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January 2025

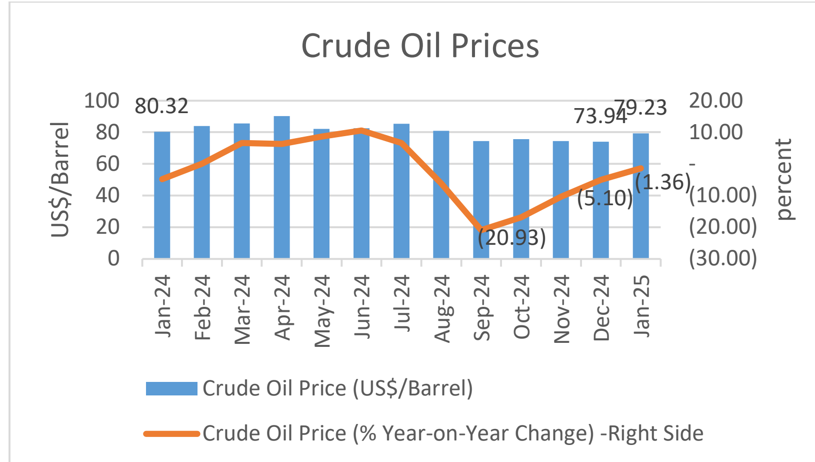
FEDERAL MINISTRY OF BUDGET AND ECONOMIC PLANNING
FEDERAL REPUBLIC OF NIGERIA

Tangible Impact: January Indicators Affirm Government's Reform Agenda is Working!

The January 2025 economic indicators reflect the growing impact of the Federal Government's bold reforms and sound policy coordination. From easing inflation following the CPI rebasing, to record oil production, stronger revenue mobilization, increased fiscal allocations, and a stabilizing exchange rate, the data shows clear momentum toward macroeconomic stability and inclusive growth. These gains underscore the importance of sustaining current reform efforts to build a more resilient and prosperous Nigeria.

Global Uncertainty Pulls Down Yearly Oil Prices, Monthly Gains Offer Little Comfort

Crude oil prices in the international market have been on a downward trend since August 2024, largely due to concerns over slowing global economic growth and subdued energy demand. On a year-on-year basis, the price of crude oil declined by 5.10% in December 2024 and by 1.36% in January 2025. Despite the annual contraction, prices rose on a month-on-month basis, increasing from US$73.94 per barrel in December 2024 to US$79.23 per barrel in January 2025, supported by temporary supply constraints and geopolitical tensions in key oil-producing regions.

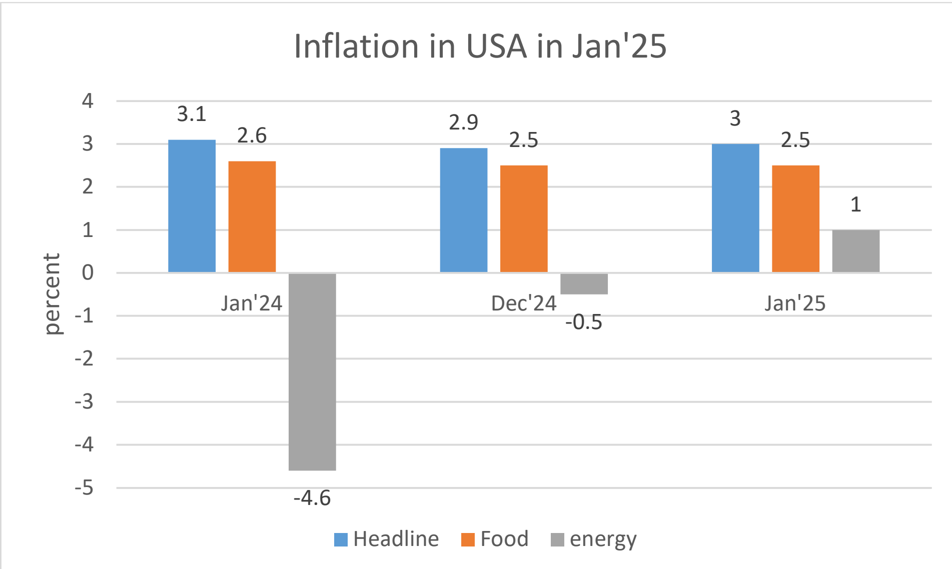


U.S. Inflation Trends Signal Gradual Price Pressures Amid Global Economic Adjustments

In a reflection of evolving global economic conditions, the U.S. Consumer Price Index (CPI) rose by **3.0%** in the 12 months ending **January 2025**, up slightly from the **2.9%** increase recorded in **December 2024**. This modest uptick signals a steady, though not alarming, inflationary trend as the world's largest economy adjusts to shifting demand and supply dynamics post-pandemic and amid geopolitical uncertainties.

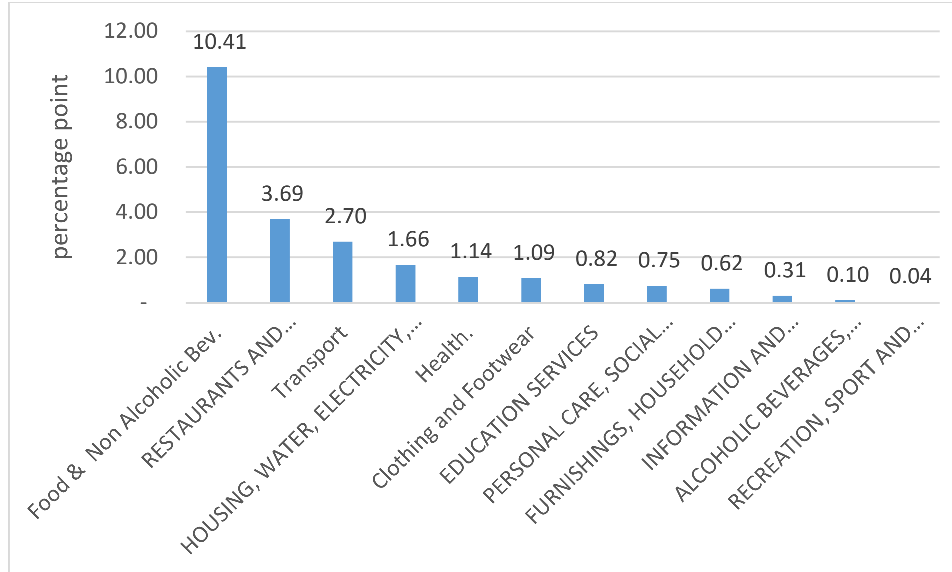
- **Food prices** continued to rise at a steady pace of **2.5%**, mirroring the December 2024 figure, suggesting persistent supply chain pressures and resilient consumer demand.
- **Energy prices**, which had shown deflationary trends in previous months, reversed course—rising by **1.5%** in January 2025 compared to a **-0.5%** decline in December 2024. This marks a notable shift, potentially linked to global oil market volatility and winter demand surges.

These trends underscore the need for continued monetary vigilance and coordinated global responses to inflation, as major economies strive to balance growth, price stability, and energy security.



Post-Rebasing Relief: Inflation Falls to 24.5%, Food Costs Still Major Contributor

Headline inflation (year-on-year), which peaked at 34.80% in December 2024 prior to the Consumer Price Index (CPI) rebasing, dropped significantly to 24.5% in January 2025 after the rebasing exercise. In January, the Food and Non-Alcoholic Beverages category was the largest contributor to headline inflation, accounting for 10.41 percentage points. Other major contributors included Restaurants and Accommodation Services (3.69 percentage points), Transport (2.70 percentage points), and Housing, Water, Electricity, Gas, and Other Fuels (1.66 percentage points). Contribution to Inflation in January 2025



Under Renewed Leadership, Nigeria's Oil Output Surges to 1.74 Million Barrels Daily

Nigeria's oil production has shown a commendable upward trend under the current administration, rising both month-on-month and year-on-year. Output increased by 3.12% from 1.68 million barrels per day (mbpd) in December 2024, and by 5.19% from 1.65 mbpd in January 2024, reaching 1.74 mbpd in January 2025. This steady growth reflects ongoing efforts to stabilize and revitalize the oil sector.

