ECONOMIC UPDATE

A Publication of United Capital Research

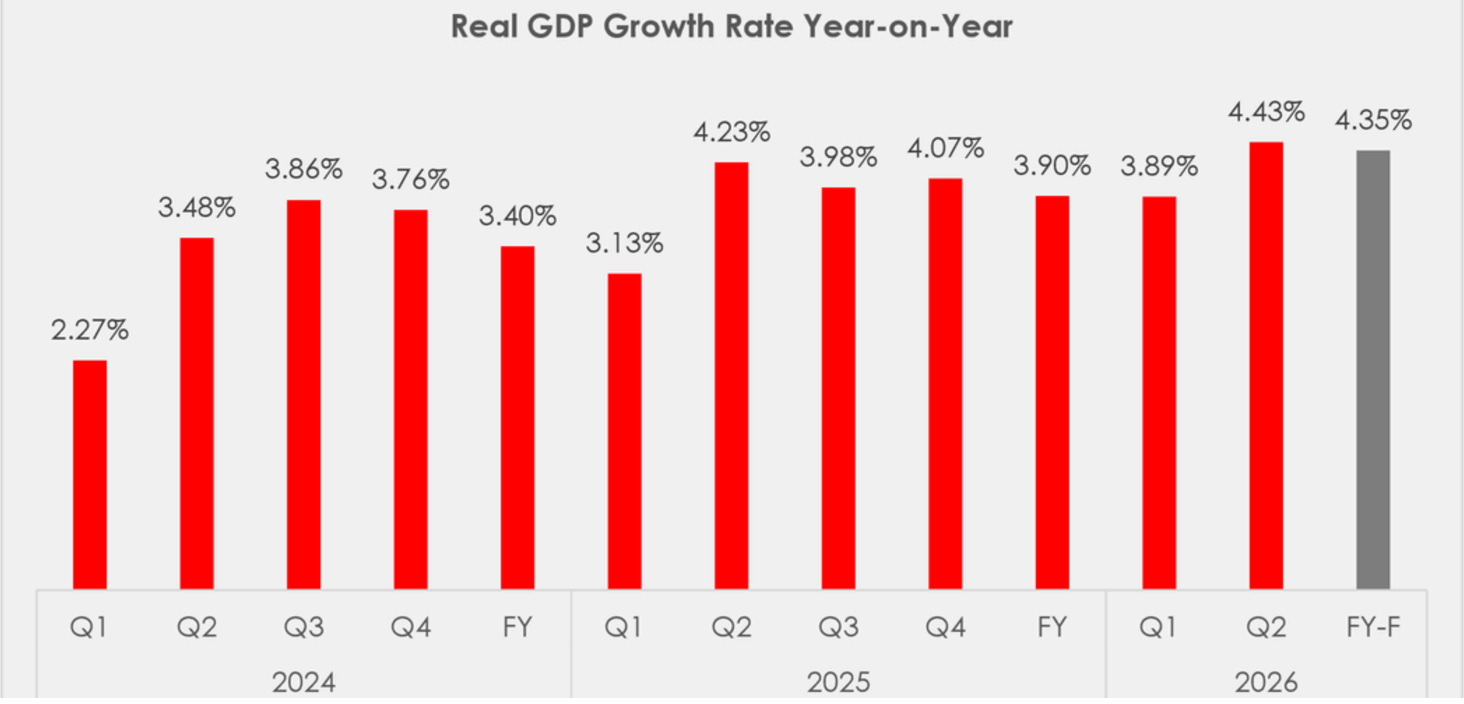
Tuesday, September 01, 2026

United Capital

GDP Expanded Further in Q2 2026

Bottomline: Q2 2026 GDP Surge Paves Nigeria's Path to US$1.2 Trillion by 2031

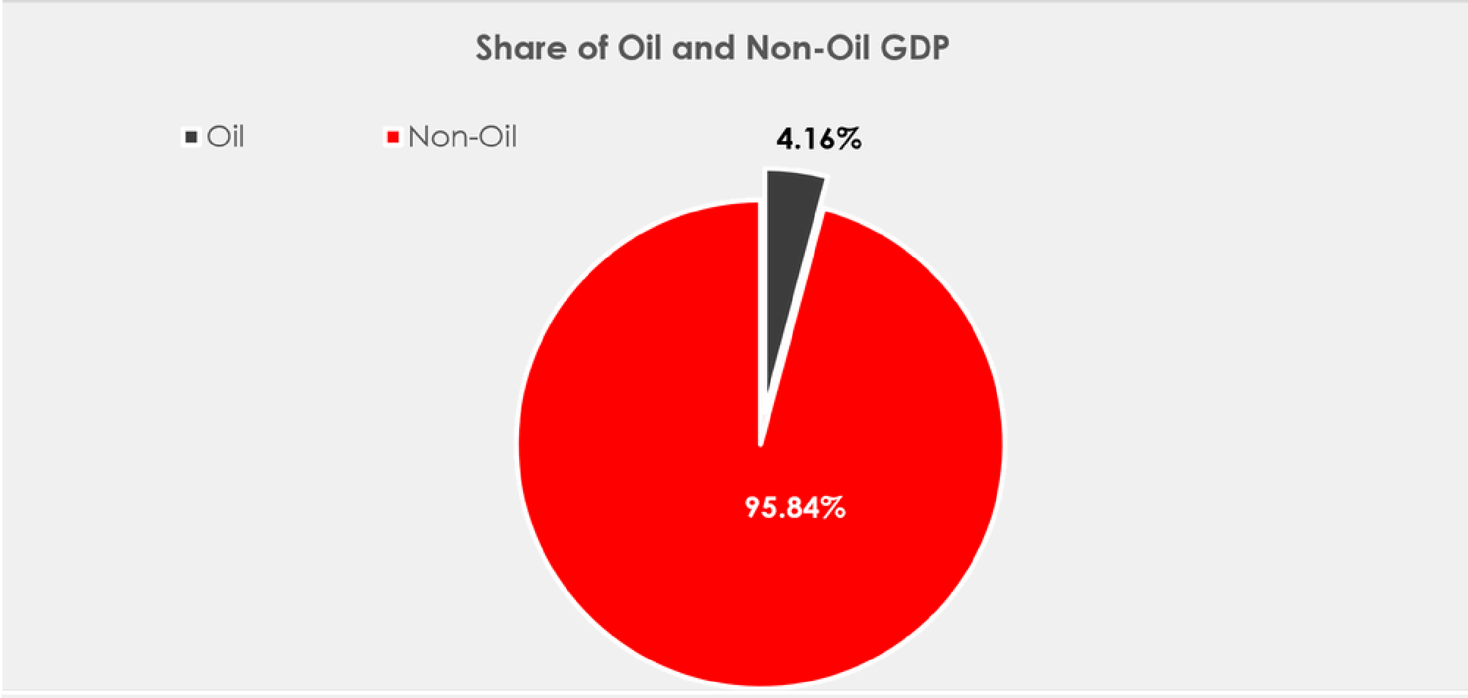
Nigerian economy as measured by Gross Domestic Product (GDP) expanded by 4.43% year on year (y/y) in Q2 2026. This is the highest quarterly GDP figure, recorded since Q1 2024. This shows the strength and resilience of the economy. The growth was largely driven by the non-oil economy, especially the services 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 inclusive and sustainable growth. Earlier in April 2026, the International Monetary Fund (IMF), in its World Economic Outlook report (WEO) released a GDP growth forecast of 4.10% for Nigeria in 2026. This growth forecast was retained in the July WEO update report. Our 2026 Full Year (FY) GDP revised growth forecast is now 4.35%, higher than the 4.10% from IMF.

