NIGERIA–SOUTH AFRICA
CHAMBER OF COMMERCE

PARTNERSHIP | TRADE | INVESTMENT | GROWTH

MID-YEAR ECONOMIC REVIEW AND OUTLOOK

PRESENTED BY

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STRONGER TOGETHER | ENHANCING TRADE | DRIVING INVESTMENT | BUILDING PROSPERITY

PRESENTATION OUTLINE

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MID-YEAR ECONOMIC REVIEW AND OUTLOOK – NIGERIA 2026

H1 2026 AT A GLANCE

STEADIER. STRONGER. BUILDING MOMENTUM

STABILISATION ENTRENCHED

Reforms over the past three years are delivering results.

RESILIENT GROWTH

3.89%
REAL GDP GROWTH IN Q1 2026

Powered by non-oil sectors and key industries.

INFLATION MODERATING

▼ FROM 2024 PEAKS

Still elevated, with food and energy prices pressuring households.

FX VOLATILITY REDUCED

Greater stability, improved pricing certainty and investor confidence.

RESERVES STRENGTHENED

Stronger buffers, greater resilience against external shocks.

OPERATING ENVIRONMENT CHALLENGING

High financing costs, weak demand, infra gaps and elevated production costs persist.

OUTLOOK CAUTIOUSLY OPTIMISTIC

Stability to improve further in H2 2026; reforms remain critical for inclusive and sustainable growth.

FOCUS FOR STRONGER GROWTH

- ACCELERATE STRUCTURAL REFORMS
- IMPROVE PRODUCTIVITY & COMPETITIVENESS
- ENHANCE FISCAL SUSTAINABILITY
- DRIVE JOBS, INVESTMENT & SHARED PROSPERITY

NIGERIA'S MACROECONOMIC SCORECARD

ECONOMIC INDICATORS

GROWTH

3.89%
Q1 2026 GDP GROWTH

- Growth increasingly driven by the non-oil economy.

INFLATION

- Moderating gradually but remains above comfort levels.
- Food inflation remains the principal concern.

KEY TAKEAWAY

Macroeconomic stability is strengthening, but sustaining growth and controlling prices remain critical.

NIGERIA'S MACROECONOMIC SCORECARD

ECONOMIC INDICATORS

EXCHANGE RATE

- Significantly more stable than in 2024.
- Improved liquidity has reduced speculative pressures.

EXTERNAL RESERVES

ABOVE US$50 BILLION

providing stronger external buffers.

OIL PRODUCTION

AROUND 1.53 MILLION BARRELS PER DAY

- Improvement over previous year but still below budget assumptions.

KEY TAKEAWAY

Stronger macroeconomic fundamentals are laying the foundation for sustainable and inclusive growth.

NIGERIA'S MACROECONOMIC SCORECARD

CAPITAL MARKET PERFORMANCE | H1 2026

NGX
Nigerian Exchange Group

EQUITY MARKET

NGX ALL-SHARE INDEX

+47%

IN H1 2026

Among the strongest first-half performances in recent history.

MARKET CAPITALISATION

END-2025	END-JUNE 2026
₦99.4 TRILLION	₦147.2 TRILLION

Increase of nearly **₦48 TRILLION** in investor wealth.

MARKET DRIVERS

- Strong corporate earnings
- Banking sector recapitalisation
- Robust domestic liquidity
- Improving macroeconomic confidence

MARKET CORRECTION

The June pullback reflected **HEALTHY PROFIT-TAKING AND PORTFOLIO REBALANCING,** rather than any weakening of economic or corporate fundamentals.

KEY TAKEAWAY

Nigeria's capital market was one of the strongest-performing segments of the economy in H1 2026, reflecting improving macroeconomic stability, stronger investor confidence and enhanced capacity to finance private-sector growth.

NIGERIA'S MACROECCONOMIC SCORECARD

MAJOR GAINS IN H1 2026

FISCAL POSITION

- Improved government revenues.
- Stronger non-oil revenue mobilisation.
- Reduced fiscal distortions.

OIL SECTOR

- Higher production.
- Improved export earnings.
- Better domestic refining capacity.