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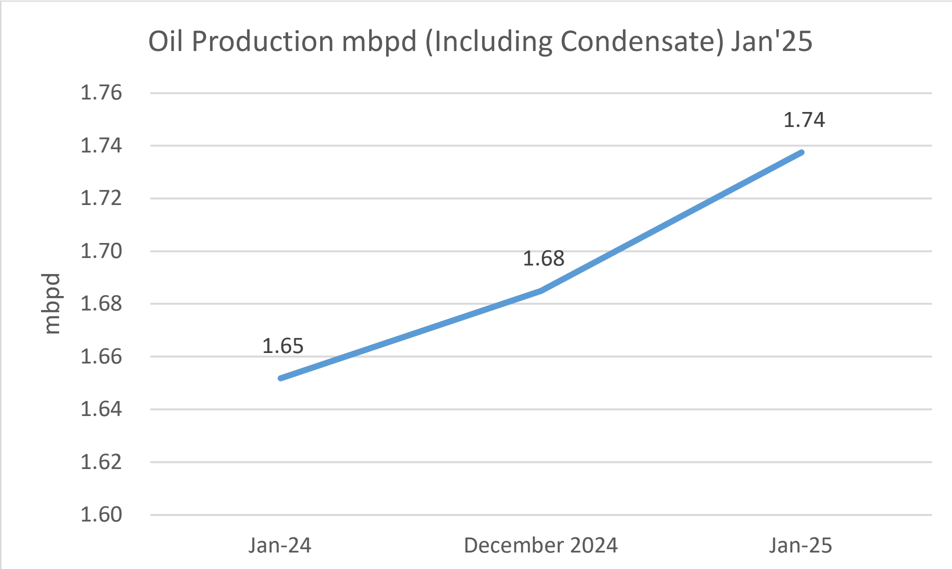
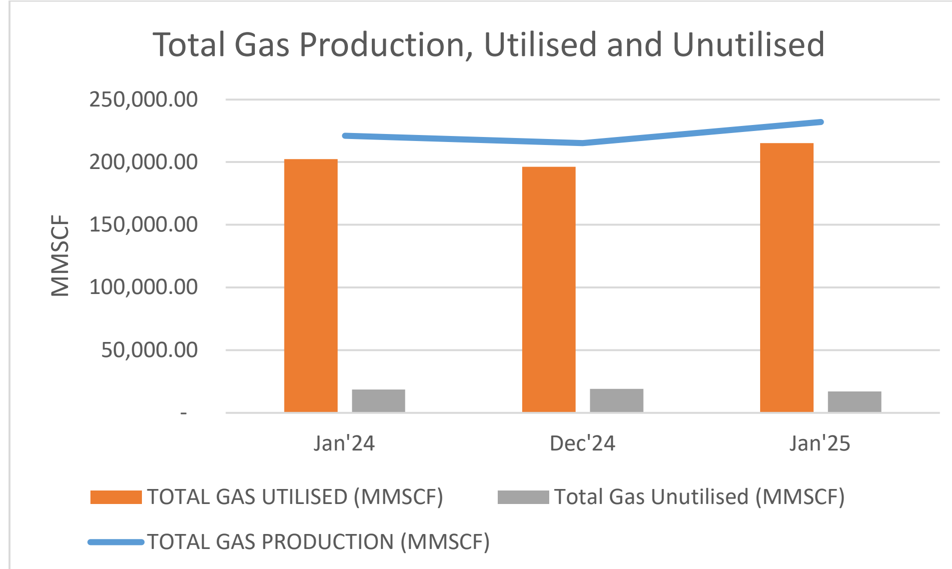
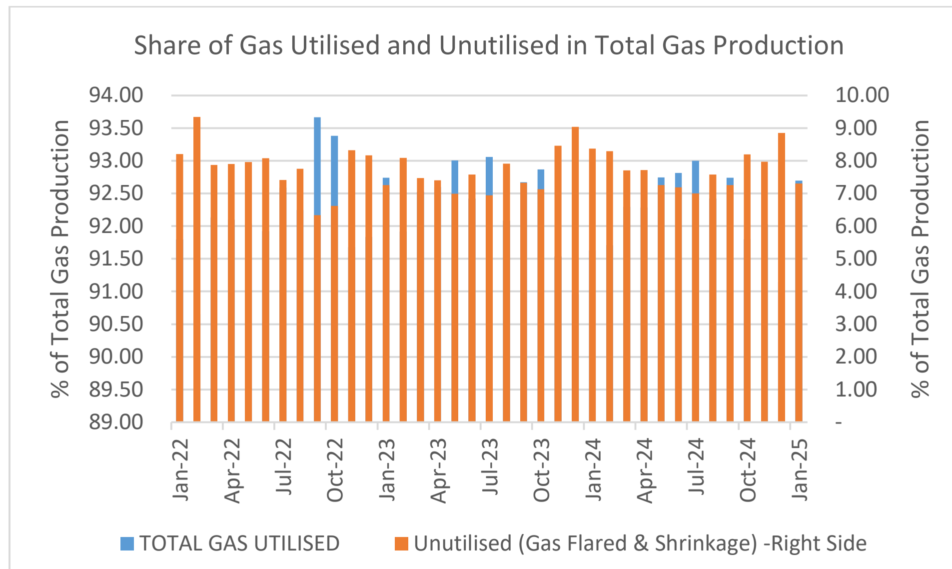




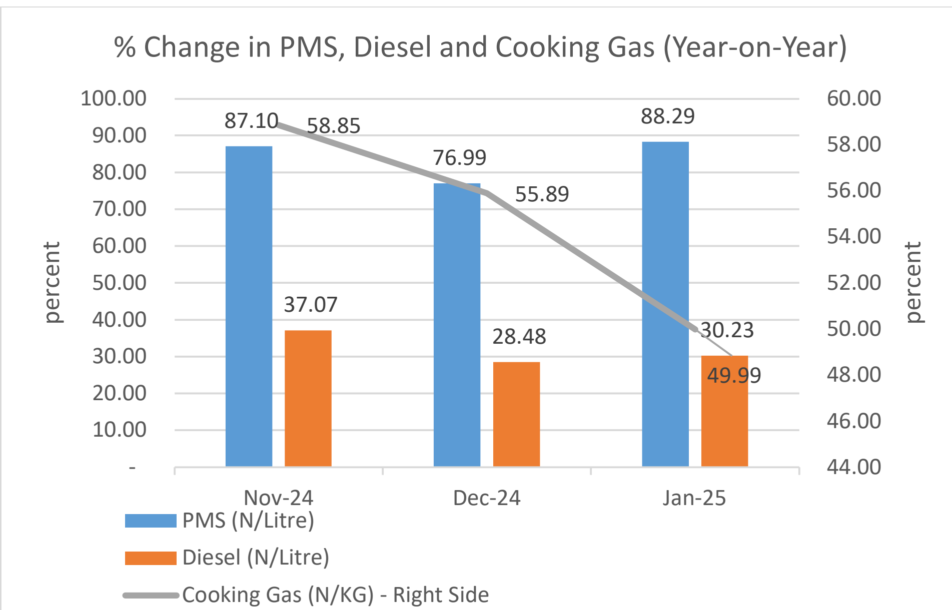
Impressive Gains in Nigeria's Gas Sector: 5% Production Surge Demonstrates Effective Governance

Nigeria's gas sector continues to demonstrate solid progress under the current administration, with gas production rising by 5.07% year-on-year—from 221,026.25 Million Standard Cubic Feet (MMSCF) in January 2024 to 232,234.33 MMSCF in January 2025. Month-on-month, production also increased by 7.85% from 215,324.45 MMSCF in December 2024. Notably, gas utilization improved significantly, with the share of gas utilized climbing from 91.63% in January 2024 to an impressive 92.70% in January 2025. These gains reflect effective policy implementation and a sustained commitment to maximizing Nigeria's gas potential.



