

FUNDAMENTALS

GHANA 3Q2025 REAL GDP GROWTH: Feeling the squeeze of fiscal tightening

**Economist and Head, Insights**

Courage Kingsley Marley

+233 308 250 051

courage.marley@ic.africa

IN BRIEF

- **Core strength amid a softening headline.** Ghana's overall real GDP grew by 5.5% YoY in 3Q2025, easing from 7.0% last year. However, underlying activity remained firm with non-oil growth at 6.8% while our estimated non-mining real GDP showed improvement to 5.4% (vs. 4.7% a year prior), reflecting easing incremental boost from mining. The overall slowdown largely reflects weaker extractives and a sharp post-election contraction in government consumption, while households and agriculture continued to support growth. Generally, core domestic sectors remain resilient although fiscal tightening tempers the headline pace.
- **Domestic demand, digitalisation and targeted fiscal support anchor growth in services and agriculture amid a pullback in industry.** The 3Q2025 growth was driven by a strong services sector, up 7.6% YoY with ICT leading at 17.0% due to rising digital adoption and improved consumer demand. Agriculture expanded by 8.6% YoY on targeted food-crop fiscal interventions and favourable weather conditions, while industry slowed sharply to 0.8% YoY as mining growth normalised while oil & gas contracted sharply. Looking ahead, we expect year-end consumer spending and resilient crops to lift 4Q2025 growth to between 4.5% - 6.4% to keep our FY2025 growth forecast within 5.7% ± 0.5pp, although construction and extractives are likely to remain subdued year-on-year.
- **OUR ASSET CLASS VIEWS**
 - Overweight**

Strong ICT growth supports overweight positions in telecoms and fintech (subject to benchmark weight), underpinned by pricing power, recurring revenue, and solid cash flow. In the consumer sector, we expect the recovering household spending and efficient distribution to sustain revenue growth, with potential capital appreciation as the primary investment case.
 - Neutral-to-underweight**

Slower mining growth may dampen fuel demand for OMCs, but we expect government-led road construction and strong bitumen demand to offset the shortfall and support non-core revenues.

Appearing softer on post-election normalisation

Ghana's real sector activity was moderately strong in 3Q2025, albeit with an appearance of a softening pace relative to the same period of 2024. Overall real GDP growth came in at 5.5% YoY in 3Q2025, slowing from the 7.0% outturn in the same period last year and in line with our expectation.

Excluding the drag from oil & gas sector (which contracted yet again), non-oil real GDP grew by 6.8% YoY in 3Q2025 but showed a 1.0pp slowdown in the growth momentum compared to the same period of 2024. Although the Ghana Statistical Service did not explicitly provide non-mining real GDP growth, we excluded the mining sector and found a stronger non-mining real GDP growth of 5.4% YoY in 3Q2025 compared to 4.7% in 3Q2024. Our disaggregation of the data showed a year-on-year slowdown in mining sector growth from the exceptional high of 38.2% YoY in 3Q2024 to a modest growth of 6.4% YoY in 3Q2025, mainly due to the stronger base from 2024. Adjusting the gold effect showed the higher growth outturn in non-mining real GDP in 3Q2025. In our opinion, this shows that mining will continue to support the Ghanaian economy but its incremental boost will be capped as the authorities have mostly captured small-scale gold output on the back of monopolising export from this sector.

We believe the softer growth in non-oil real GDP partly reflects the impact of fiscal squeeze in 2025 whose year-on-year austerity became more pronounced in 3Q2025 given the election-induced surge in government expenditure in 2H2024. The expenditure decomposition showed a 16.4% YoY contraction in government final consumption which was a cushion for total demand and growth. In our view, the contraction largely reflects normalisation of government consumption from the election-induced surge in 3Q2024. Household consumption continued to grow in 3Q2025 (+16.9% YoY) together with agriculture but was insufficient to offset the drag from weaker extractives and fiscal squeeze.

