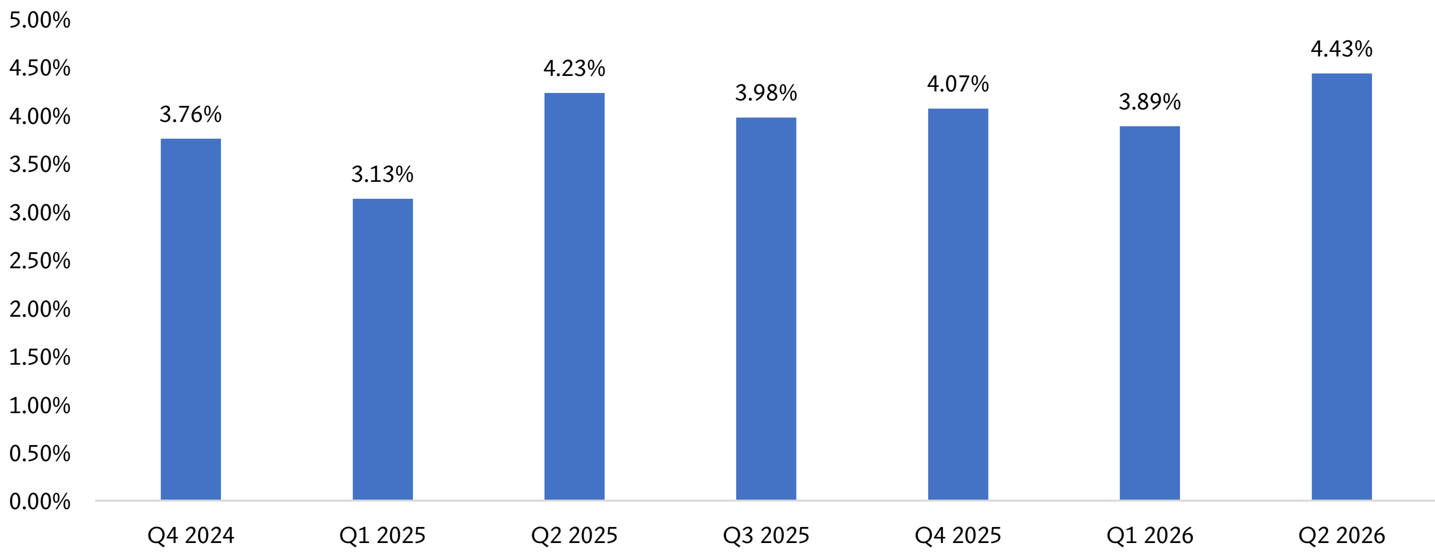
Q2 2026 GDP GROWS BY 4.43% YOY

.... Growth Broadens, but Industrial Growth Slowed

September 1, 2026. *Economic Report*

Nigeria's economy strengthened further in Q2 2026 as real Gross Domestic Product (GDP) grew by 4.43% year-on-year (YoY), according to the National Bureau of Statistics (NBS). The performance was higher than the 4.23% recorded in Q2 2025 and represents an improvement from the 3.89% recorded in Q1 2026. This improvement was driven by stronger activity in non-oil sectors and supported a better performance from the oil sector. However, the growth remained uneven among sectors, as industrial-sector growth slowed significantly from 7.46% in Q2 2025 to 3.96% in Q2 2026.