FINANCIAL MARKETS

- Strong equity market performance.
- Increased investor participation.
- Improved banking sector resilience.

INVESTOR SENTIMENT

- Improved sovereign credibility.
- Increased portfolio inflows.

KEY TAKEAWAY

These gains reflect stronger macroeconomic fundamentals, greater investor confidence and a more attractive environment for sustainable investment and inclusive growth.

NIGERIA'S MACROECONOMIC SCORECARD

MAJOR GAINS IN H1 2026

STRONGER FOUNDATIONS. MORE CONFIDENCE. BETTER PROSPECTS.

MACROECONOMIC STABILITY

- Greater exchange rate predictability.
- Improved monetary policy credibility.
- Strengthened investor confidence.

FOREIGN EXCHANGE MARKET

- Improved liquidity.
- Reduced arbitrage.
- Better price discovery.

KEY TAKEAWAY

The gains in macroeconomic stability and the foreign exchange market in H1 2026 are strengthening **investor confidence**, supporting **growth** and laying the foundation for a more **resilient economy**.

NIGERIA SECTOR PERFORMANCE – Q1 2026

REAL GDP GROWTH (YEAR-ON-YEAR)

Q1 2026 AT A GLANCE

REAL GDP GROWTH

3.89%

Q1 2025: 3.13%

▲ +0.76pp

NON-OIL GDP SHARE

96.08%

Q1 2025: 95.93%

▲ +0.15pp

OIL GDP SHARE

3.92%

Q1 2025: 4.07%

▼ -0.15pp

SECTORAL PERFORMANCE – Q1 2026

RANK	SECTOR	Q1 2026 GROWTH (%)
1	OIL REFINING	37.46%
2	FINANCIAL & INSURANCE	28.04%
3	INFORMATION & COMMUNICATION	4.69%
4	CONSTRUCTION	4.53%
5	MANUFACTURING	3.29%
6	AGRICULTURE	3.15%
7	TRADE	2.08%
8	REAL ESTATE	1.98%
9	MINING & QUARRYING	1.89%
10	TRANSPORTATION & STORAGE	1.72%
11	AIR TRANSPORT	-7.62%
12	ELECTRICITY, GAS & STEAM	-15.30%

TOP 5 PERFORMERS

1	OIL REFINING	37.46%
2	FINANCIAL & INSURANCE	28.04%
3	INFORMATION & COMMUNICATION	4.69%
4	CONSTRUCTION	4.53%
5	MANUFACTURING	3.29%

BOTTOM 2 PERFORMERS

1	ELECTRICITY, GAS & STEAM	-15.30%
2	AIR TRANSPORT	-7.62%

Source: National Bureau of Statistics (NBS) – Q1 2026 GDP Report

NIGERIA SECTOR PERFORMANCE – Q1 2026

REAL GDP GROWTH (YEAR-ON-YEAR)

TOP GROWTH LEADERS

OIL REFINING	FINANCIAL & INSURANCE	INFORMATION & COMMUNICATION	CONSTRUCTION
37.46%	28.04%	4.69%	4.53%

BROAD-BASED REAL ECONOMY RECOVERY

MANUFACTURING	AGRICULTURE	TRADE
3.29%	3.15%	2.08%

Q1 2026 GDP AT A GLANCE

REAL GDP GROWTH (YoY) — 3.89%
Q1 2025: 3.13% ▲ +0.76pp

NON-OIL GDP SHARE — 96.08%
Q1 2025: 95.93% ▲ +0.15pp

OIL GDP SHARE — 3.92%
Q1 2025: 4.07% ▼ -0.15pp

NON-OIL ECONOMY CONTRIBUTION — 96.08% OF REAL GDP

Source: National Bureau of Statistics (NBS) – Q1 2026 GDP Report

NIGERIA SECTOR PERFORMANCE – Q1 2026

REAL GDP GROWTH (YEAR-ON-YEAR)

TOP PERFORMERS

OIL REFINING	FINANCIAL & INSURANCE	INFORMATION & COMMUNICATION	CONSTRUCTION
37.46%	**28.04%**	**4.69%**	**4.53%**

BROAD-BASED REAL ECONOMY RECOVERY

MANUFACTURING	AGRICULTURE	TRADE
3.29%	**3.15%**	**2.08%**

STRUCTURAL WEAKNESSES

ELECTRICITY

-15.30%

remains the biggest drag on industrial competitiveness.

