

APOLLO GLOBAL MANAGEMENT

Supply chain problems starting to ease

Torsten Slok, Chief Economist

Jyoti Agarwal, Senior Economist

Rajvi Shah, Economist

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Unless otherwise noted, information as of June 2022

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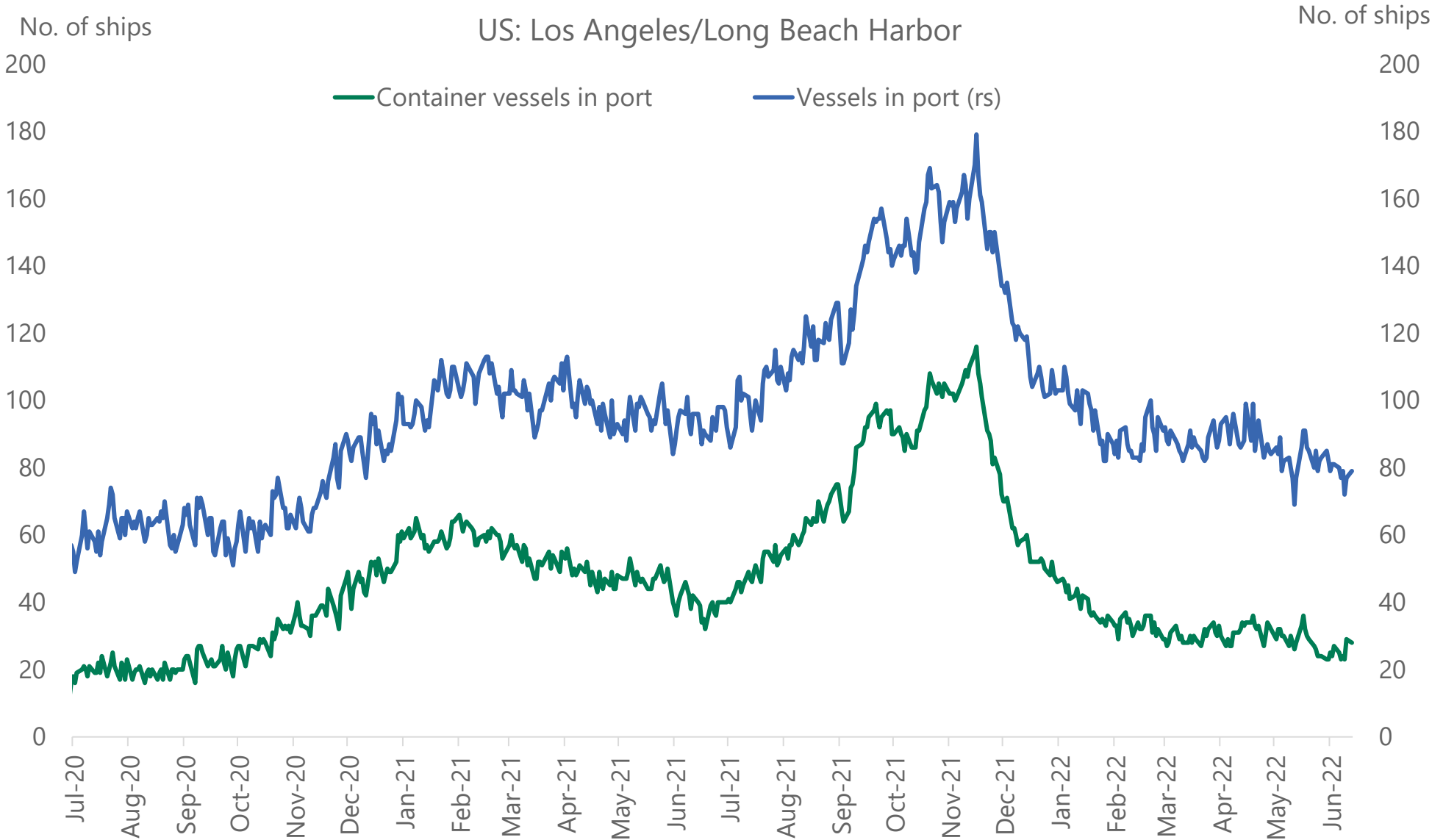
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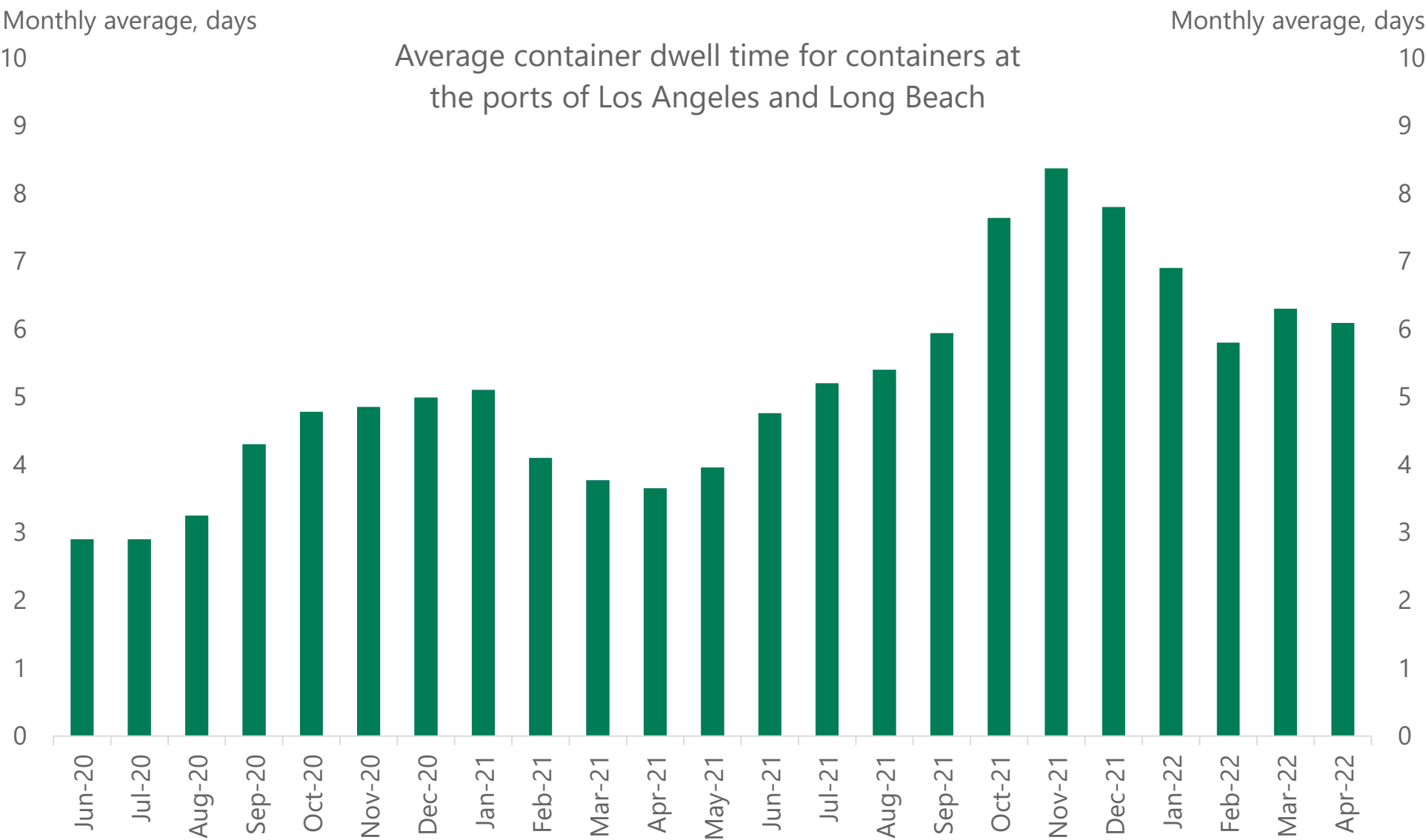
Delivery times for goods