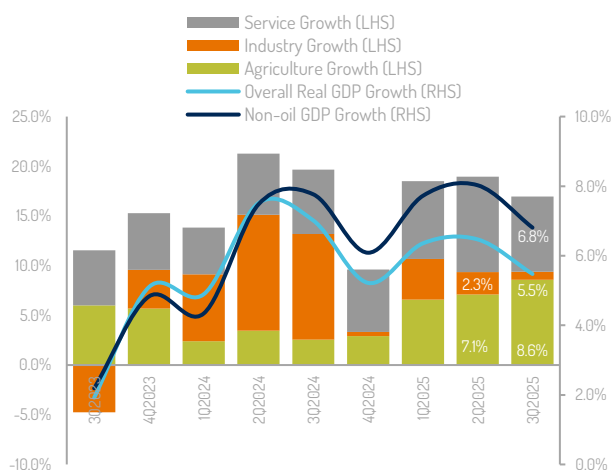
Domestic demand and digital expansion sustain services as the main engine of growth.

The services sector expanded by 7.6% YoY in 3Q2025, exerting its position as the dominant sector of the Ghanaian economy with a 59.5% contribution (or 3.3pp) to the overall real GDP growth of 5.5%. The ICT sector maintained its standout performance with a double-digit growth of 17.0% YoY, higher than the 15.6% in the like period of 2024 and contributed the most to the services sector growth of 7.6%. We attribute the robust ICT momentum to the rapid digital adoption, mobile data and mobile application usage, fintech activity, and investment in network infrastructure expansion across telecoms, media, and cybersecurity systems. With the authorities' increasing tilt toward digital economy and innovation amid private sector adoption of Artificial Intelligence (AI) still at the nascent stage, we expect ICT to sustain its robust momentum into the medium-term.

The price-sensitive trades sub-sector delivered a robust growth of 10.0% YoY (vs 2.9% in 3Q2024) while transport and storage posted 10.4% YoY (vs 6.3% in 3Q2024). We attribute the rebound in trades to stronger consumer demand occasioned by improved purchasing power amid the sharp appreciation of the Cedi and disinflation. We perceive scope for sustained growth in 4Q2025 as the 2025 year-end festivities coincides with revitalised consumer spending amid relatively stable prices. The transport and storage sub-sector should also benefit from subdued fuel prices and muted cost of spare parts, boosting profitability and margins.

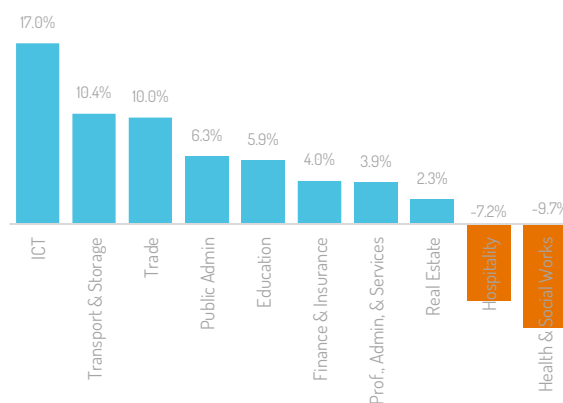
The financial and insurance sub-sector witnessed moderated growth of 4.0% YoY (vs 7.8% in 3Q2024), in our view, reflecting institutions' transition from the post-DDEP recovery surge to a normalised operating environment. The cautious lending stance of banks, a softer growth in insurance premium and reduced investment income amid declining interest rates collectively tempered the sub-sector's growth momentum despite continued expansion in digital financial services.

