in Q4 2025. Accounting for 96.08% of total GDP, the non-oil sector continued to benefit from a relatively stable macroeconomic environment, supported by moderating inflation and improving investor sentiment, which enhanced overall economic activities.

Oil and Non-oil Contribution to Real GDP



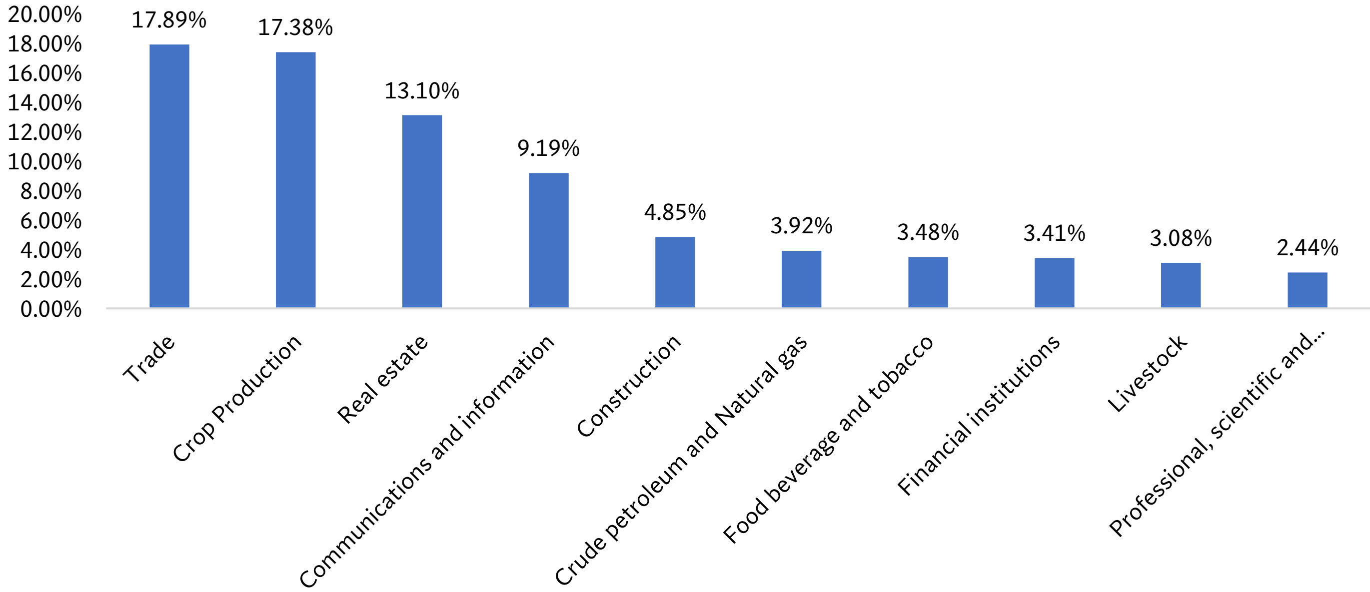
Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Breaking down the non-oil sector's performance, the Agricultural sector expanded by 3.15% YoY, contributing 23.16% to total GDP (Q1 2025: 23.33%; Q4 2025: 28.66%). Although this represents a moderation from the previous quarter (4.00%), it marks a slight improvement from the 3.08% growth recorded in Q1 2025. The moderation QoQ is most likely due to the end of the harvest season.

The Industrial sector recorded a 3.50% year-on-year growth, contributing 17.31% to GDP (Q1 2025: 19.18%; Q4 2025: 15.42%). This reflects a modest improvement from the 3.42% growth achieved in Q1 2025, though slightly below the 3.88% recorded in Q4 2025. The decline QoQ is due to a drop in the growth rate of the construction subsector which reduced by 0.74%.

Meanwhile, growth within the Services sector showed signs of moderation. The sector grew by 4.31% year-on-year which is marginally lower than the 4.33% growth posted in Q1 2025 (Q1 2025: 4.15%). The slower momentum was largely driven by weakness in some key sub-sectors, particularly Transportation and Storage, which recorded a growth rate of 7.41% in Q1 2026, significantly lower than the 14.08% growth recorded in Q1 2025.

Top Contributors to Real GDP



Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Outlook

Looking ahead, the ongoing US-Iran conflict is expected to provide support for the oil sector due to the surge in global crude oil prices triggered by the closure of the Strait of Hormuz. However, Nigeria's daily crude oil production remains a major constraint, as output continues to trend downward. A sustained increase in oil production over the coming months could serve as a key driver of growth within the sector.

On the non-oil side, rising inflationary pressures may weaken the growth momentum of the sector if the Strait of Hormuz remains closed for an extended period. Nevertheless, with other macroeconomic indicators remaining relatively stable, we expect the non-oil sector to continue acting as a major catalyst for overall GDP growth.

Taking these factors into account, we project that FY 2026 real GDP growth rate will be 3.70%, while FY 2026 nominal GDP is projected to reach $501.01bn, an increase from $431.18bn in FY 2025.

Disclaimer & Disclosures

The value of any investment is subject to fluctuations, i.e., may rise and fall. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of an investment to increase or decrease. Hence investors may not get back the full value of their original investment.

Investment Recommendation
WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is ≥20% above current market price.
- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is ≤ -10% of current market price.

This document is not an offer to buy or sell any security. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

This document is based on information WSTC Securities Limited (WSTC Securities) received from publicly available reports and industry sources. WSTC Securities may not have verified all of this information with third parties. Neither WSTC Securities nor its shareholders, directors, employees or advisors can guarantee the accuracy, reasonableness or completeness of the information received from any sources consulted for this publication; and neither WSTC Securities nor its shareholders, directors, employees or advisers accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is not to be relied upon and should not be a substitute for the exercise of independent judgment.

This document includes certain statements, estimates and projections concerning the anticipated future performance of securities listed on the Nigerian Exchange and as to the market for these shares. Such statements, estimates and projections are based on information that we consider reliable and may reflect various assumptions made concerning anticipated economic developments, which have not been independently verified and may or may not prove correct. No representation or warranty is made as to the accuracy of such statements, estimates and projections or as to their appropriateness for the purpose intended and it should not be relied upon as such. Opinions expressed are current opinions as of the date appearing on this material only and may change without notice. Other third parties may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

This document is for information purposes only and private circulation. No portion of this document may be reprinted, sold or redistributed without the written consent of WSTC Securities.

Additional information on recommended securities/instruments is available on request.

WSTC Securities Limited is a Trading License Holder of the Nigerian Exchange Limited (NGX) and is registered with the Securities & Exchange Commission (SEC) as a Broker/Dealer to conduct Securities Brokerage & Dealing in Nigeria. Therefore, we may deal in any securities listed on the NGX.

WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng
Website: www.wstc.com.ng