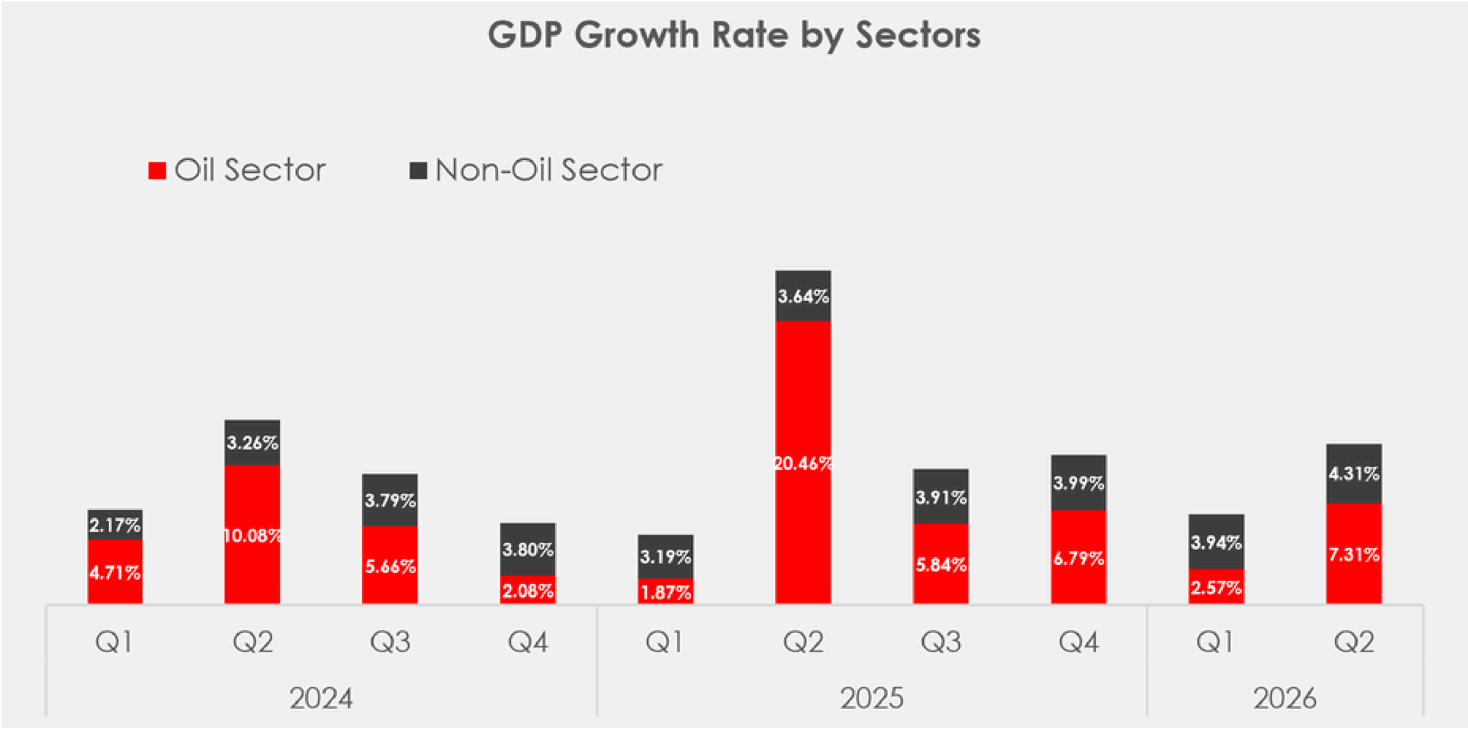


Sources: National Bureau of Statistics (NBS), United Capital Research

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

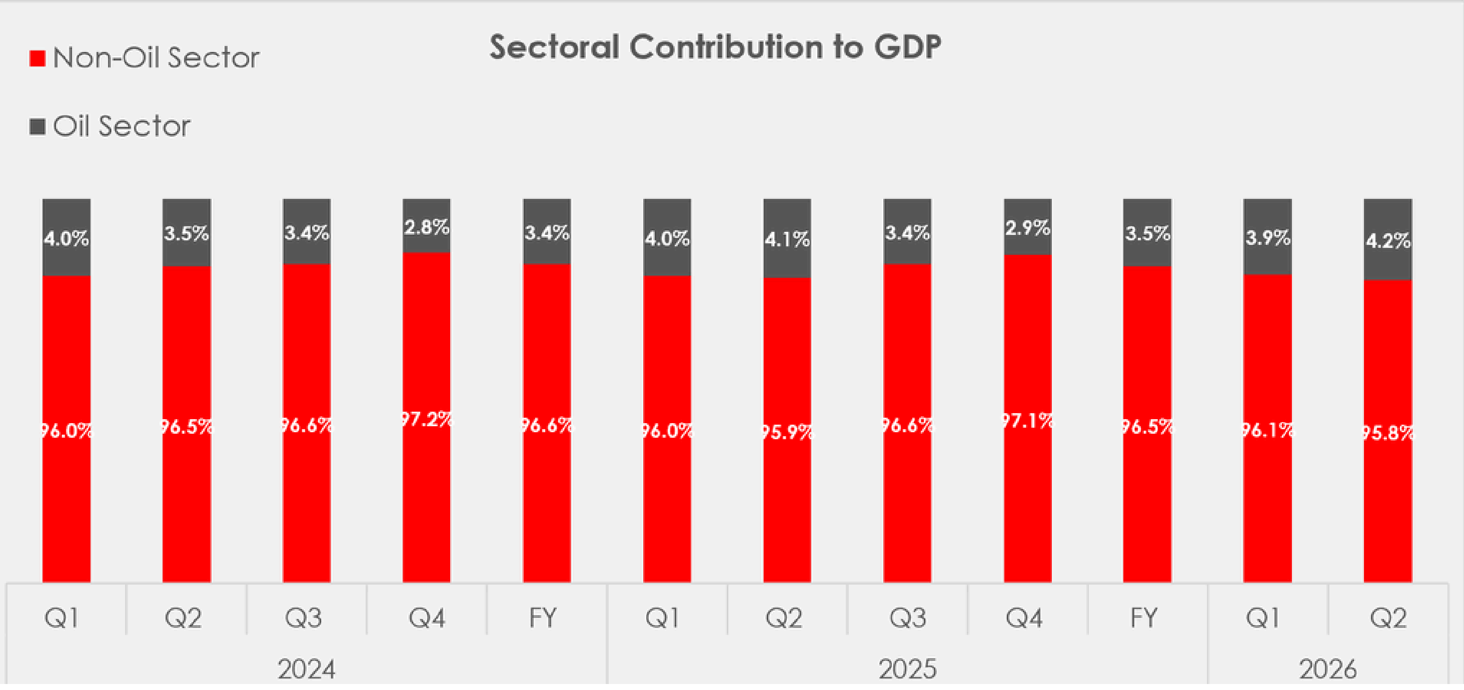
The non-oil sector grew by 4.31% y/y in Q2 2026, compared with 3.64% in Q2 2025 and 3.94% in Q1 2026. Growth in the sector was primarily driven by Crop Production, Telecommunications & Information Services, Real Estate, Trade, Financial Institutions, Manufacturing (Cement), and Construction. In real terms, the non-oil sector contributed 95.84% to GDP in Q2 2026, slightly lower than the 95.95% recorded in Q2 2025 and 96.08% in Q1 2026. The oil sector expanded by 7.31% y/y in Q2 2026 compared with 20.46% in Q2 2025 and 2.57% in Q1 2026. The improvement was supported by an increase in crude oil production average of 1.72 million barrels per day (mbpd), compared with 1.68mbpd in Q2 2025 and 1.55mbpd in Q1 2026. Consequently, the oil sector contributed 4.16% to real GDP, compared with 4.05% in Q2 2025 and 3.92% in Q1 2026.