Subsidy Removal, Weak Naira Trigger 88% Shock in Petrol Prices

In January 2025, average pump prices of Premium Motor Spirit (PMS) rose year-on-year by 88.29%, up from 76.99% in December 2024, reflecting the continued impact of fuel subsidy removal and exchange rate depreciation. Diesel prices also increased by 30.23% in January, compared to 28.48% in the previous month. Similarly, the average price of 1kg of cooking gas rose by 49.99% in January, slightly easing from 55.89% in December 2024. These significant price increases were driven by ongoing deregulation in the downstream petroleum sector and rising import costs.



M3 Growth Down Sharply to 17.43% in January, a Major Policy Success

In January 2025, the year-on-year growth rate of Broad Money Supply (M3) fell sharply to 17.43%, down from 43.03% in December 2024. On a month-on-month basis, M3 contracted by 1.98%, reversing the 4.03% expansion recorded in December.

This significant moderation reflects the impact of tightened monetary policy and improved coordination of fiscal and liquidity management efforts aimed at curbing excess liquidity and inflationary pressures. The key driver of M3 growth in January was net domestic credit, which contributed 13.79 percentage points—marking a shift from the previous month, when rapid M3 expansion was largely fueled by a surge in net foreign assets, likely driven by increased external inflows and exchange rate adjustments.

The shift in the source of liquidity from external to domestic sources signals a rebalancing of monetary conditions and reduced vulnerability to volatile foreign inflows. Moreover, the decline in money supply growth underscores the effectiveness of recent policy measures in anchoring inflation expectations and enhancing monetary stability.

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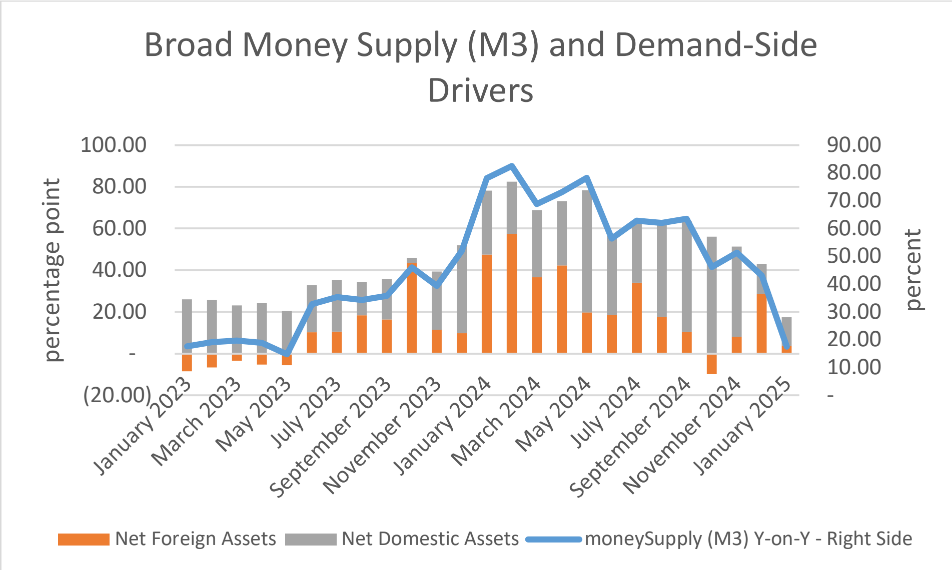
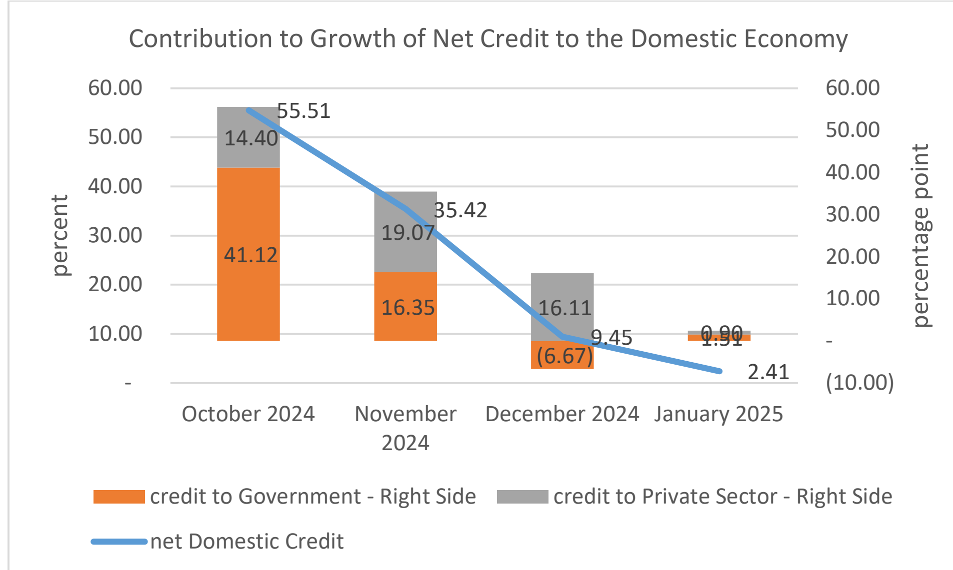
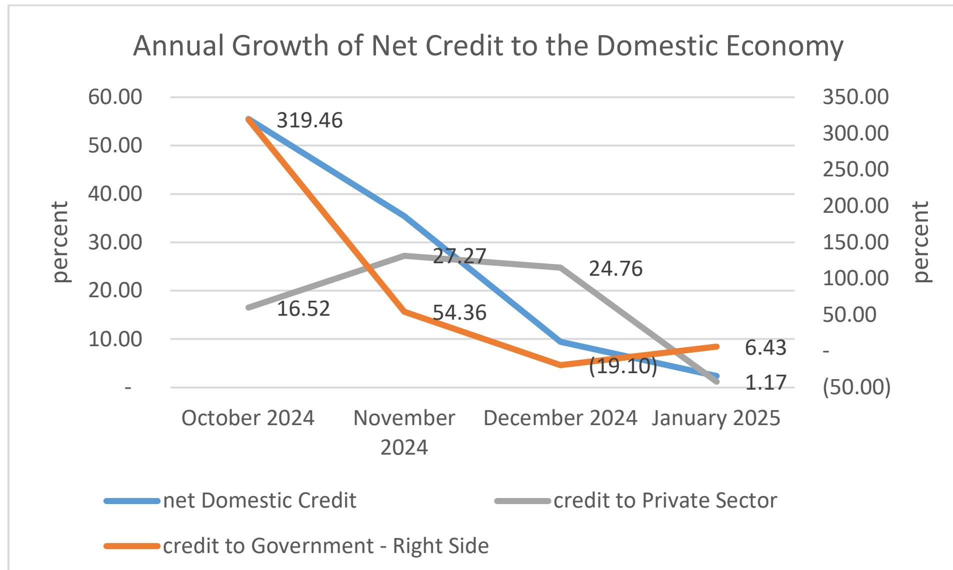




Domestic Credit Growth Slows to 2.41% as Private Sector Adjusts, Government Rebounds

Net credit growth to the domestic economy has been on a consistent downward trend since October 2024. In January 2025, annual growth slowed sharply to 2.41%, down from 9.45% in December 2024. This deceleration was driven primarily by a significant moderation in credit to the private sector, which grew by only 1.17% in January, compared to 24.74% in the previous month.