AIR TRANSPORT

-7.62%

reflects the continued burden of high fuel and financing costs.

Source: National Bureau of Statistics (NBS) – Q1 2026 GDP Report

GLOBAL ECONOMIC CONTEXT

GLOBAL ECONOMY REMAINS UNCERTAIN

01
GLOBAL GROWTH REMAINS SUBDUED

Amid persistent geopolitical and policy uncertainties.

02
OIL PRICES REMAIN VOLATILE

Driven by geopolitical tensions in the Middle East.

03
INTEREST RATES REMAIN ELEVATED

Despite gradual monetary easing in advanced economies.

04
SUPPLY CHAIN PRESSURES HAVE EASED

Supporting global trade and manufacturing.

05
PROTECTIONISM IS INTENSIFYING

With higher tariffs and non-tariff barriers reshaping global trade.

06
TRADE POLICY UNCERTAINTY IS RISING

Increasing risks for exporters and global value chains.

07
CAPITAL FLOWS REMAIN SELECTIVE

Favouring economies with credible reforms, macroeconomic stability and policy consistency.

KEY TAKEAWAY: A HIGH-UNCERTAINTY GLOBAL ENVIRONMENT DEMANDS AGILITY, COMPETITIVENESS AND POLICY DISCIPLINE TO SEIZE OPPORTUNITIES.

IMPLICATIONS FOR NIGERIA

01
OIL PRICE VOLATILITY

Oil price volatility presents both revenue opportunities and fiscal risks.

02
HIGHER GLOBAL FINANCING COSTS

Higher global financing costs continue to affect external borrowing.

03
STABLE MACROECONOMIC POLICIES

Stable macroeconomic policies are increasingly important for attracting capital.

04
EXPORT DIVERSIFICATION

Export diversification has become more urgent.

05
HIGHER SHIPPING COSTS

Geopolitical conflicts are driving up shipping costs, increasing trade and import expenses.

06
RISING TRADE BARRIERS & POLICY UNCERTAINTY

Higher tariffs and non-tariff barriers increase uncertainty for exporters and investors.

KEY TAKEAWAY: Global uncertainties present both risks and opportunities.
Policy consistency, diversification and competitiveness are critical for Nigeria's resilience and growth.

STRUCTURAL CONSTRAINTS PERSIST

INFLATION

- Still eroding household purchasing power.
- Raising operating costs.

INTEREST RATES

- Monetary policy remains restrictive.
- Borrowing costs remain prohibitively high.

KEY MESSAGE

Structural cost pressures continue to constrain **investment, productivity, competitiveness and inclusive growth** despite improving macroeconomic stability.

STRUCTURAL CONSTRAINTS PERSIST

ENERGY

- High electricity costs.
- Expensive diesel.
- High logistics costs.

INFRASTRUCTURE

- Persistent transport bottlenecks.
- Port inefficiencies.
- Inadequate power supply.

STRUCTURAL CONSTRAINTS PERSIST

CONSUMER DEMAND

- Weak real household incomes.
- Slow recovery in discretionary spending.

SECURITY

- Continued impact on agriculture.
- Increased logistics costs.
- Investment deterrent.

REGULATORY ENVIRONMENT

- Multiple taxation.
- Compliance costs remain high.

ADDRESSING THESE CONSTRAINTS IS CRITICAL TO SUSTAINING GROWTH AND IMPROVING LIVING STANDARDS.

Inflation: Progress Amid Persistent Structural Pressures

Encouraging Developments

- Headline inflation continues **gradual moderation.**
- **Exchange rate stability** helping imported inflation.

Persistent Structural Drivers

Nearly **three-quarters** of inflation pressure continues to originate from:

- Food
- Transportation
- Energy
- Housing
- Utilities

Key Takeaway

Disinflation is progressing, but structural cost pressures continue to constrain the pace of inflation reduction.

WHY INFLATION REMAINS STICKY

Structural bottlenecks continue to drive up costs and keep inflation elevated.

