FEDERAL MINISTRY OF BUDGET AND ECONOMIC PLANNING
FEDERAL REPUBLIC OF NIGERIA

Monthly Updates

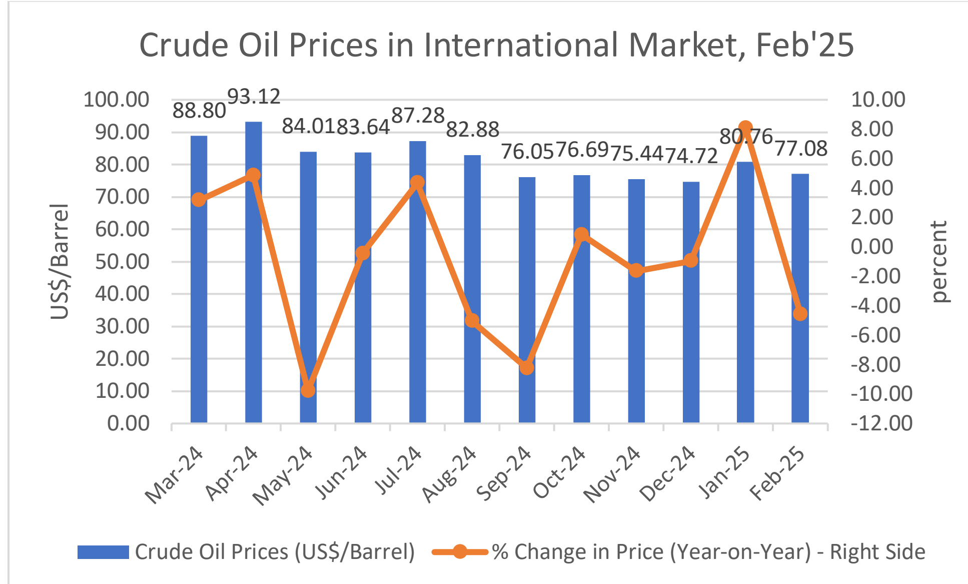
February 2025

February Economic Update: Nigeria's Inflation Fight Continues Amidst Mixed Global and Local Trends.

The February 2025 economic update reveals a complex global and domestic landscape. International crude oil prices experienced a year-on-year decline of 10.46% due to weak demand and economic slowdown, while U.S. inflation eased but faces risks from renewed trade tensions. In Nigeria, headline inflation saw a moderate decrease to 23.18% year-on-year, though month-on-month pressures persist, potentially reflecting recent economic measures amidst volatile food and energy prices. Encouragingly, Nigeria's oil and gas output recorded annual increases, alongside improved gas utilization, contrasting with an 83% surge in domestic petrol prices driven by subsidy removal and Naira depreciation. Monetary policy saw success as M3 growth sharply declined, although domestic credit growth remained tepid. Nigeria's financial markets showed resilience with Naira appreciation year-on-year, and foreign reserves increased annually despite a monthly dip. Fiscal reforms led to a significant rise in federally collected revenue year-on-year, boosting allocations across all government tiers, although some key revenue streams fell below budget expectations, highlighting the need for continued policy attention.

Global Crude Oil Prices Slide 10.46% Year-on-Year Amid Weak Demand and Economic Slowdown

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 10.46% from US$86.08 per barrel in February 2024 to US$77.08 per barrel in February 2025. On a month-on-month basis, price also contracted by 4.56% from US$80.76 per barrel in January 2025 to US$77.08 per barrel in February 2025, supported by temporary supply constraints and geopolitical tensions in key oil-producing regions.

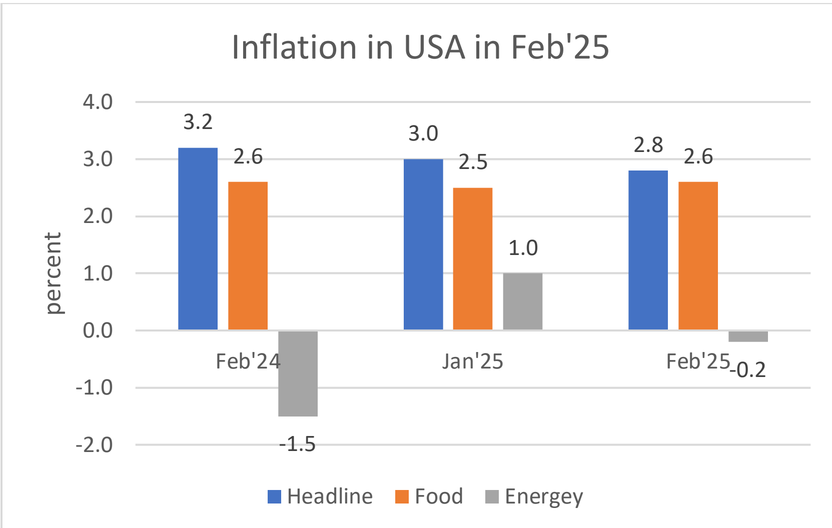


Source: CBN

U.S. Inflation Eases to 2.8% in February, but Trade Tensions Threaten Outlook

In February 2025, the U.S. Consumer Price Index (CPI) eased more than expected, slowing to 2.8% - its first decline in five months—down from 3.0% in January. This deceleration suggests some relief in inflationary pressure amid ongoing global economic shifts. A closer look at the data shows mixed trends. Food prices rose by 2.6%, continuing to strain household budgets, while energy prices saw a modest decline of 0.2%, offering slight relief. The core inflation rate, which excludes food and energy, increased by 3.1% over the past 12 months—marking the smallest year-over-year rise since April 2021, when it stood at 3.0%.

However, this progress may be short-lived, this is due to President Donald Trump’s renewed trade war stance, particularly the imposition of tariffs and escalating tensions with key trading partners, which threatens to reverse inflation gains. Such measures could raise import costs, disrupt supply chains, and ultimately increase prices for American consumers.



Source**:** BLS

Inflation Eases as Economic Measures Begin to Yield Results

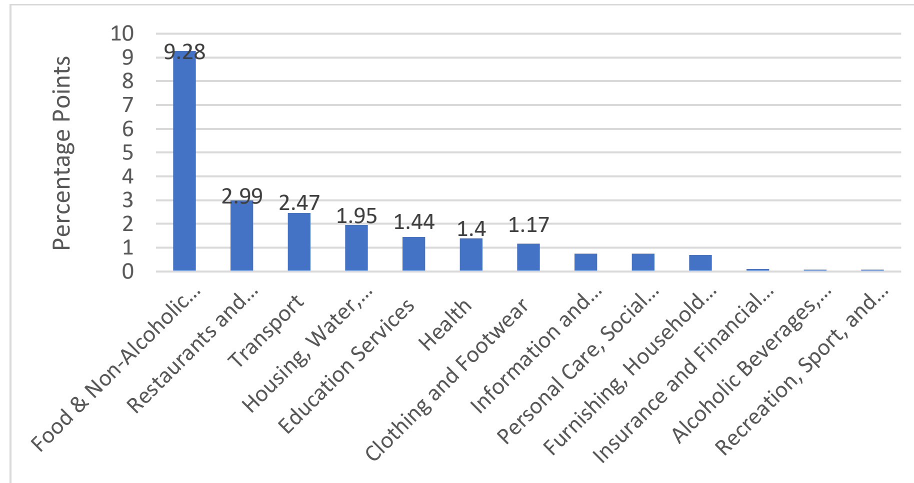
Nigeria's headline inflation rate eased to **23.18% in February 2025**, down from **24.48% recorded in January 2025**. This represents a **1.30 percentage point decrease**, signaling a moderate slowdown in inflationary pressures.

