NIGERIA’S ECONOMY: PERFORMANCE & WAY FORWARD

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TOOLS: **GOOGLE COLAB (PYTHON), GOOGLE SHEET, GOOGLE DOCUMENTS**

Executive Summary

Nigeria's economy is faced with deep-seated structural problems: corruption, insecurity, and over dependency on crude oil exports, which have hindered diversification and left the country vulnerable to global price vagaries (Obamuyi & Oladapo, 2016; Lewis, 1999). GDP between 2015 and 2024 grew modestly by 15% to ₦79 trillion, averaging a modest 1.57% annual growth. The economy fell sharply in 2020 (-1.92%) but rebounded in 2021. In 2024, the services sector dominated, with ₦45 trillion contribution finance (26.53% YoY growth) and ICT (6.81% est.). Agriculture remained constant at ₦19.5 trillion, increasing modestly at 2.28% average in a decade. Manufacturing fell to ₦14 trillion, and oil and gas fell from ₦6 trillion to ₦4 trillion due to continued inefficiencies.

Inflation increased 295% over the decade, food inflation by 493.7%, and transport by 313.6%, driven by currency devaluation, insecurity, and excessive dependence on imports. This consumed purchasing power and real sector growth, except for finance (10.36% avg.), ICT (9.21%), and water supply (6.95%). PAT was incredibly unstable; most notably reaching a high of 12,162.7% in 2020 due to pandemic-period cost realignments before converging to 66.6% growth in 2024. Convergence of profit-GDP was optimal for Zenith Bank (0.9714) and Okomu Oil (0.7229) and poorest for oil and gas firms (like Conoil at -0.823).

Recommendations: Rebuild manufacturing through stable power and industrial clusters, modernize oil and gas with local refining and renewables, scale agriculture via mechanization and rural infrastructure, and sustain service growth through digital investments. Curb inflation with targeted subsidies and coordinated monetary policy.

Investor Insight: Prioritize Zenith Bank (finance) and Okomu Oil (agriculture) for resilience and growth. Consider Dangote Cement cautiously. Avoid oil and gas and FMCG sectors due to profit volatility and inflation sensitivity.

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Google Colab: STATISENSE_ASSESMENT.ipynb

Drive: STATISENSE ASSESMENT

Introduction

Nigeria's economy suffers from repeated challenges that limit growth. Corruption and governance are fuelled by poverty and unemployment and erode public trust (Obamuyi & Oladapo, 2016), and insecurity slows down economic activity and deters investment (Obamuyi & Oladapo, 2016; Lewis, 1999). Excessive dependence on petroleum export leaves the economy vulnerable to global price changes, causing distortions and hindering diversification (Lewis, 1999; Oshikoa, 1990). Expansion is further constrained by pressures in the balance-of-payments, emphasizing the need to broaden exports and reduce import reliance (Panshak et al., 2020).

However, there are paths to recovery. Effective governance and targeted reforms can reduce socio-political restrictions and enable sustainable growth (Obamuyi & Oladapo, 2016). Diversification into technology and agriculture would reduce oil dependence, boost employment, and increase resilience (Oshikoa, 1990). These steps hold promise, but deep-seated governance issues and mismanagement are risks which require a balanced approach aiming to solve near-term issues while enabling longer-term structural change.

Gross Domestic Product

Gross Domestic Product (GDP) is a leading economic activity indicator in a nation, representing the quantity of goods and services made in a nation. It provides an insight into economic well-being and allows cross-country comparability (O'Neill, 2014). While summing up diverse activities into a single figure, GDP helps determine market capacity as well as total output (Fitoussi et al., 2011).

Yet GDP is clearly imperfect as well. It does not register the distribution of income, so it can be high despite great poverty and inequality (Satz, 2009). And it does not register things that are non-monetary like happiness, sustainability, and social health that are key to good quality of life measurement (Fraumeni, 2017; Khuc, 2022). In other cases, GDP will rise even in the case of war or catastrophe, which do not signify actual societal advancement (Fraumeni, 2017).

While GDP remains a valuable economic metric, its inability to capture social welfare and environmental health underscores the need for complementary measures to gain a fuller picture of a nation’s prosperity.

Consumer Price Index

The Consumer Price Index (CPI) measures the average change in prices consumers pay for a basket of goods and services, making it a key indicator of inflation and the cost of living. It reflects economic health, influences consumer behavior, and guides macroeconomic policy decisions. CPI tracks how prices shift over time, directly affecting purchasing power (Oyinloye, 2024), and rising levels often lead to tighter monetary policies such as higher interest rates to curb inflation (Oyinloye, 2024). It also highlights changes in consumer spending; in Nigeria, rising food prices have reduced the affordability of basic necessities ("Implications of the 2022 Q2 Consumer Pri...," 2022), while in China, CPI variations emphasize sector-specific impacts such as medical care and food, showing how inflation affects different groups differently (Cui & Rong, 2023).

For policymakers, CPI data is critical for shaping economic strategies, high inflation can trigger fiscal reforms to stabilize prices ("A Predictive and Empirical Analysis of C...," 2022), and accurate forecasts help adjust social security, welfare programs, and development plans, as seen in the U.S. context (Nguyen et al., 2023). However, CPI has limitations, as it does not fully account for real income changes, demographic shifts, or population growth, which can lead to an incomplete picture of economic well-being (Oyinloye, 2024).

Company Profit after Tax

Company Profit after Tax (PAT) reflects the profitability of firms after taxes, offering insights into a nation's economic health, fiscal policy effectiveness, and corporate sector dynamics. It shows how well companies perform within the prevailing tax system and economic environment, while also highlighting how corporate tax policies influence investment and labor markets. A stable or rising PAT suggests a strong corporate sector contributing positively to national income (Griffith & Miller, 2014), and the stability of corporate tax revenues despite falling rates reflects resilience, as increased profits offset reductions (Fuest et al., 2020). The effective corporate tax rate, shaped by macroeconomic conditions, affects fiscal policy and investment attractiveness; for example, Slovakia's lower rates boosted competitiveness (Andrejovská & Glova, 2025).

However, PAT also reveals the vulnerability of global tax dynamics. Profit shifting by multinationals to low-tax jurisdictions distorts national accounts, leading to losses in revenue for high-tax countries and threatening fiscal sustainability (Tørsløv et al., 2018). In India, corporate tax incidence heavily affects owners of capital, pointing to the need for redistributive policies to protect workers (Karuppiah & Shanmugam, 2022), and although pre-tax profits of corporations boosted by EBITDA and financial income have ensured a robust tax base amid lower rates (Fuest et al., 2020). While PAT is a good measure, it must be viewed against the context of global tax competition and fiscal imbalances, because tax avoidance and profit shifting erodes its credibility, leading to international cooperation in addressing the challenges.

Methodology

This analysis was conducted using three core datasets: Consumer Price Index (CPI), Company Profit after Tax (CPAT), and Gross Domestic Product (GDP). To streamline the workflow and enable effective comparisons, the datasets were transformed from wide to long format, allowing for efficient merging and cross-variable analysis. GDP figures, originally reported in millions and billions, were standardized to trillions to improve clarity, interpretation, and economic inference.

The analysis is designed for the Nigerian Economic Advisory Team, providing insights into sectoral performance, inflation trends, and profitability across key industries. All data sources are documented and available within the accompanying workbook for transparency and reproducibility.