POOR LOGISTICS

- High transport costs raise the price of goods.
- Inefficient supply chains and long delivery times.
- Post-harvest losses remain high.

ENERGY COSTS

- Expensive and unreliable power drives up production costs.
- Dependence on costly alternative fuels.

WEAK AGRICULTURAL PRODUCTIVITY

- Low yields and limited mechanization.
- Inadequate access to inputs, credit and extension services.
- Seasonal shortages sustain food inflation.

INSECURITY

- Disrupts farming and food supply chains.
- Raises logistics and insurance costs.
- Deters investment and economic activity.

INFRASTRUCTURE DEFICITS

- Poor roads, ports and warehousing increase costs.
- Limited storage and cold chain capacity.
- Constrain productivity and efficiency.

Addressing these structural constraints is essential to achieving lasting disinflation.

CORPORATE IMPLICATIONS
OF INFLATIONARY PRESSURE

Businesses should expect:

CONTINUED WAGE PRESSURE

Rising cost of living and talent competition will keep upward pressure on wages and benefits.

COST ESCALATION

Higher input, energy, transportation and logistics costs will continue to elevate operating expenses.

MARGIN COMPRESSION

Rising costs outpacing pricing power will squeeze margins across most sectors.

CONSUMER DOWN-TRADING

Weaker real incomes will drive consumers to trade down, impacting volumes and brand mix.

Inflationary pressures require **disciplined cost management, operational efficiency** and **customer-focused strategies** to protect competitiveness and profitability.

EXCHANGE RATE OUTLOOK

STABILITY HAS RETURNED

MAJOR DRIVERS

- Improved FX liquidity.
- Stronger reserves.
- Better policy credibility.
- Improved confidence.

BUSINESS BENEFITS

- Easier budgeting.
- Better pricing decisions.
- Improved import planning.
- Reduced exchange losses.

REMAINING RISKS

- Oil price shocks.
- Capital flow reversals.
- Global uncertainty.

OUTLOOK

The outlook remains cautiously optimistic, supported by stronger fundamentals, but vigilance is essential.

Sustaining stability will require continued policy discipline, **diversification, and resilience** to external shocks.

ECONOMIC OUTLOOK

Key indicators point to cautious optimism and a gradual strengthening of the Nigerian economy in H2 2026.

GDP
Expected to remain between **3.8–4.2%**.

EXCHANGE RATE
Relative stability expected.

INFLATION
Gradual moderation expected but likely to remain in **double digits**.

OIL
Production expected to improve **moderately**.

INVESTMENT
Confidence expected to **strengthen further**.

BUSINESS ENVIRONMENT
Gradual **improvement** expected.

OVERALL ASSESSMENT

The economy is transitioning from **stabilisation** towards **recovery**, although structural reforms remain essential for sustaining **higher growth.**

- MACRO STABILITY
- GRADUAL RECOVERY
- STRUCTURAL REFORMS
- SUSTAINABLE GROWTH

INVESTMENT CLIMATE

Stronger Fundamentals. Real Constraints. Clear Priorities.

POSITIVE DEVELOPMENTS

Banking recapitalisation strengthening confidence.

Equity market remains attractive.

Improved macroeconomic stability.

Better foreign investor perception.

CONSTRAINTS

Limited long-term finance.

High lending rates.

Infrastructure deficits.

Policy implementation gaps.

KEY TAKEAWAY

Sustaining investor confidence requires bridging financing gaps, **lowering costs, closing infrastructure gaps** and ensuring consistent policy execution.

COST OF DOING BUSINESS REMAINS HIGH

High structural costs continue to erode competitiveness and constrain growth.

MAJOR COST DRIVERS

ENERGY	High electricity costs, unreliable supply and expensive alternatives.
LOGISTICS	Poor transport infrastructure, port inefficiencies and high freight costs.
FINANCING	High lending rates and limited access to long-term capital.
MULTIPLE TAXATION	Multiple taxes, levies and charges across federal, state and local levels.
REGULATORY CHARGES	Numerous permits, compliance costs and administrative bottlenecks.
INFRASTRUCTURE DEFICIENCIES	Inadequate roads, power, water and industrial infrastructure.

