

ECONOMIC UPDATE

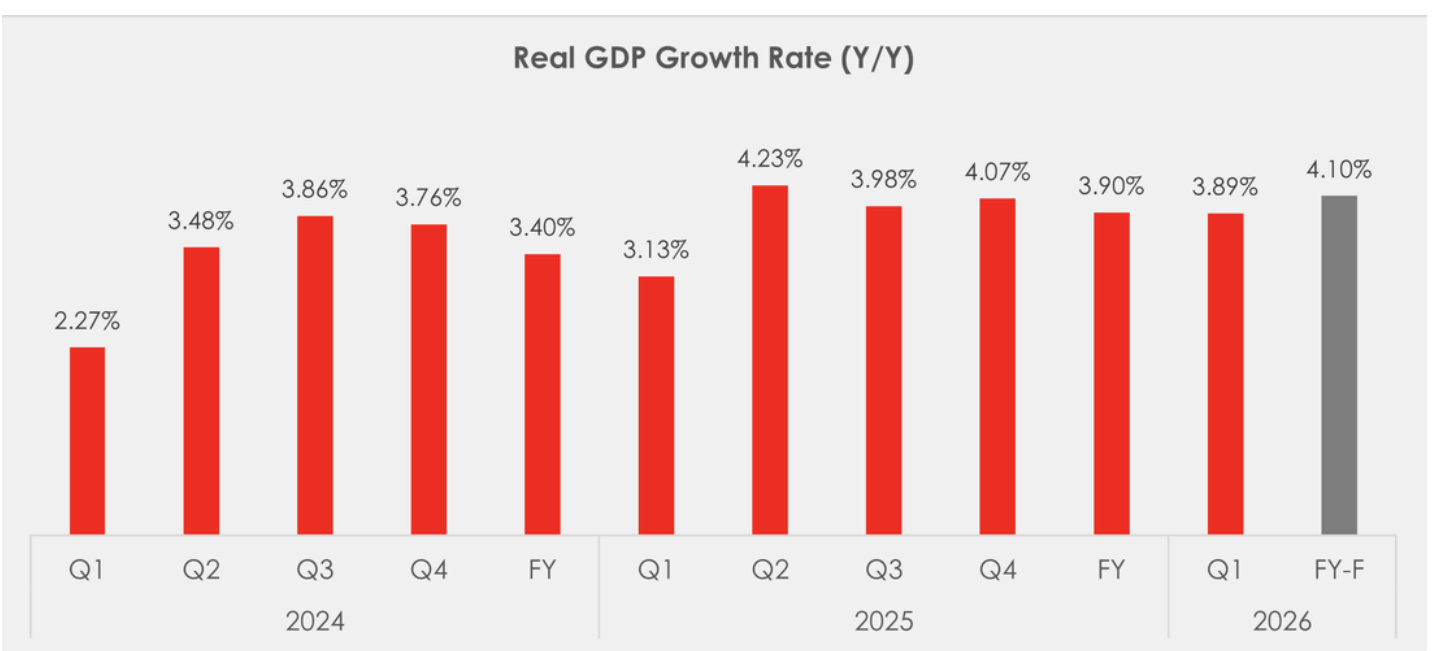
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GDP Growth Expanded in Q1 2026