On a **year-on-year basis**, the February 2025 figure was **8.52 percentage points lower** than the **31.70% recorded in February 2024**, indicating a notable improvement compared to the same period last year, despite the use of a different base year (November 2009 = 100).

However, on a **month-on-month basis**, inflation rose by **2.04%**, highlighting continued upward pressure on prices at the consumer level.

This slight relief in headline inflation may reflect recent monetary and fiscal measures, but persistent food and energy price volatility remains a concern for households and businesses across the country.

Contribution to Inflation in February 2025



Source: NBS

Nigeria's Oil Output Rises 8.14% Year-on-Year, Signaling Renewed Hope Impact on Energy Sector

Nigeria's oil production continues on a positive trajectory under the Renewed Hope Administration, recording a notable year-on-year increase of 8.14%—from 1.55 million barrels per day (mbpd) in February 2024 to 1.67 mbpd in February 2025. This sustained growth underscores the administration's commitment to revitalizing the oil sector through strategic reforms, enhanced security in oil-producing regions, and improved regulatory oversight. While a temporary month-on-month dip of 3.77% was observed between January and February 2025, from 1.74 mbpd to 1.67 mbpd, it is viewed within the broader context of long-term recovery and resilience. The Renewed Hope agenda remains focused on consolidating these gains to ensure Nigeria's energy sector regains its central role in driving national development and economic stability.

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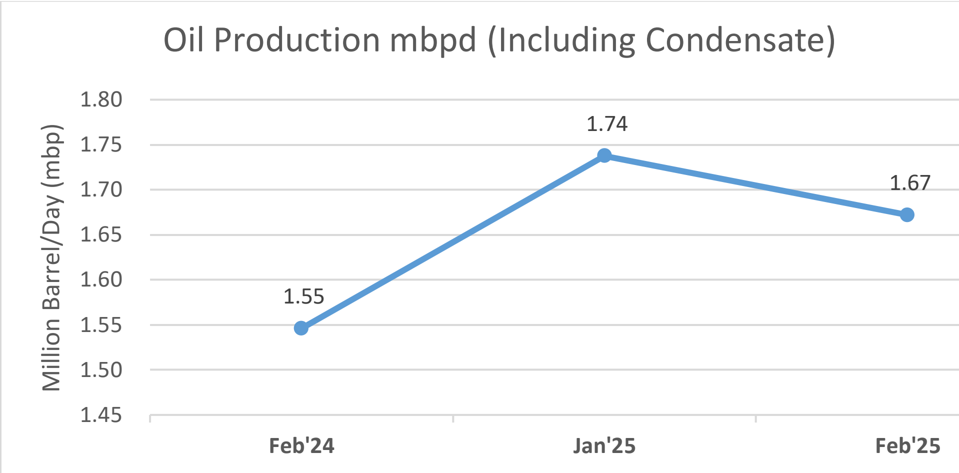
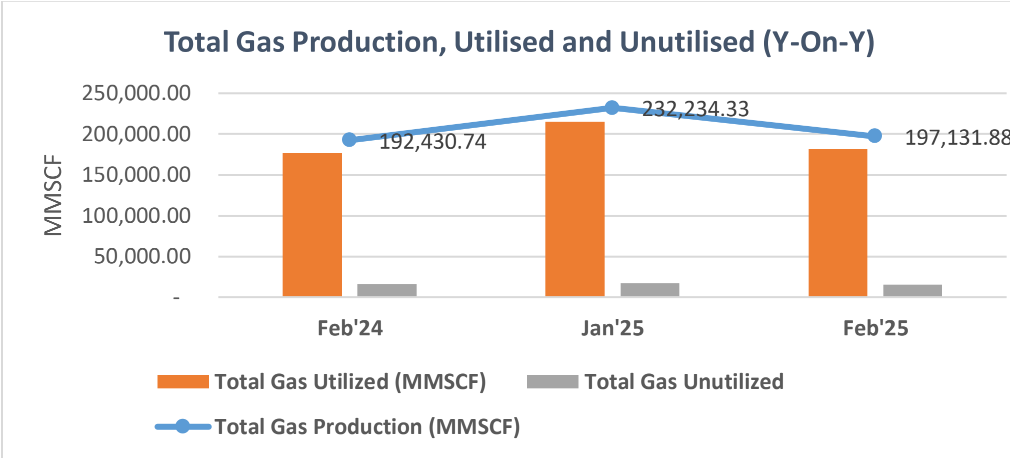


Source: NBS



Source: NBS

Nigeria's Gas Sector Powers Ahead: Yearly Output Rises 2.44% as Utilization Hits 92.2%

Nigeria's gas sector continues to show steady progress under the current administration, with production increasing by 2.44% year-on-year—from 192,430.74 million standard cubic feet (MMSCF) in February 2024 to 197,131.88 MMSCF in February 2025. However, on a month-on-month basis, production declined by 15.12%, down from 232,234.33 MMSCF in January 2025. Encouragingly, gas utilization improved, rising from 91.71% in January 2024 to 92.20% in February 2025. These developments underscore the impact of effective policies and a continued focus on harnessing Nigeria's gas potential.

Subsidy Removal, Weak Naira Trigger 83% Shock in Petrol Prices

In February 2025, average pump prices of Premium Motor Spirit (PMS), rose astronomically by 83.38% Year-on-Year from ₦679.36 per litre in February 2024 to ₦1,245.80 per litre in February 2025, reflecting the continued impact of fuel subsidy removal and exchange rate depreciation. However, the price reduced by 1% Month-on-Month from ₦1,245.80 in February 2024. Diesel prices also increased year-on-year, by 19.41% from ₦1,257.06 per litre in February 2024 to ₦1,501.05 per litre in February 2025. Compared month-on-month, the price reduced marginally by 0.04% from ₦1,501.58 per litre in January 2025 to ₦1,501.05 per litre in February 2025. Similarly, the average price of cooking gas per kg rose by 14.91% year-on-year from N1,230.90 in February 2024 to ₦1,414.42 in February 2025, and slightly above the January 2025 price of ₦1,408.19 by 0.44%, month-on-month. These significant price increases were driven by ongoing deregulation in the downstream petroleum sector and rising import costs.