Vessels at LA/Long Beach Harbor



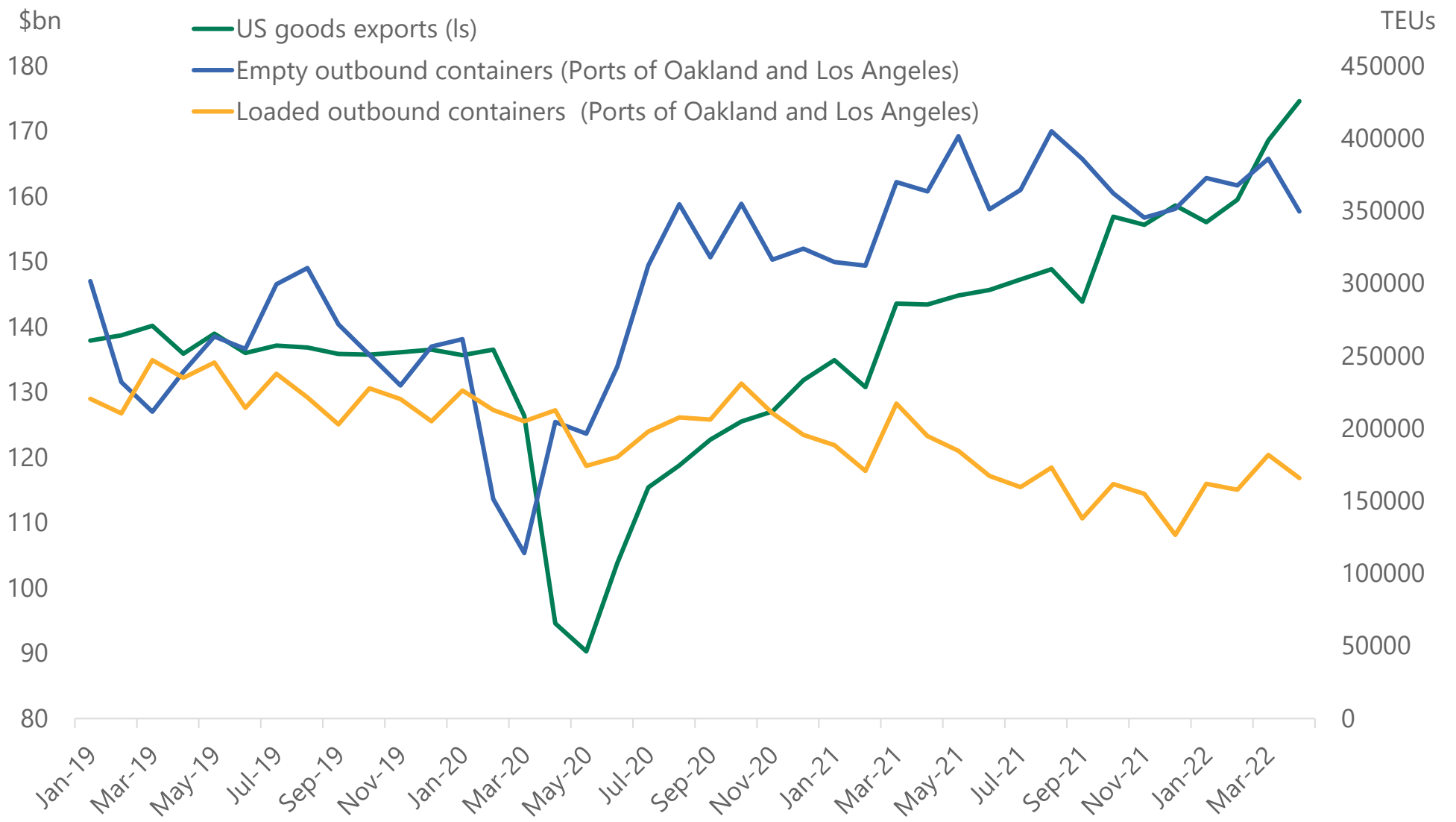
Source: The Marine Exchange of Los Angeles and Long Beach Harbors, Haver, Apollo Chief Economist

Amount of time a container waits to get picked up at a marine terminal after being unloaded from a vessel