SECTORAL DISAGGREGATION OF REAL GDP GROWTH



SOURCE: GHANA STATISTICAL SERVICE

SERVICES SECTOR GROWTH DRIVERS IN 3Q2025

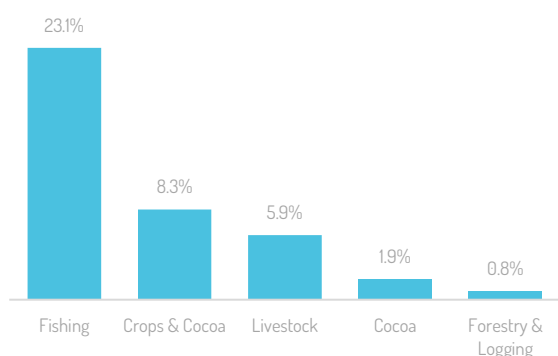


SOURCE: GHANA STATISTICAL SERVICE

Targeted fiscal intervention in food crop production elevates agriculture growth.

We observed an impressive, but generally expected acceleration in agricultural sector performance with a growth of 8.6% YoY in 3Q2025 (vs 2.5% in 3Q2024). The surge in agricultural sector growth was underpinned by a real expansion in crops (excluding cocoa) by 8.7% YoY in 3Q2025 (vs 6.1% in 3Q2024) and a 23.1% rebound in fishing from 6.4% contraction a year earlier. We believe the strong crops performance partly reflect the fiscal support in 2025 targeted at the price-sensitive food crops with the aim to curb food price inflation and a favourable weather condition. We foresee continued strength in 4Q2025 for agriculture growth as harvest flows from the northern production zones during this quarter.

AGRICULTURE SECTOR GROWTH DRIVERS IN 3Q2025



SOURCE: GHANA STATISTICAL SERVICE

Mining normalisation, hydrocarbon contraction and fiscal drag tempers industrial growth.

The industry sector delivered a tepid performance with a 0.8% YoY growth in 3Q2025 (vs 11.4% in like period of 2024) as mining growth cooled to 6.4% (from 38.2% in 3Q2024). A deep contraction of 18.2% YoY in oil & gas output (vs -4.8% in 3Q2024) and a sharp deceleration in construction sector growth to 3.3% (vs 11.3% in 3Q2024) exerted further drag on industrial sector growth. Notably, the contraction in oil & gas led to a squeeze in overall real GDP growth by almost 1.0pp.

We believe the slowdown in mining and construction sub-sector growth reflects the normalisation of output with the former likely signifying saturation in gains from the state-monopolisation of small-scale gold export and removal of withholding tax on the export of unprocessed gold. We attribute the slump in growth for the construction sector to the drag occasioned by normalisation of government CAPEX in 2025 after the election-induced surge in 2H2024.

We forecast the overall real GDP growth for 4Q2025 to come in between 4.5% – 6.4%, keeping our end-2025 growth forecast at 5.7% ± 0.5pp. We expect festivities-related spending to boost household and private sector consumption, supporting trades, manufacturing, transport, and ICT while crops remain resilient.

We however expect construction growth to remain normalised below the double-digit expansion posted in the final quarter of 2024, although we see prospect for recovery above the momentum in 3Q2025.

DECOMPOSITION OF THE YEAR-ON-YEAR PERFORMANCE

	3Q2025	3Q2024
OVERALL REAL GDP	5.5%	7.0%
NON-OIL REAL GDP	6.8%	7.8%
AGRIC	8.6%	2.5%
Fishing	23.1%	-6.4%
Crops & Cocoa	8.3%	3.6%
INDUSTRY	0.8%	11.4%
Mining & Quarrying	-2.8%	18.4%
Construction	3.3%	11.3%
Manufacturing	3.9%	7.4%
SERVICES	7.6%	5.7%
ICT	17.0%	15.6%
Finance & Insurance	4.0%	7.8%
Transport & Storage	10.4%	6.3%
Trade	10.0%	2.9%
Hotel & Restaurant	-7.2%	7.1%

SOURCES: GHANA STATISTICAL SERVICE

OUR ASSET CLASS VIEWS

Overweight

Telecoms and digital services: The strong structural growth in ICT strengthens the case to stay overweight in telecoms and fintech platforms, accumulating subject to its benchmark weight. We perceive sustained pricing power, recurring revenue, strong cash flow, and strategic CAPEX execution as tailwind for expanded earnings and income generation via dividend payouts.