Quarterly Real GDP Trend

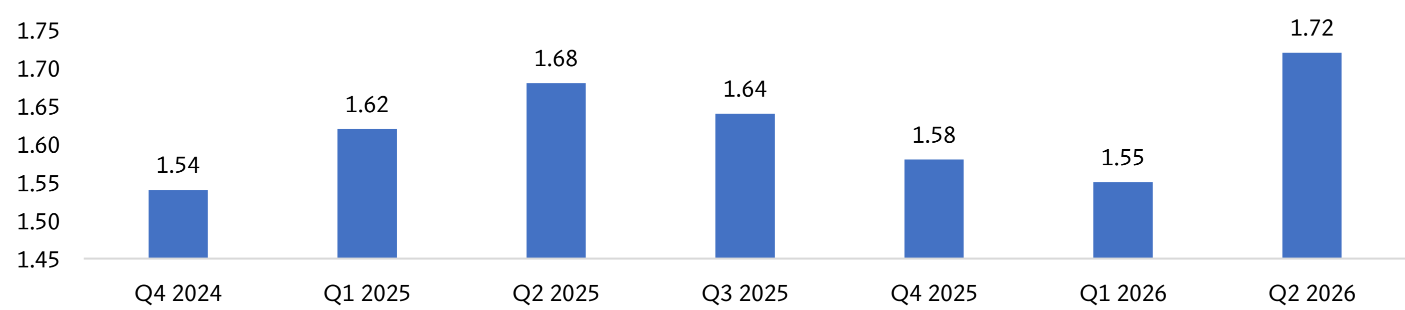


Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Oil Sector

The Oil sector recorded a significant improvement in Q2 2026 as it grew by 7.31% year-on-year, compared with 2.57% in Q1 2026 and significantly lower than 20.46% in Q2 2025. On a quarter-on-quarter basis, the sector expanded by 10.91%. The stronger performance was supported by higher crude oil production as average daily production increased from 1.55mbpd in Q1 2026 to 1.72 million barrels per day (mbpd) in Q2 2026, which also exceeded the 1.68mbpd recorded in Q2 2025. The last time Nigeria had this production level was in Q1 2021 (1.72mbpd). NUPRC attributed the growth to stable production operations across most producing assets and the absence of any major pipeline outages during the period. The increase in production is particularly important for Nigeria given the long-standing challenges around crude theft, operational disruptions and underinvestment in the upstream sector. The oil sector contributed 4.16% to real GDP, slightly above 4.05% in Q2 2025 and 3.92% in Q1 2026. Despite the improvement, oil remains a relatively small component of Nigeria's total economic output.

Oil Production Trend (Mpd)



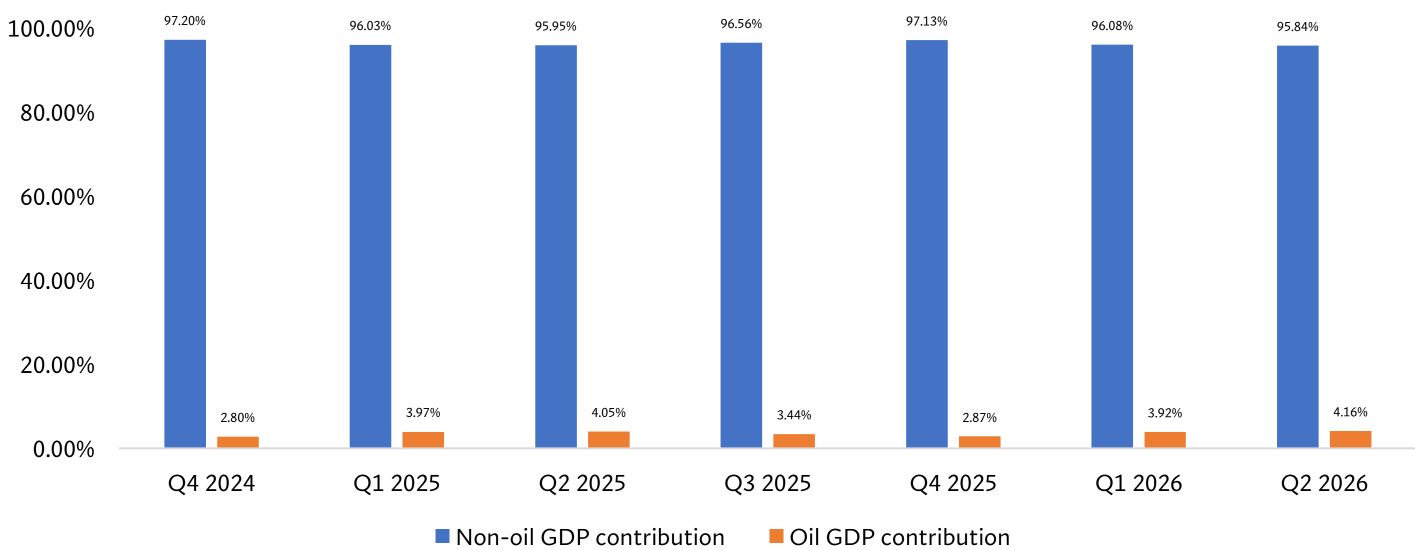
Sources: Nigeria Bureau of Statistics (NBS), WSTC Research