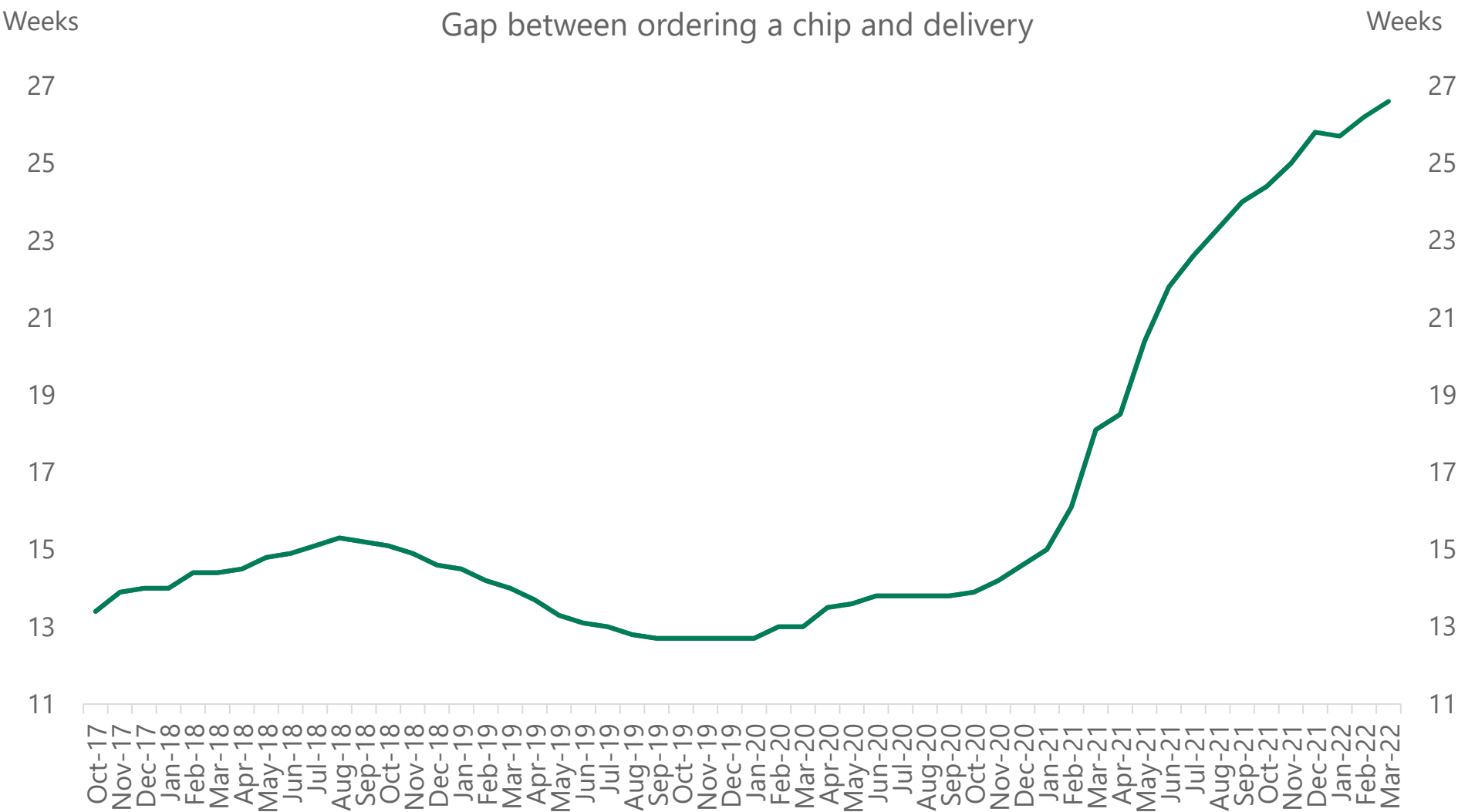
Source: Pacific Merchant Shipping Association, Apollo Chief Economist