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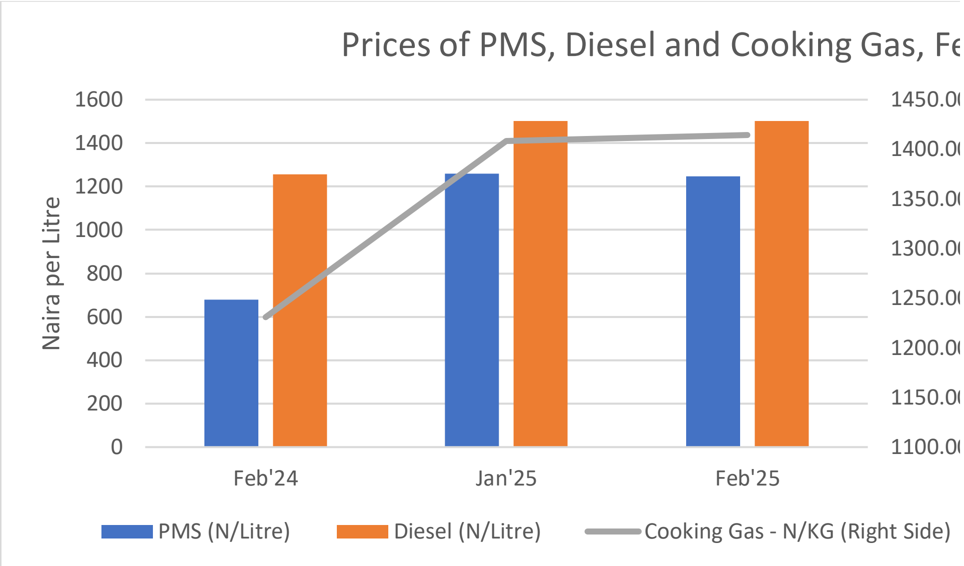


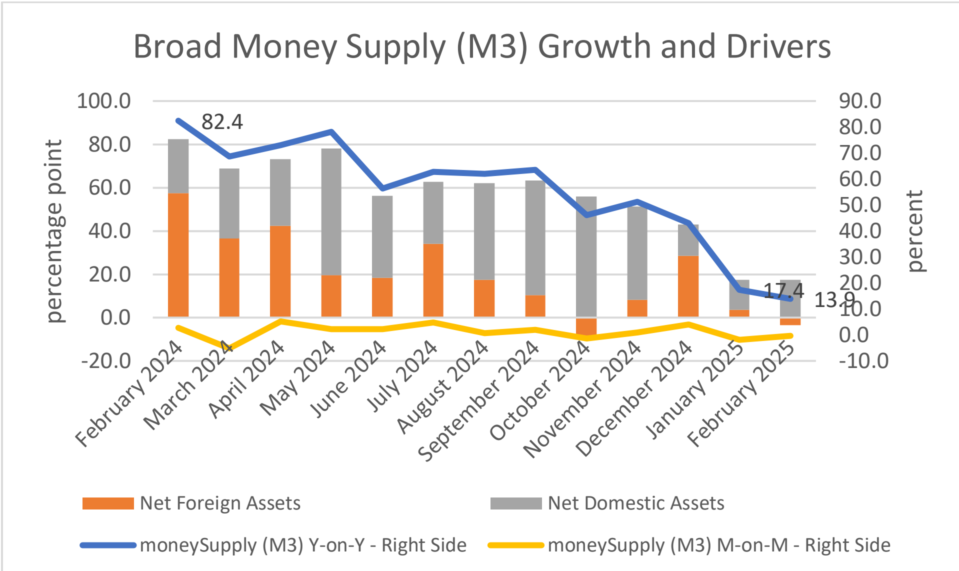
Source: NBS

Sharp Decline in M3 Growth to 13.87% in February Signals Major Policy Win and Path to Stability

In February 2025, Nigeria recorded a sharp slowdown in the year-on-year growth of Broad Money Supply (M3) to 13.9%, a remarkable improvement from the elevated 82.4% in January 2024 and 17.4% in January 2025. On a month-on-month basis, M3 contracted by 0.4%, following a 2.0% contraction in January—demonstrating sustained progress in taming excess liquidity.

This notable moderation reflects the growing success of Nigeria's tightened monetary policy stance and more effective coordination between fiscal and liquidity management efforts. It highlights the government's commitment to restoring macroeconomic stability and addressing inflationary pressures. The key driver in February was a recalibration in net domestic credit, contributing 17.5 percentage points—down from 25.1 points in the previous month—while net foreign assets, which had added 57.3 points in February 2024, exerted a dampening effect (-3.6 points) this year due to reduced foreign currency inflows.

The concurrent reductions in net domestic and foreign assets were instrumental in slowing M3 growth and indicate that recent policy reforms are beginning to deliver tangible outcomes. This success not only anchors inflation expectations but also lays a solid foundation for sustained monetary stability. Continued vigilance and reform momentum will be key to building on these gains and fostering long-term economic resilience.



Source: CBN

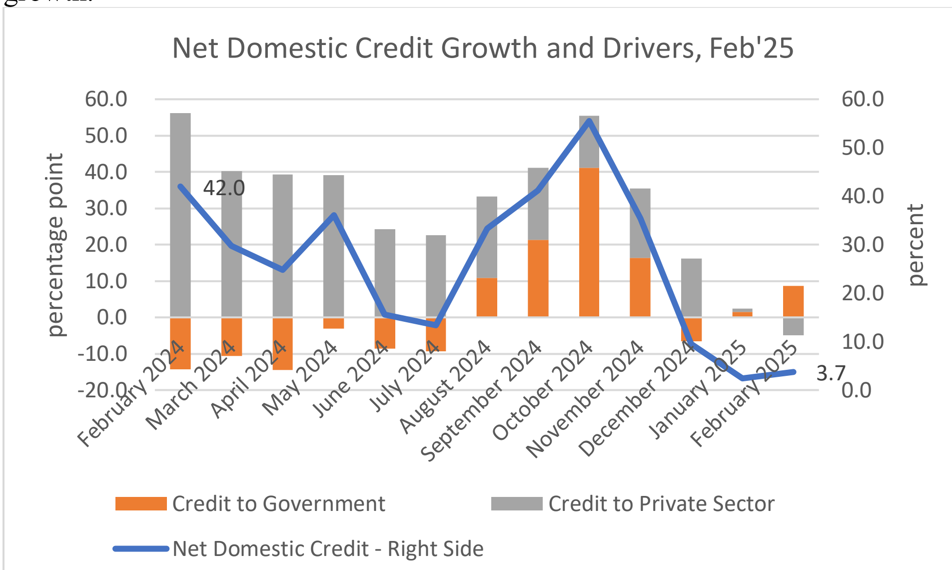
Tepid Domestic Credit Growth Signals Crowding-Out of Private Sector Amid Efforts to Curb Inflation

Domestic credit growth remained sluggish at 3.73% year-on-year in February 2025, a steep decline from 42.0% in February 2024. Although this marks a slight rebound from the 2.4% recorded in January 2025, the underlying trend reflects a tightening credit environment and constrained lending to the private sector.

