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Nigeria Macroeconomic Outlook for 2026

Building on Reform, Navigating Uncertainty

Introduction

Nigeria enters 2026 at a critical inflection point, following two years of deep macroeconomic reforms aimed at restoring stability, credibility, and investor confidence. Measures spanning exchange rate liberalisation, fuel subsidy removal, monetary tightening, tax reforms, and banking sector recapitalisation represent one of the most significant policy resets in recent history.

Although the adjustment process has been accompanied by elevated inflation and pressure on household incomes, early signs of macroeconomic rebalancing are emerging. Exchange rate distortions have narrowed, external buffers have strengthened, inflationary momentum has begun to ease, and non-oil economic activity has shown increasing resilience. Policy direction has also become clearer, supporting a gradual improvement in investor sentiment.

Against a challenging global backdrop marked by geopolitical tensions, softer growth, and volatile energy markets, Nigeria's 2026 outlook is cautiously optimistic anchored on macroeconomic stabilisation and gradual recovery rather than rapid expansion.

Key Economic Anchors in 2026

FX Market Reforms

Enhance price,
discovery,
market stability,
and foreign exchange
flows.

PIA, 2021

Improved fiscal conditions,
boost crude production,
engender investment and foster
productivity in the economy.

Nigeria Tax Act, 2025

Boost government
revenue profile and
capacity to undertake
projects and stimulate
SMEs as engines of
economic growth

Banking Sector Recapitalisation

Strengthen the
resilience of the
financial system,
enhance their
capacity for credit intermediation
and support economic growth

Global Context and External Environment

Global economic growth is projected to moderate to about 3.1% in 2026, due to weaker international trade, tight (but gradually loosening) financial conditions, and ongoing geopolitical tensions. Oil prices are expected to soften towards the US$55 per barrel range amid weaker demand growth and rising inventories, posing revenue and FX risks for oil-exporting economies such as Nigeria. At the same time, gradual easing of global interest rates may provide some relief for capital flows and refinancing conditions, although investor selectivity is expected to remain high.

For Nigeria, this global backdrop implies continued vulnerability to oil price volatility, trade disruptions, and capital flow reversals, reinforcing the importance of domestic policy credibility and reform execution.

Economic Growth & Gdp Projections

Nigeria's growth outlook for 2026 reflects a gradual but fragile recovery anchored on macroeconomic stabilisation rather than cyclical acceleration. Nigeria's real GDP growth is projected to strengthen to about 4.4–4.5% in 2026, up from an estimated 3.8–4.0% in 2025. Growth will be driven primarily by the non-oil sector, supported by improved macroeconomic stability, easing inflation, and gradual recovery in consumer and investor confidence.

Key growth drivers include:

- Continued expansion in services, particularly telecommunications, finance, trade, and the digital economy.
- Improved agricultural output, supported by moderating input costs and targeted interventions, although security challenges remain a constraint.
- Gradual recovery in oil and gas production, supported by improved surveillance, regulatory clarity under the Petroleum Industry Act (PIA), and expanding domestic refining capacity.

Despite the improved outlook, growth remains below Nigeria's long-term potential, reflecting persistent structural bottlenecks, infrastructure gaps, and weak productivity.

Inflation & Monetary Policy

Policy guidance and market signals suggest that price stability will remain the overriding policy objective in 2026. Headline inflation is projected to moderate further to about 12–13% in 2026, down from elevated levels in 2024–2025. This disinflationary trend is expected to be driven by:

- Delayed effects of tight monetary policy
- Improved exchange rate stability
- Easing food inflation due to better supply conditions and base effects

The CBN is expected to maintain a cautious monetary policy stance in 2026. While a gradual easing bias may emerge as inflation moderates, policy will remain largely orthodox, with priority given to anchoring inflation expectations and consolidating credibility as the Bank transitions towards a full-fledged inflation-targeting framework.

Key monetary policy considerations include managing liquidity conditions, maintaining positive real interest rates, and balancing price stability with the need to support output recovery.

Exchange Rate and External Sector Outlook

The exchange rate appreciated by 6.9% y/y to ₦1,436.31/US$ in December 2025 and remained broadly stable through the year, reflecting improved FX liquidity conditions. Based on recent policy actions and market developments, exchange rate dynamics in 2026 are expected to reflect managed stability rather than a return to rigid controls. The naira is expected to remain broadly stable in 2026, supported by improved FX market reforms, higher diaspora remittances, steady oil receipts, and rising non-oil exports. External reserves are projected to increase further, providing an important buffer against external shocks.