Data Analysis

Gross Domestic Product Analysis

Year on Year (YOY) GDP Growth Rate **(GDP).**

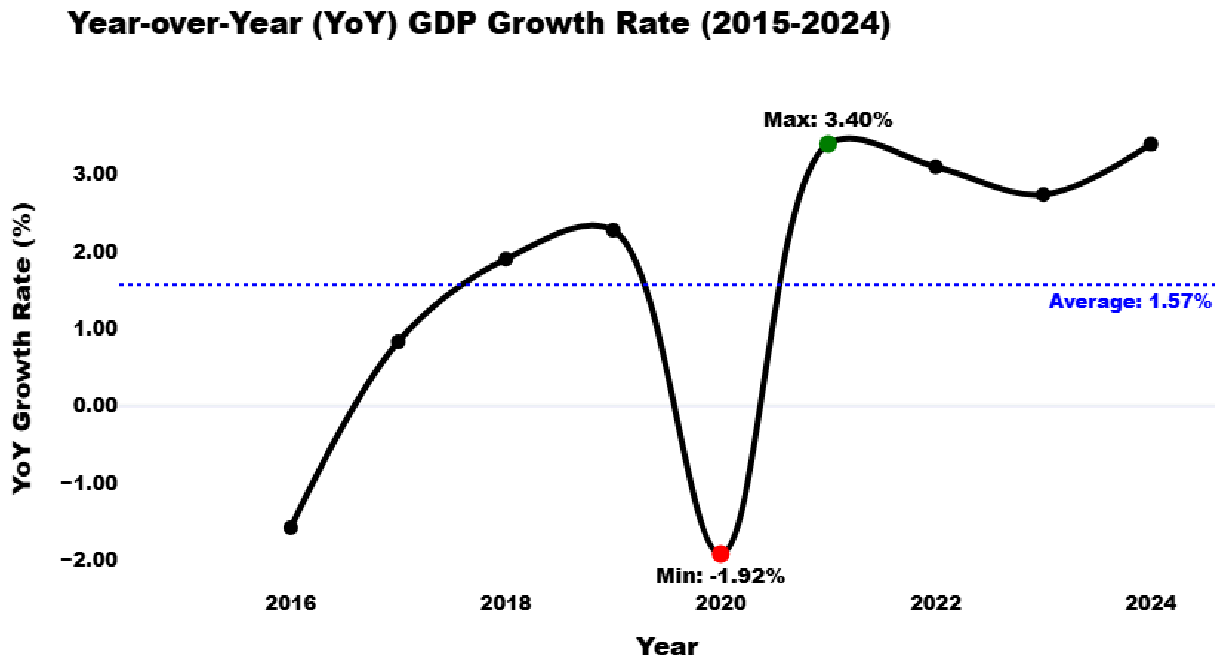

Figure 1: Year on a year GDP growth rate

Source: Statisense Secondary Data

From Figure 1, Year-on-year GDP growth touched an all-time low in 2020, plunging -1.92%, the sharpest decline in the past ten years. The fall was even more profound than the 2016 slowdown of 1.58%, witnessing robust structural weaknesses, policy constraints, and exposure to external shocks. However, the statistics show a gradual recovery from the 2016 low point, with incremental improvements recorded through 2018 and 2019 to 2.27%, before the economy was hit by collapse in 2020.

A strong bounce-back in 2021 was the decade's highest year-over-year growth and a sign of a strong post-crisis recovery as economic activity resumed. Notwithstanding this pick-up, the momentum slowed in subsequent years with the growth decelerating to 3.10% in 2022 and 2.74% in 2023 as a reflection of lingering vulnerabilities and the inability to sustain high growth. GDP growth regained its high levels by 2024 as a sign of economic resilience and resumed potential for stability.

On average, the decade recorded 1.57% annual growth, with 2018, 2019, 2021, 2022, and 2023 performing above this benchmark. This trend reveals that while Nigeria's economy has the capacity to recover strongly from shocks, it remains fragile due to structural inefficiencies and susceptibility to global pressures. Strengthening institutional capacity, diversifying the economy, and implementing consistent long-term policies will be crucial to maintaining a stable and sustainable growth trajectory.

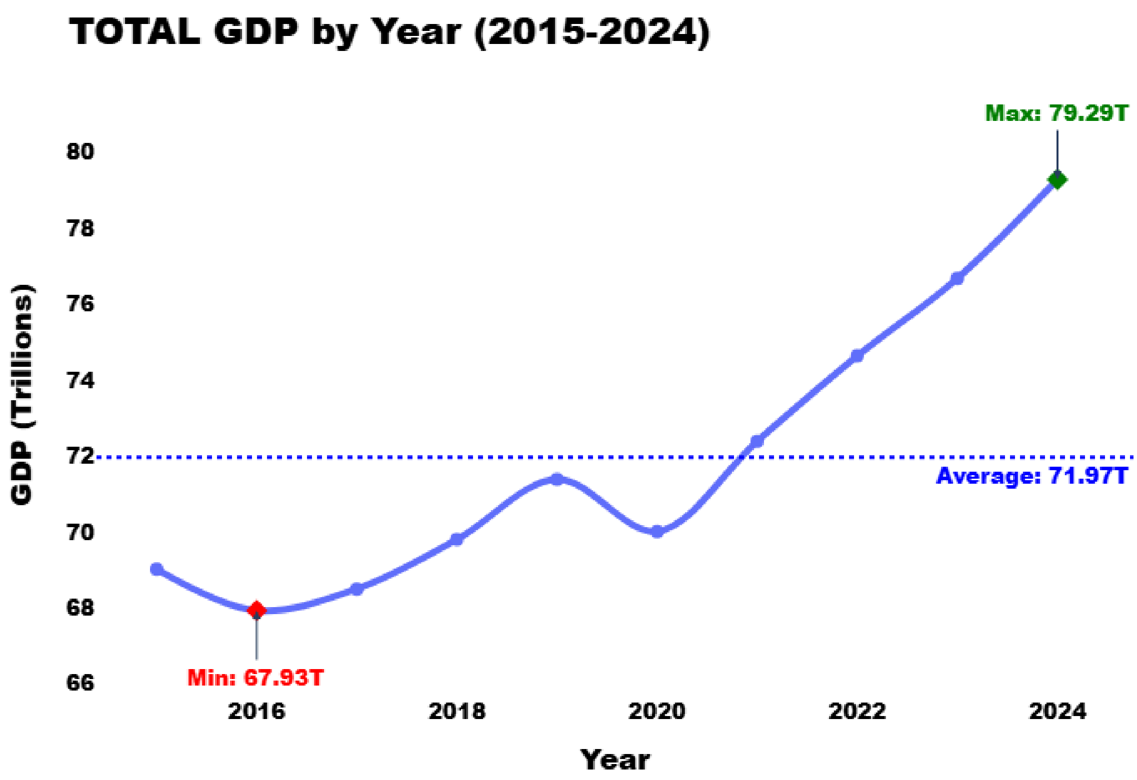

Figure 2: Total GDP contribution (2015-2024)

Source: Statisense Secondary Data

Total GDP growth over the decade peaked in 2024 at an estimated ₦79 trillion, the decade's high. On the other hand, the low was in 2016 when GDP dropped to ₦67 trillion from ₦69 trillion in 2015. The decline is in line with the overall economic slowdown that was experienced at the time. There was a marginal bounce in 2017, when GDP picked slightly to ₦68 trillion, and continued with the upward trend to 2019.

As previously noted in the year-on-year analysis, 2020 marked a period of disruption. GDP fell to around ₦70 trillion, dropping below the decade's average GDP of ₦72 trillion. This regression reflects the broader economic contraction during the pandemic era. However, starting in 2021, GDP resumed an upward path, with consistent increases each year leading up to 2024. This steady growth suggests renewed macroeconomic stability and gradual recovery, despite persistent structural challenges. The pattern indicates that while shocks have temporarily disrupted Nigeria's economic trajectory, recovery remains possible with sustained momentum and supportive policies.

Year on year growth rate by Sector.