Still many empty containers leaving Port of Oakland and Los Angeles



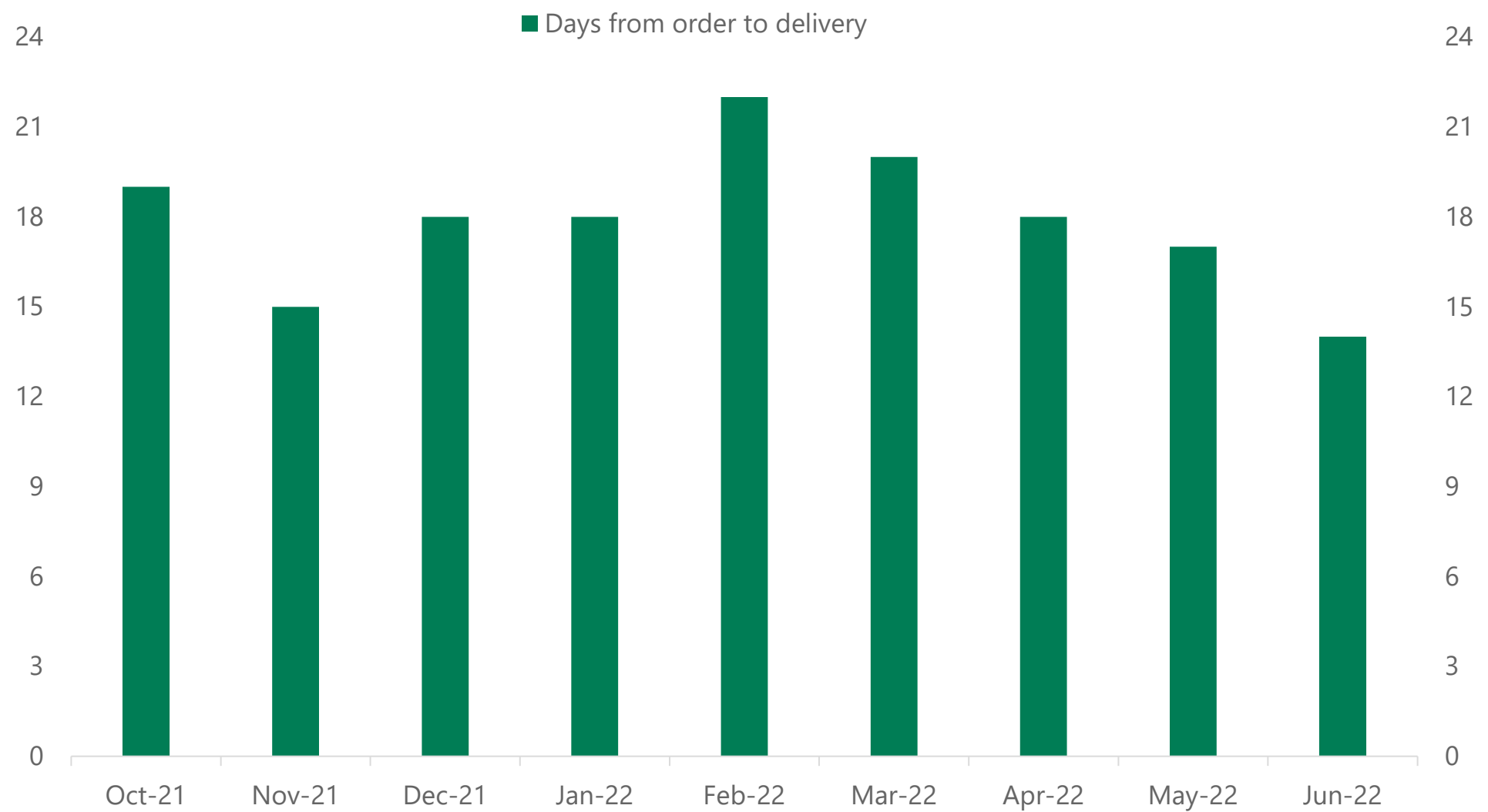
Source: Haver Analytics, Census, Ports of Oakland and Los Angeles, Apollo Chief Economist