However, FX stability remains highly sensitive to:

- Oil price movements and production levels.
- Portfolio investment flows, which continue to dominate capital inflows.
- Global risk sentiment and geopolitical developments.

Sustaining exchange rate stability will therefore require continued FX market transparency, policy consistency, and coordination with fiscal authorities.

Macroeconomic Dashboard

GDP Growth Rate

4.49%

2025(est.) 3.89%

2024 3.38%

Debt-to-GDP

34.68%

2025(June) 33.98%

2024 38.80%

Ave. Inflation Rate

12.94%

2025(est.) 21.26%

2024 31.57%

FX Reserve

$51.04B

2025(est.) 45.01B

2024 40.19%

Oil Production

1.71 mbpd

2025(est.) 45.01B

2024 40.19%

Figure 1: Real GDP Growth Rate (Per cent)

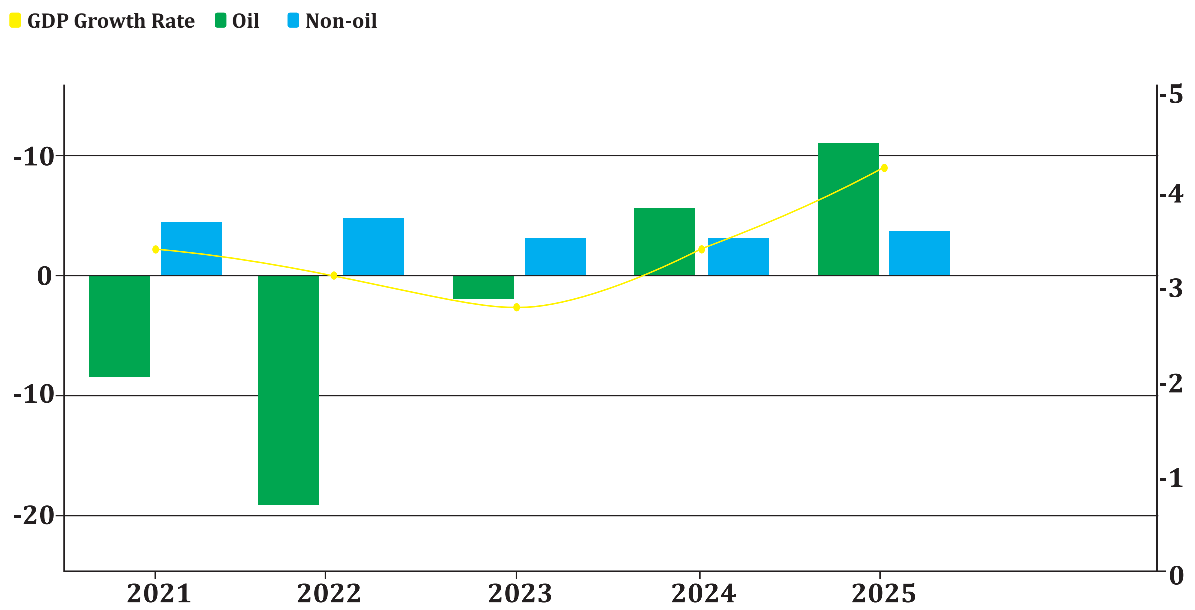


Figure 2: Sectoral Growth Rates (Per cent)