In contrast, credit to the government rebounded, expanding by 6.43% in January 2025 after contracting by 19.10% in December 2024. The overall slowdown in domestic credit reflects tighter monetary conditions and increased risk aversion among financial institutions amid ongoing efforts to stabilize inflation and reduce macroeconomic imbalances.



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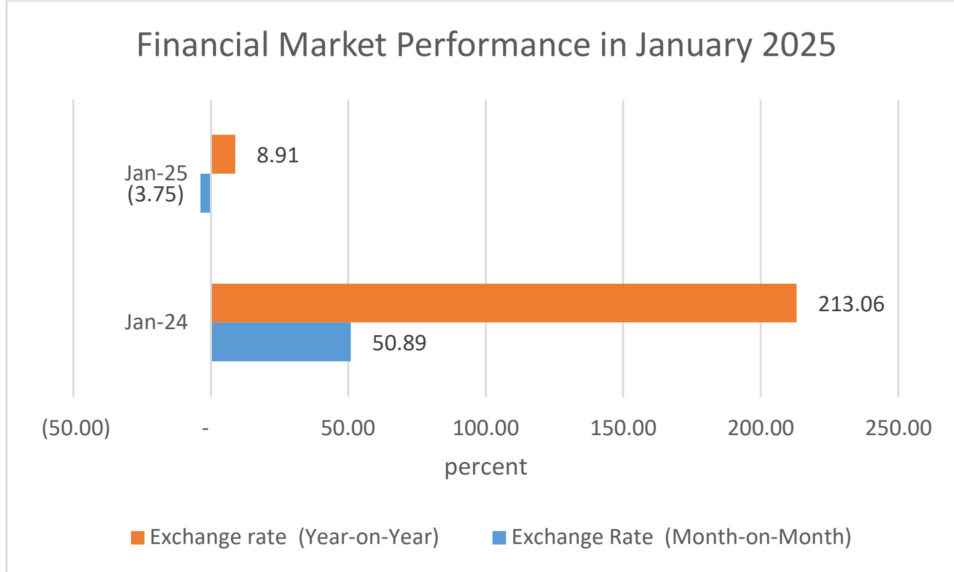
Nigeria's Financial Markets Signal Strong Recovery, Setting Stage for Sustainable Growth

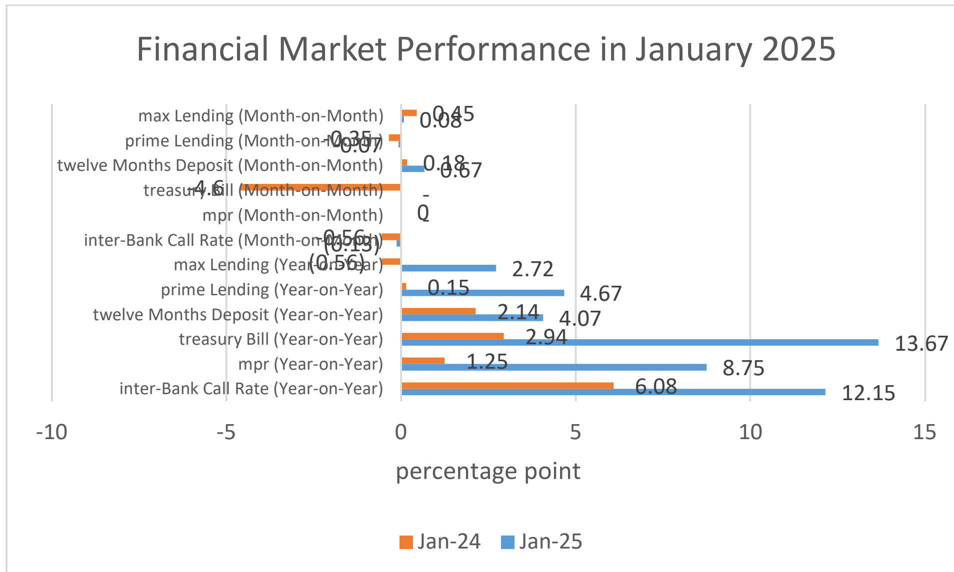
Nigeria's domestic financial market performance showed significant improvement in January 2025, driven by enhanced policy coordination and tighter monetary conditions. The annual rate of Naira depreciation against the US Dollar slowed markedly to 8.91% in January 2025, down from 213.06% in December 2024. On a month-on-month basis, the Naira appreciated by 3.75%, reversing the 50.89% depreciation recorded in the previous month—an encouraging sign of stabilizing foreign exchange conditions.

This progress was largely attributed to aggressive monetary tightening. The Monetary Policy Rate (MPR) was raised by 8.75 percentage points to 27.5% in January, compared to a more modest increase of 1.25 percentage points in December. This tightening stance was supported by substantial annual increases in key interest rates: the 91-day Treasury Bill rate rose by 13.67 percentage points to 18.00%, Interbank Call Rate by 12.15 points to 28.58%, 12-month deposit rate by 4.07 points to 14.00%, prime lending rate by 4.67 points to 18.49%, and the maximum lending rate by 2.72 points to 29.79%.

Month-on-month trends, however, indicate that most of these rates saw marginal declines, except for the maximum lending rate and 12-month deposit rate, which recorded slight increases. These trends, when considered alongside the rebased Consumer Price Index (CPI), suggest that inflationary pressures were not as elevated as previously estimated, further reinforcing the real yield advantage of domestic financial assets.

The narrowing exchange rate depreciation and improved real interest rate environment reflect a positive shift in investor confidence and provide a more stable platform for macroeconomic planning.





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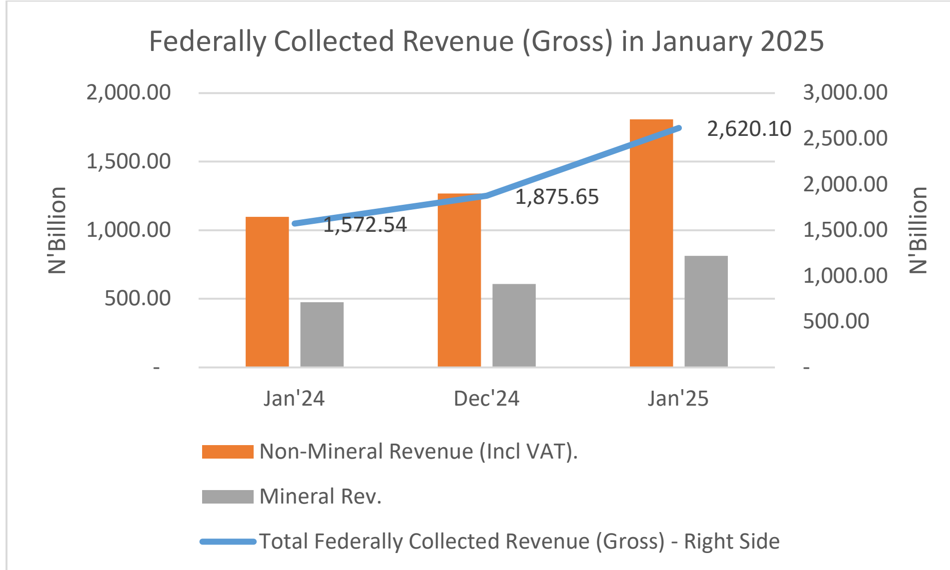
Government Vision Realized: Trillion-Naira Revenue Surge Demonstrates Reform Impact!

