February, 2026

NIGERIA MACRO-ECONOMIC SNAPSHOT

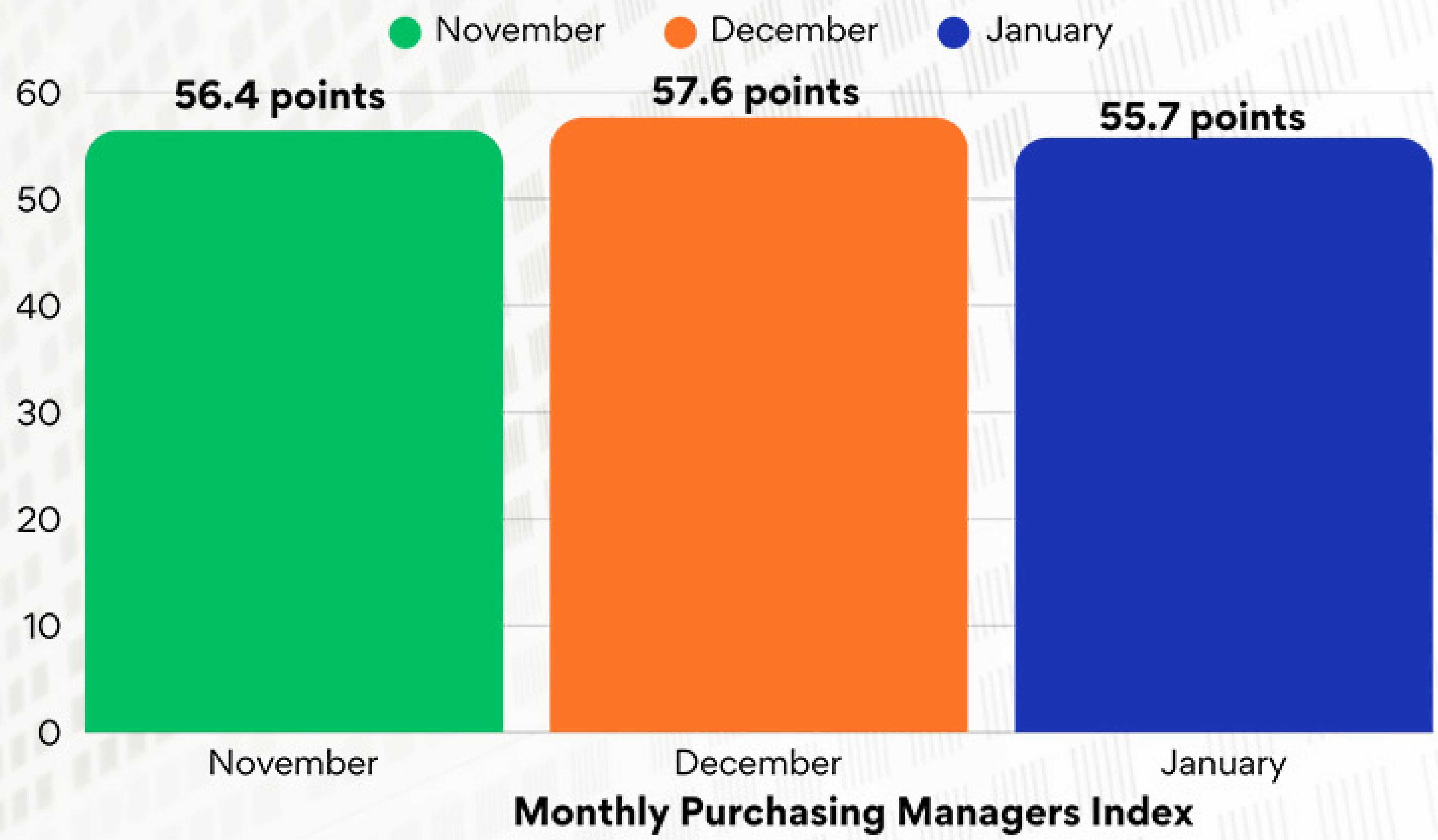
CSEA
CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA