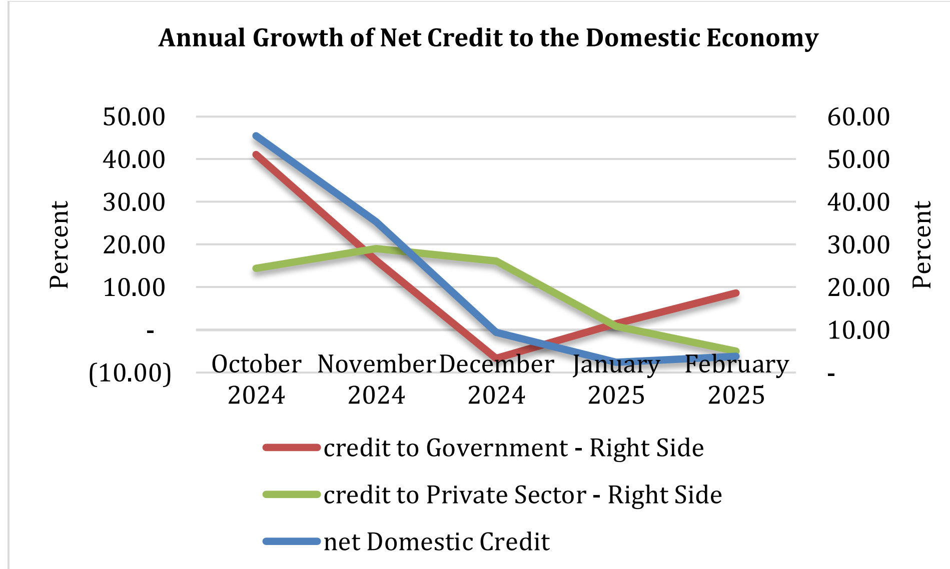
Notably, credit to the private sector contracted by 6.1% in both January and February 2025, contributing -5.0 percentage points to the overall decline in net domestic credit. This suggests that high borrowing costs and restrictive monetary policy are significantly dampening credit uptake by businesses and households—potentially slowing investment and economic expansion.

In contrast, government borrowing surged by 47.13% during the same period, absorbing a growing share of available domestic credit. This dynamic reveals a clear crowding-out effect, where public sector demand for credit is limiting access to finance for the productive private sector.

While the effort to rein in money supply and inflation through tight monetary policy is yielding results, sustaining macroeconomic stability will require complementary fiscal discipline. Reducing the fiscal deficit and limiting reliance on domestic borrowing are essential to ease pressure on interest rates, restore credit flow to the private sector, and support inclusive economic growth.



Source: CBN



Source: CBN

Nigeria's Strengthening Financial Markets Reflect Government's Resolve for Long-Term Economic Stability and Growth

Nigeria's financial market performance in February 2025 reflected a growing resilience, underpinned by the Federal Government's strong commitment to sound macroeconomic management, coordinated policy reforms, and tighter monetary conditions.

The Naira appreciated annually by 3.4% against the US Dollar in February 2025—an encouraging turnaround from the sharp 256.3% depreciation recorded in February 2024. Month-on-month, the Naira experienced only a modest depreciation of 1.0%, compared to a steep 13.8% in the same period last year. This relative exchange rate stability was achieved despite global oil price declines and pressure on external reserves, reinforcing the effectiveness of ongoing efforts to strengthen foreign exchange management and rebuild investor confidence.

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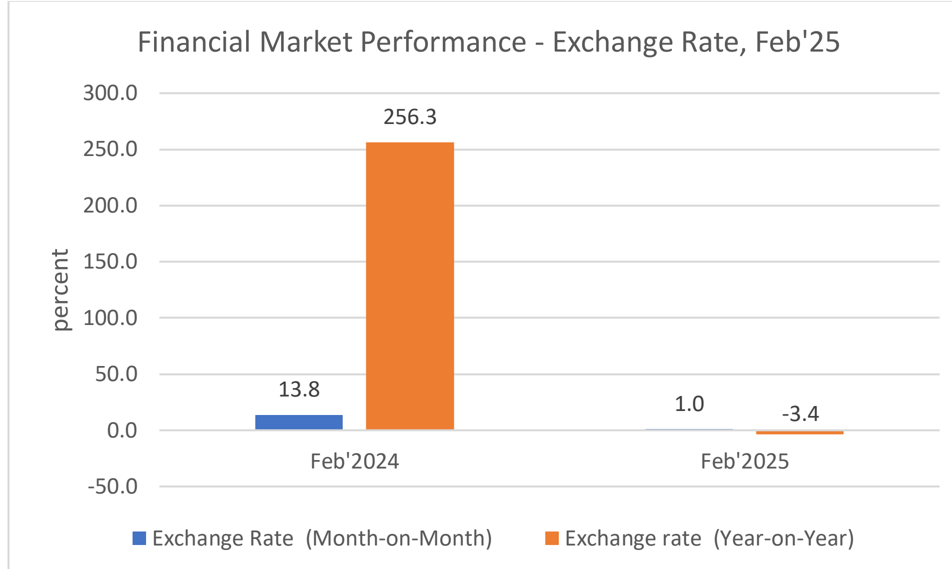
The Central Bank’s aggressive monetary tightening also contributed significantly to improved market conditions. The Monetary Policy Rate (MPR) rose by 4.8 percentage points year-on-year to 27.5% in February 2025, building on previous rate hikes. Although the MPR remained unchanged month-on-month—reflecting moderation in headline inflation following the rebasing of the Consumer Price Index—the sustained high policy rate continues to anchor inflation expectations and support macroeconomic stability.

Other key interest rates demonstrated mixed but generally positive signals. The Treasury Bill rate rose slightly by 0.4 percentage points to 17.5% year-on-year, while the Interbank Call Rate surged by 11.8 points to 31.0%, prime lending rate by 3.3 points to 18.4%, and maximum lending rate by 4.0 points to 30.5%. Though the 12-month deposit rate declined by 1.0 point to 9.7%, real interest rates show some positive signals due to easing inflation, reinforcing the attractiveness of domestic financial assets.

Month-on-month movements show greater price stability across most financial instruments, with only marginal changes. These developments, combined with improved real yields and the rebased inflation estimates, signal growing investor confidence in Nigeria’s financial markets and a more reliable foundation for long-term planning and investment.

The Federal Government is encouraged to maintain this reform momentum, enhance policy coordination, and sustain fiscal and monetary discipline. Doing so will further entrench macroeconomic stability, deepen capital markets, and foster the enabling environment needed to support inclusive economic growth and long-term development.



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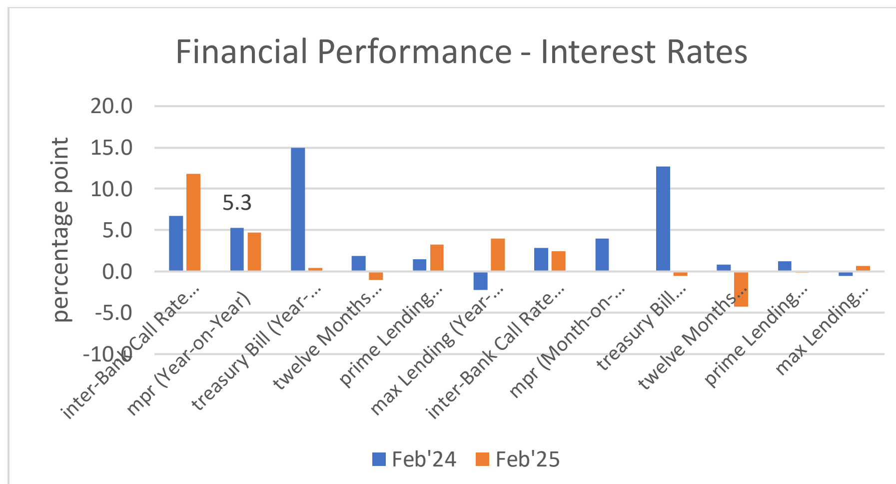

