GHANA | MACROECONOMIC UPDATE | GDP GROWTH | INSIGHTS

FUNDAMENTALS

GHANA'S 1Q2026 REAL GDP GROWTH:

Digging Deep, Spending Strong

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IN BRIEF

- **Consumer spending is emerging as the next growth engine with hydrocarbon recovery stirring up.** Ghana's economy expanded by 6.4% y/y in 1Q2026, supported by rebound in oil & gas sector, stronger trade, transport and ICT activity as lower inflation boosted household spending. Despite slower non-oil growth and fiscal tightening, we envisage broadening demand and construction rebound to keep FY2026 growth firmly above 6.0%.

- **Industry: Extractives dig deep to anchor industry growth against cool-off in manufacturing**. The industrial sector expanded by 6.9% in 1Q2026, supported by a strong rebound in mining and a return to growth in oil and gas production as upstream producers revive investment under new fiscal terms. We view the slower but still strong momentum in manufacturing as a normalisation while resilient household spending and renewed upstream investment should sustain industrial momentum in the coming quarters.

- **Services: Consumer spending and digital transformation are driving Ghana's services boom.** The services sector grew by 7.1% in 1Q2026, led by strong gains in trade, ICT and transport. In our opinion, the subdued inflation environment boosted domestic demand and enterprise investment while rapid digital adoption positions telecoms operators, particularly the dominant Scancom PLC, for stronger earnings growth.

- **Agriculture: Cocoa slows down and fishing contracts again to hold back agriculture growth.** Cocoa sector growth slowed sharply to 3.8% in 1Q2026, reflecting base effects and persistent structural challenges. This combined with a sharp contraction in fishing to pull down agriculture sector's growth to 4.0% (vs 6.6% in 1Q2025). Nonetheless, we expect the planned domestic financing model for crop purchases to support production while strong economy-wide momentum reinforces our FY2026 growth forecast of 6.4% ± 0.5pp. We envisage growth firmly above the authorities' conservative 4.8% target for the year and expect an upward revision at the mid-year budget review in July 2026.

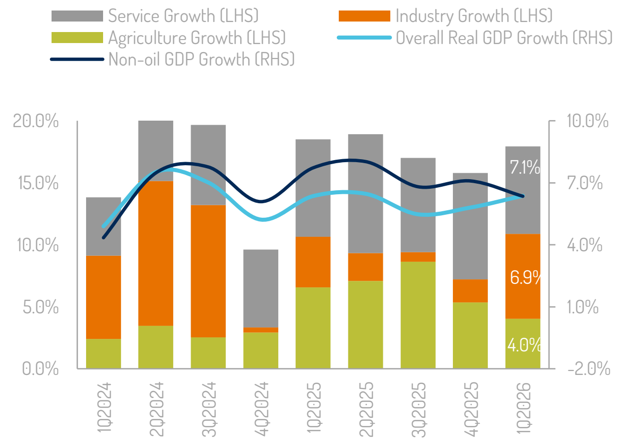
Extractives lead, consumers sustain

Ghana's economic rebound gathered pace in 1Q2026, with growth dynamics that suggests broadening of momentum beyond the extractive sector into firmer consumer spending. Overall real GDP growth in 1Q2026 came in at 6.4% year-on-year, slightly faster than the 6.2% outturn in the same period of 2025 and showing early indications of tracking our FY2026 forecast of 6.4% ± 0.5pp.

Excluding the oil sector, the non-oil real GDP growth was softer with a 6.3% expansion (vs 8.0% a year earlier), albeit broadly in line with the overall growth momentum. We note that the softer growth in non-oil real GDP reflects normalisation of momentum in the cocoa sub-sector, a sharp contraction in fishing output (vs strong growth a year earlier), an unexpected slowdown in manufacturing growth and continued contraction in hospitality-related activities. We also observed the impact of aggressive fiscal squeeze on the public sector activities as growth moderated sharply across the related services categories.

Nevertheless, we note stronger momentum in trades, transport & haulage, and ICT as consumer spending rebounds amid the low inflation environment compared to a year ago. This spending recovery strengthens our optimism for overall real GDP growth to top 6.0% in FY2026, especially with anticipated rebound in construction amid the authorities' infrastructure expansion drive.