Nigeria's Macroeconomic signals:

Steady Expansion, Uneven Distribution

February, 2026

Purchasing Managers index



Nigeria's Purchasing Managers' Index (PMI) this month showed that business activity in Nigeria remained in expansion territory over the three-month period under study, although with slight fluctuations in momentum. The composite PMI stood at 56.4 points in November, increased to 57.6 points in December, and then moderated slightly to 55.7 points in January 2026. An index above 50 points indicates expansion in economic activity, meaning that all three index readings reflect continued growth in aggregate output. While the slight dip from December to January suggests a moderation in the pace of growth, the index remains comfortably above the 50-point threshold, indicating that economic conditions continued to improve, supported by rising output, new orders, and employment levels across key sectors.

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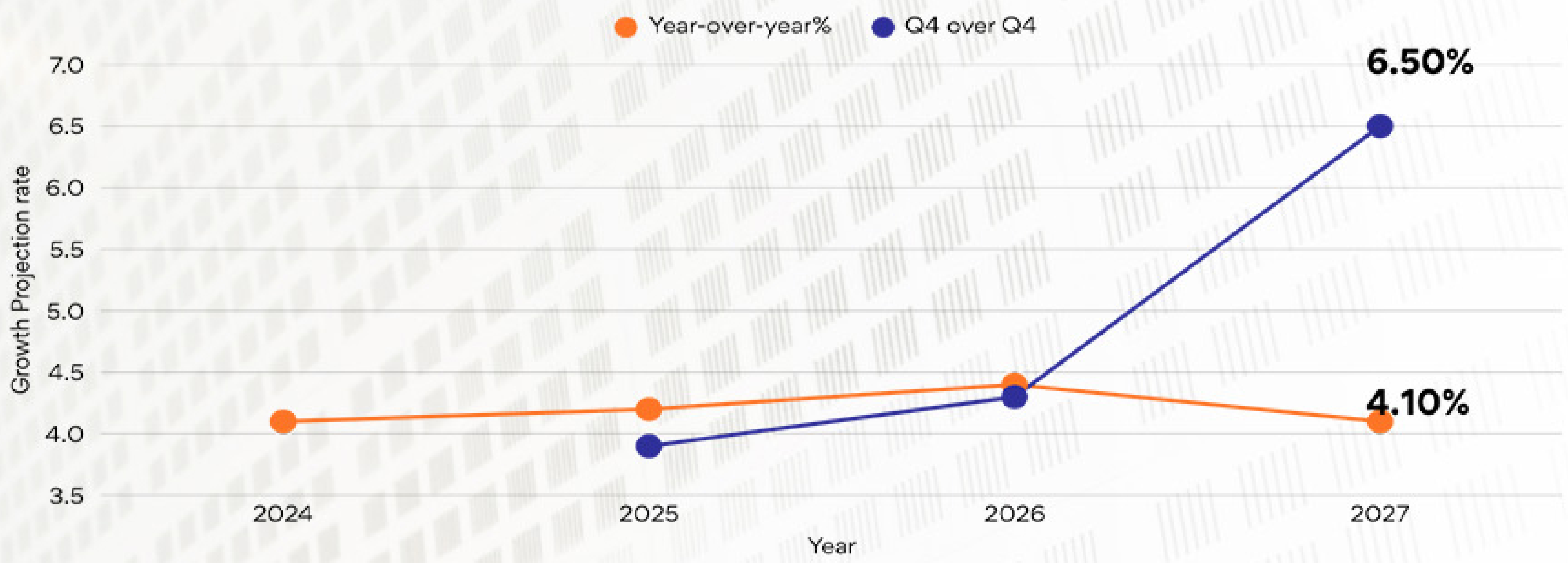
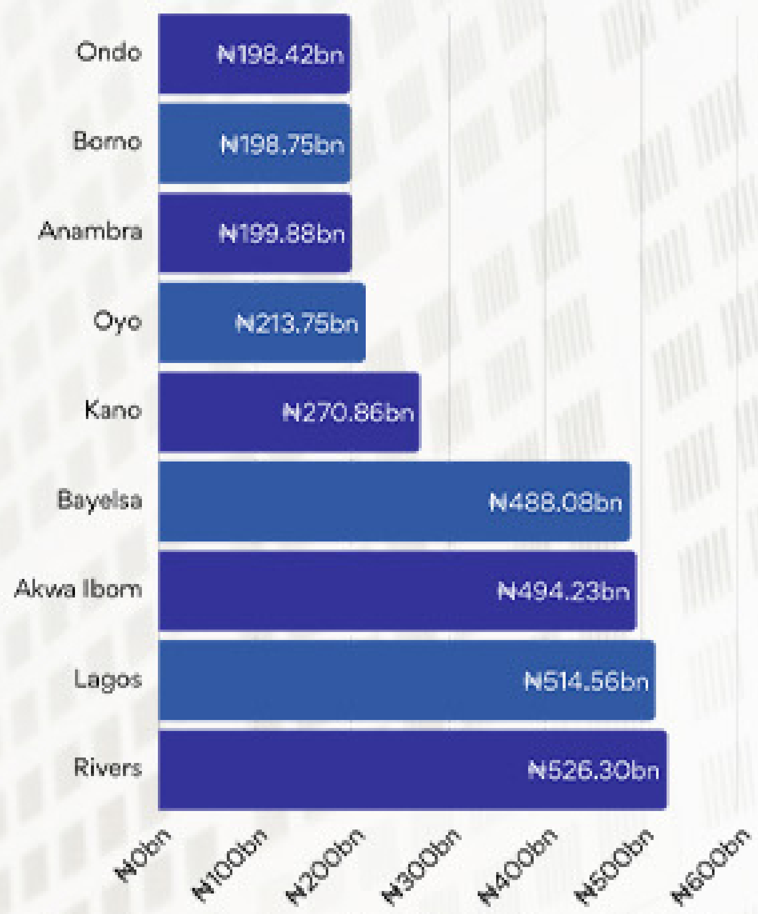
IMF Economic Growth



