

GDP Q2 2025

Nigeria's Economy Grows by 4.23% on Non-Oil Resilience

Highlights

- Nigeria's economy expanded by 4.23% in Q2 2025, its fastest pace under the Tinubu administration and the strongest since Q2 2021. The non-oil sector remained the primary engine of growth, contributing 3.49 percentage points to overall expansion, reflecting its 96% share of output. By contrast, the oil sector rebounded by 20%, but given its smaller base of just 4% of GDP, its impact was limited to 0.81 percentage points, serving more as a supportive tailwind than a structural driver
- The oil sector staged a full recovery, expanding by 20.46% in Q2 2025, its fastest pace since Q3 2017 (23.03%) and well above the 1.87% recorded in Q1 2025. This rebound was largely driven by a significant drop in oil theft and pipeline vandalism, which boosted crude production to 1.68 mbpd. Oil's contribution to GDP also inched up to 4.05%, from 3.97% in Q1 2025
- The non-oil sector continued to dominate economic activity, accounting for 95.95% of GDP. However, its growth was modest, rising by just 38bps to 3.64% in Q2 2025, compared with 3.26% in Q2 2024. Key drivers included crop production, telecommunications, real estate, and financial institutions.

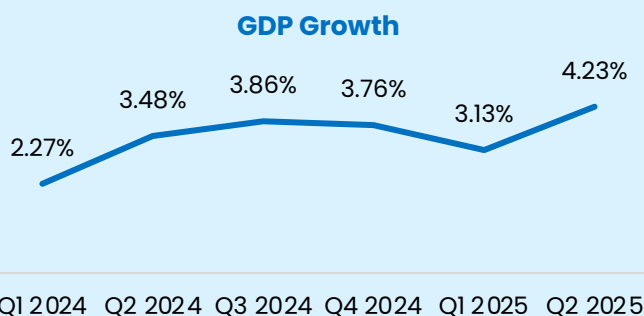
↑ **4.23%** GDP Growth Rate (Q2 2025)
Q1 2025: 3.13%

↑ **N102.45T** Nominal GDP (Q2 2025)
Q1 2025: N96.10trn

↑ **N51.82T** Real GDP (Q2 2025)
Q1 2025: N50.61trn

↑ **20.46%** Oil Growth (2025)
Q1 2025: 1.87%

↑ **3.64%** Non-oil Growth (2025)
Q1 2025: 3.19%



Nigeria's Q2 2025 GDP growth of 4.23% marks the strongest expansion since Q2 2021 (approximately 16 quarters ago), when the economy surged to 5.01% as the first post-COVID rebound.

The key question now is whether this momentum can be sustained, or if it will mirror the 2021 trend, when growth tapered to 3.98% by Q4 2021.

Source: Team Analysis, CBN, NBS

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HIGHLIGHTS

- Although Services sector accounts for nearly two-third of Nigeria's economy; it's share dropped by -97bps to 56.53% in Q2 2025 while Agriculture's share rose by 284bps to 26.17% and Industry shrunk by -187bps to 17.31%. The drop in services share was due to slower growth in subsectors such as trade (1.29% vs 1.78%) and Real estate (3.79% vs 4.61%). The growth in Agriculture came largely strong recovery from Livestock and Fishing at 1.64% and 2.57% growth compared to the negative growth in Q1 2025.
- Lower energy prices, improved insecurity and increased trade drove significant growth in Transportation sector in Q2 2025 as three transportation subsectors rose to the top 5 growth drivers in Q2 2025 at a strong double-digit growth, reversing the sharp contraction in FY 2024. Mining and Quarrying's subsectors had the highest real growth in Q2 2025 as less disruption spurred higher production for crude oil and natural gas.
- The contribution to GDP remain consistent with Q1 rebasing outcome where Trade, Crop production and Real estate account for 18.28%, 17.80%, and 12.80%, respectively.

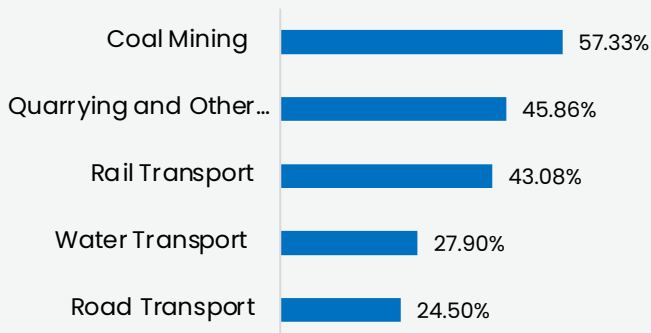
Broad Sectoral Composition

 **Agriculture**
26.17%
Q1 2025: 23.33%

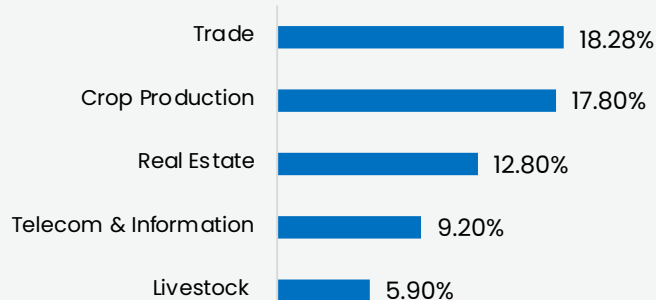
 **Industry**
17.31%
Q1 2025 : 19.18%

 **Services**
56.53%
Q1 2025: 57.50%

Top 5 Growth Drivers



Top 5 Sectors by Contribution



Source: Team Analysis, CBN, NBS.

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Contracting Sectors

Subsectors	Growth Rate
Metal Ores	-6.96%
Other Services	-3.00%
Motor Vehicles	-1.50%
Textile Apparel and Footwear	-1.32%

- Weak demand for iron ore and falling prices triggered a sharp contraction in metal ores activity, declining by -6.96% in Q2 2025 compared to a robust 25.20% growth in Q1 2025.
- Structural bottlenecks in the textile, apparel, and footwear sector, including heavy dependence on imported inputs, infrastructural deficits, and high production costs continued to weigh on performance. However, the pace of contraction eased slightly to -1.32% in Q2 2025 from -1.63% in Q1 2025.
- Motor vehicles and assembly shrank by -1.52% in Q2 2025, reversing from 4.25% growth in Q1 2025, as elevated import costs and weak demand dampened activity

Outlooks

Headwinds

- Volatile Oil prices can disrupt foreign earnings flows
- Trade Tariff Negotiations
- Frequent Insecurity attacks can dissuade foreign investors
- Infrastructural deficit
- Fiscal debt pressures

Tailwinds

- Increasing external reserves ascertain exchange rate stability
- Declining inflation strengthens household purchasing power and demand
- CBN Monetary easing
- Sustained high Oil production as Vandalism and Oil Theft reduces
- Strong trade surplus

We expect Nigeria's GDP growth to ease in Q3 2025, settling around 3.90%–4.10%, driven by an anticipated decline in average crude oil production to 1.65 mb/d, slightly below the 1.68 mb/d recorded in Q2 2025. Thus, growth in the oil sector is projected to slow, while the non-oil sector remains broadly stable.

Source: Team Analysis, CBN, NBS.