Gap between ordering a chip and delivery is now at 27 weeks



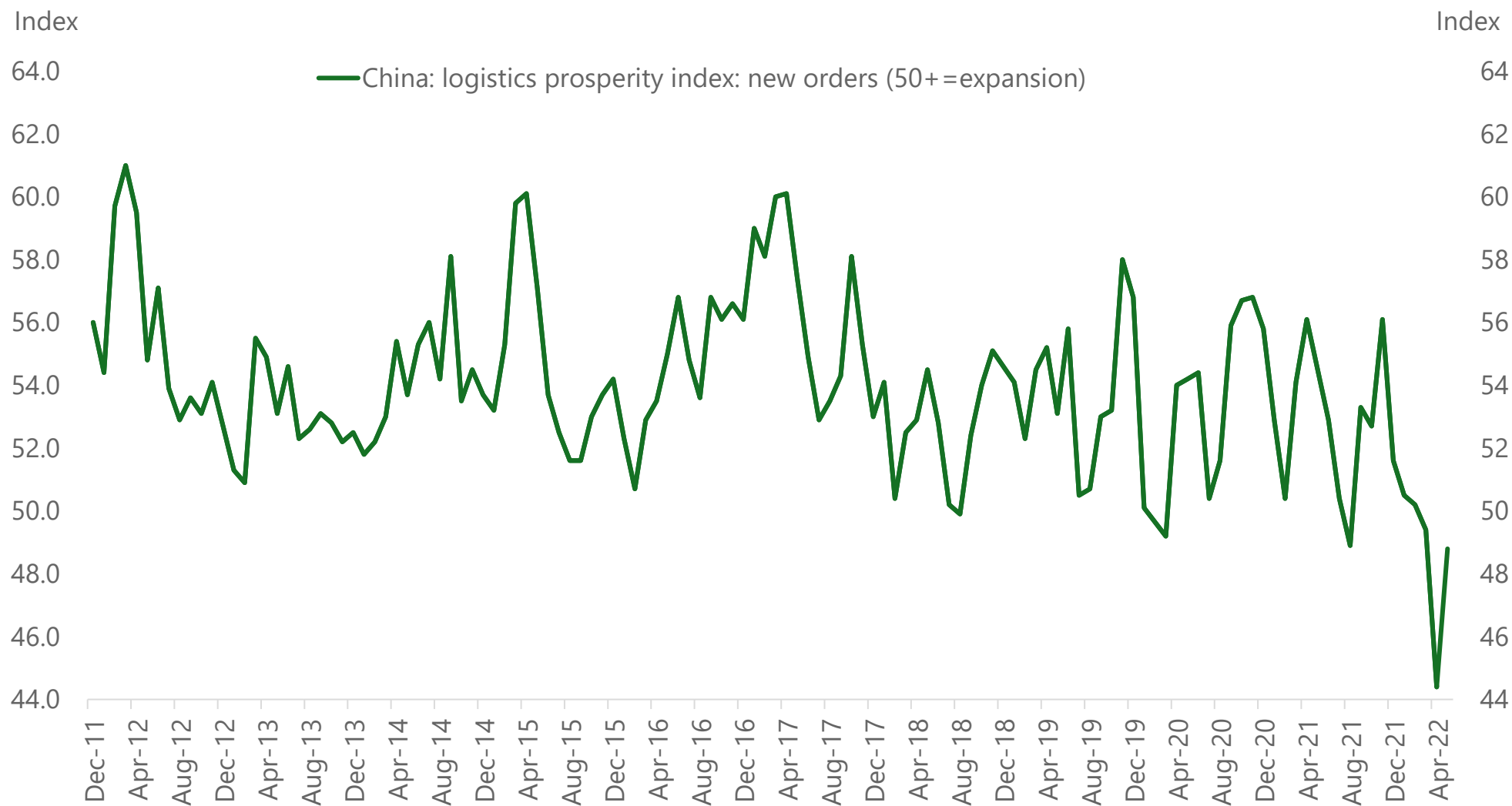
Source: Susquehanna Financial Group, Bloomberg, Apollo Chief Economist