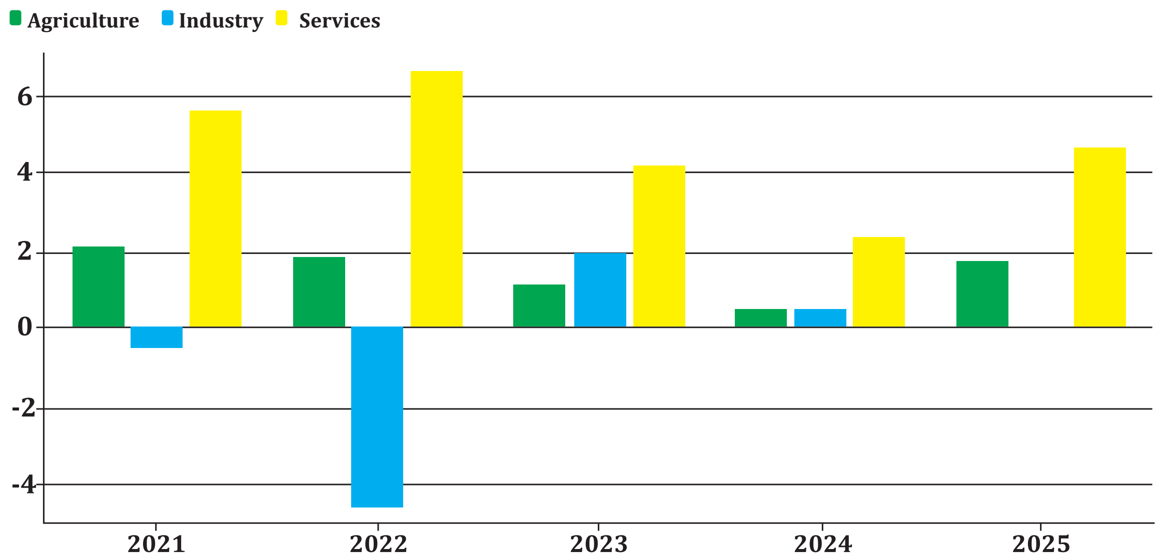


Figure 3: All-Shar Index & Aggregate Market Capitalization

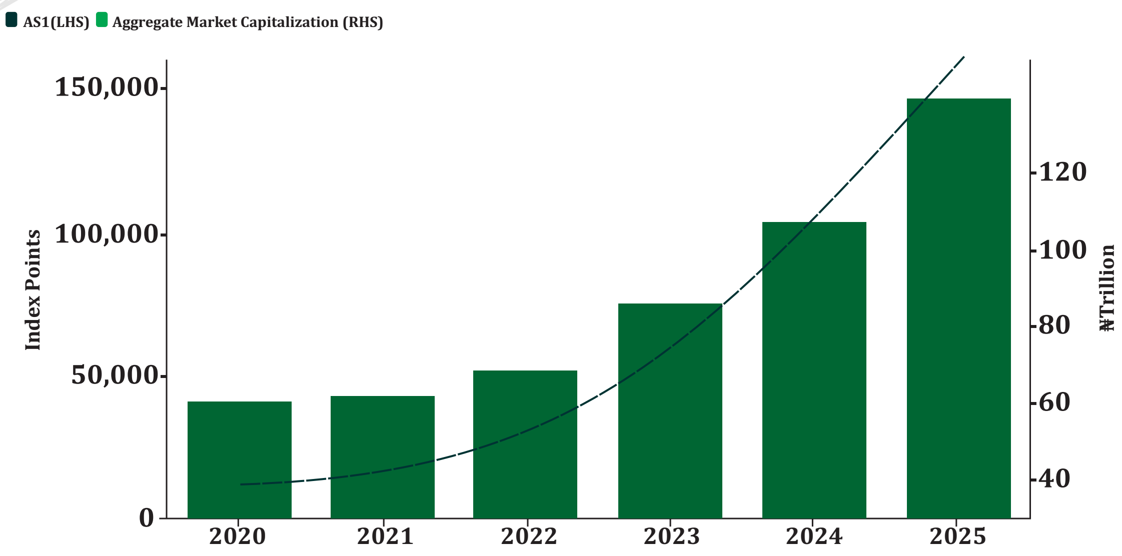


Figure 4: Projected Annual Inflation (Per cent)