Nigeria's fiscal reforms are yielding tangible results as Gross Federally Collected Revenue surged to N2,620.10 billion in January 2025, marking a remarkable increase of N1,047.56 billion year-on-year (66.62%) and N744.45 billion month-on-month (39.69%). This impressive performance reflects the administration's commitment to robust revenue mobilization and sound economic management.

A major highlight is the strong contribution of non-mineral revenue, which drove 45.14 percentage points year-on-year and 28.79 percentage points month-on-month of the total growth. This underscores the administration's effective implementation of non-oil revenue reforms, improved tax administration, and sustained push for economic diversification. Importantly, the non-oil revenue share in total federally collected revenue remained high at 68.92% in January 2025, up from 67.54% in December 2024, demonstrating consistent progress toward reducing oil dependency.

At the same time, mineral revenue contributed significantly, accounting for 21.48 percentage points year-on-year and 10.9 percentage points month-on-month. This improvement reflects enhanced efficiency in oil revenue collection and greater stability in production and exports, supported by reforms in the energy sector.

The solid performance across both oil and non-oil segments highlights growing fiscal resilience, improved revenue diversification, and validates the current administration's reform agenda aimed at building a more stable and inclusive economy.



Stronger Federation: Revenue Allocations Surge Across All Tiers of Government in January 2025

In a major boost to fiscal federalism and national development, total revenue allocation to the Federating Units surged to N1,468.51 billion in January 2025, reflecting the impact of ongoing reforms and improved revenue mobilization efforts under the current administration. This represents a substantial increase of N613.64 billion (71.78%) year-on-year and N477.51 billion (48.19%) month-on-month, compared to January 2024 and December 2024, respectively.

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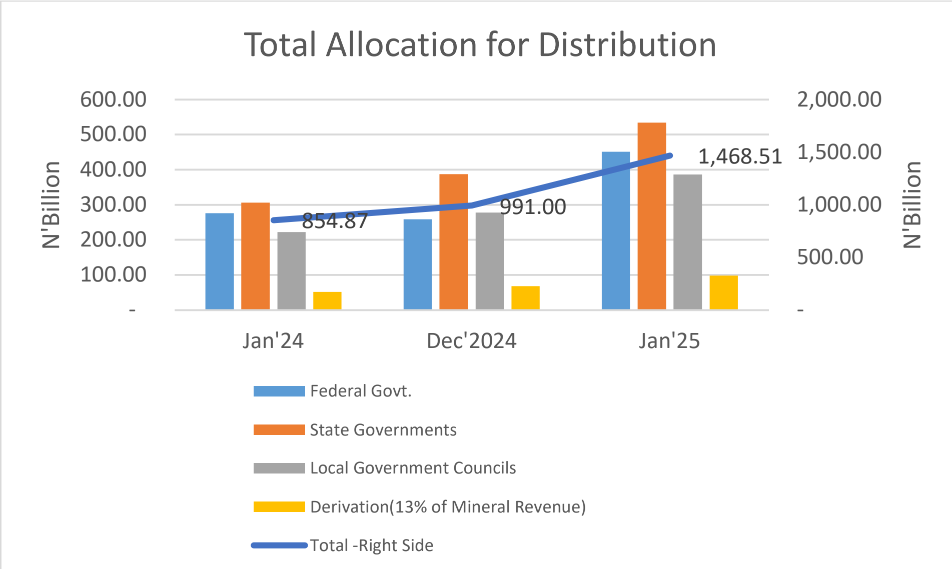

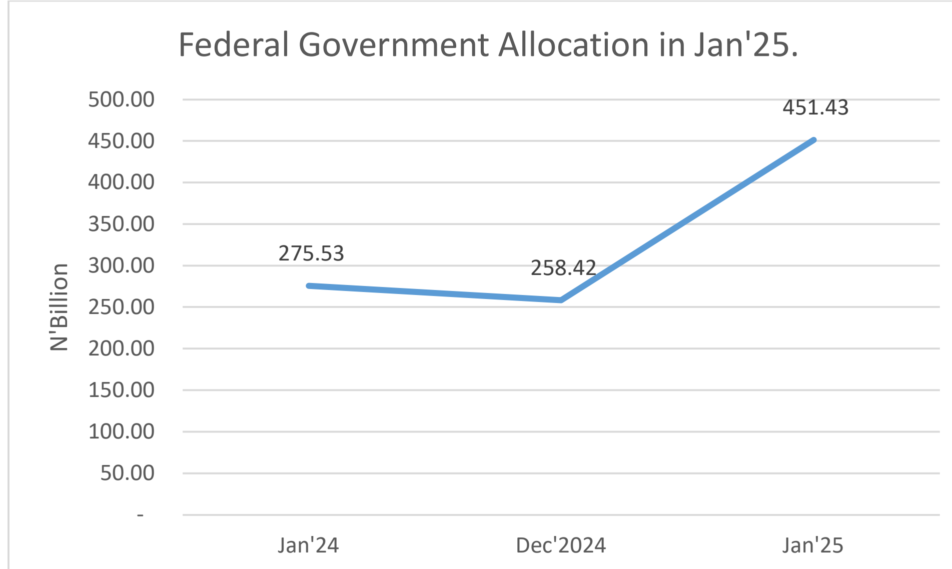

Federal Government Strengthens Fiscal Capacity

The Federal Government's allocation rose to ₦451.43 billion, marking an impressive increase of ₦193.01 billion (74.69%) month-on-month and ₦175.90 billion (63.84%) year-on-year. This expanded fiscal space provides greater capacity to sustain key national programs, infrastructure investment, and economic stabilization efforts.

States Receive Record Allocations

State Governments received ₦533.68 billion, a significant rise of ₦227.84 billion (74.50%) year-on-year and ₦146.18 billion (37.73%) month-on-month. These increased transfers will strengthen states' ability to implement development plans, support economic diversification, and deliver essential public services more effectively.

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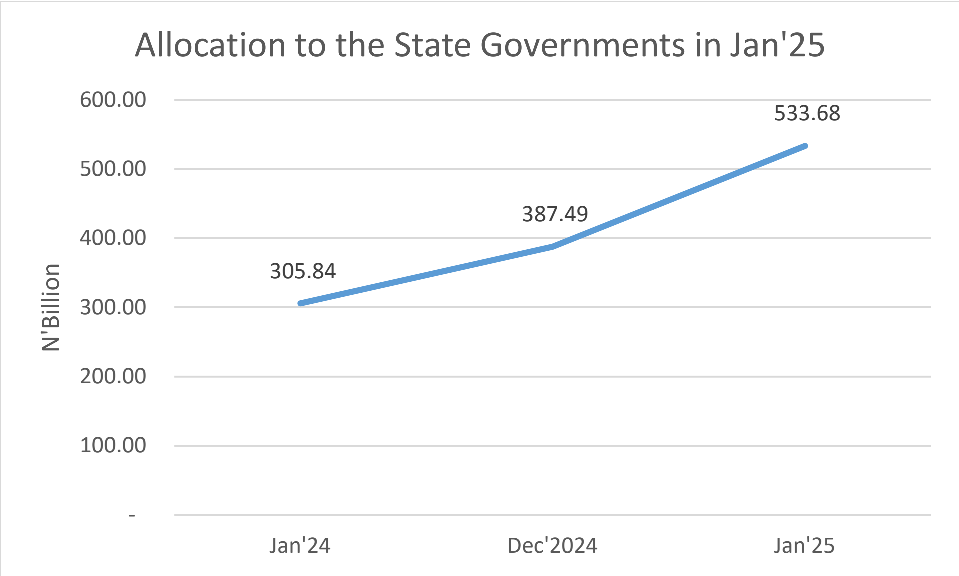
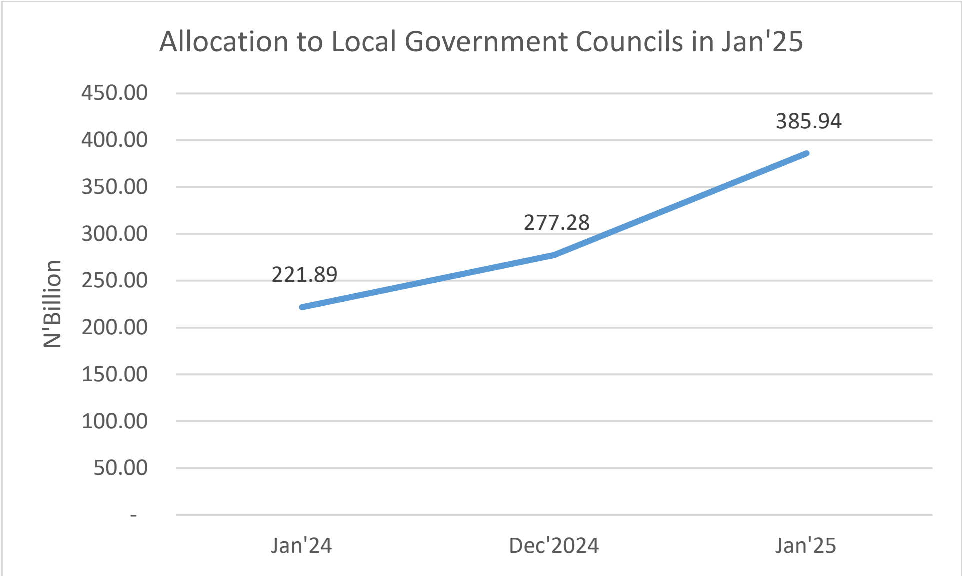