COMPETITIVE RESPONSE

Leading companies are increasingly investing in:

AUTOMATION	Improving productivity and reducing manual dependency.
COST-EFFECTIVE ENERGY SOLUTIONS	Investing in renewable energy and efficient systems.
DIGITAL TRANSFORMATION	Leveraging digital technologies to drive efficiency and insight.
PROCESS OPTIMISATION	Streamlining operations to reduce waste and improve performance.
SUPPLY CHAIN REDESIGN	Building resilient, agile and cost-efficient supply chains.

Addressing structural cost drivers through **policy reform** and **private sector innovation** is critical to boosting competitiveness and attracting investment.

- Lower Costs
- Stronger Competitiveness
- More Investment
- Job Creation
- Sustainable Growth

TRADE AND EXTERNAL SECTOR

EXTERNAL TRADE REMAINS STRONG

Nigeria's external sector continues to demonstrate resilience, supported by strong export performance and diversified global market reach.

EXPORTS CONTINUE TO BE DOMINATED BY:

CRUDE OIL

LNG

PETROLEUM PRODUCTS

MAJOR EXPORT MARKETS

1. INDIA
2. FRANCE
3. NETHERLANDS
4. SPAIN
5. UNITED STATES

Diversifying export markets and expanding non-oil exports remain critical for **sustainable external sector growth.**

Building on current strengths while deepening diversification **will drive long-term external sector resilience.**

STRATEGIC PRIORITIES FOR EXPORT DEVELOPMENT

Building a diversified, competitive and sustainable export base that drives growth and creates jobs.

1. EXPORT DIVERSIFICATION

- Reduce dependence on crude oil by expanding non-oil and non-traditional exports.
- Leverage agriculture, minerals, creative industries and services.
- Build resilience against commodity price volatility.

2. MANUFACTURING EXPORTS

- Strengthen industrial capacity and quality standards.
- Promote value-added products with global competitiveness.
- Support SMEs and export-ready firms with finance and skills.

3. AfCFTA OPPORTUNITIES

AfCFTA

- Leverage the world's largest free trade area to expand market access.
- Improve trade facilitation, standards alignment and customs efficiency.
- Position Nigerian products competitively across Africa.

4. REGIONAL VALUE CHAINS

- Integrate into regional production and supply networks.
- Develop backward and forward linkages to increase local content.
- Attract investment in sectors where Nigeria has a competitive edge.

A DIVERSIFIED EXPORT BASE WILL:

- Boost economic growth
- Create quality jobs
- Strengthen external resilience
- Enhance Nigeria's global competitiveness

CORPORATE PRIORITIES

Focus, discipline and execution are key to navigating H2 2026 and building a stronger, more competitive business.

1. STRENGTHEN PRODUCTIVITY

- Improve operational efficiency.
- Reduce waste.
- Invest in technology.
- Invest in Energy Efficiency.

2. PRESERVE LIQUIDITY

- Strengthen working capital management.
- Reduce foreign exchange exposure.
- Manage Finance Cost.

3. ACCELERATE DIGITAL TRANSFORMATION

- Automation.
- Artificial intelligence.
- Data analytics.

4. BUILD SUPPLY CHAIN RESILIENCE

- Diversify suppliers.
- Increase local sourcing.
- Strengthen inventory management.

FOCUSED PRIORITIES. STRONGER PERFORMANCE.

HIGHER PRODUCTIVITY | STRONGER LIQUIDITY | DIGITAL ADVANTAGE | RESILIENT SUPPLY CHAIN | SUSTAINABLE GROWTH

POLICY PRIORITIES

Aligned action by government and business will drive sustainable growth and shared prosperity.

GOVERNMENT

1. Sustain macroeconomic stability.
2. Reduce inflation.
3. Lower production costs.
4. Improve electricity supply.
5. Accelerate infrastructure.
6. Reform logistics.
7. Improve security.
8. Enhance regulatory quality.

PRIVATE SECTOR

1. Increase productivity.
2. Invest in innovation.
3. Deepen localisation.
4. Pursue export markets.
5. Strengthen collaboration.
6. Build resilient business models.

SHARED PRIORITIES. STRONGER OUTCOMES.