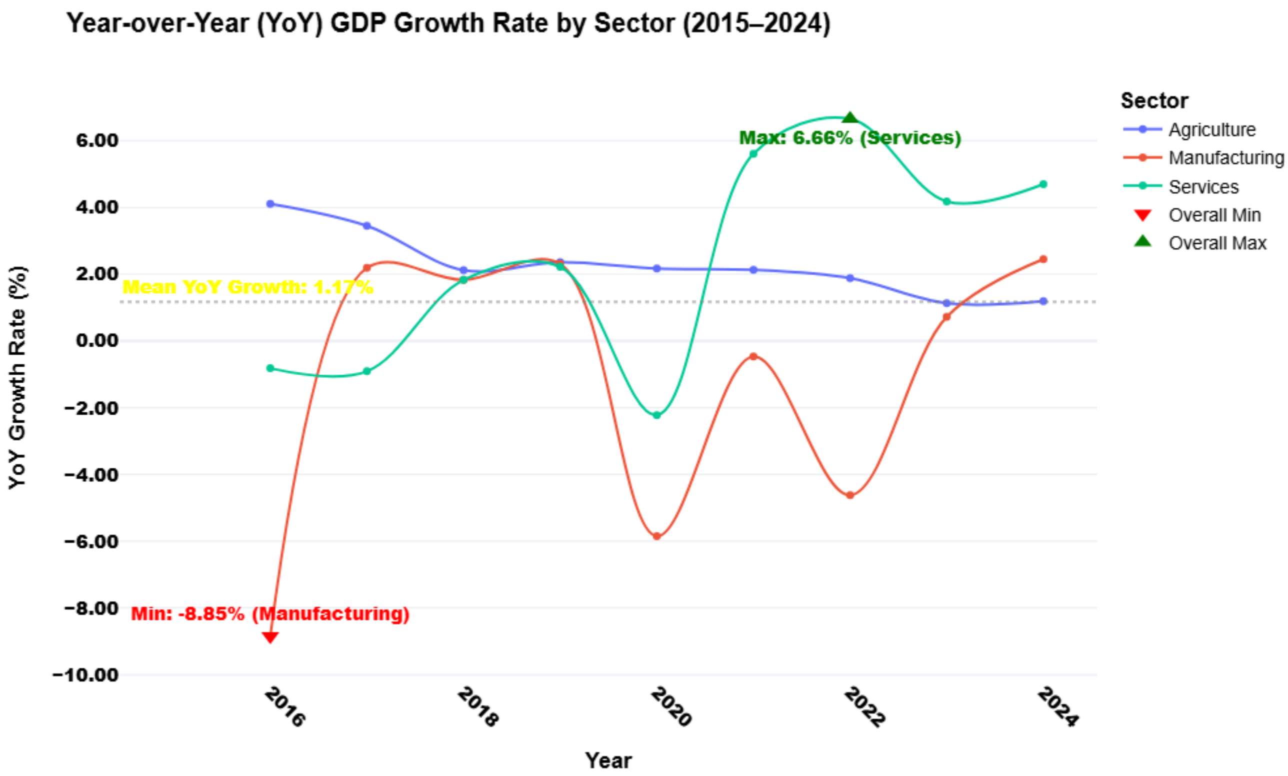

Figure 3: Line Graph YOY grown rate by sector

Source: Statisense Secondary Data

The graph indicates the decade's year-over-year (YoY) growth of three major sectors' GDP, including manufacturing, services, and agriculture. Manufacturing is the decade's worst performer. Its worst decline was between 2016 and 2015 when it went down to -8.85%. It improved above the average YoY between 2017, 2018, and 2019 but again declined during the pandemic below all other sectors. A small recovery followed, and by 2024, production had regained pre-pandemic levels with a 2.45%, barely surpassing agriculture.

Agriculture showed the most stable reliability. It remained above the average benchmark in nearly every year, even during the pandemic, highlighting its relative immunity to macroeconomic shocks. In 2024, it dipped below manufacturing but within the average YoY performance, confirming its stable contribution to GDP.

Services, however, consistently outpaced the other two. Initially trailing behind agriculture in 2015–2016, it accelerated sharply after 2019. Although services also dipped in 2020, its recovery was strong, peaking in 2022 at 6.66% before settling at 4.70% in 2024. This sustained growth likely reflects structural shifts driven by remote work, digital platforms, AI, and freelance employment, all of which have bolstered GDP through service-oriented activities.

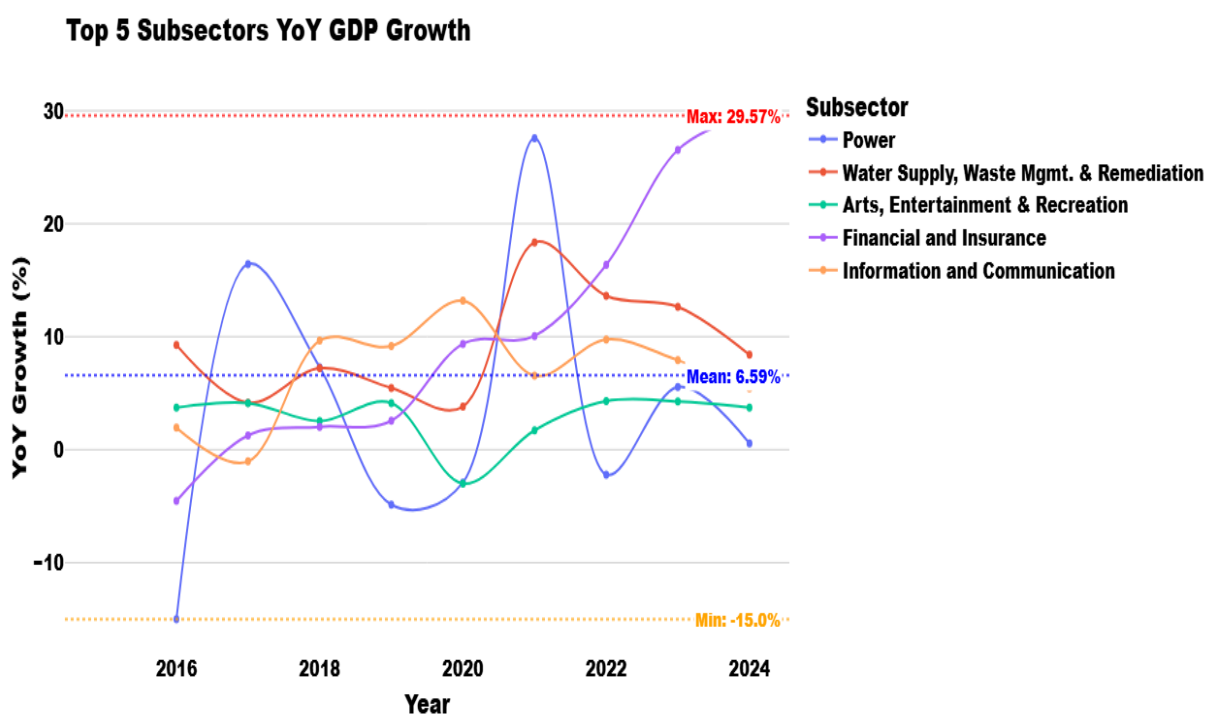

Figure 4: Line Graph Subsector YOY Growth

Source: Statisense Secondary Data

The finance and insurance sub-sector, part of the broader services sector, emerges as the most resilient and best-performing sub-sector over the past decade. It maintained consistent upward growth, beginning with a modest 4.54% year-on-year in 2016 and climbing steadily to an impressive 26.53% by 2024. This trajectory not only reflects structural stability but also underscores the increasing role of digital banking, fintech innovations, and a maturing financial ecosystem in Nigeria's economy.

Trailing behind is water supply, waste management, and remediation services, under the manufacturing sector, which recorded a robust 8.4% average growth rate, while information and communication services peaked in 2020 at 13.18% before moderating to 7.91% in 2023. This pattern mirrors global digital adoption trends, where early spikes during the pandemic have since stabilized.

Arts, entertainment, and recreation also featured among the top five, though its average growth of 3.73% positions it as the least expensive. The power sector, meanwhile, displayed highly erratic patterns, with sharp highs and lows, contrasting the sustained momentum seen in finance and insurance, which remains poised for long-term expansion.