SECTORAL DISAGGREGATION OF REAL GDP GROWTH



SOURCE: GHANA STATISTICAL SERVICE

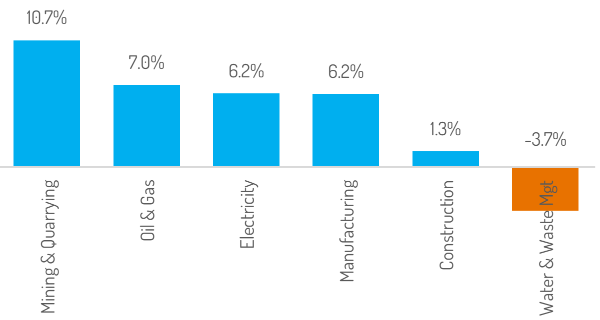
Industry Sector (Share: 32.9% of GDP **|** Growth: 6.9%)

Extractives dig deep to anchor industry growth against cool-off in manufacturing. Growth momentum in Ghana's industry sector picked up pace in 1Q2026, reflecting a rebound in both the mining and hydrocarbon sub-sectors. Industry sector growth printed at 6.9% year-on-year, accelerating from the 4.1% outturn in the same period of 2025. This was mainly helped by the mining & quarrying sub-sector which expanded by 10.7% in 1Q2026 from a modest 2.7% growth in the prior year. Notably, oil & gas industry improved markedly, recovering from six consecutive quarters of contraction in the prior years (1Q2025: -25.8% y/y) to post a 7.0% expansion. While this partly reflects coming off a low base growth, we also attribute the growth to fundamental factors as upstream operators revive investment in oil field development under a new fiscal term.

The major operator on Ghana's largest oil field – Tullow oil PLC – indicated that six wells are expected onstream in 2026 (five producers and one water injector). We note that two of these wells are already onstream with the remaining three producing wells expected in June and July 2026. Specifically, Tullow reported oil output of 43.1 kboepd from January – May 2026, out-performing the higher-end of its 2026 guidance range of 34 – 42 kboepd. In addition to the other partners (Kosmos, PetroSA, and Ghana National Petroleum Corporation), we believe Ghana's oil & gas sector is prime for recovery in the quarters ahead amid the improved fiscal environment.

Manufacturing sector growth came in lower at 6.2% y/y (vs 7.2% in the prior year), creating an impression of a cooling momentum. However, we view this as a return to trend growth following the strong base growth in 2025. Notably, the real growth in household consumption spending moderated for the second consecutive quarter to 7.5% y/y but remains firmly stronger than the 5.6% recorded in 1Q2025. This emphasizes the lingering strength in consumer spending, which we expect to drive near-term growth momentum, especially as price growth remains contained.

INDUSTRY SECTOR GROWTH DRIVERS IN 1Q2026



SOURCE: GHANA STATISTICAL SERVICE

Services Sector (Share: 45.7% of GDP **|** Growth: 7.1%)

Consumer spending and ongoing digitalisation power growth. The services sector remained the engine of growth with recovery in trades, digitalisation and improving consumer spending driving growth. The services sector expanded by 7.1% year-on-year, accounting for more than half of total growth in 1Q2026.

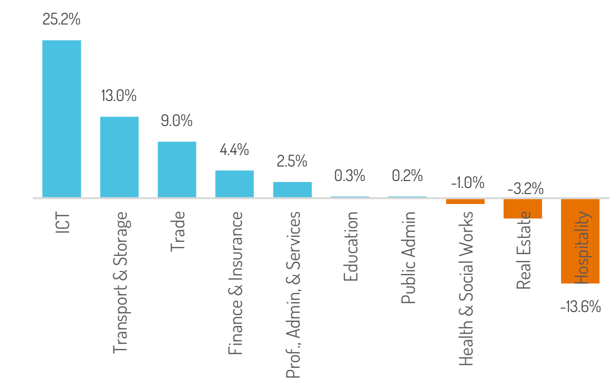
We note a strong rebound in trades sub-sector to 9.0% in 1Q2026 (vs 3.3% in 1Q2025) while ICT expanded by 25.2% y/y from 13.1%

a year earlier. Transport & haulage activities also grew strongly by 13.0% y/y, surging from 8.4% in the corresponding quarter of 2025.