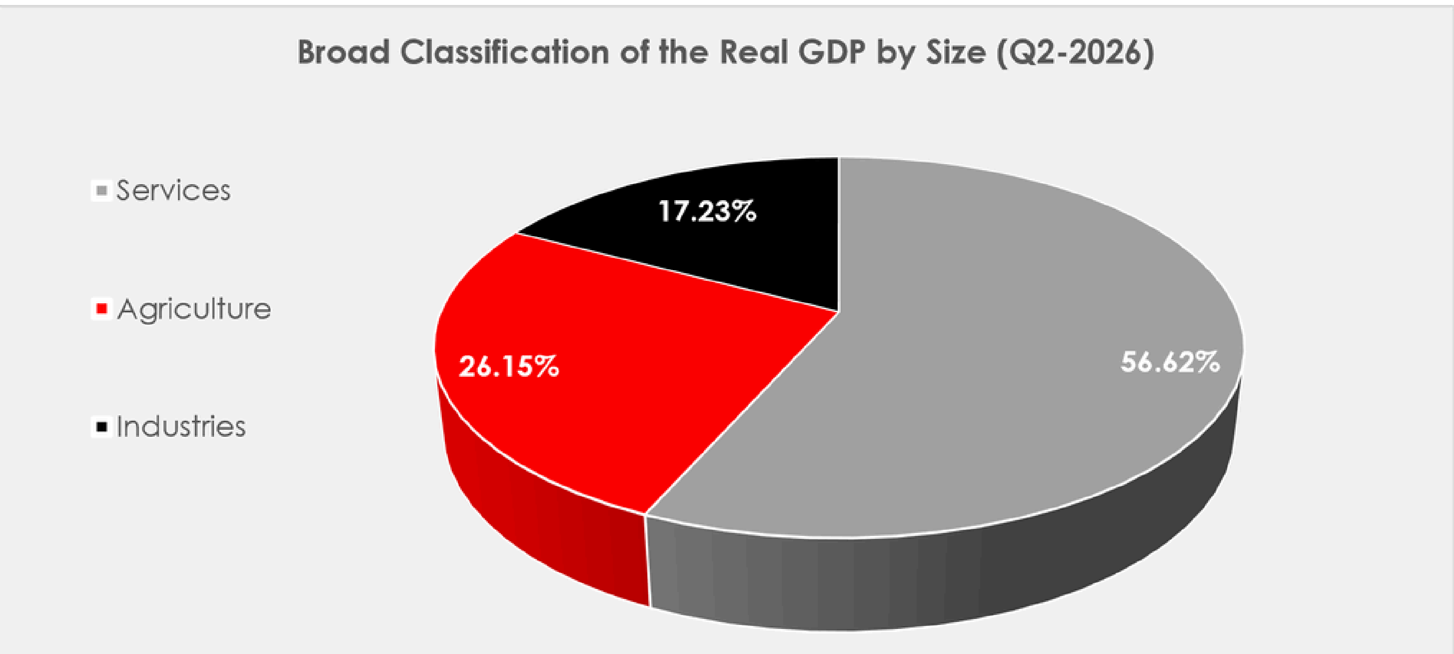




Services Maintained Leadership; Agriculture Accelerated; Industry Moderated

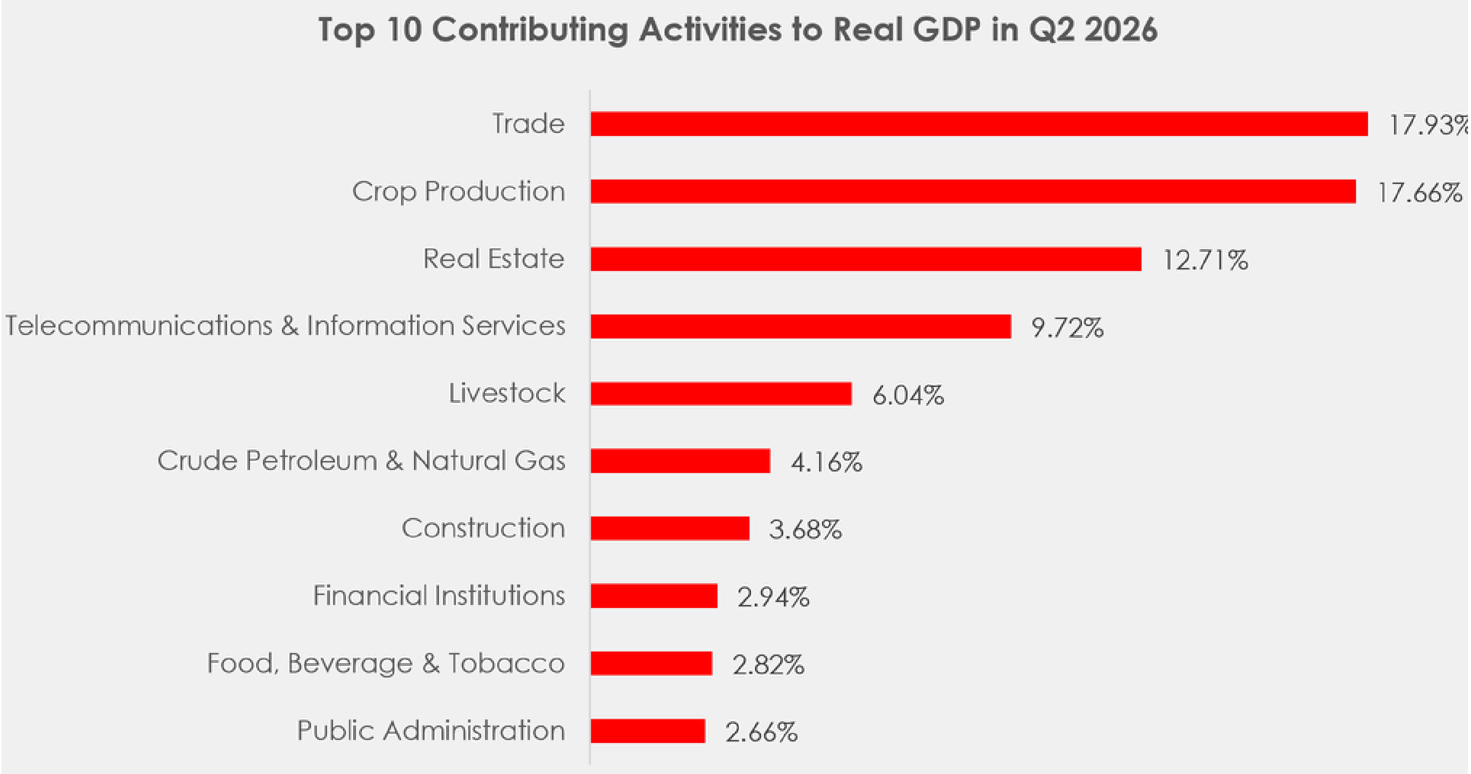
Further analysis of the economy into broad sectors shows that the services sector remained the largest segment of the economy. This accounts for 56.62% of total output in Q2 2026, compared with 56.53% in Q2 2025. Agriculture contributed 26.15% to GDP compared with 26.17% in Q2 2025, while industry accounted for 17.23%, lower than 17.31% in the corresponding quarter of 2025. The services sector expanded by 4.60%, up from 3.94% in Q2 2025, while agriculture strengthened to 4.39% from 2.82%. Industry grew by 3.96%, compared with 7.46% recorded in Q2 2025. The major drivers of economic activity remained telecommunications, trade, agriculture, real estate, financial services, manufacturing, and construction.