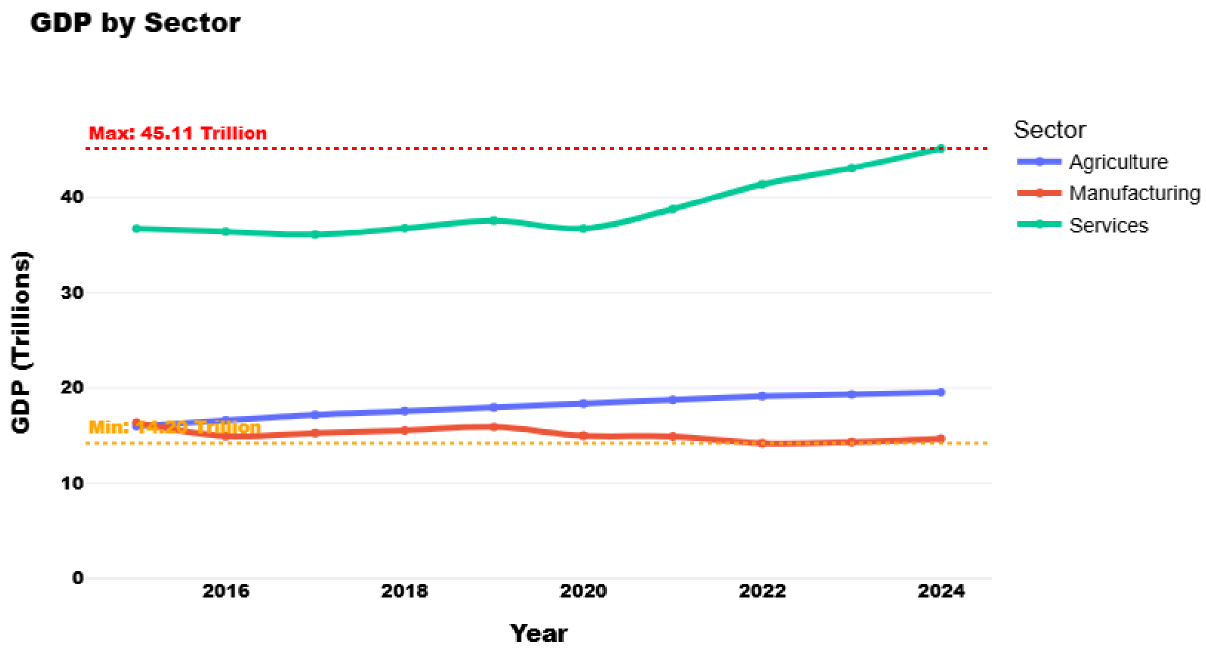

Figure 5: GDP contribution by Sector

Source: Statisense Secondary Data

Analysis on sectoral contributions to Nigeria's total GDP, the services sector clearly stands out as the best-performing overall. In 2015, it contributed ₦36 trillion; well above the minimum GDP contributions of both agriculture and manufacturing, which hovered around ₦16 trillion each. By 2024, the services sector expanded further, reaching ₦45 trillion, reinforcing its dominant role in Nigeria's economy.

Agriculture also demonstrated a steady growth trajectory, rising to ₦19.5 trillion in 2024. However, this increase of just ₦4 trillion over a 10-year period signals only marginal progress despite its relative stability. While agriculture may be resilient to shocks, its sluggish pace limits its broader impact on GDP transformation.

On the other hand, manufacturing has consistently underperformed. With a 2024 contribution of ₦14 trillion, it falls below its 2015 level of ₦15.95 trillion, reflecting a net contraction over the decade. This aligns with earlier year-on-year analyses, which showed erratic performance and sustained weakness in the sector. Overall, the data reinforces manufacturing's vulnerability and the pressing need for structural reforms to revitalize industrial output.

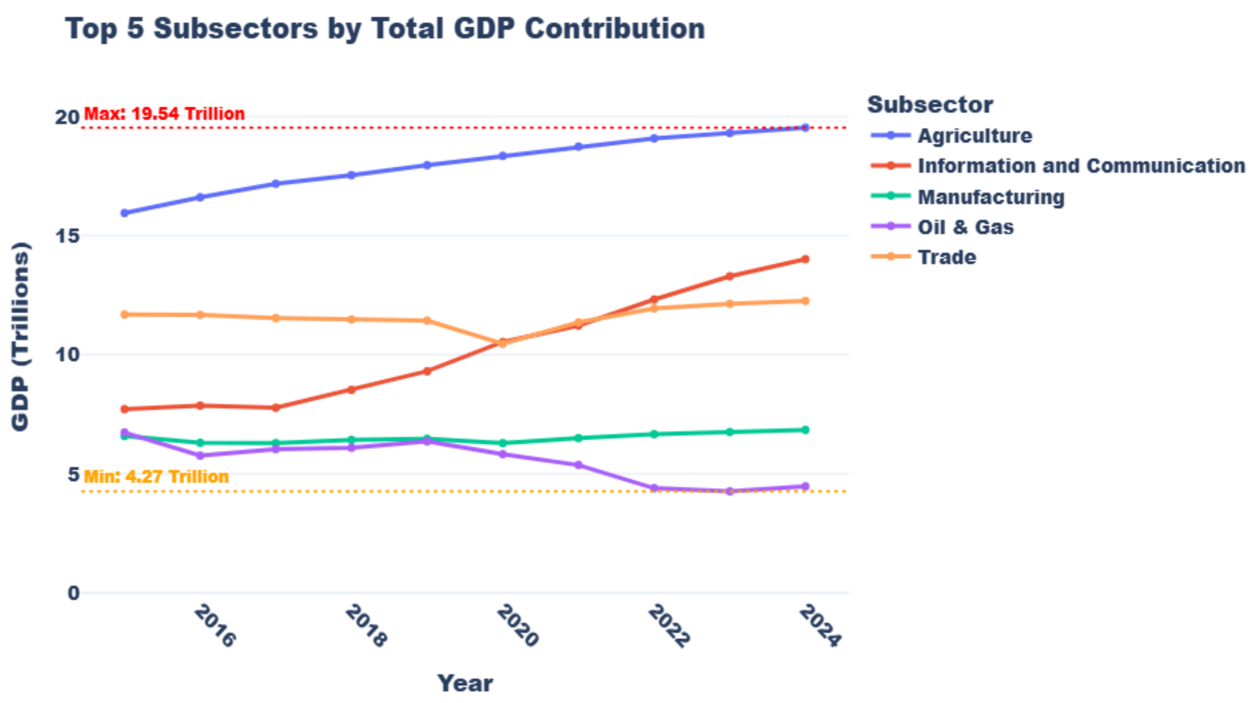

Figure 6: Top 5 Sub Sector by GDP Contribution

Source: Statisense Secondary Data

Over the past decade, the agriculture sub-sector has demonstrated the most consistent and resilient contribution to Nigeria's GDP, with values ranging from a minimum of ₦15 trillion to a peak of ₦19.5 trillion in 2024. While its growth trajectory has been relatively modest, gaining only ₦4 trillion over ten years its steadiness underscores agriculture's role as a shock-absorbing sector during economic volatility. This resilience positions agriculture as a cornerstone for food security, rural employment, and macroeconomic stability, particularly in times of inflation and global supply chain disruptions. The implication is clear: strategic investments in agro-processing, mechanization, and rural infrastructure could unlock more inclusive and sustainable growth.

In contrast, trade and information and communication technology (ICT) both within the services sector. Exhibited more dynamic and reactive growth patterns. In 2015, trade led ICT, contributing ₦11 trillion to GDP compared to ICT's ₦7 trillion. However, both sectors converged at ₦10 trillion during the pandemic years, after which ICT outpaced trade. This turning point reflects Nigeria's gradual shift toward a more digital economy, driven by the expansion of fintech, mobile platforms, and remote work ecosystems. The trend implies that targeted policy support for digital infrastructure, innovation hubs, and ICT skills development can further strengthen this sector's role in economic diversification and youth employment.

Meanwhile, manufacturing has remained the most underperforming sector across the period. Despite showing relative stability, it consistently lags behind agriculture, trade, and ICT, reflecting deep-seated structural challenges such as erratic power supply, limited industrial financing, and weak infrastructure. Most notably, the oil and gas sub-sector; historically a cornerstone of Nigeria's economy; has declined sharply from ₦6 trillion in 2015 to ₦4 trillion in 2024. This trend suggests a potential shift away from hydrocarbon dependence, reinforcing the urgency of structural reforms to reposition manufacturing as a viable engine of growth and job creation.

GDP Key Insights

1. What were the year-on-year GDP growth trends across sectors in the last decade?
Sectors like Finance & Insurance, ICT, and Water Services saw the most consistent growth, especially post-pandemic. Agriculture grew steadily but slowly, while Manufacturing and Oil & Gas were more volatile, with frequent dips and sluggish recoveries.

2. Which sectors had the highest growth rates in 2024?
The top five in 2024 were Finance & Insurance, Water Services, ICT, overall Services, and Manufacturing. Finance led due to fintech expansion, while ICT and Water benefited from rising demand and digital uptake.

3. Which sectors contributed most to GDP in 2024?
Services dominated, followed by Agriculture and Manufacturing. ICT and Trade were nearly equal contributors, while Oil & Gas slipped significantly, reflecting its declining role in Nigeria's economic structure.