Source: CBN

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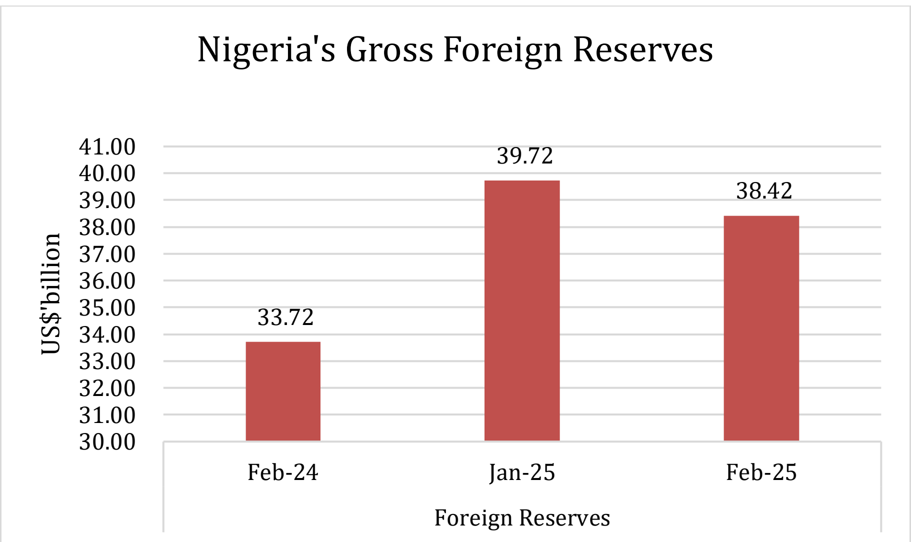
Nigeria's Reserves Rise Annually to $38.42bn, But Monthly Dip Signals of FX Pressure.

As of End-February 2025, Nigeria's external reserves stood at $38.42 billion, reflecting a year-on-year increase of $4.70 billion. However, on a month-on-month basis, reserves declined by $1.31 billion, highlighting emerging short-term pressures. This decline was driven primarily by weaker oil earnings, resulting from both a fall in Nigeria's crude oil production and a downturn in global oil prices. The recent escalation in global trade tensions—triggered by the renewed U.S.-China trade war following President Donald Trump's return to office—has further dampened global demand and oil market stability. On February 1, 2025, the United States imposed a 10% tariff hike on Chinese imports, prompting immediate retaliatory measures from China. These developments have added uncertainty to international markets, compounding Nigeria's external sector challenges.



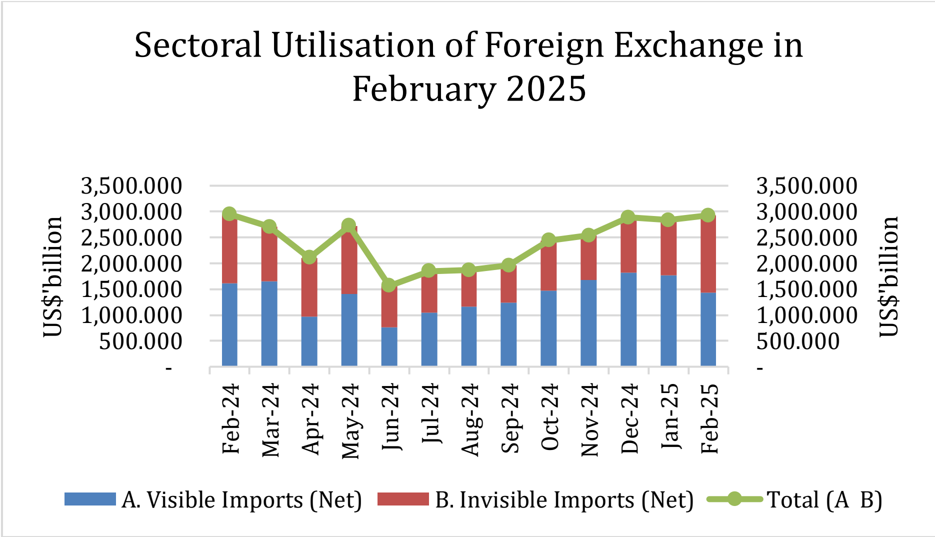
Source: CBN

Current Administration's Policies Yielding Positive Trends in FX Management and Trade Adjustment

The Foreign exchange utilization decreased slightly Year-on-Year from $2.95 billion in February 2024 to $2.93 billion in February 2025, showing a marginal decline of $0.02 billion. Visible Imports (Net) declined significantly by $0.19 billion (from $1.61 billion to $1.43 billion), indicating a drop in the net importation of tangible goods, which reflect import substitution, reduced demand and currency-related constraints.

While, Invisible Imports (Net) (such as services, royalties, and income payments) increased by $0.16 billion (from $1.33 billion to $1.50 billion), suggesting higher spending on services abroad, (e.g. foreign consultancy, education, or digital services).

The overall decline in net imports were driven by falling visible imports, which reflect a combination of policy shifts, economic pressures, and structural adjustments in trade behavior.



Source: CBN

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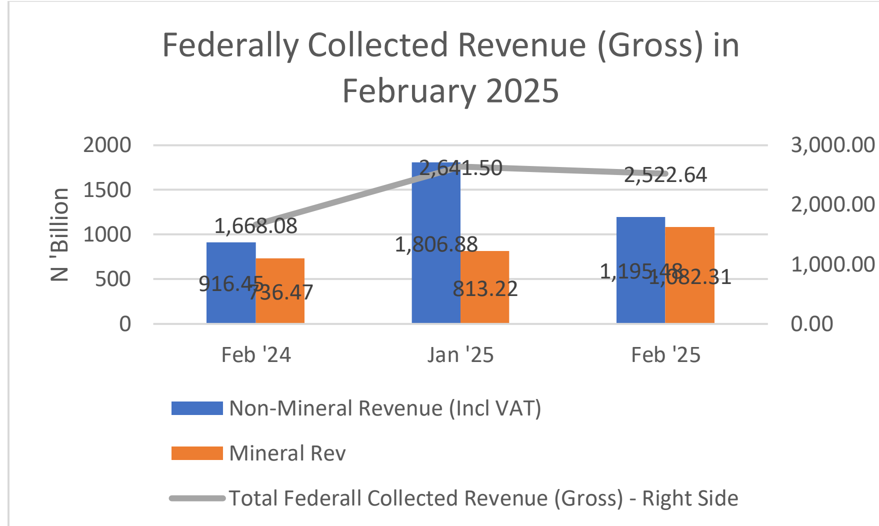
Government Vision Gaining Ground: Revenue Growth Confirms Reform Impact

Nigeria's fiscal reform agenda continues to deliver strong results, as Gross Federally Collected Revenue surged by N854.56 billion (51.23%) year-on-year to N2,522.64 billion in February 2025, up from N1,668.08 billion in February 2024. This impressive growth was driven by substantial year-on-year increases in mineral revenue (N347.84 billion), Value Added Tax – VAT (N193.97 billion), revenue augmentation (N178 billion), non-mineral revenue (N85.06 billion), solid minerals (N28.22 billion), and the Electronic Money Transfer Levy – EMTL (N21.48 billion). These figures clearly demonstrate the impact of government-led reforms in revenue administration, policy efficiency, and broadening the fiscal base.

