

ECONOMIC UPDATE

A Publication of United Capital Research

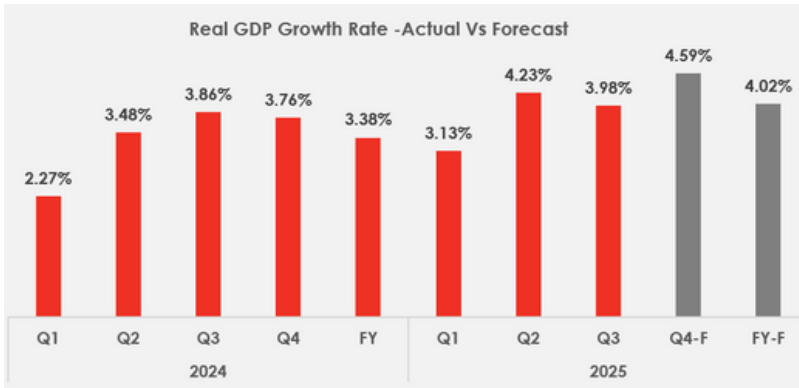


December 15, 2025

GDP Up 3.98% in Q3, But Below Our Forecast

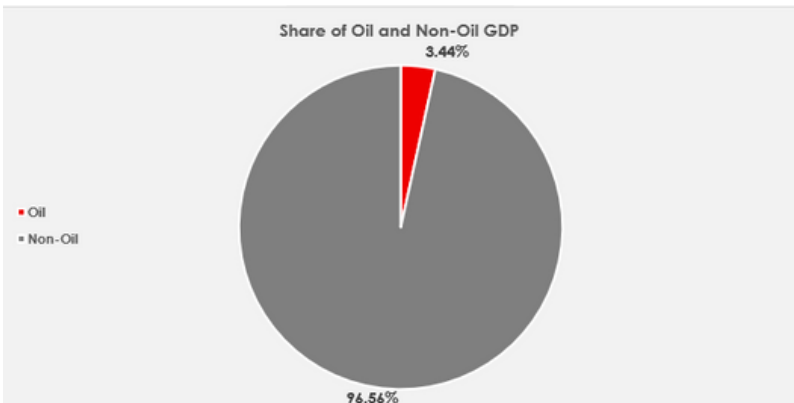
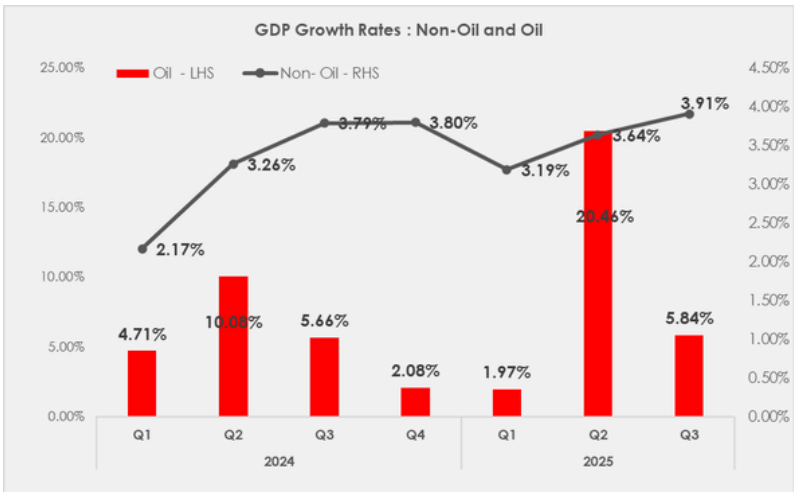
Our Q4 GDP Growth Rate Now Revised to 4.59%

Nigeria's real Gross Domestic Product (GDP) grew by 3.98% in Q3 2025, slightly above the 3.86% recorded in the same period of 2024. Although this marks the strongest Q3 growth since 2021, it fell short of our 5.11% forecast for the quarter. United Capital Research now projects GDP growth of 4.59% for Q4 2025 and 4.02% for the full year. While these projections reflect resilience, sustaining growth into 2026 will demand deeper structural reforms, continued fiscal support, and productivity-enhancing measures in key sectors.



Broad Gains Lift Q3 2025 GDP:

The oil sector recorded real growth of 5.84% year-on-year in Q3 2025, up slightly by 0.18% points from 5.66% in Q3 2024. The non-oil sector grew by 3.91% in real terms, 0.11% points higher than the same period last year. Growth in Q3 2025 was driven primarily by Agriculture (crop production), Information and Communication (telecommunications), Real Estate, Financial Institutions, Trade, Construction, and Manufacturing.