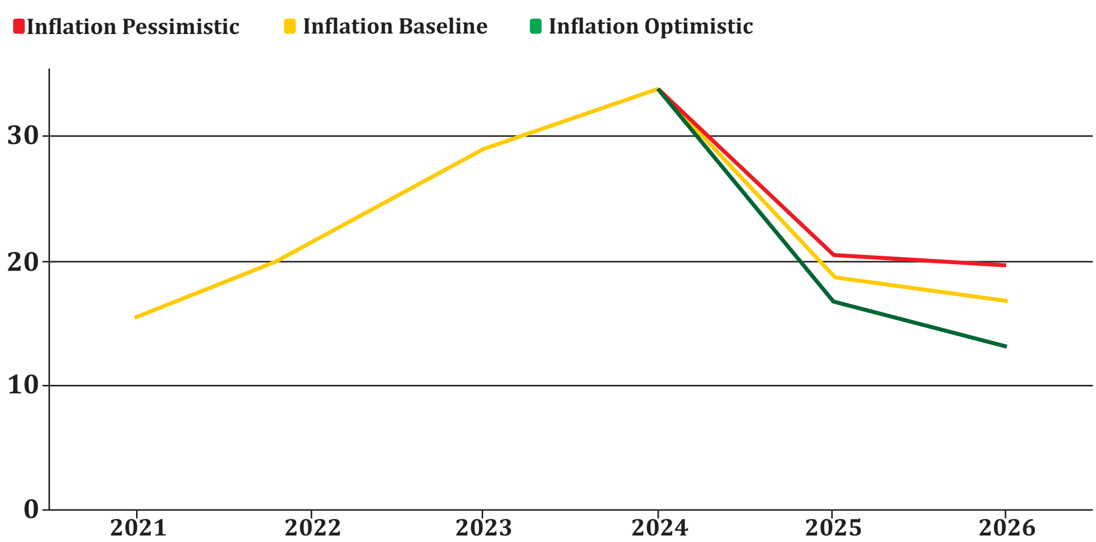
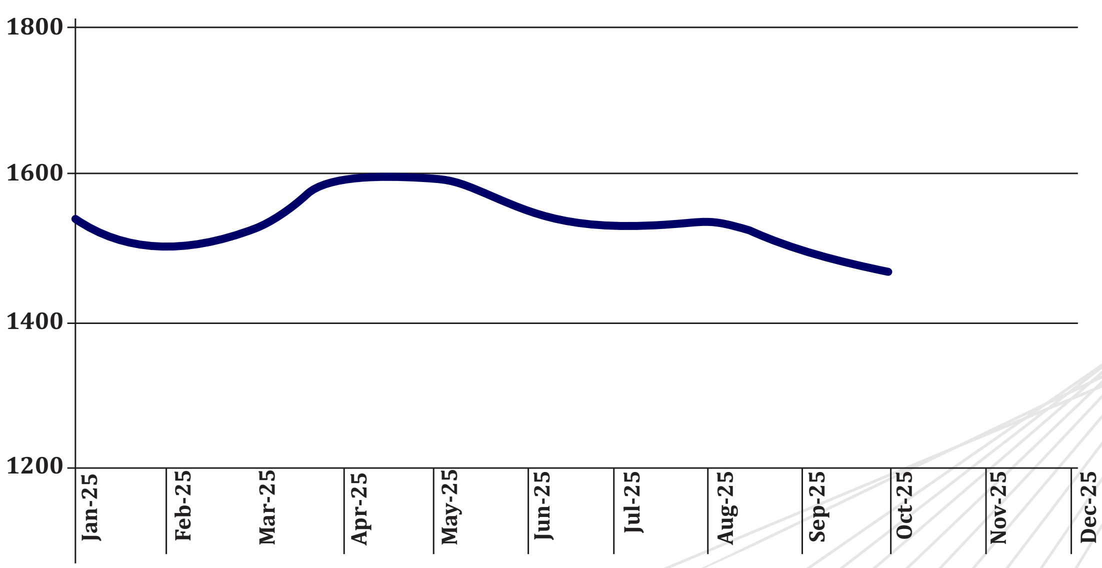


Figure 5: Exchange Rate (₦/US$)



Fiscal Policy And Debt Management

Across recent fiscal and macroeconomic assessments, fiscal sustainability remains one of the most binding constraints on Nigeria's medium-term outlook, making revenue mobilisation and expenditure discipline critical in 2026. Fiscal conditions are expected to improve modestly in 2026, driven by stronger non-oil revenue mobilisation and ongoing tax reforms, particularly the implementation of the Nigeria Tax Act, 2025. Federal Government retained revenue and expenditure are projected at approximately ₦35–36 trillion and ₦47–48 trillion, respectively, implying a fiscal deficit of about 3.0% of GDP.