Bottomline: GDP Growth Rate Remained Resilient in Q1 2026

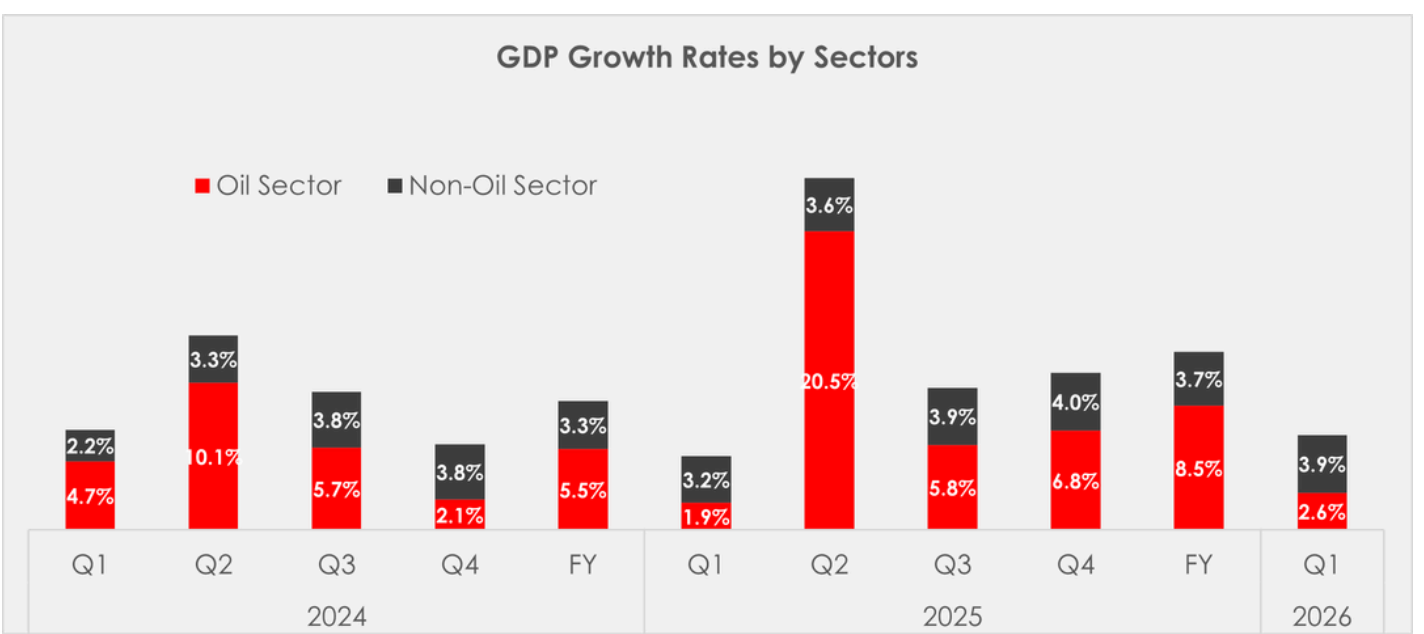
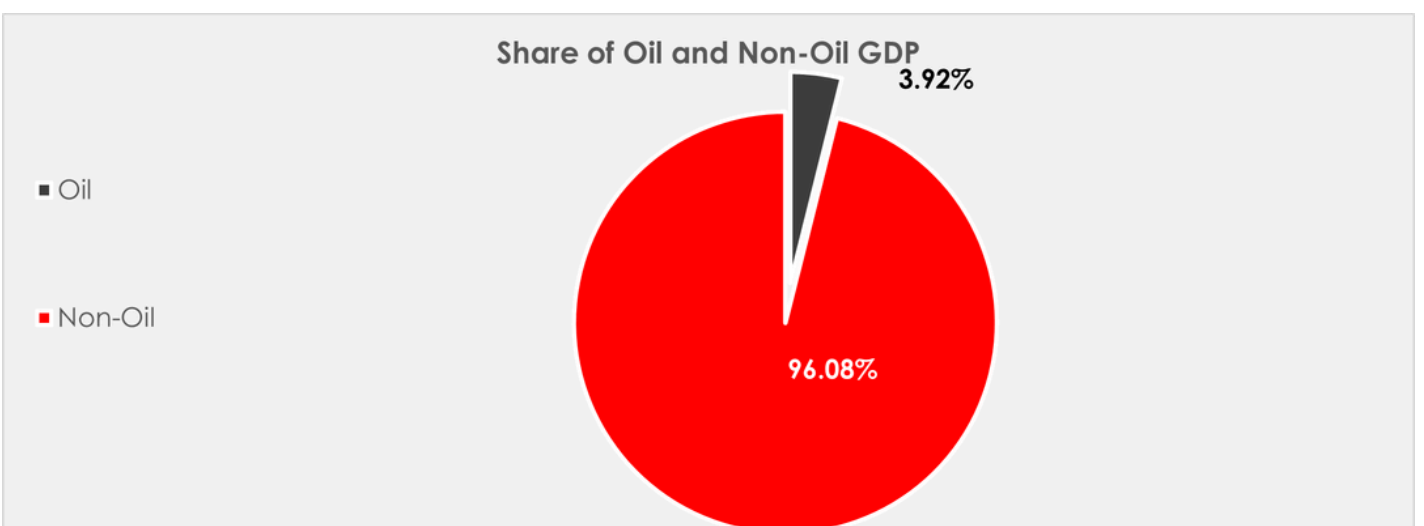
Nigerian economy as measured by Gross Domestic Product (GDP) expanded by 3.89% year on year (y/y) in Q1 2026, the highest Q1 growth rate recorded since Q1 2024. The growth was largely driven by the non-oil sector, especially the services sector, alongside a strong rebound in agriculture and moderate industrial expansion. The impressive growth rate shows that the economic reform of the current administration is achieving the desired goals, laying the foundation for an inclusive and sustainable growth. This is good for business confidence in the Nigerian economy, an indication that policy measures are beginning to consolidate gains at the start of 2026. Earlier in April 2026, the International Monetary Fund (IMF) released a GDP growth forecast of 4.10% for Nigeria in 2026. While growth remains firmly positive, maintaining momentum through the rest of 2026, will require continued policy support, reforms, and productivity across growth-driving sectors. If growth enhancing policies are properly implemented, Nigerian economy has the potential to achieve a growth rate in excess of 5% in the short-term.