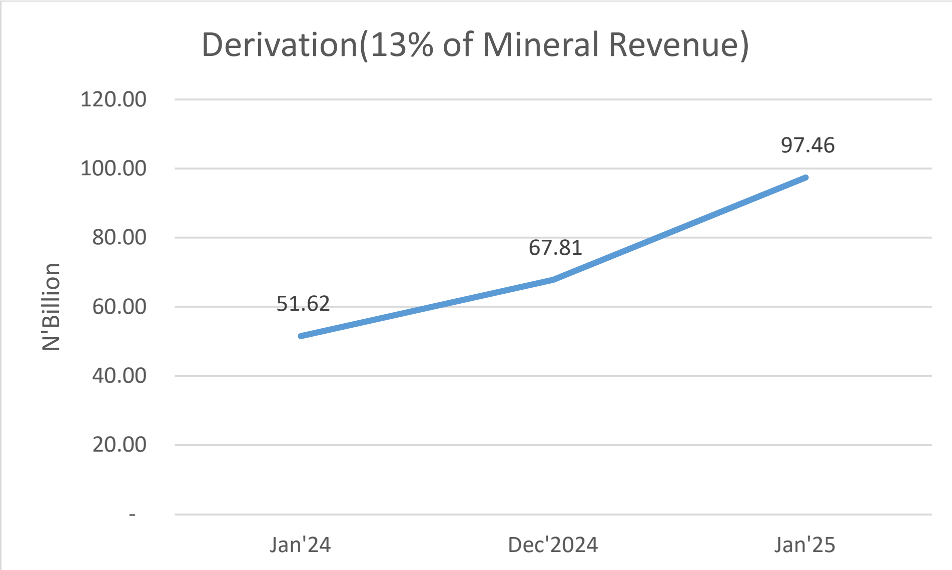


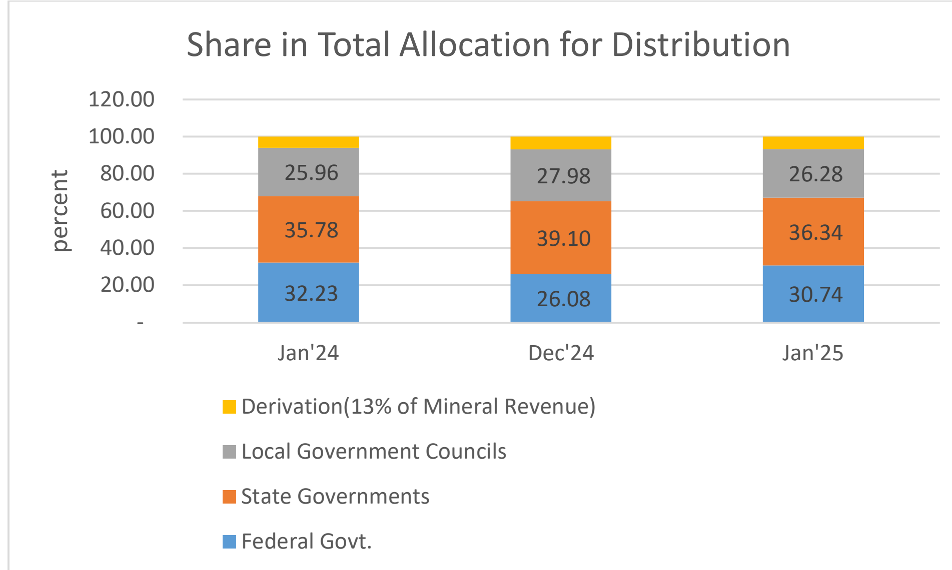
Local Governments Benefit from Improved Resources

The 744 Local Government Councils were allocated ₦385.94 billion, increasing by ₦164.05 billion (73.94%) year-on-year and ₦108.66 billion (39.19%) month-on-month. This uplift supports grassroots development and strengthens the delivery of basic social infrastructure at the community level.

Oil-Producing States Gain More from Derivation

The nine crude oil-producing States received N97.46 billion in January 2025 under the 13% derivation principle—an increase of N45.85 billion (88.81%) year-on-year and ₦29.66 billion (43.74%) month-on-month. This underscores the administration's commitment to equity and the sustainable development of the Niger Delta region.





Source: OAGF

Fair and Balanced Distribution

The distribution of allocations in January 2025 shows a balanced approach to national development:

- States received the largest share: 36.34%
- Federal Government: 30.74%
- Local Government Councils: 26.28%
- 13% Derivation for Oil-Producing States: 6.64%

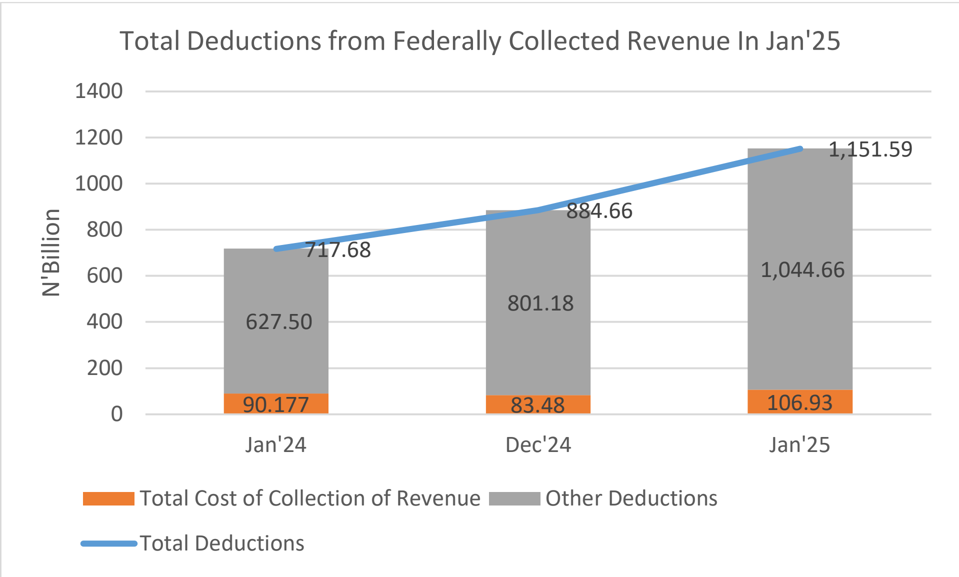
The continued increase in revenue allocations across all tiers of government is a strong testament to the current administration's success in fiscal consolidation, economic reform, and equitable resource distribution. It reinforces the capacity of each tier of government to fund budgets, drive development, and improve service delivery for the Nigerian people.