Public debt is projected to rise slightly to around 34–35% of GDP, remaining moderate by international standards but constrained by high debt service costs. Debt sustainability will continue to depend on:

- Sustained revenue growth, particularly non-oil taxes.
- Expenditure rationalisation and improved public financial management.
- Prudent borrowing strategies that prioritise concessional and growth-enhancing financing.

While subsidy reforms have eased recurrent spending pressures, fiscal space remains limited, underscoring the importance of disciplined fiscal execution.

Sector Analysis

Oil and Gas

The oil and gas sector is expected to see modest growth in 2026, with crude oil production averaging 1.4–1.6 million barrels per day due to improved surveillance, regulation, and asset optimisation. Expanded domestic refining capacity has reduced fuel imports and improved downstream value retention. However, softer global oil prices in the US$50–60 per barrel range and cautious upstream investment continue to limit sector momentum. Consequently, despite dominating export earnings and fiscal revenues, the sector's contribution to GDP growth remains constrained, leaving Nigeria exposed to external price shocks.

Agriculture

Agricultural output is projected to improve modestly in 2026, supported by lower input cost pressures, better access to fertiliser and mechanisation, and targeted policy support. Crop production is expected to grow moderately, easing food inflation and supporting rural incomes. However, insecurity, climate risks, weak infrastructure, and significant post-harvest losses continue to constrain productivity. As a result, while agriculture remains a major employer, its contribution to value-added growth stays limited.

Telecommunications

The telecommunications and digital economy sector is expected to remain a key growth driver in 2026, supported by rising data usage, broadband penetration, and digital financial services. Data consumption is projected to grow at double-digit rates, driven by smartphone adoption, digital commerce, remote work, and AI-enabled services. Continued investment in networks, fibre, and data centres will support the sector's expanding GDP contribution. However, high energy costs, infrastructure gaps, and regulatory uncertainties continue to moderate growth, despite its role in productivity and structural transformation.

Sector Analysis

Financial Services

The financial services sector outlook for 2026 is broadly positive, supported by stronger balance sheets, higher capital buffers, and improved confidence following recapitalisation efforts. Banking assets and deposits are expected to grow in nominal terms, aided by high interest rates and better liquidity. Private sector credit is projected to recover gradually but remain concentrated in large corporates and government-related exposures, with asset quality risks persisting. Capital markets activity is expected to stay resilient, driven by domestic institutional investors, government instruments, and selective equity participation.

Manufacturing & Industry

Manufacturing activity is expected to recover gradually in 2026, supported by improved FX availability, easing cost pressures, and modest domestic demand growth. Capacity utilisation is projected to rise, particularly in food and beverages, cement, and basic consumer goods. However, high energy costs, logistics inefficiencies, and infrastructure gaps continue to constrain competitiveness. Weak household purchasing power limits demand, with import substitution gains dependent on sustained macro stability and targeted industrial policies.

Challenges And Risks

Analysts across the globe have highlighted possible challenges and risks that could undermine performance in 2026:

- Renewed inflationary pressures from fiscal slippages or exchange rate shocks.
- Oil price volatility and disruptions to domestic crude oil production.
- Heightened geopolitical tensions affecting trade routes, energy markets, and capital flows.
- Persistent insecurity and social instability, particularly in food-producing regions.
- Financial sector risks, including rising non-performing loans and recapitalisation-related concentration risks.

These risks highlight the fragile nature of the recovery and the need for sustained policy discipline.

Policy Priorities and Strategic Imperatives

Key priorities for 2026 include:

- Sustaining orthodox monetary policy to anchor inflation expectations
- Deepening FX market reforms to strengthen transparency and resilience.
- Accelerating revenue mobilisation and tax administration reforms.
- Strengthening security and addressing structural bottlenecks in agriculture and industry.
- Leveraging public-private partnerships to close infrastructure gaps and boost productivity.

Conclusion

Nigeria's 2026 macroeconomic outlook reflects cautious optimism. The foundations for stability have largely been laid, with improving inflation dynamics, exchange rate stability, and stronger growth prospects. However, the recovery remains fragile and highly dependent on sustained reform momentum, effective policy coordination, and resilience to external shocks. Translating macroeconomic stability into inclusive and sustainable growth will require disciplined execution, structural transformation, and continued focus on productivity, investment, and social stability.

Sources: NBS, CBN, FMDQ, NGX, Proshare, PwC, Cardinal Stone

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