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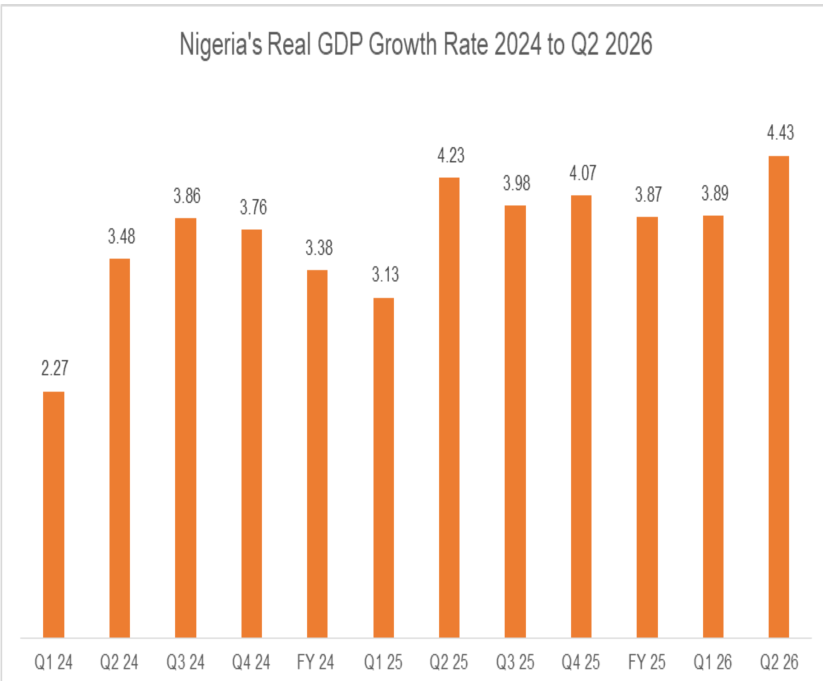
Macroeconomic Report on Q2 2026 GDP | Aug. 2026

Nigeria's Real GDP growth hits 4.43% in Q2 as Nation gains from Oil Refining

Nigeria's economy recorded real GDP growth of 4.43% in Q2 2026, reinforcing the recent improvement in economic activity. The growth momentum was established at the beginning of the year, when the economy expanded by 3.89% in Q1 2026.



The Q2 growth rate was also higher than the 4.23% recorded in Q2 2025, indicating a sustained improvement in economic performance. Growth was supported by several sectors that recorded double-digit expansions, notably coal mining (+74.9%), oil refining (+43.9%), metal ores (+20.2%), and insurance (+16.1%).

The latest GDP performance comes against the backdrop of improving macroeconomic conditions. The Monetary Policy Rate (MPR), Nigeria's benchmark interest rate, has remained at 26.5% since the beginning of the year amid easing inflationary pressures. Meanwhile, the country's external reserves have continued to rise and are now above $50 billion. Inflationary pressures have also moderated, with headline inflation declining to 15.43% in July 2026, while crude oil production has remained stable at more than one million barrels per day.

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Eight Sectors Recorded Double-Digit Growth in Q2

Eight sectors recorded double-digit real GDP growth in Q2 2026, with coal mining posting the strongest performance at 74.9%. Other sectors that recorded significant growth include: Oil refining: 43.9%; Metal ores: 20.2%; Insurance: 16.1%; Cement: 12.8%; Arts, entertainment and recreation: 11.9%

Water supply, sewerage and waste management: 11.2%, and Telecommunications: 10.3%. Growth rates in other subsectors range between 1.3% and 9.6%, suggesting that the expansion was relatively broad-based despite varying performances across the economy.

Five Sectors Recorded Negative Growth

Despite the overall improvement in economic activity, five sectors recorded negative real GDP growth during Q2 2026. These included other services (-0.70%), motor vehicles (-1.02%), electricity, gas, steam and air conditioning (-10.6%), and quarrying and other minerals (-39.3%). The contraction in some sectors highlights the uneven nature of the recovery and suggests that structural constraints continue to affect parts of the economy.

Contributions of Agriculture, Industry and Services to GDP

The services sector remained the largest contributor to Nigeria's GDP in Q2 2026, accounting for 56.62% of total output. Agriculture contributed 26.15%, while industry accounted for 17.23%. This represents a shift from Q1 2026, when agriculture contributed 23.16%, industry 19.11%, and services 57.73%. The figures underscore the continued dominance of the services sector in the Nigerian economy, while agriculture remains a major contributor to overall output.

Nigeria Gains from Revival of Oil Refining

One of the most notable developments in Nigeria's recent economic performance has been the revival of the oil refining subsector. For several quarters, the subsector was in decline, consistently recording double-digit negative real growth rates. The turnaround began in Q1 2025, when oil refining grew by 11.51%, followed by 15.78% in Q2 2025 and 19.42% in Q3 2025. For the full year 2025, the subsector recorded growth of 14.08%. The recovery has continued into 2026. Oil refining expanded by 37.46% in Q1 2026, before accelerating to 43.94% in Q2 2026, its strongest growth rate in the period under review. The revival of domestic refining is significant for Nigeria because increased refining activity can support industrial output, reduce dependence on imported refined petroleum products and strengthen economic activity around the petroleum value chain.

Outlook

An analysis of the GDP figures shows that economic growth has strengthened progressively when the first and second quarters of 2024, 2025 and 2026 are compared. The latest performance, alongside moderating inflation, rising external reserves, stable crude oil production and the recovery in oil refining, points to improving macroeconomic stability.

However, the contraction recorded in some sectors shows that the recovery is not yet uniform. Sustaining the current growth trajectory will therefore depend on continued improvements in productivity, infrastructure, energy supply, investment and the broader operating environment for businesses.

Overall, the 4.43% real GDP growth recorded in Q2 2026 represents an encouraging development for the Nigerian economy, with the strong performance of oil refining and several other subsectors providing important support for the ongoing recovery.