On a month-on-month basis, however, Gross Federally Collected Revenue declined by N118.86 billion (-4.5%) from N2,641.50 billion in January 2025. This shortfall was primarily due to notable drops in non-mineral revenue (down by N493.97 billion) and VAT (down by N117.43 billion). While increases in mineral revenue, solid minerals, EMTL, and augmentation helped cushion the decline, they were insufficient to fully offset the losses in February.

This performance underscores two critical takeaways: First, the government's reform vision is producing measurable and sustainable gains in revenue mobilization. Second, continued efforts are needed to strengthen the consistency of non-oil revenue streams, enhance tax efficiency, and maintain fiscal resilience in the face of monthly fluctuations.



Source: OAGF

Stronger Federation: Revenue Allocations Surged Across All Tiers of Government in February 2025

In a major boost to fiscal federalism and national development, total revenue allocation to the Federating Units surged to ₦1,678.45 Billion in February 2025, reflecting the impact of ongoing reforms and improved revenue mobilization efforts under the current administration. This represents a substantial increase of ₦867.56 billion (106.99%) year-on-year and ₦189.39 Billion (12.72%) month-on-month, compared to February 2024 and January 2025, respectively.

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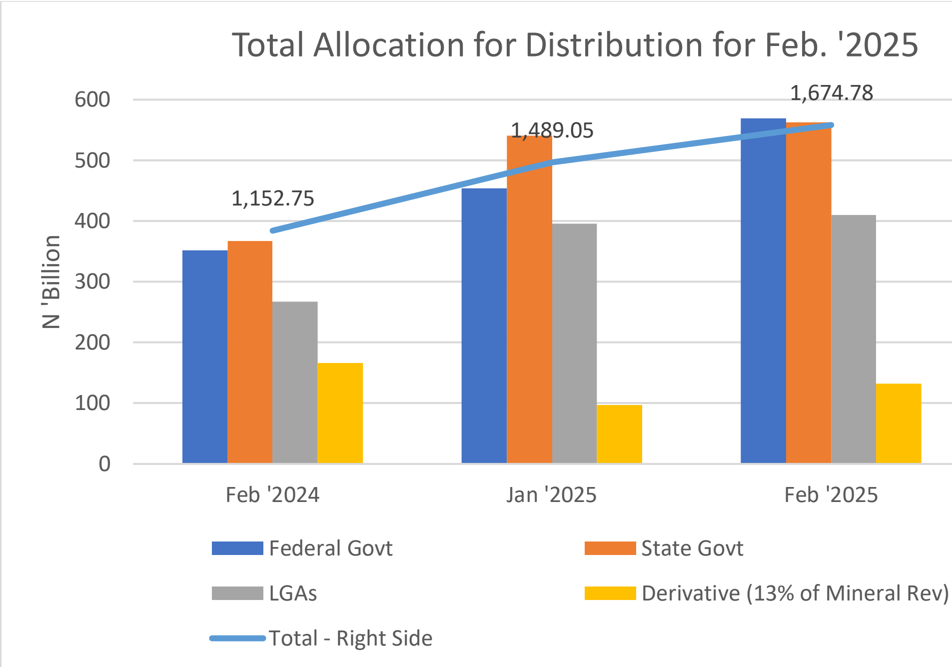

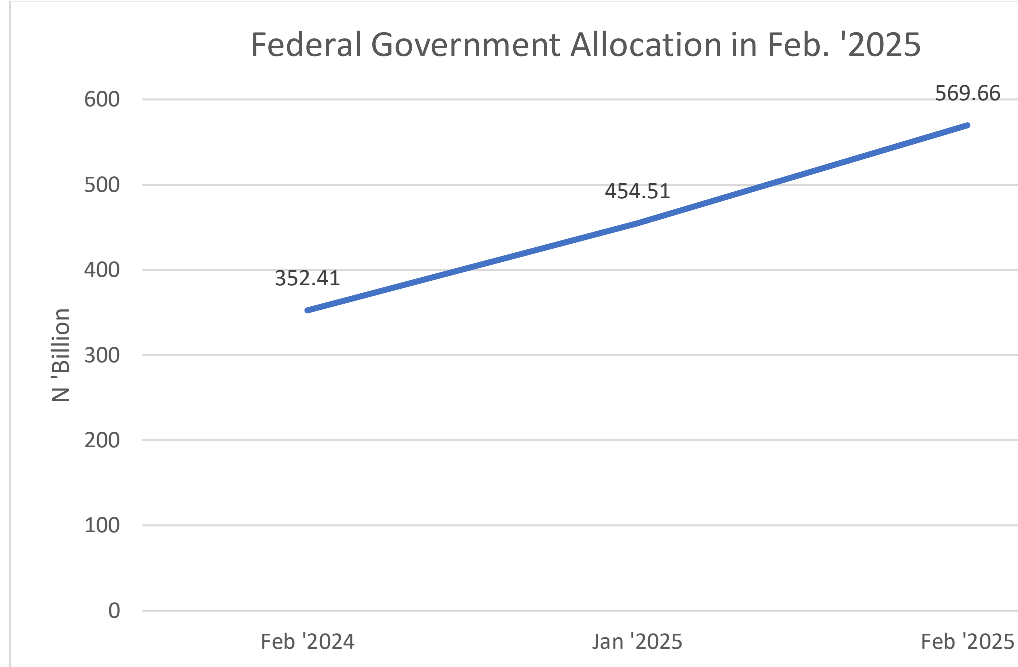

Source: OAGF

Federal Government Continues to strengthen its Fiscal Capacity

The Federal Government's allocation rose to ₦569.66 Billion, marking an impressive increase of ₦115.15 Billion (25.33%) month-on-month and ₦217.25 Billion (61.65%) year-on-year. This expanded fiscal space provides greater capacity to sustain key national programs, infrastructure investment, and economic stabilization efforts.

States Allocations Continue to rise.