Source: National Bureau of Statistics (NBS)

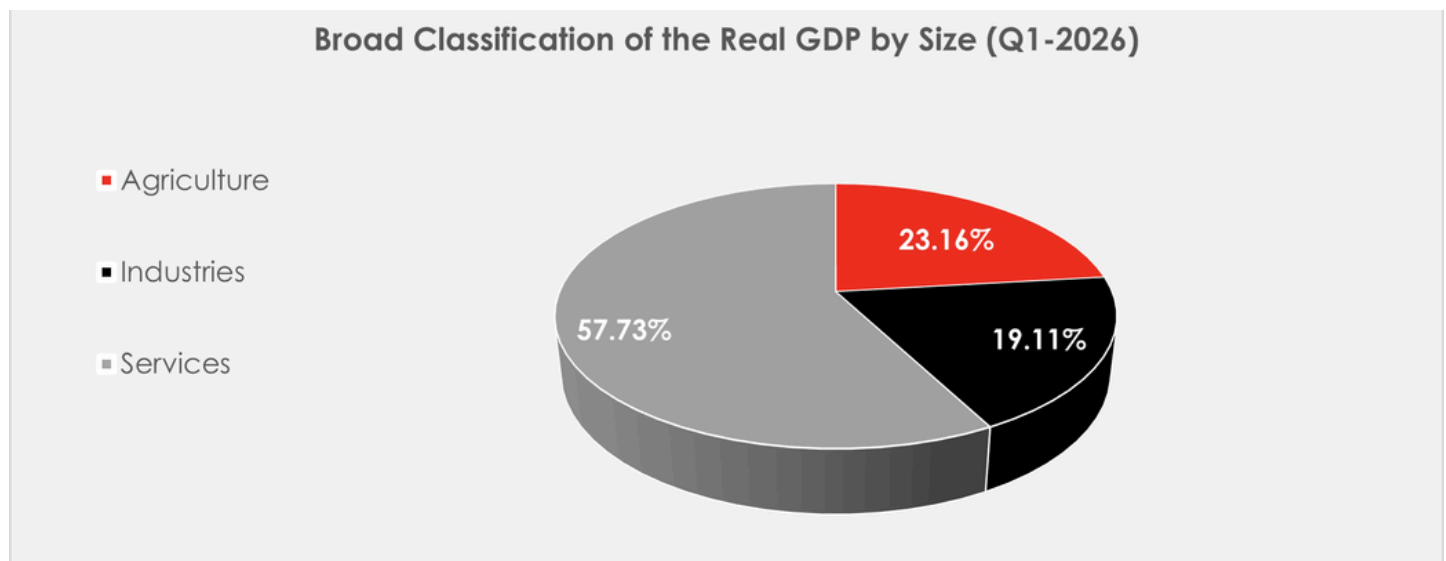