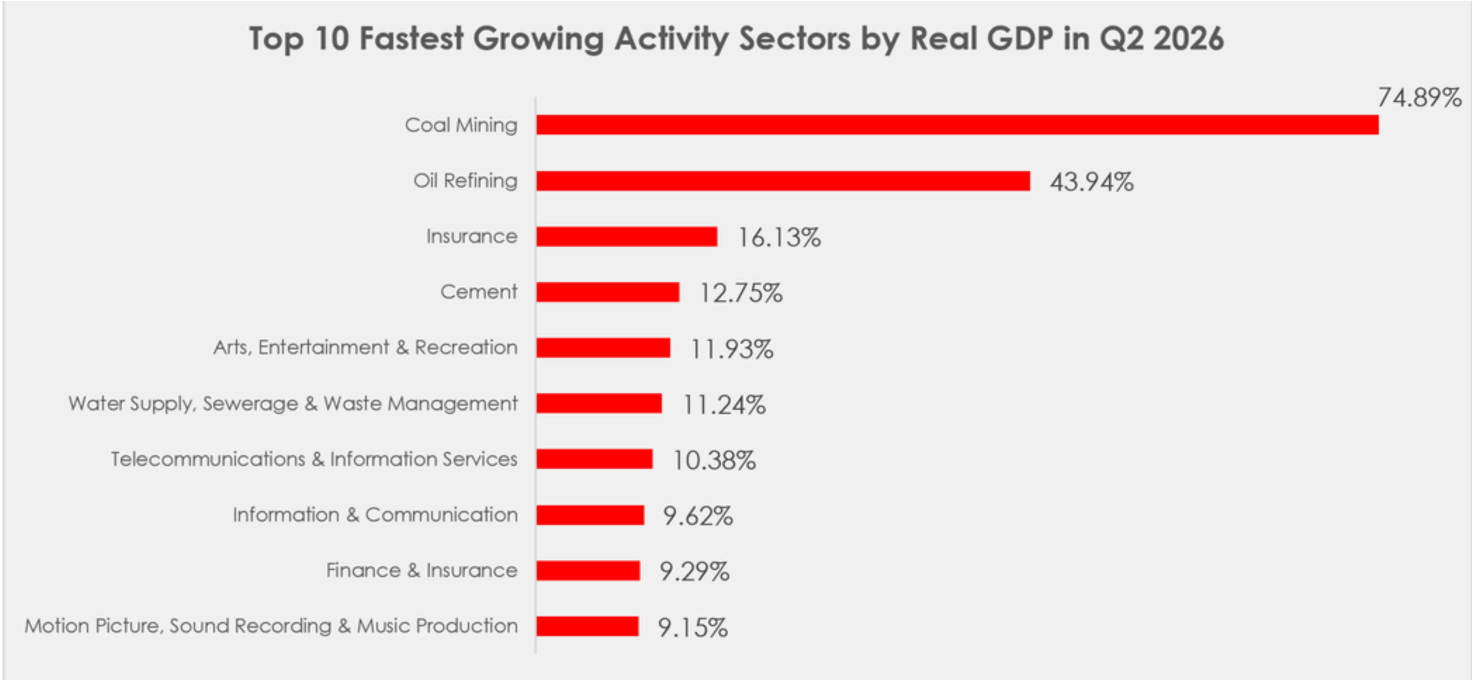
Top 10 Contributing Activities to Real GDP in Q2 2026

The following are the largest contributing sectors of the Nigerian economy in Q2 2026: Trade (17.93%) and Crop Production (17.66%) 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 (12.71%), Telecommunications & Information Services (9.72%), Livestock (6.04%), Crude Petroleum & Natural Gas (4.16%), Construction (3.68%), Financial Institutions (2.94%), Food, Beverage & Tobacco (2.82%) and Public Administration (2.66%).