Non-Oil Sector

The non-oil sector remained the main engine of the Nigerian economy as it grew by 4.31% YoY in real terms in Q2 2026. This was higher than the 3.64% recorded in Q2 2025 and the 3.94% recorded in Q1 2026. The sector accounted for 95.84% of real GDP, although this was marginally lower than 95.95% in Q2 2025 and 96.08% in Q1 2026. The NBS identified agriculture (+4.39% YoY), information and communication(+9.62% YoY), real estate (+3.76% YoY), and trade (+2.40% YoY), as the major activities supporting non-oil growth.

However, the composition of non-oil growth remains important, as much of the momentum continues to come from services and agriculture, the industrial sector recorded slower growth.

Oil and Non-oil Contribution to Real GDP



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

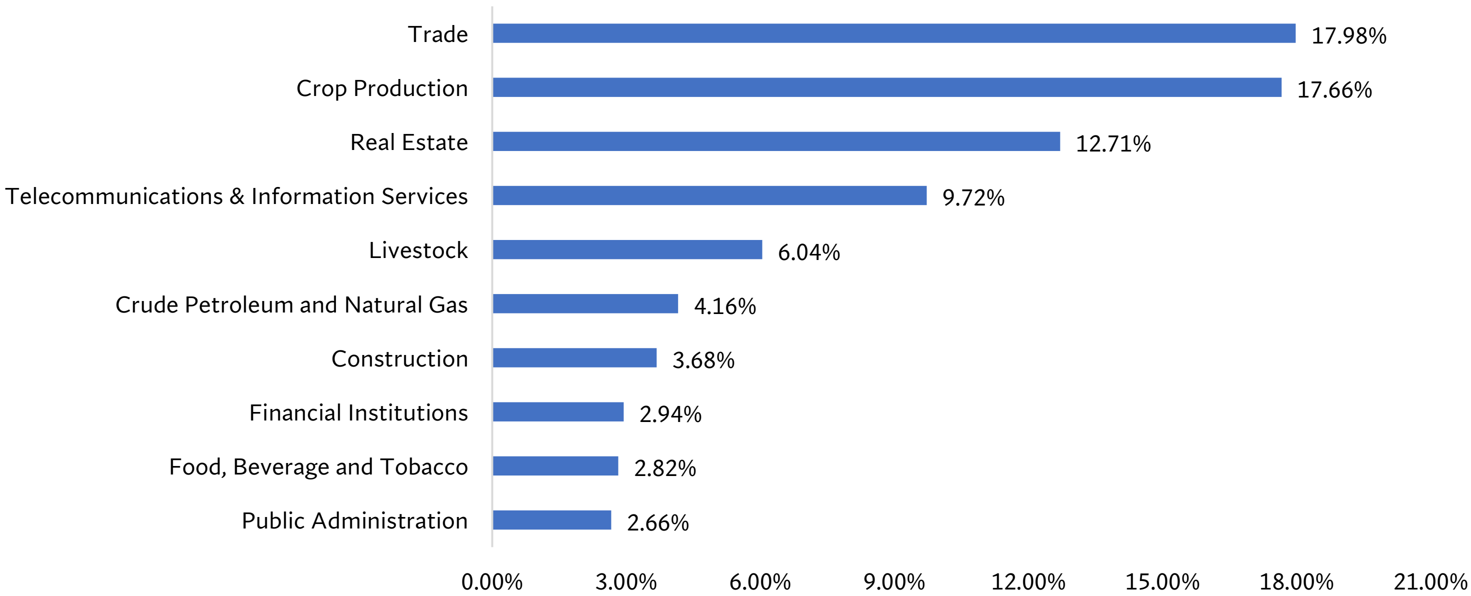
The Agricultural sector expanded by 4.39% YoY in Q2 2026, significantly higher than the 2.82% recorded in Q2 2025 and above the 3.15% recorded in Q1 2026. Agriculture contributed 26.15% (Q1 2026: 23.16%)to real GDP during the quarter. The improvement was potentially driven by growth in crop production, supported by high food prices due to the planting season in Q2. The stronger agricultural output does not automatically translate into lower food prices. Supply-chain challenges, transportation costs, and storage limitations can prevent higher production from fully translating into lower consumer prices.