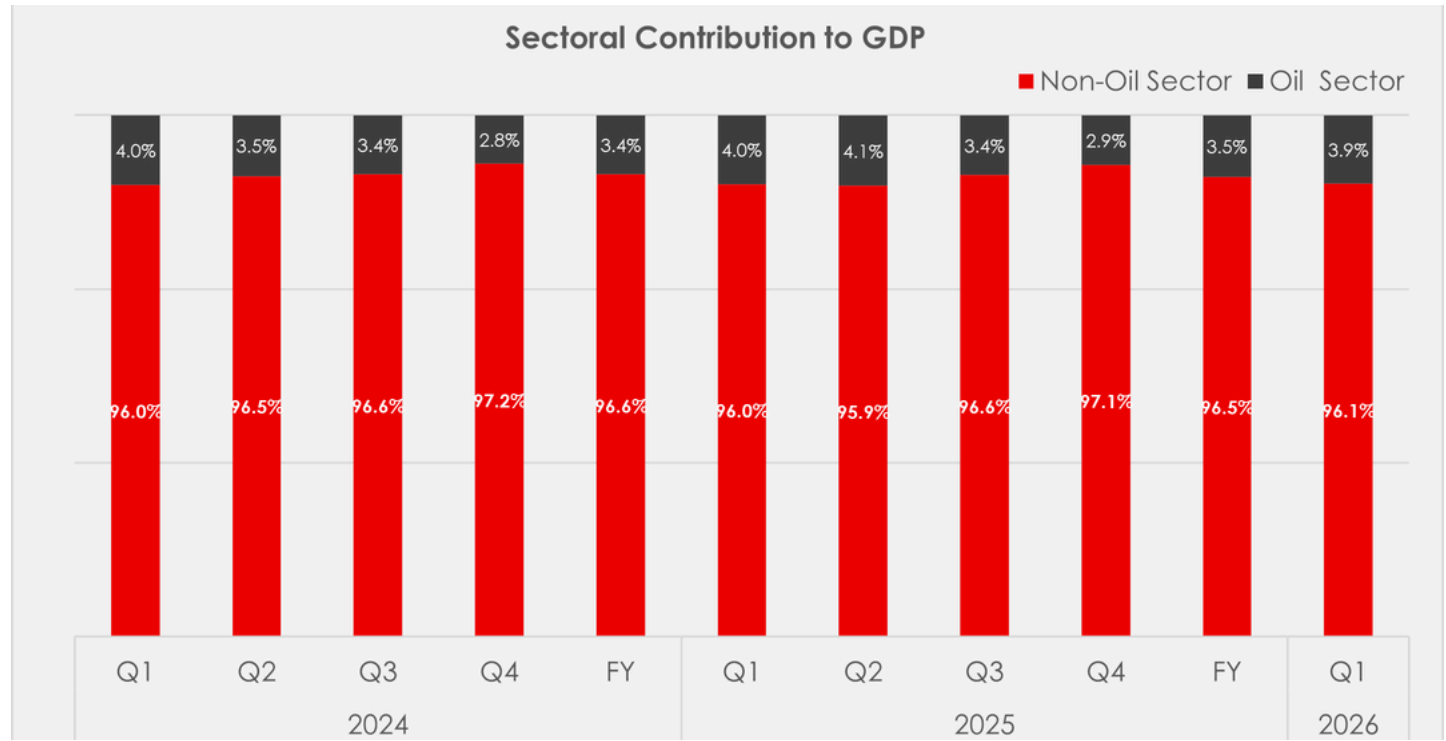
Non-Oil Sector Sustains Growth Amid Modest Recovery in Oil Sector