Strategic Deductions Rise in Support of National Development Priorities

Deductions from the Federally Collected Revenue rose significantly in January 2025, reflecting the administration's strengthened fiscal discipline and increased commitment to national development programs. Total deductions grew by ₦266.94 billion (30.17%) month-on-month, from N884.66 billion in December 2024 to ₦1,151.59 billion in January 2025, and by N433.92 billion (60.46%) year-on-year, compared to ₦717.68 billion in January 2024.

The increase in deductions is partly attributed to the higher cost of collection, which contributed 2.65 percentage points month-on-month and 2.33 percentage points year-on-year to the overall growth in deductions. More notably, other deductions—including contributions to special development funds, strategic intervention programs, refunds, and transfers—played a much larger role, contributing 27.52 percentage points month-on-month and 58.13 percentage points year-on-year.

This performance signals the administration's deliberate prioritization of long-term investments in national infrastructure, social protection, and economic resilience. It reflects a maturing fiscal structure where increased revenue is being efficiently channelled to targeted initiatives that will yield broader economic benefits and inclusive growth across the Federation.



Source: OAGF

Navigating Global Trade: Nigeria's Surplus Sustained, Proactive Measures Vital

Nigeria maintained a merchandise trade surplus of US$816.71 million in January 2025, marking continued positive trade performance despite a more challenging global and domestic environment. While the surplus declined year-on-year by US$168.04 million from US$984.75 million in January 2024, and by US$155.09 million from US$971.80 million in December 2024, the sustained surplus reflects the resilience of Nigeria's external sector under ongoing policy reforms.

The narrowing trade balance resulted from declines in both exports and imports, signalling a temporary moderation in trade activity. This could be linked to global demand fluctuations, ongoing domestic supply adjustments, and transitional effects of foreign exchange market reforms.

Nonetheless, the continued surplus is a positive signal of Nigeria's improving external competitiveness and trade balance discipline. With ongoing efforts to boost non-oil exports, strengthen local production, and stabilize the exchange rate, the foundation is being laid for more robust and sustainable trade performance in the coming months.

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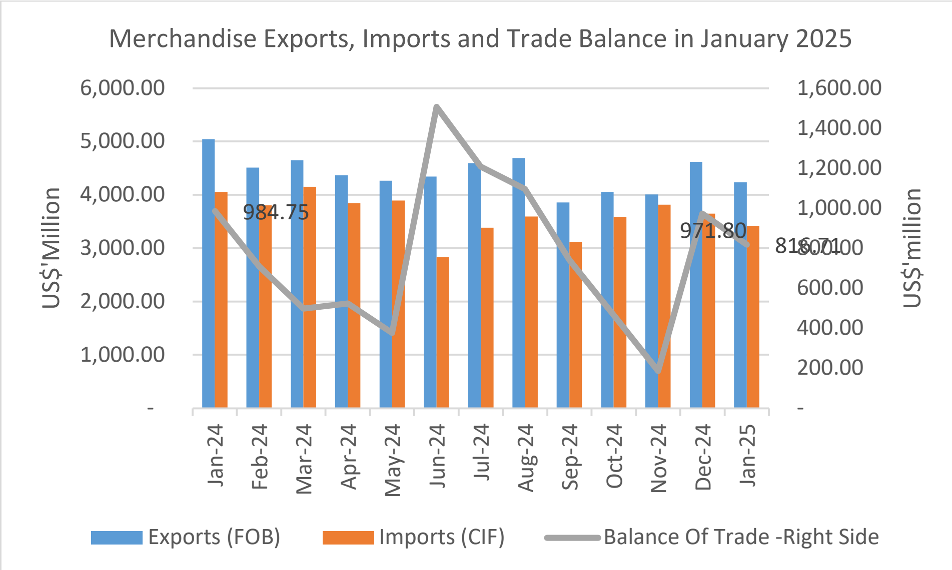
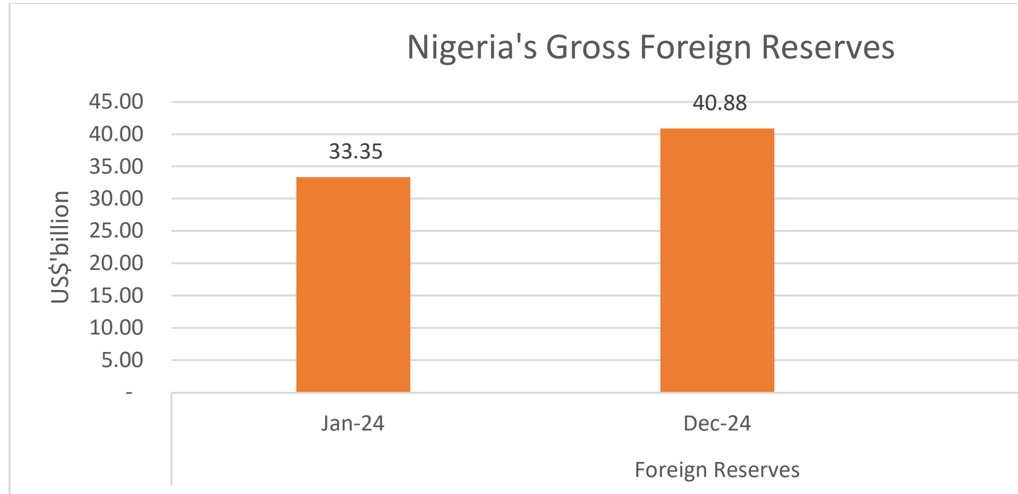




Source: CBN

Yearly Reserves Soar Despite Monthly Dip as FG Prioritizes Naira Stability

Nigeria's foreign reserves rose by US$6.37 billion year-on-year, from US$33.35 billion in January 2024 to US$39.72 billion in January 2025—signaling a strong improvement in the country's external buffers over the past year. This annual growth reflects improved foreign exchange inflows, strengthened oil receipts, and sustained policy efforts to enhance external sector resilience.

However, on a month-on-month basis, gross external reserves declined by US$1.15 billion, from US$40.88 billion in December 2024 to US$39.72 billion in January 2025. This short-term decline may be attributed to increased foreign exchange interventions aimed at stabilizing the Naira, as well as external debt service obligations.

While the year-on-year performance underscores growing external confidence, the monthly decline highlights the need for continued vigilance in managing short-term external sector pressures.

FX Utilization Soars by $1.77 Billion, Fueling Economic Re-Engagement!