4. Which sector performed best and worst over the decade?

Finance & Insurance had the best growth, thanks to innovation and digital adoption. Services led in contribution. Manufacturing and Oil & Gas were the weakest, hampered by infrastructure deficits and declining relevance.

5. What are the key recommendations for underperforming sectors?

- Revamp industrial infrastructure by prioritizing stable power supply, efficient transport systems, and special economic zones to enhance manufacturing competitiveness.

- Modernize the oil and gas sector with clear fiscal frameworks, promote domestic refining, and incentivize clean energy transitions to attract long-term investment.

- Scale agro-industrial value chains through mechanization, storage, irrigation, and rural finance access to shift agriculture from subsistence to productivity-driven growth.

- Deepen digital infrastructure and innovation ecosystems by expanding broadband, supporting tech startups, and embedding digital literacy in education to sustain ICT gains.

- Streamline trade and SME development via logistics upgrades, export facilitation, and targeted financial instruments that improve access to regional and global markets.

CPI & Inflation Analysis

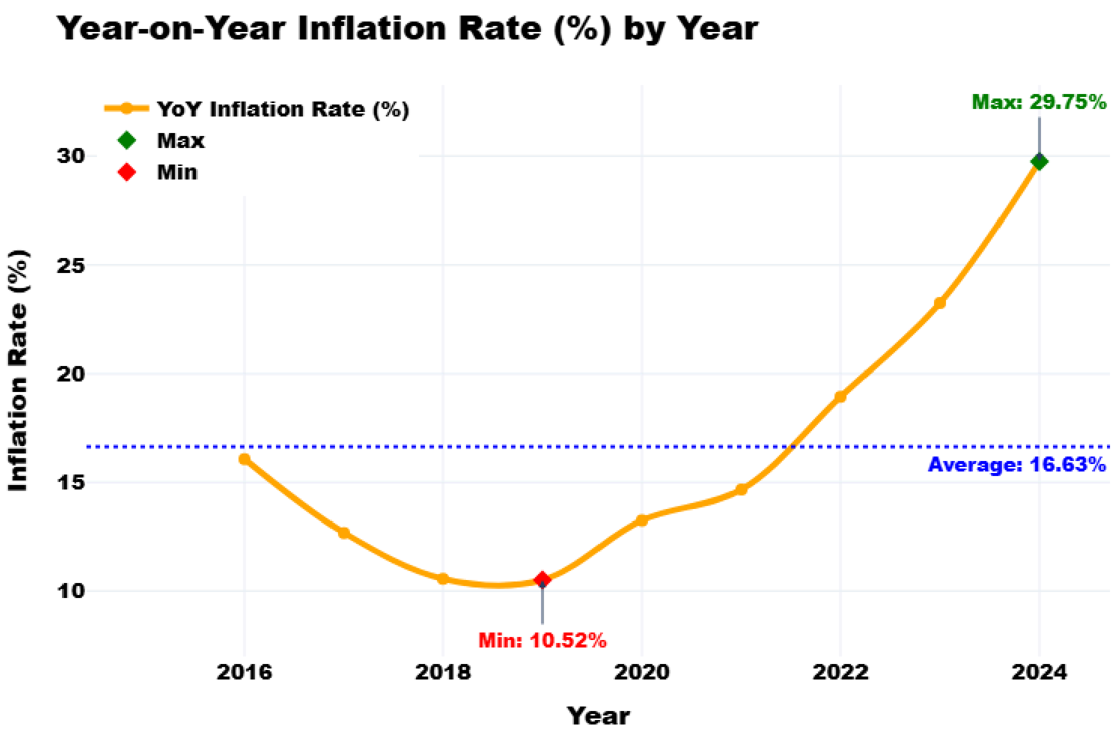

Figure 7: Line chart YOY CPI (2015-2024)

Source: Statisense Secondary Data.

The Consumer Price Index (CPI) year-on-year inflation rate shows a parabolic U-shape trend, with a decline from the 2016 peak of **16.07%** to a relative low in **2019**, followed by a sharp spike post-pandemic. Since **2021**, inflation has remained consistently above the decade average of **16.64%**, reaching a high of **29.7%** in **2024**. This sustained rise signals deep-rooted structural inflationary pressures, likely driven by currency depreciation, supply chain disruptions, and food insecurity. The implications are significant: elevated inflation erodes household purchasing power, constrains real GDP growth, and complicates fiscal and monetary policy responses, particularly in managing interest rates and public debt.

CPI Component Inflation Rate.

ITEMS	STARTING CPI	ENDING CPI	Inflation Rate %
food	186.199428	1105.52	493.73
food & non-alcoholic beverage	185.643198	1094.64	489.65
imported food	177.0818806	953.43	438.41
all items	180.1453669	867.79	381.72
transport	176.0537604	728.2	313.62
All items less farm produce. and energy	173.7601712	655.25	277.1
All items less farm produce.	176.712815	666.38	277.1
Housing, water, electricity. gas and other fuel	184.5918253	671.14	263.58
Health.	165.7866595	585.23	253
restaurant & hotels	157.1599578	554.3	252.7
clothing and footwear	177.0554279	618.9	249.55
miscellaneous goods & services	170.2880868	589.98	246.46
education	160.7568199	555.68	245.66
Alcoholic beverage. tobacco and kola	157.8096622	545.37	245.59
Furnishings & household equipment maintenance.	167.1921854	548.55	228.1

Recreation & culture.	149.4400349	370.57	147.97

Table 1: Decade Component Inflation Rate

Source: Statisense Secondary Data

Over the past ten years, food and food-related items have seen the sharpest rise in costs, with food prices increasing by 493.7% and food and non-alcoholic beverages by 489.6%. Imported food also surged by 438.4%, underscoring Nigeria's vulnerability to external shocks and its heavy reliance on imports for essential commodities. These extreme increases are driven by persistent structural challenges, exchange rate depreciation, and insecurity in food-producing regions, rising global food prices, and inadequate storage and transport infrastructure. Since food constitutes the largest share of household expenditure, this sustained rise has been the primary driver of inflation, eroding purchasing power and deepening food insecurity.

Beyond food, transportation costs rose by 313.6%, reflecting the cascading effects of fuel price volatility, removal of subsidies, exchange rate fluctuations, and poor transport infrastructure that raises logistics costs for both goods and passengers. Housing, water, electricity, gas, and other fuels followed with a 263.6% increase, driven by higher energy tariffs, gas prices, and housing shortages in urban areas. In contrast, non-essential categories such as recreation and culture rose by a relatively modest 147.9%, indicating that inflationary pressures are most severe in essential, unavoidable expenses. Overall, the sectors experiencing the highest cost increases food, transport, and housing which are basic needs, meaning inflation disproportionately affects low-income households and amplifies poverty. Addressing these areas is critical for stabilizing living costs and achieving inclusive economic growth.