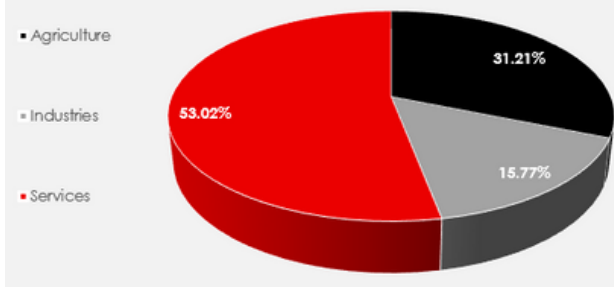
Oil Remains the Dominant FX Earner for Nigeria:

Oil remains Nigeria's dominant source of foreign exchange (FX), despite contributing only 3.44% to real GDP in Q3 2025. Crude oil exports continue to generate the bulk of FX earnings, supported by improved production and sector growth during the quarter. Meanwhile, the non-oil sector grew by 3.91%, strengthening domestic economic activity, but its FX contribution remains relatively small. Overall, oil maintains its primary role in FX inflows, even as non-oil sectors show steady progress.

Services Sector Dominates GDP:

The Services sector remained the largest contributor to GDP at 53.02%, followed by Agriculture at 31.21% and Industry at 15.77%, underscoring Nigeria's service-led structure and strong agricultural performance. Nominal GDP surged by 18.12% to ₦113.6 trillion, driven by broad-based sectoral growth. While non-oil activities continue to anchor expansion, persistent oil sector volatility highlights the need for structural reforms to boost industrial capacity and enhance productivity for long-term stability.

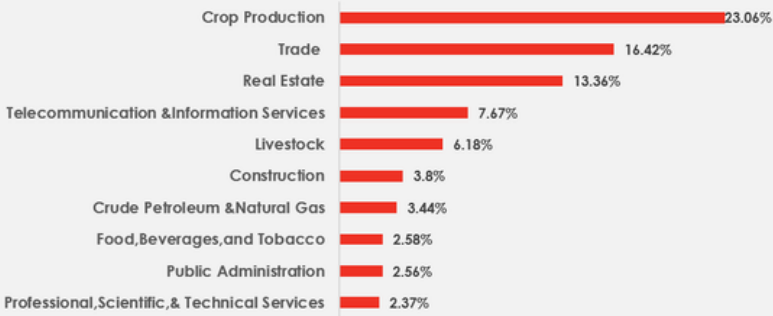
Broad GDP Structure – Q3 2025



Top 10 GDP Drivers in Q3 2025:

The chart below highlights the top 10 sectors contributing to real GDP in Q3 2025, led by crop production (23.06%), trade (16.42%), real estate (13.36%), and ICT (7.67%). These sectors also featured in Q2 2025, though trade previously topped the list. Livestock and construction provided moderate support, while crude petroleum and natural gas accounted for just 3.44%, reaffirming the structural shift away from oil dependence. Notably, Finance and Insurance emerged as the fastest-growing sector among the top 10 in Q3 2025.

Top 10 Contributing Activities to Real GDP in Q3 2025



Fastest-Growing GDP Sectors in Q3, 2025



Concluding Remarks:

Although the economy is on a positive trajectory, sustaining progress will require balanced and inclusive growth strategies that protect vulnerable sectors, deepen diversification, and capitalise on momentum in high-performing areas. United Capital Research projects that GDP growth rate above 5% is achievable if key structural challenges are addressed, including:

- i. Accelerate structural reforms to boost manufacturing and industrial capacity.
- ii. Strengthen agriculture–industry linkages to drive productivity.
- iii. Improve fiscal–monetary coordination for FX stability and inflation control.
- iv. Invest in transport, power, and logistics infrastructure to support non-oil growth.
- v. Deepen oil and gas reforms to stabilise FX earnings and promote diversification.

If effectively implemented, these measures could set Nigeria on a path to sustainable, inclusive growth, enhance competitiveness, and foster long-term prosperity.

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CONTACT US

- **Research:**
Research@unitedcapitalplcgroup.com
- **Securities Trading:**
Securities@unitedcapitalplcgroup.com
- **Asset Management:**
Assetmanagement@unitedcapitalplcgroup.com
- **Trustees:**
Trustees@unitedcapitalplcgroup.com
- **Investment Banking:**
InvestmentBanking@unitedcapitalplcgroup.com
- **Investors Relations:**
InvestorRelations@unitedcapitalplcgroup.com