The Services sector remained the largest part of Nigeria's economy, accounting for 56.62% of real GDP in Q2 2026 (Q1 2026: 57.73%). The sector grew by 4.60% YoY which is an improvement compared with 3.94% in Q2 2025 and 4.15% in Q1 2026. The performance highlights the increasingly important role of services in Nigeria's economic structure. Information and Communication, financial services, real estate, trade, transportation and other service activities continue to support economic activity. The Information and Communication sector was one of the strongest performers, grew by 9.62% YoY and contributed 11.74% to real GDP, up from 11.18% in Q2 2025. The sector also expanded by 8.24% quarter-on-quarter. The continued expansion of telecommunications and information services reflects the increasing importance of digital connectivity, telecommunications and technology-enabled economic activity, i.e the increasing adoption of smartphones and streaming social platforms.

The Industrial sector remains the major area of concern in the Q2 GDP numbers. Industrial growth slowed to 3.96% YoY, compared with 7.46% in Q2 2025 and a marginal improvement from 3.50% in Q1 2026. The drag came mainly from Food, Beverages & Tobacco which recorded a 2.79% YoY growth in Q2 2026 (Q1 2026: 4.10%) and the textile industry (-1.23%)

This represents a significant moderation and indicates that the improvement in overall GDP has not yet translated into a broad-based industrial recovery. We attribute the slowed growth to the current elevated interest rate environment (cost of borrowing) and inflationary pressure around energy prices. Nonetheless, the oil refining sector recorded an encouraging YoY growth of 43.94% (Q1 2026: 37.46%). This is fuelled by increased capacity of the Dangote refinery.

Top Contributors to Real GDP



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

Outlook

The Q2 GDP report provides evidence that the economy is gaining momentum on the back of higher oil production, improved agricultural activity and continued resilience in the services sector. The increase in crude oil production to 1.72mbpd is particularly encouraging, as sustained higher production could provide additional support to government revenue, foreign exchange liquidity and external reserves.

However, the industrial sector remains a major constraint. The slowdown in industrial growth from 7.46% to 3.96% suggests that structural supply-side challenges remain unresolved.

The outlook for the year 2026 will therefore depend on whether the improvement in oil production can be sustained and whether stronger activity begins to spread into manufacturing, construction and other important sectors.

From an investment perspective, the current growth environment remains selectively positive. The strong performance of telecommunications, financial services, and agriculture provides support for companies exposed to these sectors.

Overall, we expect the Nigerian economy to maintain its improving growth trajectory through FY 2026. Taking these aforementioned factors into account, we project FY 2026 real GDP growth at approximately 3.70%, with the upside dependent on sustained improvements in oil production and continued strength in the non-oil economy.

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