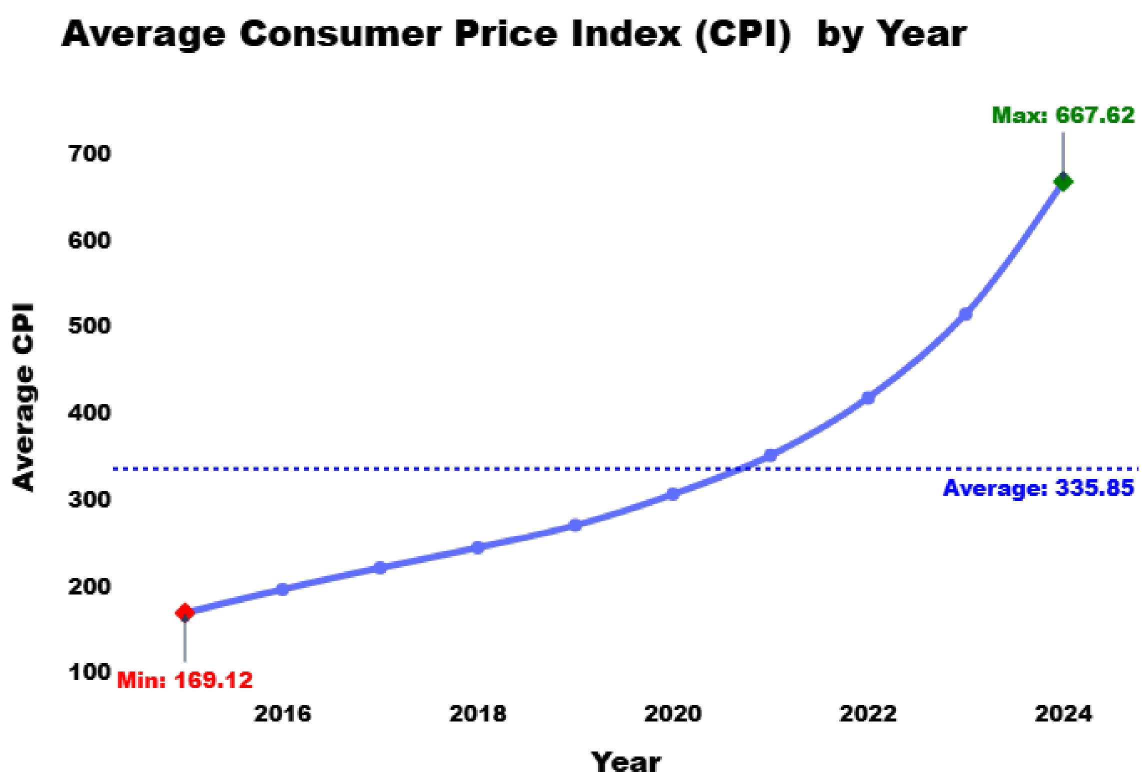

Figure 8: Line Chart Average Consumer Index (2015-2024)

Source: Statisense Secondary Data

The average Consumer Price Index (CPI) over the past decade mirrors the parabolic shape observed in the year-on-year CPI growth rate, though without any sharp declines from previous highs, either before or after the pandemic. This indicates a steady and sustained rise in overall price levels rather than volatile fluctuations. Beginning at 169.12 in 2015, the CPI has climbed consistently to reach 666.62 in 2024, showing a cumulative inflationary trend across the period. Notably, it crossed the decade's average CPI value of 335.85 in 2021, marking a critical threshold that reflects the long-term erosion of purchasing power.

This persistent upward trend suggests structural inflationary pressures in the Nigerian economy, potentially driven by supply-side constraints, exchange rate volatility, and rising import costs, highlighting the need for effective monetary and fiscal coordination to stabilize prices.

Consumer Price Index And Gross Domestic Product.

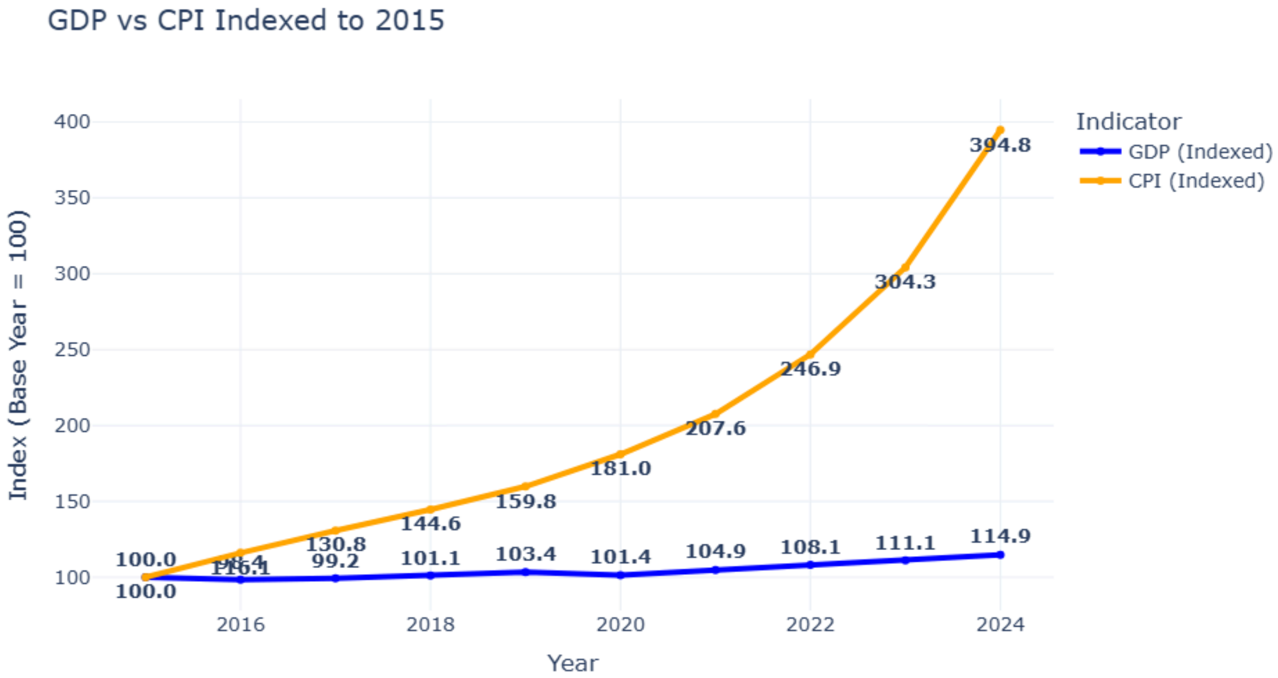

Figure 9: Comparative Line Chart Indexed GDP Vs CPI

Source: Statisense Secondary Analysis

From 2015 to 2024, Nigeria's CPI rose almost 295%, while GDP grew by only 15%, showing that prices increased far faster than economic output. This gap reflects an inflationary environment driven largely by structural weaknesses rather than strong demand. Exchange rate volatility, high import dependence, and rising global commodity prices have sharply increased the cost of goods and services. At the same time, insecurity and infrastructure deficits disrupt local production, creating supply shortages that push prices upward even when overall demand is weak.

GDP, on the other hand, has grown modestly due to overreliance on oil, limited diversification, and low investment in productive sectors. Even where growth occurred, it has been too small to offset the rapid increase in consumer prices. As a result, CPI consistently stays well above GDP because inflation is driven by cost-push factors rather than productivity gains, eroding purchasing power and masking any nominal GDP improvements.

Inflation Rate on Sectoral and Sub-sectorial Growth

Average Inflation= 6.12 %

Sector	Average GDP Growth	Impact
Services	2.360	Hurt
Agriculture	2.281	Hurt
Manufacturing	-1.143	Hurt

Table 2: Inflation Rate on Sectoral Growth

Source: Statisense Secondary Data

The table compares the average year-on-year GDP growth of Nigeria's major economic sectors; Services, Agriculture, and Manufacturing. against the average inflation rate over the past 10 years. It evaluates whether these sectors were able to outpace inflation and thus remain resilient in real economic terms.The Impact column classifies each sector as Resilient if its average growth was higher than the average inflation rate, or Hurt if inflation eroded its gains.

The results reveal that all three sectors were "Hurt" by inflation, meaning their average growth was insufficient to keep up with rising prices. While Services and Agriculture showed modest nominal growth, these gains were effectively cancelled out by high inflation, reducing their real economic contribution. Manufacturing performed even worse, with a negative growth rate, reflecting deeper structural challenges such as high production costs, dependence on imports, and vulnerability to exchange rate fluctuations.

This finding highlights that inflationary pressures have undermined real sectoral growth across Nigeria's economy, signalling the need for stronger monetary stability and sector-specific interventions to improve productivity and resilience.

Average Inflation= 6.12 %

Subsector	Average GDP Growth	Impact
Financial and Insurance	**10.357**	**Resilient**
Water Supply, Waste Mgmt. & Remediation	**9.214**	**Resilient**
Information and Communication	**6.951**	**Resilient**
Power	**3.605**	**Hurt**
Arts, Entertainment & Recreation	**2.834**	**Hurt**
Agriculture	**2.281**	**Hurt**
Human Health and Social Services	**1.656**	**Hurt**
Transportation & Storage	**1.605**	**Hurt**
Administrative & Support Services	**0.708**	**Hurt**
Trade	**0.617**	**Hurt**
Manufacturing	**0.462**	**Hurt**
Construction	**0.427**	**Hurt**
Professional, Scientific and Technical Services	**-0.064**	**Hurt**
Public Administration	**-0.556**	**Hurt**
Other Services	**-0.707**	**Hurt**
Education	**-0.920**	**Hurt**

Accommodation & Food Services	**-1.035**	**Hurt**
Real Estate	**-2.087**	**Hurt**
Oil & Gas	**-4.086**	**Hurt**

Table 3: Inflation Rate on Sub Sectorial Growth

Source: Statisense Secondary Data

Table 3 Shows the Result of comparing average GDP growth rates of Nigeria's subsectors with the average inflation rate of 6.12% over the past decade. Only three subsectors; Financial and Insurance, Water Supply and Waste Management, and Information and Communication showed growth above inflation, making them resilient. These sectors are driven by essential services, digital expansion, and consistent demand, which helped them maintain real growth despite rising prices. Their performance suggests they have adaptive business models, strong market demand, or policy environments that cushion them from inflationary pressures.