Consumer sector: Recovering household spending on the back of stable prices and softer VAT regime in 2026 will support sales revenue and gross margin. Effective distribution networks and efficient management of stock keeping unit will retain customer base and structurally support the topline momentum. We think the main investment thesis rest on capital growth than attractive income generation capacity.

Neutral-to-underweight

Oil Market Companies (OMCs) and Mining: The emerging moderation in mining growth could weigh on fuel demand by miners to power mining equipment, providing negative spillovers for OMCs. However, the government's renewed focus on road construction will mitigate the fuel demand shortfall while demand for bitumen will provide an added tailwind for non-core revenue of OMCs.



For more information contact your IC representative

Investment Banking | Business Development & Client Relations

Derrick Mensah

Head, Investment Banking
+233 308 250 051
derrick.mensah@ic.africa

Timothy Schandorf

Head, Client Coverage
+233 308 250 051
timothy.schandorf@ic.africa

Dora Youri

Head, Wealth Management
+233 308 250 051
dora.youri@ic.africa

Corporate Access

Benedicta Boateng

Corporate Access
+233 308 250 051
benedicta.boateng@ic.africa

Insights

Courage Kingsley Martey

Economist & Head, Insights
+233 308 250 051
courage.martey@ic.africa

Churchill Ogutu

Economist
churchill.ogutu@ic.africa

Kwabena Obeng

Associate, Equity Research
+233 308 250 051
Kwabena.obeng@ic.africa

Emmanuel Dadzoe

Analyst, Equity Research
+233 30 825 0051
Emmanuel.dadzoe@ic.africa

Investing

Obed Odenteh

Chief Investment Officer
+233 308 250 051
obed.odenteh@ic.africa

Herbert Dankyi

Portfolio Manager, Rates
+233 308 250 051
herbert.dankyi@ic.africa

Hannah Mate

Analyst, Commodities
+233 308 250 051
Hannah.mate@ic.africa

Andre Adomakoh

Senior Analyst, Credits
0308250051
andre.adomakoh@ic.africa

Bruce Senanu Foreman

Senior Analyst, Rates
+233 308 250 051
bruce.foreman@ic.africa

Adebayo Adedeji

Senior Analyst, Risk Assets
+233 308 250 051
adebayo.adedeji@ic.africa

Operations

Nana Ama Ofori

Chief Operating Officer
+233 308 250 051
nanaama.ofori@ic.africa

Abigail Adu-Darkwa

Head, Business Operations
+233 308 250 051
abigail.adu-darkwa@ic.africa

Kelly Addai

Fund Accountant
+233 308 250 051
kelly.addai@ic.africa

Trading

Allen Anang

Sales/Trader, Global Markets
+233 308 250 051
allen.anang@ic.africa

Johnson Asiamah

Trader, Equities
+233 308 250 051
johnson.asiamah@ic.africa

Samuel Kwame Ofori

Trader, Fixed Income
+233 308 250 051
Samuel.ofori@ic.africa

Terms of use - disclaimer - disclosure

This communication is from the Insights desk of IC Asset Managers (Ghana) LTD, a member of IC Group (IC). The message is for information purposes only and it is subject to change as it is only indicative and not binding. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service nor an official confirmation of any transaction. It is directed at both professionals and retail clients. This message is subject to the terms and conditions of IC Group. IC is not responsible for the use made of this communication other than the purpose for which it is intended, except to the extent this would be prohibited by law or regulation. All opinions and estimates are given as of the date hereof and are subject to change. IC is not obliged to inform investors of any change to such opinions or estimates. The views are not a personal recommendation and do not consider whether any product or transaction is suitable for any particular type of investor.