The non-oil sector continued to drive overall economic performance, expanding by 3.94% y/y compared with 3.19% in Q1 2025. The growth in the non-oil sector was driven by Telecommunications, Crop Production, Trade, Manufacturing, Financial Institutions, Real Estate, Construction and Transportation and Storage. In real terms, the non-oil sector contributed 96.08% to the GDP in Q1 2026, higher than the 96.03% contribution in Q1 2025. The oil sector expanded by 2.57% y/y in Q1 2026 compared with 1.87% reported in Q1 2025. This growth is supported by average crude oil production of 1.55 million barrels per day (mbpd), which is slightly lower than 1.62mbpd in Q1 2025. Consequently, the oil sector contributed 3.92% to real GDP compared with 3.97% recorded in Q1 2025.



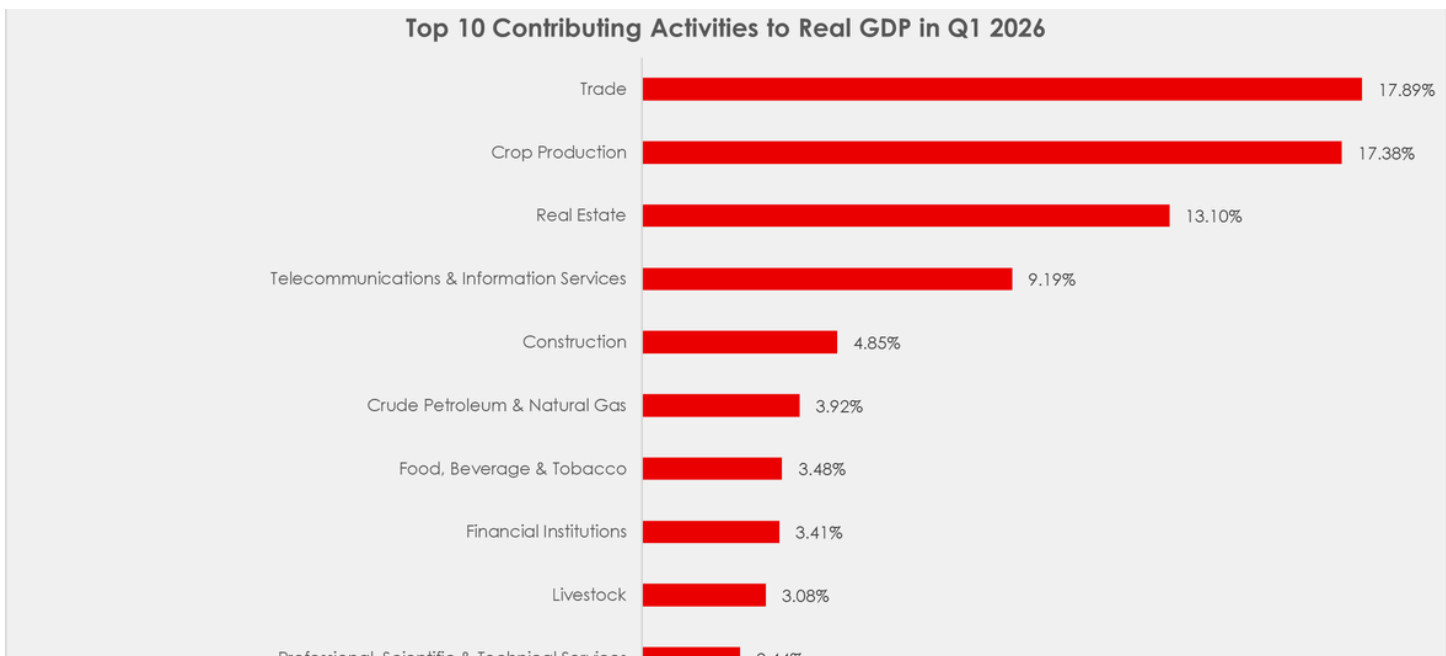
Services Maintain Leadership; Agriculture Stabilises; Industry Gains Traction

Further analysis of the Nigerian economy into broad sectors shows that services sector remained the largest part of the economy, accounting for 57.73% of total output (57.50% in Q1 2025). Agriculture contributed 23.16% (23.33% in Q1 2025), while industry accounted for 19.11% (19.18% in Q1 2025). The services sector grew to 4.33% in Q1 2026 from 4.31% in Q1 2025. Although the contribution of the oil sector to the total GDP is low, its revenue and foreign exchange contribution to the economy remain high. The major drivers of the economy are telecommunications, financial services, trade and commerce, transportation and logistics, real estate, entertainment and professional services.