In contrast, the majority of subsectors, including Agriculture, Manufacturing, Trade, Oil and Gas, and social sectors like Education and Health, grew below inflation, meaning their gains were eroded in real terms. Oil and Gas even recorded negative average growth, highlighting structural weaknesses and vulnerability to global price shocks. Similarly, low growth in Agriculture and Manufacturing points to productivity challenges and limited capacity to adjust prices relative to costs. This shows that inflation has disproportionately hurt traditional and labour-intensive sectors, leaving only a few service-oriented and innovation-driven areas able to thrive.

CPI key insights

What is the year-on-year inflation rate (%) for each CPI component?

Over the past decade, all CPI components have steadily risen, with inflation intensifying after 2020. Food, non-alcoholic beverages, and imported items saw the sharpest increases, driven by local supply issues and global disruptions. Transport, housing, and utilities also surged, reflecting rising fuel, rent, and energy costs. The trend reveals persistent inflation across nearly all categories, with food prices consistently leading.

Which sectors/components have experienced the highest cost increases over the last 10 years?

Food and transport experienced the most significant cost hikes due to insecurity, weak logistics, subsidy removal, and import dependence. Imported goods became especially expensive amid currency depreciation. Housing and utilities followed closely, worsened by energy shortages, while health and education grew increasingly unaffordable toward the decade's end.

What insights can be drawn by comparing CPI data with GDP growth and contributions?

CPI increases have generally outpaced GDP growth, especially in agriculture and manufacturing. This suggests that inflation is largely driven by inefficiencies and cost pressures, rather than rising productivity. The imbalance signals structural weaknesses where rising prices reduce purchasing power and suppress real sectoral growth.

Are rising prices hurting or helping certain sectors?

Most sectors, particularly agriculture, manufacturing, and trade, have suffered from inflation due to rising input costs and weakened demand. However, finance and ICT have shown some insulation, benefiting from digital scalability and relatively stable demand, even in inflationary conditions.

Are some sectors resilient despite inflation?

ICT, finance, and utilities have remained resilient. ICT grew from digital adoption trends, while finance leveraged fintech growth. These sectors face fewer input constraints and have adapted better to the economic climate, maintaining momentum despite persistent inflation.

Company Profit after Tax Analysis

Annual growth rate of PAT

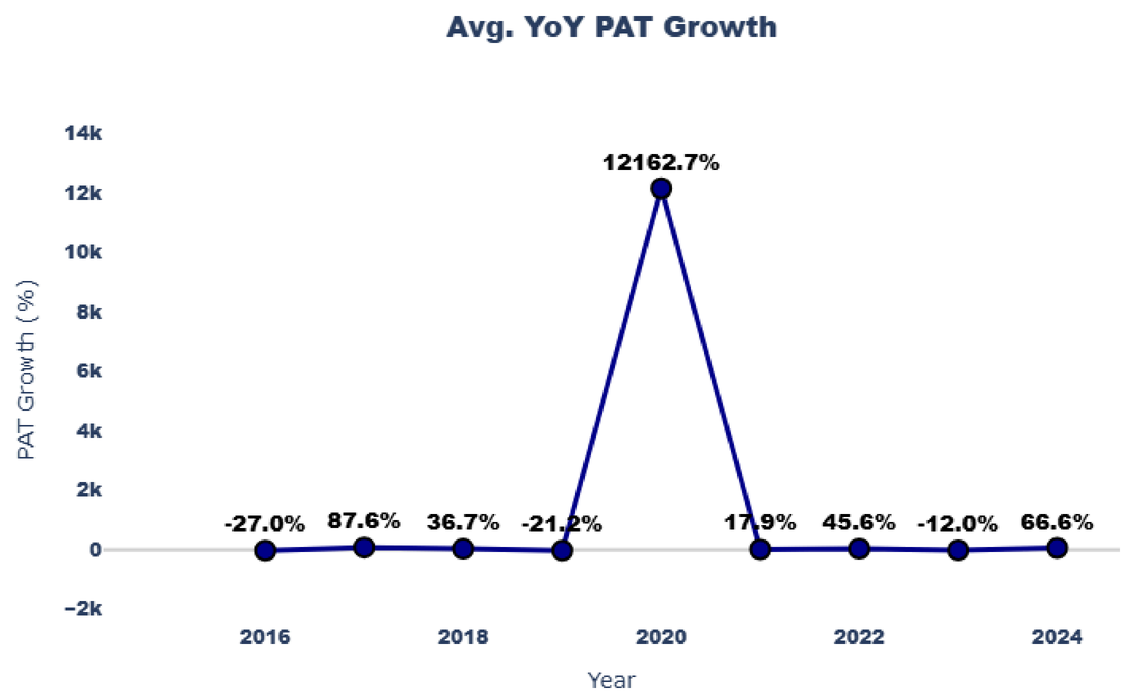

Figure 10: Average YOY PAT growth.

Source: Statisense Secondary Data

Nigeria's Profit after Tax (PAT) trajectory over the past decade reveals a highly erratic but revealing pattern of economic adjustment and resilience. After a sharp contraction of -27% in 2016, the economy bounced back with strong PAT growth in 2017 (87.6%) and 2018 (36.7%), reflecting post-recession recovery efforts and gradual investor optimism. However, 2019 saw a reversal with a -21.2% decline, indicating underlying structural weaknesses. The most dramatic shift occurred in 2020, where PAT surged by an astronomical 12,162.7%. While this spike appears anomalous, it aligns with pandemic-induced distortions, lower operating costs, tax holidays, emergency stimulus, and a pivot to digital operations contributed to unusually high net profits despite broader economic contractions.

This windfall was not sustainable, as seen in the correction to 18% growth in 2021. Modest improvements followed in 2022 (45.6%), while 2023 posted a minor contraction of -12%. The resurgence in 2024, with 66.6% PAT growth, suggests restored investor confidence, fiscal consolidation, and improved private sector profitability. These fluctuations underscore Nigeria's vulnerability to external shocks, but also its capacity for rapid profit recovery when macroeconomic conditions stabilize.

Sector	Profit vs GDP Correlation
Manufacturing	**0.1721**
Services	-0.3641
Agriculture	0.7229

Table 4: Correlation Profit Vs Correlation on Sector

Source: Statisense Secondary Data

The correlation between sectoral GDP contributions and Nigeria's Profit after Tax (PAT) reveals how closely each sector aligns with overall profitability. Agriculture shows the strongest positive relationship, with a coefficient of 0.7229, suggesting that growth in the agricultural sector tends to significantly support national profits. This reflects the sector's stability and its wide economic reach, particularly in rural employment and domestic food production.

Manufacturing shows a weak positive correlation (0.1721) with PAT, indicating some level of alignment, but not enough to suggest strong influence. This likely stems from persistent structural challenges in Nigeria's industrial base, such as power supply, production inefficiencies, and import dependence, which limit its ability to translate output growth into sustained profit increases.

In contrast, the services sector reveals a negative correlation of -0.3641, implying that increases in service sector output may not drive or may even detract from national profit levels. This could result from the dominance of low-margin or non-taxable activities such as informal digital services, public administration, or freelancing. Despite being the largest sector by GDP share, services may currently contribute less effectively to national profitability.

