

2026



# NISER ECONOMIC INTELLIGENCE REPORT

EXECUTIVE SUMMARY

## 1. INTRODUCTION

The Nigerian economy has experienced a period of profound transformation between 2020 and 2025, shaped by a combination of global disruptions and far-reaching domestic policy reforms. The COVID-19 pandemic triggered an economic contraction in 2020, followed by a gradual recovery that has since been accompanied by significant macroeconomic adjustments, including the removal of fuel subsidies, unification of the foreign exchange market, and aggressive monetary policy tightening.

Against this backdrop, the need for timely, data-driven economic intelligence has become increasingly critical for informed decision-making by policymakers, investors, and development practitioners. This report, prepared by the Nigerian Institute of Social and Economic Research (NISER), responds to this need by providing a comprehensive and integrated assessment of Nigeria's economic performance and outlook.

The report adopts a four-layer analytical framework—Macro, Meso, Micro, and Valuation—to systematically examine the economy. At the macro level, it evaluates growth, inflation, exchange rate dynamics, and monetary policy. At the meso level, it analyses sectoral performance and structural transformation. At the micro level, it assesses firm-level performance across the Nigerian Exchange (NGX) 30 Index. Finally, the valuation layer integrates these insights to generate investment recommendations and strategic opportunity mapping.

By combining macroeconomic diagnostics with sectoral and firm-level intelligence, the report provides a holistic perspective on Nigeria's economic trajectory, highlighting both emerging risks and investment opportunities. It also offers actionable policy recommendations across monetary, fiscal, and structural domains to support sustainable and inclusive growth.

## 2. EXECUTIVE SUMMARY

### Overview

This NISER Economic Intelligence Report presents a comprehensive assessment of Nigeria's economic performance over the period 2020–2025, with forward-looking projections to 2028. Using a multi-layered analytical framework, the report integrates macroeconomic trends, sectoral dynamics, firm-level performance, and investment valuation to provide actionable insights for policymakers and investors.

### Key Macroeconomic Insights

Nigeria's economy has demonstrated resilience, recovering from the 2020 recession with average GDP growth of approximately 3–3.4 percent. However, this growth has remained below population growth, resulting in limited improvements in per capita income and living standards.

Inflation remains the most pressing macroeconomic challenge, peaking above 40 percent in 2024 due to structural and policy-induced shocks, including fuel subsidy removal and exchange rate adjustments. In response, monetary policy tightening pushed interest rates to historically high levels, while the naira experienced significant depreciation following FX market reforms.

## **Sectoral and Structural Dynamics**

The economy continues to exhibit a **services-led growth pattern**, with the sector accounting for over half of GDP. Agriculture remains a stabilising force, while the industrial sector has faced persistent constraints, reflecting broader challenges of premature deindustrialisation.

High-potential sectors identified include:

- Agriculture and agro-processing
- Digital economy and fintech
- Energy and power
- Real estate and infrastructure

## **Firm-Level Performance**

Performance across major listed firms is highly uneven. While some companies—particularly in banking, telecommunications, and agro-processing—demonstrate strong profitability and resilience, others face significant pressures from inflation, FX exposure, and regulatory constraints.

Standout performers include firms with strong operational efficiency and market positioning, while several consumer goods companies continue to struggle with rising input costs and margin compression.

## **Investment Insights**

The report introduces an integrated investment quality scoring framework, identifying top-performing firms and sectors based on profitability, valuation, financial health, and growth potential.

Key investment themes include:

- Strong opportunities in infrastructure-linked industries
- Growing potential in digital financial services
- Increasing relevance of agriculture due to food security concerns

## **Policy Recommendations**

### **1. Stabilise the Macroeconomy through Coordinated Easing**

Gradually transition from monetary tightening to measured easing, conditional on inflation decline and FX stability. Strengthen monetary transmission—especially to SMEs—to ensure lower policy rates translate into real sector credit.

### **2. Strengthen Fiscal Discipline and Domestic Revenue**

Sustain fiscal consolidation by broadening the tax base, improving compliance, and prioritising capital expenditure over recurrent spending. Reduce dependence on oil revenues through diversified revenue streams.

### **3. Accelerate Agricultural Transformation**

Scale up agro-processing, value chains, and the SAPZ programme to reduce food imports and ease inflationary pressures. Improve access to finance, inputs, and logistics for producers.

### **4. Reposition Industrial Policy for Competitiveness**

Adopt a targeted, export-oriented industrial strategy focused on lowering production costs (power, FX access, logistics) rather than broad protectionism.

### **5. Deepen Financial Intermediation**

Ensure bank recapitalisation translates into increased lending to productive sectors, while supporting fintech and capital market development as complementary financing channels.

### **6. Prioritise Power and Infrastructure Reform**

Fast-track reforms in the power sector to improve reliability, cost-efficiency, and private investment participation, supported by clear and consistent regulation.

### **7. Enhance Policy Coherence and Implementation**

Strengthen coordination across monetary, fiscal, and structural policies, and provide clarity on emerging frameworks such as a Nigeria First policy direction.

## **Outlook (2026–2028)**

Nigeria's economic outlook is cautiously optimistic. Growth is projected to gradually improve, inflation is expected to moderate, and macroeconomic stability is likely to strengthen, provided reforms are sustained.

However, risks remain, particularly from:

- Oil price volatility
- Exchange rate pressures
- Global financial conditions