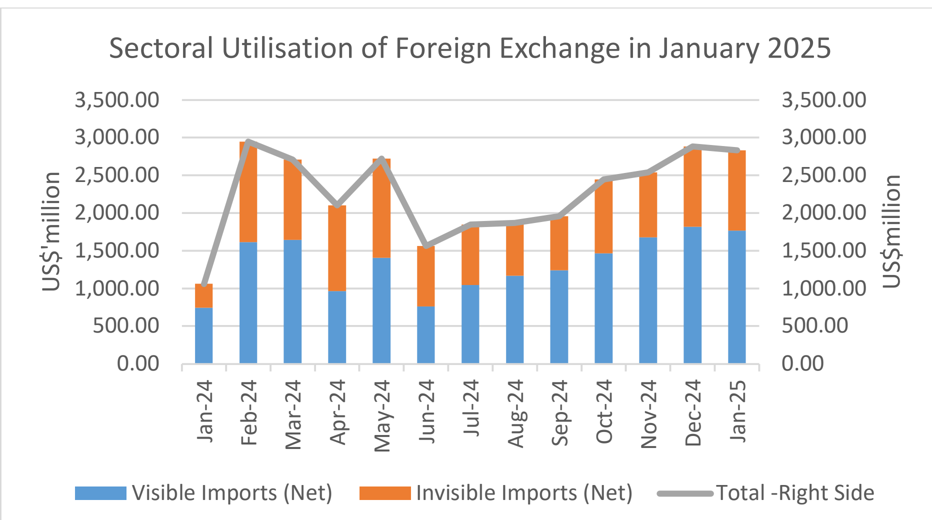
Foreign exchange utilization surged in January 2025, rising by US$1.77 billion year-on-year—from US$1.06 billion in January 2024 to US$2.83 billion. This substantial increase reflects improved access to foreign exchange and growing investor confidence in the current administration's stabilization and reform agenda aimed at restoring macroeconomic balance and enhancing productive sector performance.

Although there was a modest month-on-month decline of US$49.56 million from US$2.88 billion in December 2024, overall utilization remained strong, signaling sustained momentum in economic re-engagement and global trade activity.

Visible trade continued to dominate foreign exchange utilization, accounting for 62.4% of total FX use in January 2025. This was largely driven by demand from the industrial sector, in line with the administration's efforts to strengthen local manufacturing capacity and

support importation of essential industrial inputs. While visible trade utilization declined slightly by 2.8% month-on-month—primarily due to lower FX demand in the oil and manufacturing sectors—the annual trend remains positive.
Invisible trade also recorded impressive growth in FX utilization, rising by US$747.62 million (234.76%) year-on-year and by US$2.2 million (0.69%) month-on-month. This growth was driven by increased FX demand in financial services and business services. Notably, the slight monthly gain in the invisible segment was led by business services, although partially offset by a dip in FX utilization within the financial services segment.

Overall, the upward trajectory in foreign exchange utilization, particularly for industrial and service sectors, reflects strengthening investor sentiment, improved transparency in FX allocation, and the positive early outcomes of the administration's stabilization and economic recovery measures.



Source: CBN

Budget Review: Leveraging Oil Price Gains, Addressing Production Realities for Stronger Outcomes!

The 2025 Budget was based on key macroeconomic assumptions including a crude oil production target of 2.06 million barrels per day (mbpd), a benchmark crude oil price of US$75 per barrel, and an average exchange rate of N1,500 per US dollar.

However, actual performance data for January 2025 reveal that:

- Crude oil production averaged 1.74 mbpd, falling short of the budget target by 0.32 mbpd.
- The average crude oil price in the international market was US$79.23 per barrel, which exceeded the benchmark by US$4.23.
- The average exchange rate stood at N1,447.22 per US dollar, which is N52.78 stronger than the budget assumption.

This indicates that while the oil production target was overly optimistic, the crude oil price and exchange rate assumptions were conservative.

Performance Comparison

Indicator	2025 Budget Assumption	Actual (Jan 2025)	Difference
Crude Oil Production (mbpd	2.06	1.74	-0.32 mbpd (shortfall)
Crude Oil Price (US$/barrel)	75	79.23	+US$4.23 per barrel (gain)
Exchange Rate (₦/US$)	1,500.00	1,447.22	-₦52.78/dollar (stronger ₦)

Nigerians Drive VAT Growth: ₦771.89 Billion Collected in January 2025

In January 2025, the performance of Nigeria's key revenue streams presented a mixed outlook. Notably, Value Added Tax (VAT) outperformed expectations, generating ₦771.89 billion, which is ₦146.76 billion above the budget estimate of ₦625.13 billion. This demonstrates strong domestic consumption activity and improved VAT administration, offering a vital source of fiscal resilience.

However, the performance of other major revenue streams fell short of expectations, underscoring the need for urgent policy attention and reforms:

Revenue Indicator	2025 Budget (₦'b)	Jan '25 Actual (₦'b	Variance (₦'b)
(a) Mineral Rev.	4,256.68	813.22	- 3,443.46
(b) Non-Mineral Rev.	2,018.51	1,034.99	- 983.52
Total FAAC revenue	6,275.19	1,848.22	- 4,426.98
VAT (Gross)	625.13	771.89	146.76
Derivation(13% of Mineral Revenue)	552.97	97.46	- 455.51

Source: OAGF

Risks: Fragile Gains Amid Persistent Headwinds

Despite recent macroeconomic improvements, Nigeria's economic outlook remains vulnerable to several critical risks:

- **Inflation Pressures:** Food inflation remains elevated—contributing over 10 percentage points to headline CPI—due to climate shocks, insecurity in farming regions, and rising transport and energy costs, undermining food security and household welfare.
- **Exchange Rate Fragility:** Reserves are depleting by about US$1.15 billion monthly, raising concerns about the sustainability of FX interventions amid volatile oil prices and uncertain external financing.
- **Energy Sector Risks:** Although oil output has improved, a 5.1% y-o-y drop in global oil prices and weak gas growth may undermine fiscal revenues and industrial productivity, while rising local energy costs fuel inflation.
- **Weak Private Sector Credit:** Credit to the private sector has slowed to just 1.17%, constraining business financing, investment, and job creation—particularly for SMEs.
- **Fuel Price Effects:** The removal of fuel subsidies has pushed PMS prices up 88% y-o-y, straining household incomes and slowing consumption, which may affect reform momentum.
- **Global Uncertainty:** Geopolitical tensions and softening global demand are dampening trade, capital flows, and oil export prospects—intensifying domestic economic vulnerabilities.

Policy Focus: Addressing these risks requires sustained reform implementation, improved security in agricultural regions, targeted support to vulnerable sectors, and stronger buffers to mitigate external shocks.

Opportunities: Reform Momentum and Structural Leverage

Nigeria faces a significant opportunity to build a more resilient and inclusive economy, despite current challenges. Non-oil revenue has surged, creating a strong foundation for deeper fiscal reform, while improvements in tax collection and digital infrastructure offer potential for sustainable revenue growth. By broadening the VAT and excise tax bases and enhancing fiscal autonomy at the state level, Nigeria can improve subnational development and ensure long-term fiscal stability.

Macroeconomic stabilization, marked by higher real interest rates, relative Naira stability, and moderating inflation, has begun to restore investor confidence, presenting opportunities for increased foreign portfolio investment, diaspora bonds, and domestic savings mobilization. The oil and gas sector also holds potential, with rising production and possible price recovery, offering avenues for expanding LNG exports and attracting investment in domestic energy initiatives.

Reforms in the foreign exchange market are improving transparency, benefiting manufacturers and service providers, while boosting Nigeria's non-oil export competitiveness. At the subnational level, increased revenue allocations empower states to invest in critical infrastructure, particularly in oil-producing regions, fostering economic diversification and human capital development.

Additionally, the government's use of revenue deductions for infrastructure and social spending is advancing progress toward the Sustainable Development Goals and mitigating the social impacts of subsidy removal through targeted programs.

Conclusion: Keep Driving Forward! January's Strong Economic Data Backs Government's Vision!

The encouraging economic indicators for January 2025—ranging from reduced inflation and improved oil output to robust revenue performance and enhanced foreign exchange utilization—demonstrate the tangible benefits of the government's ongoing reforms. These early successes validate the administration's fiscal and monetary policy direction and underscore the importance of sustaining momentum through continued implementation of bold, coordinated, and inclusive economic strategies to secure lasting growth and stability for all Nigerians.

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