Effective policies and responsible business practices are essential to unlocking Nigeria's full economic potential.

STABILITY | COMPETITIVENESS | INFRASTRUCTURE | SECURITY | PROSPERITY

STRATEGIC MESSAGES

Five key messages to guide decisions and drive value in H2 2026 and beyond.

1. Macroeconomic stability has improved significantly.

2. Business conditions are improving but cost pressures remain elevated.

3. Productivity will determine competitiveness.

4. Nigeria continues to offer compelling long-term investment opportunities despite near-term risks.

5. The businesses that invest in efficiency, innovation and resilience today will be best positioned to capture the next phase of Nigeria's economic expansion.

STABILITY	COMPETITIVENESS	PRODUCTIVITY	OPPORTUNITY	RESILIENCE
Stronger Foundation	Managing Costs, Driving Efficiency	The Key to Sustainable Growth	Nigeria's Potential Remains Strong	Prepared Today, Ready Tomorrow

KEY EXTERNAL RISKS & CORPORATE RESPONSES

RISK	PROBABILITY	IMPACT	CORPORATE RESPONSE
1. High Interest Rates & Financing Costs	HIGH	HIGH	Deleverage Refinance costly facilities Tighten working-capital management Prioritise internal cash generation Diversify into equity, bonds and DFI funding
2. Inflation & Input-Cost Pressures	HIGH	HIGH	Accelerate productivity gains Optimise procurement Improve energy efficiency Strengthen inventory planning Adopt agile pricing
3. Weak Consumer Purchasing Power	HIGH	HIGH	Introduce affordable formats Strengthen value propositions Sharpen market segmentation Expand B2B and institutional channels

PROTECT LIQUIDITY | DRIVE PRODUCTIVITY | DEFEND MARKET SHARE

KEY EXTERNAL RISKS & CORPORATE RESPONSES

Focus. Mitigate. Strengthen Resilience. Drive Sustainable Growth.

RISK	PROBABILITY	IMPACT	CORPORATE RESPONSE
4. ENERGY & ELECTRICITY COSTS	HIGH	HIGH	Invest in energy efficiency, embedded generation and renewables Undertake energy audits Reduce energy intensity
5. EXCHANGE-RATE VOLATILITY	MEDIUM	HIGH	Increase local sourcing Match FX revenues with FX obligations Minimise unhedged FX liabilities Diversify export revenues
6. INSECURITY & SUPPLY-CHAIN DISRUPTION	HIGH	HIGH	Diversify suppliers and logistics routes Decentralise warehousing Strengthen business-continuity arrangements

KEY EXTERNAL RISKS & CORPORATE RESPONSES

RISK	PROBABILITY	IMPACT	CORPORATE RESPONSE
7. PRE-ELECTION FISCAL & POLITICAL RISK	MEDIUM–HIGH	HIGH	Scenario planning Maintain liquidity buffers Avoid excessive long-term exposure to politically sensitive projects Strengthen regulatory intelligence
8. REGULATORY & TAX RISK	HIGH	HIGH	Strengthen compliance capacity Undertake tax-impact assessments Engage industry associations Monitor federal and subnational regulations
9. GLOBAL COMMODITY & GEOPOLITICAL RISK	MEDIUM–HIGH	HIGH	Diversify suppliers Develop alternative sourcing markets Maintain critical inventory buffers Use appropriate contractual hedges

KEY EXTERNAL RISKS & CORPORATE RESPONSES

RISK	PROBABILITY	IMPACT	CORPORATE RESPONSE
10. LOGISTICS & INFRASTRUCTURE RISK	HIGH	MEDIUM–HIGH	Optimise distribution networks Shared logistics/warehousing Regionalise supply chains Increase inventory visibility
11. CYBERSECURITY & DIGITAL RISK	HIGH	HIGH	Strengthen cyber controls Ensure backups & data resilience Robust access management Staff training & awareness Incident-response systems
12. POLICY IMPLEMENTATION RISK	MEDIUM–HIGH	HIGH	Maintain multiple operating scenarios Monitor policy changes continuously Avoid investment assumptions dependent on a single policy regime

Proactive risk management today builds resilience and creates tomorrow's competitive advantage.