

GDP Q2 2026

Nigeria's Growth Hits Four-Year High as Services Drive Q2 Expansion

Highlights

- Nigeria's economy expanded 4.43% YoY in Q2 2026, its fastest growth since Q1 2022, up from 3.89% in Q1 2026 and 4.23% in Q2 2025. Services remained the backbone of growth, contributing 2.60ppts, followed by agriculture (1.15ppts) and industry (0.69ppt).
- Telecommunications & Information Services was the largest individual driver of Q2 growth across Nigeria's 46 economic activities, contributing 0.96ppt, more than twice Trade's 0.44ppt, the fourth-largest driver. Despite Trade being roughly twice as large in GDP, telecom's stronger growth momentum drove a disproportionately larger contribution to the expansion.
- Oil-sector growth moderated to 7.31% YoY in Q2 2026 from 20.46% in Q2 2025, despite crude production reaching a 74-month high of 1.72mbpd. The slowdown largely reflects a stronger comparison base: production had jumped 19.1% from 1.41mbpd in Q2 2024 to 1.68mbpd in Q2 2025, whereas output increased by just 2.4% to 1.72mbpd in Q2 2026. This points to a normalization in growth following 2025's sharp production rebound, rather than a deterioration in oil-sector activity, with oil's share of real GDP edging up to 4.16% from 4.05% in Q2 2025.
- Non-oil GDP growth strengthened to 4.31% YoY in Q2 2026 from 3.64% in Q2 2025, accounting for 95.84% of real GDP, supported by stronger agriculture (4.39%) and services (4.60%). However, growth remained uneven, with industry slowing sharply to 3.96% from 7.46%. This weakness was also evident in the CBN Industry PMI, which remained in contraction for a third consecutive month at 49.5 in June, signalling subdued industrial activity despite stronger headline growth.



↑ **4.43%** GDP Growth Rate (Q2 2026)
Q2 2025: 4.23%

↑ **N119.29T** Nominal GDP (Q2 2026)
Q2 2025: N100.73trn

↑ **N53.47T** Real GDP (Q2 2026)
Q2 2025: N51.82trn

↓ **7.31%** Oil Growth (Q2 2026)
Q2 2025: 20.46%

↑ **4.31%** Nonoil Growth (Q2 2026)
Q2 2025: 3.64%

Nigeria's **4.43% Q2 2026 GDP growth** lifted H1 growth to **4.16%**, ahead of the IMF's **4.1% full-year forecast**. We expect Q3 growth of **4.0%–4.3%**, supported by **higher oil production, continued growth in services and agriculture sectors, and increased government spending**. However, persistent inflationary pressures and cautious investor sentiment could temper growth and capital inflows.

Source: Team Analysis, CBN, NBS

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GDP Q2 2026

Telecoms Outpaces Trade and Oil as the Top Growth Contributor

Highlights

- Agriculture's share of GDP increased by 299bps to 26.15% in Q2 2026, while industry's share declined by 188bps to 17.23% and services fell by 111bps to 56.62%. The magnitude and direction of these shifts closely mirror the Q1-Q2 2025 pattern, suggesting that the changes are largely seasonal rather than structural. The rise in agriculture's contribution is consistent with stronger seasonal agricultural activity during the quarter.
- Telecommunications and Information Services made the largest contribution to headline GDP growth, accounting for an estimated 0.96 percentage point of the 4.43% growth rate, followed by Crop Production (0.65 point), Real Estate (0.48 point), and Trade (0.44 point).
- Among the fastest-growing activities were Coal Mining (74.89%), Oil Refining (43.94%), Metal Ores (20.18%), Insurance (16.13%), and Cement (12.75%), pointing to pockets of strong recovery in industrial activity, particularly across extractive and manufacturing subsectors.
- Trade (17.93%) and Crop Production (17.66%) remain the two largest economic activities, followed by Real Estate (12.71%), Telecommunications (9.72%) and Livestock (6.04%). The composition underscores the importance of trade and agriculture, while highlighting the pivotal role of services in driving GDP.