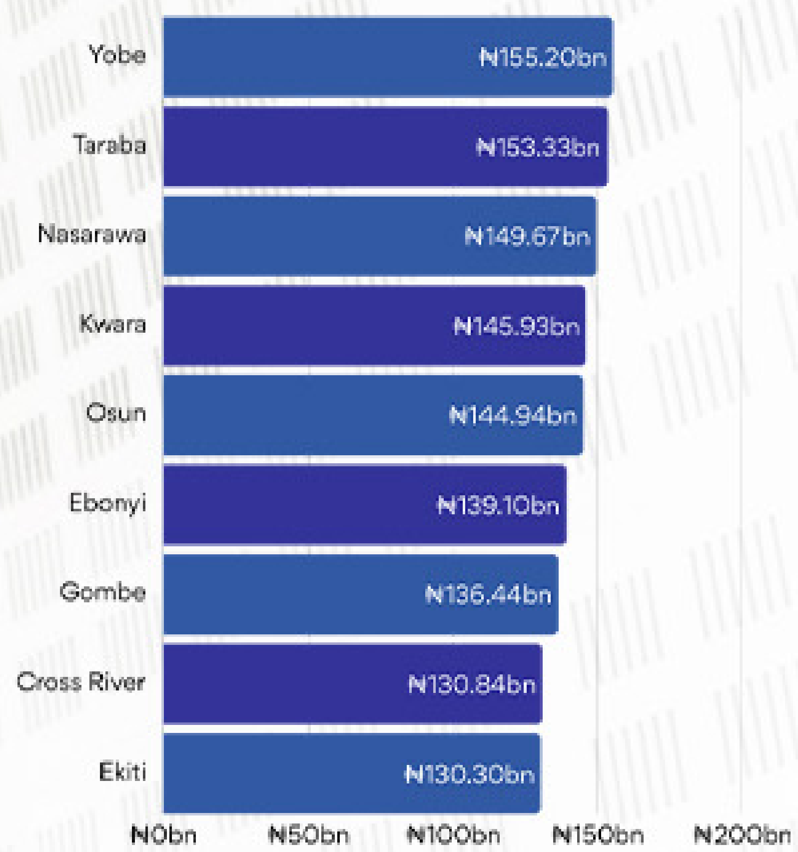
Yearly growth projection rate

Nigeria's real GDP growth outlook for 2026 and 2027 is projected to be broadly stable, indicating steady expansion. The annual growth line remains clustered around the low to mid 4 percent range, rising from about 4.1 percent in 2024 to 4.2 percent in 2025 and peaking around 4.4 percent in 2026, before easing back to roughly 4.1 percent in 2027. While this annual pattern suggests a fairly even growth performance across the years, the Q4 over Q4 series adds an important layer by showing how strongly the economy is expected to be performing at the end of each year. Growth at the year end is projected at 3.9 percent in 2025, meaning output in Q4 2025 is about 3.9 percent higher than in Q4 2024, then edges up to 4.3 percent in 2026, indicating slightly stronger expected growth heading into 2027. The projection becomes more striking in 2027, where Q4 over Q4 growth is predicted to rise sharply to 6.5 percent, signalling a much faster pace of expansion by the final quarter of that year. The large gap between the 2027 annual growth rate of about 4.1 percent and the Q4 over Q4 rate of 6.5 percent suggests that growth is projected to strengthen later in 2027, but that earlier quarters are likely weaker, keeping the full year average from rising as sharply as the year end momentum.

State FAAC Allocation in 2025



Top ten states with the highest FAAC



Top ten states witht the lowest FAAC

The FAAC allocation calls to attention the clear disparity in revenue distribution across states in 2025, with oil producing and economically strategic states receiving significantly higher transfers than others. Among the top recipients, Rivers State leads with about ₦526.30 billion, followed by Lagos with ₦514.56 billion, and Akwa Ibom at ₦494.23 billion. Other high allocation states such as Kano, Oyo, Anambra, Borno, and Ondo also recorded substantial inflows, though well below the oil rich South South states. In contrast, the lowest allocation states, including Ekiti (₦103.03 billion), Cross River (₦130.84 billion), Gombe (₦136.44 billion), Ebonyi (₦139.10 billion), Osun (₦144.94 billion), Kwara (₦145.93 billion), Nasarawa (₦149.67 billion), Taraba (₦153.33 billion), and Yobe (₦155.20 billion), received considerably smaller transfers. This wide gap between the highest and lowest allocation groups clearly captures the structural differences in revenue generation capacity and derivation benefits, reinforcing the continued dependence of many states on federal transfers and the uneven fiscal landscape across Nigeria in 2025.

Key Takeaways/Analysis

Nigeria's economy shows steady expansion supported by resilient private sector activity, even as regional fiscal disparities persist. Real GDP growth is projected by the IMF to remain around the low to mid 4 percent range, with stronger end of year momentum reflected in Q4 over Q4 growth rising from 3.9 percent in 2025 to 6.5 percent by 2027. Business activity reinforces this trend, as the PMI stayed above the 50 point threshold, recording 56.4 in November, 57.6 in December, and 55.7 in January 2026, marking continued expansion across key sectors. However, FAAC allocations highlight uneven revenue distribution, with oil producing states receiving significantly higher transfers than others, pointing to structural imbalances within Nigeria's fiscal landscape.

DISCLAIMER

All estimates are to the nearest decimal point using the latest and most-readily-accessible data.

Sources: *CBN, NBS, NGX, OPEC, CSEA Research*

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