In our opinion, the trades sector reflects the benefits of subdued consumer price growth as inflation fell sharply to 3.2% in March 2026 (vs 22.4% in March 2025). The boost in consumer spending was visible across households, government, and the business sectors. Real household consumption expenditure grew by 7.5% (1Q2025: 5.6%), general government consumption expenditure similarly expanded by 7.9% (1Q2025: 1.3%), while gross capital formation (proxy for business investment) surged by 36.1% y/y (1Q2025: 6.2%). We noticed that all the three sectors posted strong real growth in consumption spending compared to 2025 levels, culminating in a doubling of real domestic demand growth to 10.4% in 1Q2026. We view the strong growth in gross capital formation as a signal for positive growth outlook.

The ICT sector continued its doble digit growth, kicking into higher gear in 1Q2026. In our opinion, this reflects the continued growth in internet data consumption, increasing enterprise digitalisation, acquisition of new spectrums, construction of new tower sites, deeper mobile money penetration, and increasing adoption of digital financial services. On the back of this, we envisage strong earnings outcomes for telecoms operators (especially, the listed Scancom PLC) via gains from the high-margin data and digital service revenue.

SERVICES SECTOR GROWTH DRIVERS IN 1Q2026



SOURCE: GHANA STATISTICAL SERVICE

Agriculture Sector (Share: 21.4% of GDP | Growth: 4.0%)

Cocoa slows down and fishing contracts again to hold back agriculture growth. We observed a significant slowdown in cocoa sector growth to 3.8% year-on-year in 1Q2026 despite the authorities' proposed measures to revive the sector. That said, we attribute a significant part of the slowdown to a high base effect from last year as the sub-sector expanded by 23.1% in 1Q2025. The growth outturn suggests to us that the Ghanaian cocoa sector remains far from a sustainable path as we await implementation of a new domestic financing model to secure revolving working capital for crop purchases from the 2026/27 crop season.

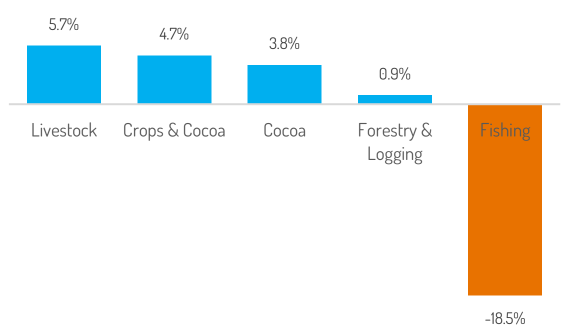
Nevertheless, we expect the sector to churn out a positive growth in FY2026 as the authorities seek to launch a USD 1.0bn Cedi-denominated domestic bond before August 2026 (presumably within next 2 – 4 weeks) for crop purchases. With an indicative pricing of 12.5% (anchored on the Treasury's new 7-year bond), we expect the amount raised to partly secure financing for the upcoming crop harvest season which is scheduled to commence in August 2026 (earlier than historical calendar).

Overall, we view Ghana's 1Q2026 real GDP growth as an early indication of another year of trend growth, outperforming the authorities' below-trend target of 4.8%. We thus maintain our FY2026 overall growth forecast of 6.4% ± 0.5pp and expect the authorities to raise their target during the mid-year budget review in July 2026.

YEAR-ON-YEAR		
	1Q2026	1Q2025
OVERALL REAL GDP	**6.4%**	**6.2%**
NON-OIL REAL GDP	**6.3%**	**8.0%**
AGRIC	**4.0%**	**6.6%**
Fishing	-18.5%	16.4%
Crops & Cocoa	4.7%	6.7%
INDUSTRY	**6.9%**	**4.1%**
Mining & Quarrrying	10.7%	2.7%
Construction	1.3%	1.5%
Manufacturing	6.2%	7.2%
SERVICES	**7.1%**	**7.4%**
ICT	25.2%	13.1%
Finance & Insurance	4.4%	9.3%
Transport & Storage	13.0%	8.4%
Trade	9.0%	3.3%
Hotel & Restaurant	-13.6%	9.2%

SOURCES: GHANA STATISTICAL SERVICE

AGRICULTURE SECTOR GROWTH DRIVERS IN 1Q2026



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