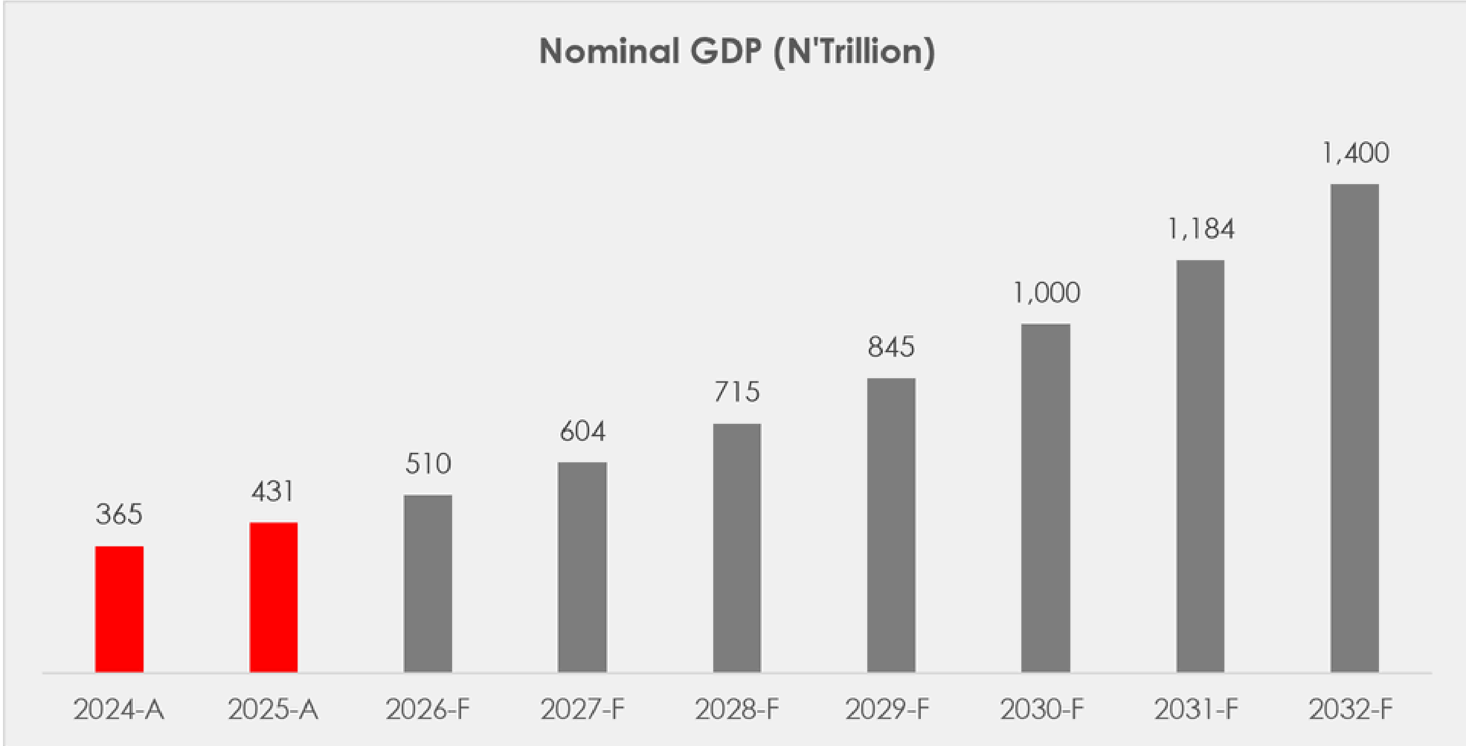
Top 10 Fastest Growing Activity Sectors by Real GDP in Q2 2026

The fastest growing sectors of the Nigerian economy in Q2 2026 are: Coal Mining (74.89%), Oil Refining (43.94%), Insurance (16.13%), Cement (12.75%), Arts, Entertainment & Recreation (11.93%), Water Supply, Sewerage & Waste Management (11.24%), Telecommunications & Information Services (10.38%), Information & Communication (9.62%), Motion Picture, Sound Recording & Music Production (9.15%), and Finance & Insurance (9.29%). The strong performance of Oil Refining, Cement, Telecommunications and Water Supply highlights continued improvements in industrial activity, infrastructure-related sectors, and the digital economy. Growth remained relatively broad-based, indicating resilience across major segments of the economy.



Nominal GDP Projected at US$ 1.2 Trillion in 2031

Nominal GDP at current basic prices rose to ₦119 trillion in Q2 2026 from ₦111 trillion in Q1 2026. United Capital Research projects nominal GDP to increase to ₦510 trillion in FY 2026, compared to ₦431 trillion in 2025. Looking ahead, we expect nominal GDP at current basic prices to reach approximately ₦1.2 quadrillion by 2031, equivalent to about US$1.2 trillion assuming an exchange rate of US$/₦1,000.



Strategic Insights

The acceleration in GDP growth to 4.43% reflects improving economic momentum, driven by stronger agricultural performance and sustained expansion in services. Telecommunications, trade, agriculture, real estate and financial services remain the dominant pillars of economic activity. These sectors, provide significant opportunities for private investment and capital mobilisation.

Strategic Recommendations

Nigerian economy continues to demonstrate resilience; however, achieving sustainable growth above 5% will require:

- Sustained efforts towards improving macroeconomic stability through lower inflation and exchange-rate stability.
- Increased crude oil production through improved security and continued implementation of petroleum sector reforms.
- Enhanced agricultural productivity through improved access to inputs, mechanisation, storage infrastructure and logistics.
- Greater investment through Public-Private Partnerships (PPPs) in power and transport infrastructure to enhance industrial competitiveness.
- Continued support for digital infrastructure, telecommunications and innovation-driven sectors that are becoming increasingly important contributors to GDP growth.

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