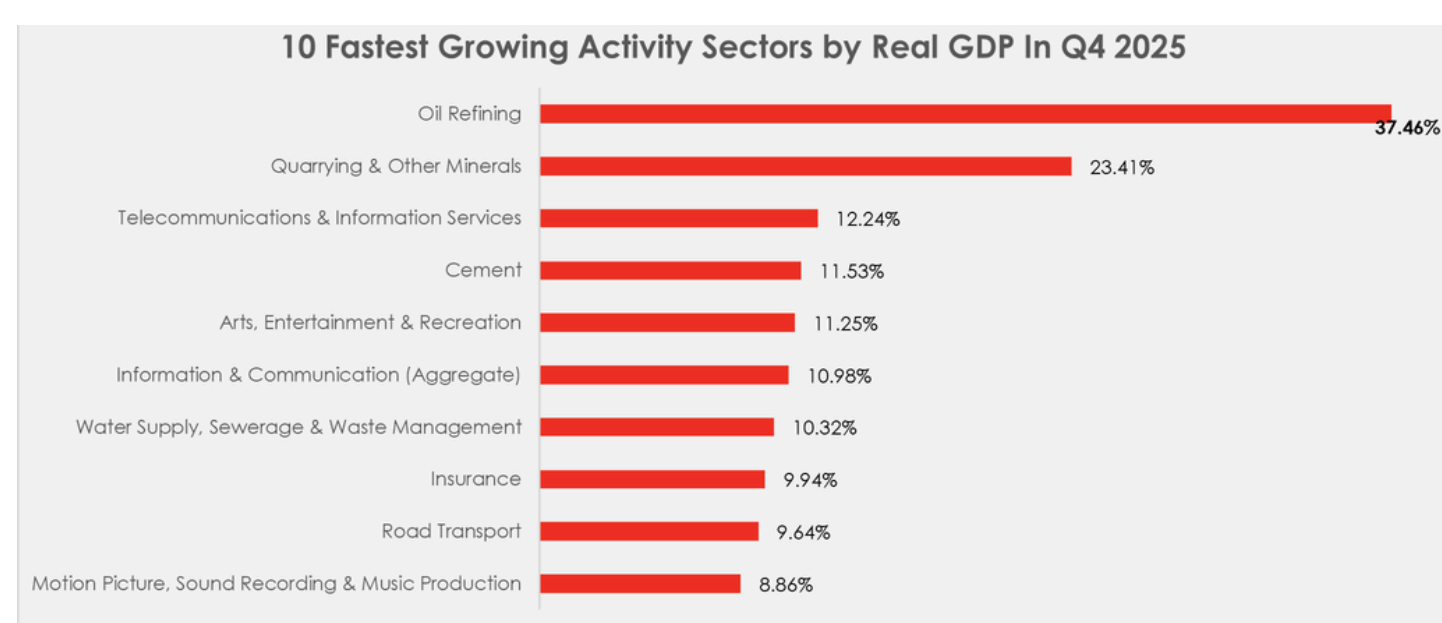
Top 10 Contributing Activities to Real GDP in Q1 2026

The following are the largest contributing sectors of the Nigerian economy in Q1 2026: Trade (17.89%) and Crop Production (17.38%) emerged as the largest contributors to real GDP, reflecting the central role of consumption and agricultural activity in the economy. These were followed by Real Estate (13.10%), Telecommunications & Information Services (9.19%), Construction (4.85%), Crude Petroleum & Natural Gas (3.92%), Food, Beverage & Tobacco (3.48%), Financial Institutions (3.41%), Livestock (3.08%) and Professional, Scientific & Technical Services (2.44%).



Top 10 Fastest Growing Activity Sectors by Real GDP in Q1 2026

The fastest growing sectors of the Nigerian economy in Q1 2026 are: Oil Refining (37.46%), Quarrying & Other Minerals (23.41%), and Telecommunications & Information Services (12.24%). Similarly, Cement (11.53%), Arts, Entertainment, & Recreation (11.25%), Information & Communication (10.98%), Water Supply, Sewages & Waste Management (10.32%), Insurance (9.94%), Road Transport (9.64%), Motion Picture, Sound Recording, and Music Production (8.86%). The Telecommunication & Information Services reflect strong performance in strategic and transformative sectors that are critical for industrialisation, energy security, and digital economic development. This sectoral growth implies that Nigeria's economy in Q1 2026 experienced a broad-based expansion.



Strategic Insights

The sustained growth prospect of the Nigerian economy creates strong deal origination opportunities in infrastructure, energy transition, and digital economy. This also drives strong demand for financial capital (equity, long-term debt and other hybrid long term-capital). The dominance of Trade and Agriculture means Small and Medium Enterprises (SMEs) and informal sector micro-credit demand will remain high and continue to growth in the economy.

Strategic Recommendations

Nigerian economy has the capacity to grow more than 5%. To achieve this, United Capital Research recommends the following measures:

- i. Government should prioritise macroeconomic stability by reducing inflation and stabilising the exchange rate to sustain investor confidence.
- ii. Boost oil output through improved security, technology deployment, and full implementation of petroleum sector reforms.
- iii. Expand agricultural production via better access to inputs, improved security, and efficient supply chains to help lower food inflation and support rural income.
- iv. Address power sector constraints through improved electricity supply and liquidity support to enhance industrial productivity.
- v. Improve credit support and regulatory simplification to enable manufacturing and SMEs to scale production.
- vi. Accelerate critical infrastructure projects, particularly in transport and logistics, to ease supply bottlenecks and improve market access.
- vii. Finally, promote non-oil exports and ensure policy consistency to strengthen foreign exchange earnings and sustain broad-based economic growth.

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