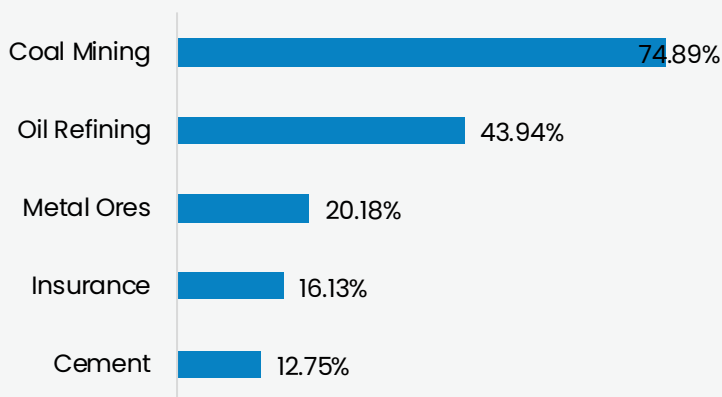
Broad Sectoral Composition

 **Agriculture**
26.15%
Q1 2026: 23.16%

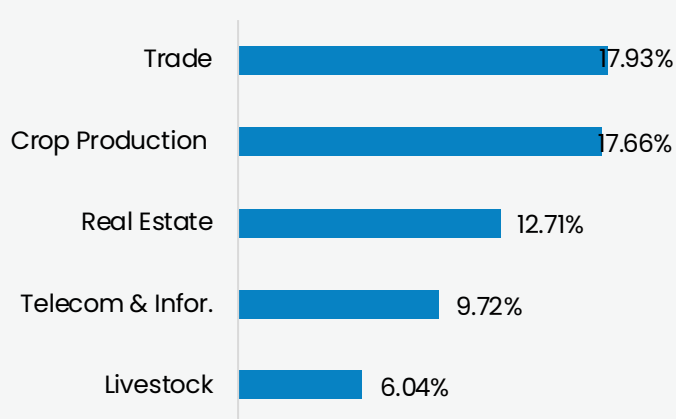
 **Industry**
17.23%
Q1 2026 : 19.11%

 **Services**
56.62%
Q1 2026: 57.73%

Top 5 Fastest Growing Subsectors



Top 5 Subsectors by GDP



Source: Team Analysis, CBN, NBS.

GDP Q2 2026

Electricity Remains the Deepest Drag Despite a Narrower Contraction

Contracting Sectors

Subsectors	Growth Rate
Electricity, Gas, Steam and AC Supply	-10.63%
Quarrying and Other Minerals	-39.13%
Textile, Apparel and Footwear	-1.23%
Other Services	-0.70%

- Five sub-activities contracted in Q2 2026, down from seven in Q1. Electricity, Gas, Steam and Air-Conditioning Supply remained the weakest performer, contracting 10.63% YoY, although the decline moderated from -15.30% in Q1, amid persistent gas supply constraints, grid instability, inadequate generation and transmission capacity, and liquidity challenges.
- Quarrying and Other Minerals recorded the sharpest deterioration, contracting 39.13% YoY after growing 23.41% in Q1. The sharp reversal likely reflects the volatility of the relatively small sub-activity and structural constraints around insecurity, infrastructure and informality
- Textiles extended its contraction to 1.23%, reflecting high input costs and import dependence. Other Services (-0.70%) and Motor Vehicles (-1.02%) also remained in contraction. However, the recent reduction in vehicle import tariffs from 70% to 40% for fully built passenger vehicles could lower import costs and support a recovery in automotive activity from Q3 2026. Coal Mining, Metal Ores and Air Transport also returned to growth after contracting in Q1.

Outlooks

Headwinds

- Prolonged geopolitical tensions could keep crude oil prices elevated, increasing fuel costs and inflationary pressure.
- Persistent insecurity could disrupt supply chains and food production, weakening household purchasing power.
- Gas shortages and grid instability continue to raise operating and production costs.
- Elevated interest rates and borrowing costs could constrain private-sector credit and capital expenditure.

Tailwinds

- External reserves above \$54bn, a 17-year high, strengthen external buffers.
- PMI remains above 50, reflecting sustained private-sector expansion.
- Oil production at a 74-month high, above OPEC quota, supports oil revenues and FX inflows.
- Higher government spending is expected to support growth, particularly in defense and related sectors.

We expect GDP growth to hover around 4.0%–4.3% in Q3 2026, supported by continued growth in services and agriculture sector, improved oil production averaging 1.7mbpd in August, and higher government spending. However, external inflationary pressures and persistent insecurity remain key downside risks and could weigh on FDI and FPI inflows as investors adopt a cautious stance ahead of the elections and await greater policy clarity.

Source: Team Analysis, CBN, NBS.