Company	Sector	Subsector	Profit vs GDP Correlation
Conoil	Manufacturing	Oil & Gas	**-0.823**
Dangote Cement	Manufacturing	Manufacturing	**0.7062**
Information & Communication – MTN	Services	Information and Communication	**-0.3181**
Nestle Niger	Manufacturing	Manufacturing	**-0.6629**
Okomu Oil	Agriculture	Agriculture	**0.7229**
Seplat Energy	Manufacturing	Oil & Gas	**-0.7971**
Zenith Bank	Services	Financial and Insurance	**0.9714**

Table 5: Correlation Profit Vs Correlation on Sub-Sector

Source: Statisense Secondary Data

The correlation results reveal wide variation in how listed companies' profitability aligns with Nigeria's GDP trends across sectors. Zenith Bank, under the financial and insurance subsector, shows the strongest positive correlation (0.9714) with national GDP, indicating that the bank's performance is highly sensitive to broader economic cycles. Similarly, Dangote Cement, with a correlation of 0.7062, reflects strong alignment between its manufacturing activities and the country's economic growth, highlighting its strategic position in infrastructure and construction.

In contrast, several manufacturing firms display negative correlations with GDP. Nestlé Nigeria (-0.6629), Seplat Energy (-0.7971), and Conoil (-0.823) show that their profits often move opposite to GDP trends. This might reflect sector-specific challenges such as high import costs, oil price volatility, or inefficiencies in supply chains that decouple firm performance from macroeconomic growth. These divergences signal a disconnect between certain manufacturing activities and broader economic resilience.

Interestingly, MTN Nigeria, despite operating in the fast-growing ICT sector, also shows a negative correlation (-0.3181). This may result from market saturation, heavy regulation, or taxation policies that dampen profit margins even when the sector expands. Conversely, Okomu Oil, an agricultural firm, maintains a strong positive correlation (0.7229) with GDP, reinforcing agriculture's traditional role as a stable profit generator aligned with national output trends.

Insights from Profit after Tax

What is the annual growth rate of PAT for each of the 7 organizations?

Each company's PAT has shown variable performance over the decade. Zenith Bank recorded consistent and strong growth, especially during periods of macroeconomic stability, aligning with its high positive GDP correlation. Dangote Cement also posted steady PAT growth due to infrastructural demand and market dominance. Okomu Oil experienced consistent PAT increases, benefitting from global commodity price surges and strong local demand. In contrast, Nestlé Nigeria and MTN had mixed PAT trends, fluctuating with input cost volatility and regulatory burdens, respectively. Seplat Energy and Conoil faced sharp PAT declines during oil price shocks, subsidy removals, and downstream inefficiencies.

Do their PAT trends align with GDP sector growth?

Not always. Zenith Bank and Dangote Cement align well with their sectoral GDP growth, showing strong positive correlations, due to macroeconomic sensitivity and infrastructure demand. Okomu Oil's profits mirror agricultural GDP growth, highlighting agriculture's stability. However, Seplat and Conoil demonstrate negative correlations, reflecting oil market volatility and structural issues in Nigeria's downstream sector. MTN's weak correlation suggests regulatory and saturation challenges, while Nestlé's negative trend may stem from cost inflation, import dependence, and consumer spending fatigue.

How does overall inflation and sector inflation affect their profitability?

High inflation, particularly in energy, food, and transport, affects FMCGs like Nestlé and oil-dependent firms like Seplat and Conoil more harshly; eroding margins and reducing real consumer demand. Zenith Bank benefits from inflation-driven interest rate hikes, while MTN can scale digitally despite inflation, though its margins face taxation and regulatory pressure. Okomu Oil benefits from rising agricultural commodity prices, while Dangote Cement, though exposed to cost pressures, retains pricing power due to market dominance and infrastructure demand.

As an investor, which industry and company would you invest in? Why?

The financial sector, particularly Zenith Bank, stands out for its high GDP alignment, resilience to inflation, digital innovation, and stable PAT growth. Okomu Oil is also a strong candidate due to its alignment with GDP, export potential, and performance under inflation. While Dangote Cement offers growth through infrastructure, its exposure to manufacturing inefficiencies is a risk. Sectors like oil & gas (Conoil, Seplat) and FMCG (Nestlé) are less attractive due to weak alignment with GDP and high vulnerability to inflationary shocks.

Recommendation

Recommendations for the Economic Advisory Team

- **Revitalize Manufacturing Sector:** The sector's declining output requires urgent reforms. First, address unreliable electricity by investing in off-grid solar and gas power to cut industrial costs. Next, offer tax holidays, import duty waivers, and low-interest loans to stimulate production and reduce dependence on imports. Lastly, develop industrial clusters with integrated infrastructure and streamlined policies to attract large-scale investment.
- **Modernize Oil and Gas Sub-Sector:** Support domestic refining through subsidies and PPPs to lower fuel import dependence and curb price volatility. Enforce transparent regulation to attract capital and reduce pipeline vandalism. Begin transitioning to renewables like gas and solar to future-proof the sector and reduce global oil shock exposure.
- **Enhance Agricultural Productivity:** Despite moderate growth agriculture remains vital. Prioritize mechanization, irrigation, and agro-processing to commercialize farming and curb food inflation. Improve rural roads to fix supply chain bottlenecks. Expand access to credit for smallholders to scale production and withstand inflationary shocks.
- **Sustain Services Sector Growth:** With the strongest growth the services sector still requires support. Boost broadband and tech hubs to fuel ICT growth. Encourage digital finance through policy backing for mobile banking and insurance. Improve ICT education to align workforce skills with service-sector needs.
- **Address Inflationary Pressures:** Tackle food inflation by subsidizing inputs and securing farming zones. Coordinate fiscal and monetary policy to stabilize exchange rates and cut transport and housing inflation. Provide targeted safety nets, cash transfers or vouchers to protect the most affected households.
- **Promote Economic Diversification:** Shift focus from oil to agriculture and services. Expand agro-processing and tech start-ups to earn forex and reduce reliance on oil. Streamline port logistics and regional trade pacts to improve non-oil export performance.

Recommendations for Investors

- **Finance and Insurance Zenith Bank:** With a 26.53% growth in 2024 and decade average of 10.357%, finance is the best-performing sector. Zenith Bank shows strong GDP correlation (0.9714) and consistent PAT growth, driven by fintech and digital banking. The sector is inflation-resilient and scalable. Prioritize fintech, mobile banking, and middle-class-focused insurance offerings.
- **Agriculture Okomu Oil:** Agriculture's steady performance and Okomu Oil's high correlation with sector GDP (0.7229) offer long-term reliability. Export demand and currency depreciation support revenue growth despite inflation. Invest in firms with solid export chains and processing capacity for resilience and stable returns.
- **Manufacturing Dangote Cement (Cautious):** Manufacturing is weak overall, but Dangote Cement's strong PAT and GDP correlation (0.7062) reflect its strategic advantage in infrastructure demand. Still, risks from power and import costs remain. Invest in dominant players with pricing power and diversify to offset cost-related risks.
- **Oil and Gas (Conoil, Seplat Energy):** The sector is in structural decline and highly volatile, with negative GDP correlations for both companies. Falling PAT and vulnerability to oil shocks make it unattractive. Shift capital to renewables or refining where risk and returns are more stable.
- **ICT – Selective (MTN Nigeria):** Though ICT is growing fast, MTN's negative GDP correlation (-0.3181) highlights saturation and regulatory risk. Inflation pressures margins, though digital scalability remains a strength. Back niche tech firms in broadband or cloud services rather than large incumbents.
- **FMCG – Avoid (Nestlé Nigeria):** Nestlé's weak GDP alignment (-0.6629) and vulnerability to high food and transport inflation hurt profitability. Margins are squeezed, and consumer demand is declining. Avoid FMCG firms heavily reliant on imports; prioritize sectors with better inflation hedging.

Conclusion

Over the past decade, Nigeria's economy has demonstrated notable resilience despite persistent challenges such as corruption, insecurity, and overdependence on oil exports. The services sector emerged as the primary driver of growth, fuelled by strong performances in finance and ICT. Agriculture maintained steady, if modest, contributions, reinforcing its role as a stable pillar of the economy. In contrast, the manufacturing and oil and gas sectors weakened considerably, hindered by structural inefficiencies and declining investments.

Inflation; particularly in food and transport rose sharply, eroding household purchasing power and suppressing real sectoral growth. However, finance and ICT proved more resilient, outperforming others despite macroeconomic pressures. While corporate profitability experienced volatility most notably a sharp spike in 2020 it has recently stabilized, with finance and agriculture showing strong alignment with GDP trends.

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