State Governments received ₦562.20 Billion, a significant rise of ₦195.25 billion (53.21%) year-on-year and ₦21.33 billion (3.94%) 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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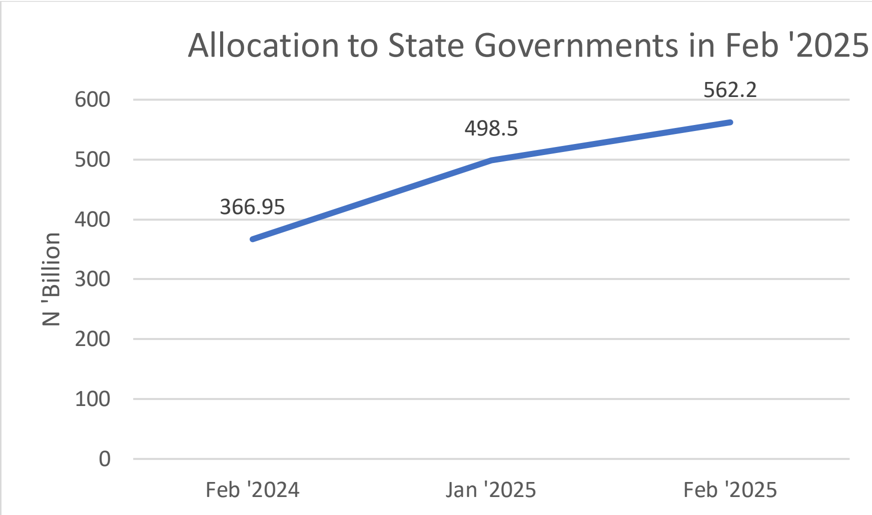
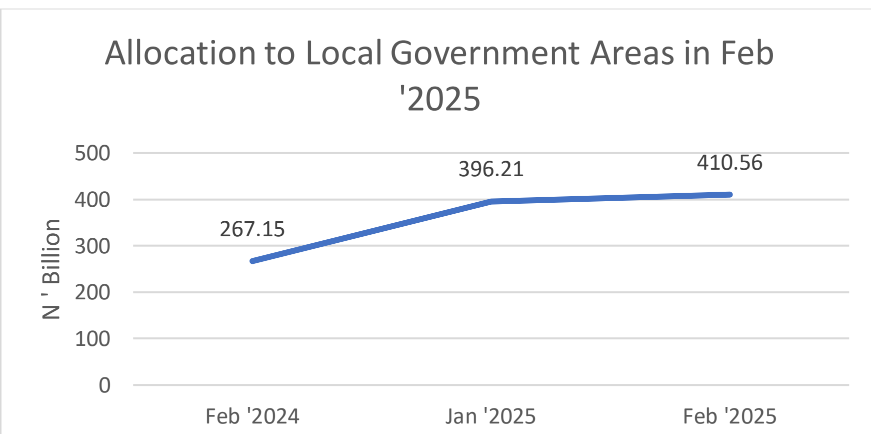


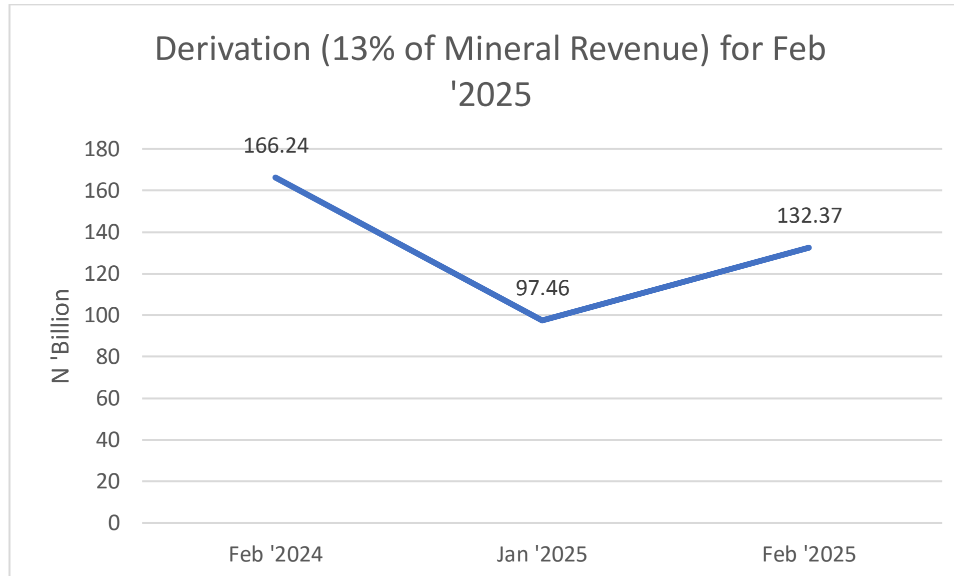
Local Governments Benefit from Improved Resources

The 744 Local Government Councils were allocated N410.56 Billion, increasing by N143.41 billion (53.68%) year-on-year and N14.35 Billion (3.62%) month-on-month. This uplift supports grassroots development and strengthens the delivery of basic social infrastructure at the community level.



Additional Revenue goes to Oil-Producing States

The nine crude oil-producing States received N132.37 billion in February 2025 under the 13% derivation principle— this showed a decrease of N33.87 billion (20.37%) year-on-year, but increased month-on-month by N34.91 billion (35.82%). This underscores the administration's commitment to equity and the sustainable development of the Niger Delta region.



Fair and Balanced Distribution

The distribution of allocations in February 2025 shows a balanced approach to national development. The breakdown of the distribution of total allocation is presented below;

- Federal Government received the largest share: 34.02%
- States received: 33.57%
- Local Government Councils: 24.51%
- 13% Derivation for Oil-Producing States: 7.90%

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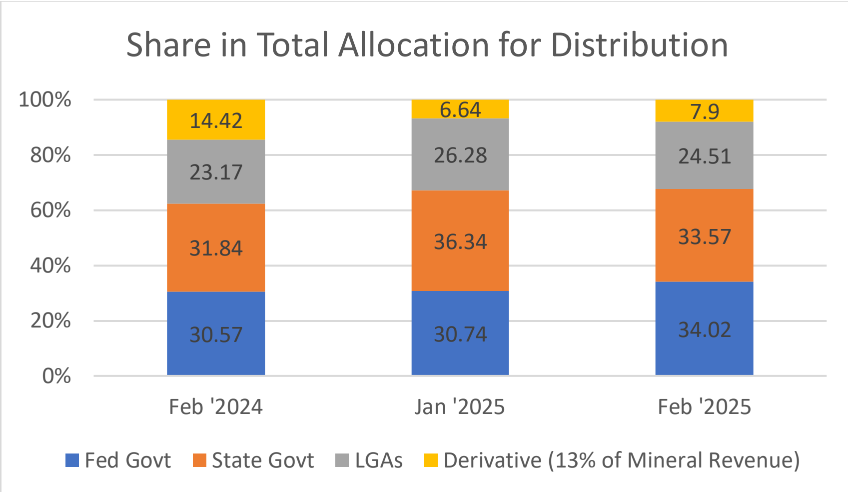


The continued increase in revenue allocations across all tiers of government is a strong testament to the current administration's success in fiscal consolidation, economic reform, and equitable resource distribution. It reinforces the capacity of each tier of government to fund budgets, drive development,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

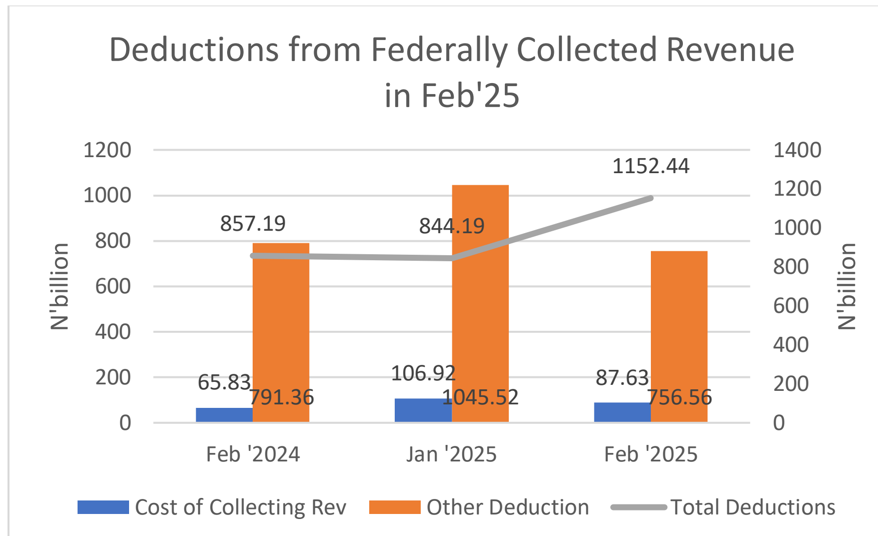
Reduced Deductions Signal Strategic Shift Toward Greater Revenue Distribution

In February 2025, total deductions from Gross Federally Collected Revenue declined to N844.19 billion, reflecting a N13.0 billion (1.5%) year-on-year decrease from N857.19 billion in February 2024, and a more significant N115.15 billion (26.75%) month-on-month drop from N1,152.44 billion in January 2025. This marked contraction aligns with the government's broader fiscal direction aimed at increasing net distributable revenue to all tiers of government.

The reduction was primarily driven by a notable decline in strategic deductions, which fell by N34.8 billion (-4.4%) year-on-year and N288.96 billion (-27.64%) month-on-month, indicating improved debt management, tighter fiscal controls, and reprioritization of deductions.

Conversely, deductions related to the cost of revenue collection rose by N21.8 billion (33.11%) year-on-year, reflecting enhanced revenue mobilization efforts. However, this category still declined month-on-month by N19.29 billion (-18.04%), suggesting improved efficiency and cost control measures within revenue-generating agencies.

Overall, the reduction in total deductions demonstrates the Federal Government's commitment to optimizing fiscal operations and ensuring a higher share of gross revenue flows directly into the Federation Account, thereby strengthening the fiscal capacity of federal, state, and local governments to drive inclusive development and economic transformation.



February 2025 Budget Performance Review Reveals Overestimated Oil Output but Conservative Revenue Assumptions

The evaluation of actual performance in February 2025 reveals important lessons from the Federal Government's budget assumptions. While the crude oil production target proved overly optimistic, actual output fell short of the projection by 0.39 million barrels per day (mbpd), highlighting persistent structural and operational constraints in the upstream oil sector.

In contrast, the budget assumptions for crude oil price and exchange rate were notably conservative. The actual average crude oil price exceeded the budget benchmark by US$2.08 per barrel, providing a marginal revenue buffer amid lower production. Similarly, the actual exchange rate was ₦8.51 stronger than projected, reflecting improved monetary policy credibility and relative stability in the foreign exchange market.

These outcomes underscore the need for more realistic oil production forecasts and reaffirm the importance of maintaining prudent, conservative assumptions in other key parameters to safeguard fiscal stability. The results also present an opportunity to strengthen non-oil revenue mobilization and structural reforms to reduce reliance on uncertain oil sector performance.

Table 1: Performance Comparison of 2025 Budgeted Assumptions, and Actual Performance in February 2025

Indicator	2025 Budget Assumption	Actual (Feb. 2025)	Difference
Crude Oil Production (mbpd	2.06	1.67	-0.39 mbpd (shortfall)
Crude Oil Price (US$/barrel)	75	77.08	+US$2.08 per barrel (gain)
Exchange Rate (₦/US$)	1,500.00	1,491.49	-₦8.51/dollar (stronger ₦)

Source: PRMRC

February 2025 Budget Performance: Strong VAT Performance Offsets Weaknesses in Core Revenue Streams

The performance evaluation of Nigeria's 2025 Budget in February reveals a mixed fiscal outcome, highlighting the successes of domestic revenue reforms while exposing persistent structural weaknesses in core revenue mobilization.

Value Added Tax (VAT) stood out as a key bright spot, with gross collections reaching ₦654.46 billion, exceeding the monthly budget estimate of ₦625.13 billion by ₦29.33 billion. This over-performance reflects sustained domestic consumption and notable improvements in VAT administration and compliance, underscoring the importance of indirect taxes as a stable and growing revenue source.

However, the performance of other major revenue categories fell significantly short of expectations, revealing a critical vulnerability in Nigeria's fiscal framework:

Revenue Indicator	2025 Budget (₦'Billion)	February 2025 Actual (₦'Billion)
Mineral Rev.	4,256.68	1,084.31
Non-Mineral Rev.	2,018.51	541.02
Total FAAC revenue	6,275.19	1,653.55
VAT (Gross)	625.13	654.46
Derivation (13% of Mineral)	552.97	132.37

Source: OAGF

The large underperformance in mineral and non-mineral revenues, totalling a combined shortfall of over ₦4.6 trillion, calls for urgent policy attention. This includes addressing oil production challenges, strengthening non-oil tax collection, and improving remittance efficiency across revenue-generating agencies.

In addition, the sharp decline in derivation revenue (₦132.37 billion actual vs. ₦552.97 billion projected) poses fiscal risks for oil-producing states, potentially affecting regional development and stability.

These findings reinforce the need to accelerate reforms in public financial management, revenue diversification, and expenditure efficiency to ensure the government remains on track to meet its fiscal sustainability and development goals in 2025 and beyond.

February 2025 Risk Alert: Oil Price Shock, Naira Pressure, and Revenue Setbacks Underscore Urgent Need for Diversification and Stabilization Measures

In February 2025, Nigeria's economy faces several critical risks that require urgent government attention. The 10.46% year-on-year decline in global oil prices poses a significant threat to export earnings, fiscal revenue, and external reserves, highlighting the economy's continued vulnerability to oil market fluctuations. While this presents a challenge, it also offers a strategic opportunity to accelerate efforts toward economic diversification and sustainability.

Foreign exchange pressures have intensified, despite an annual increase in reserves, with a sharp $1.31 billion decline recorded in one month. Coupled with a 0.97% month-on-month depreciation of the Naira and rising invisible imports, these trends signal growing demand-side pressures in the FX market that must be addressed.

Although headline inflation slightly eased to 23.18%, a sharp 2.04% monthly rise—driven by unstable food and energy prices and an 83% surge in petrol prices—continues to strain household finances, calling for immediate intervention to prevent deeper hardship.

Credit to the private sector contracted by 4.98%, reflecting tight financial conditions and dampened investment appetite, raising concerns over future economic expansion. Furthermore, non-oil revenue fell by 47.73% month-on-month, exposing the fragility of fiscal diversification efforts and risking a return to oil dependency. These developments underscore the need for sustained policy action to reinforce macroeconomic stability and build resilience.

February 2025 Economic Update: Reform Gains Unlock Fiscal Space, Stabilize Markets, and Spur Revenue Growth

Nigeria's economy has shown signs of improvement through key reforms and policy measures. Headline inflation dropped significantly, indicating early gains from tighter monetary and fiscal policies. Oil production and gas utilization have both increased, contributing to energy sector stability and boosting government revenue through exports. Revenue mobilization has strengthened, with federally collected revenue rising sharply, especially from mineral sources—highlighting progress in fiscal and tax reforms. The Naira appreciated over the year, supported by improved real interest rates, signalling increased investor confidence and financial market stability. Federation revenue allocations more than doubled, expanding the fiscal capacity of all tiers of government to invest in development. Additionally, money supply growth slowed, reflecting tighter monetary control and contributing to lower inflation expectations.

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