Lead times for corrugated boxes



Source: Bloomberg, Apollo Chief Economist

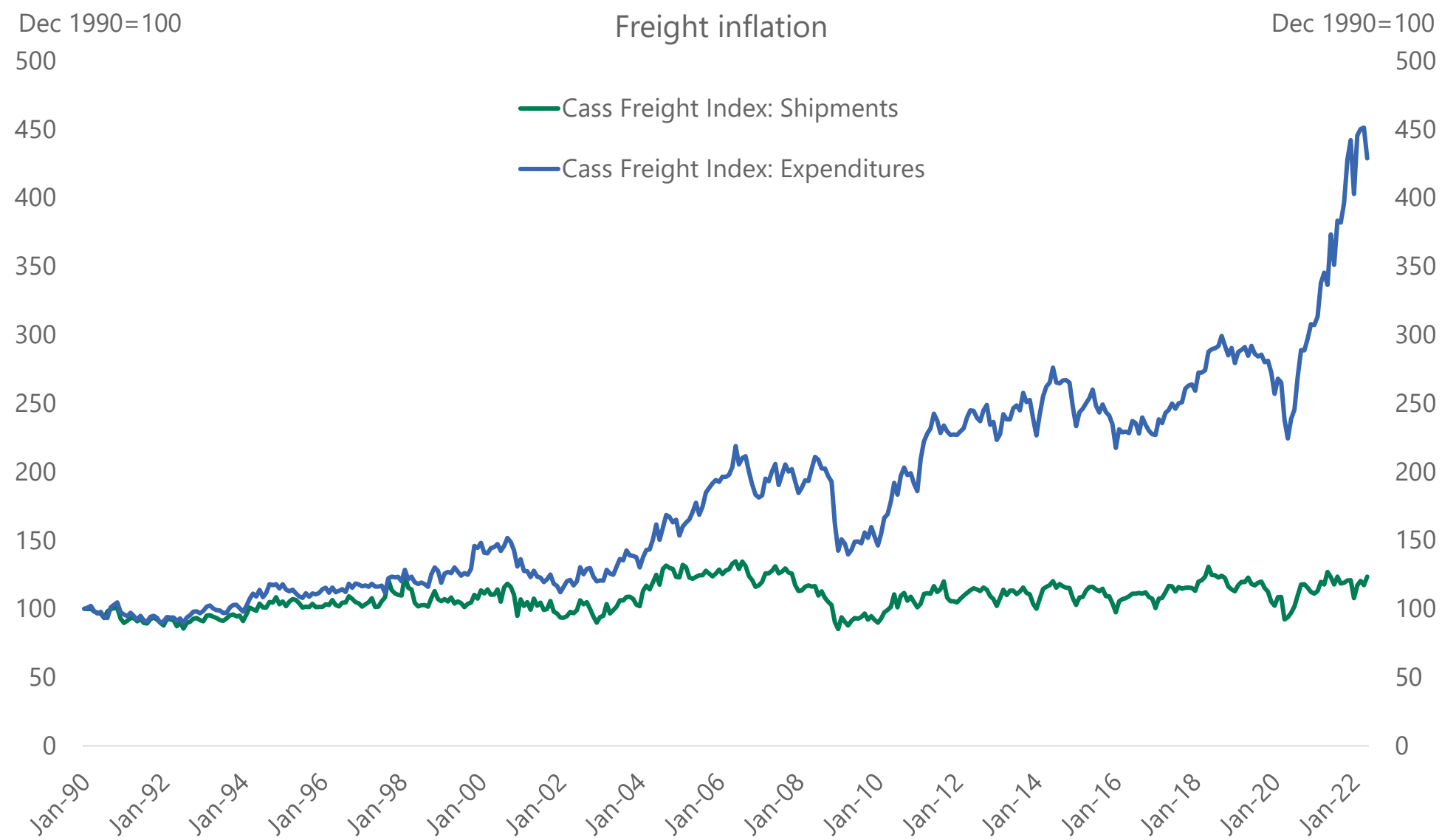
The new orders index picked up in May, indicating that the market demand for logistics services has moved up.



Source: CFLP, Haver, Apollo Chief Economist (Note: The China Logistics Prosperity Index (LPI), first launched in March 2013, provides an early indication each month of logistics activities in the Chinese logistics sector. The LPI is useful as a fore-indicator of economic and business conditions in China. It is published by China Federation of Logistics & Purchasing (CFLP). The Fung Business Intelligence Centre is responsible for drafting and disseminating the English LPI report. Every month questionnaires are sent to logistics enterprises all over China. There are 12 sub-indicators in the survey: Business Volume, New Orders, Average Inventory, Inventory Turnover, Cash Flow, Capacity Utilization, Logistics Service Charges, Operating Profit, Operating Cost, Investment in Fixed Asset, Employment and Business Expectations. An index reading above 50 indicates an overall positive change in a sub-indicator; below 50, an overall negative change.

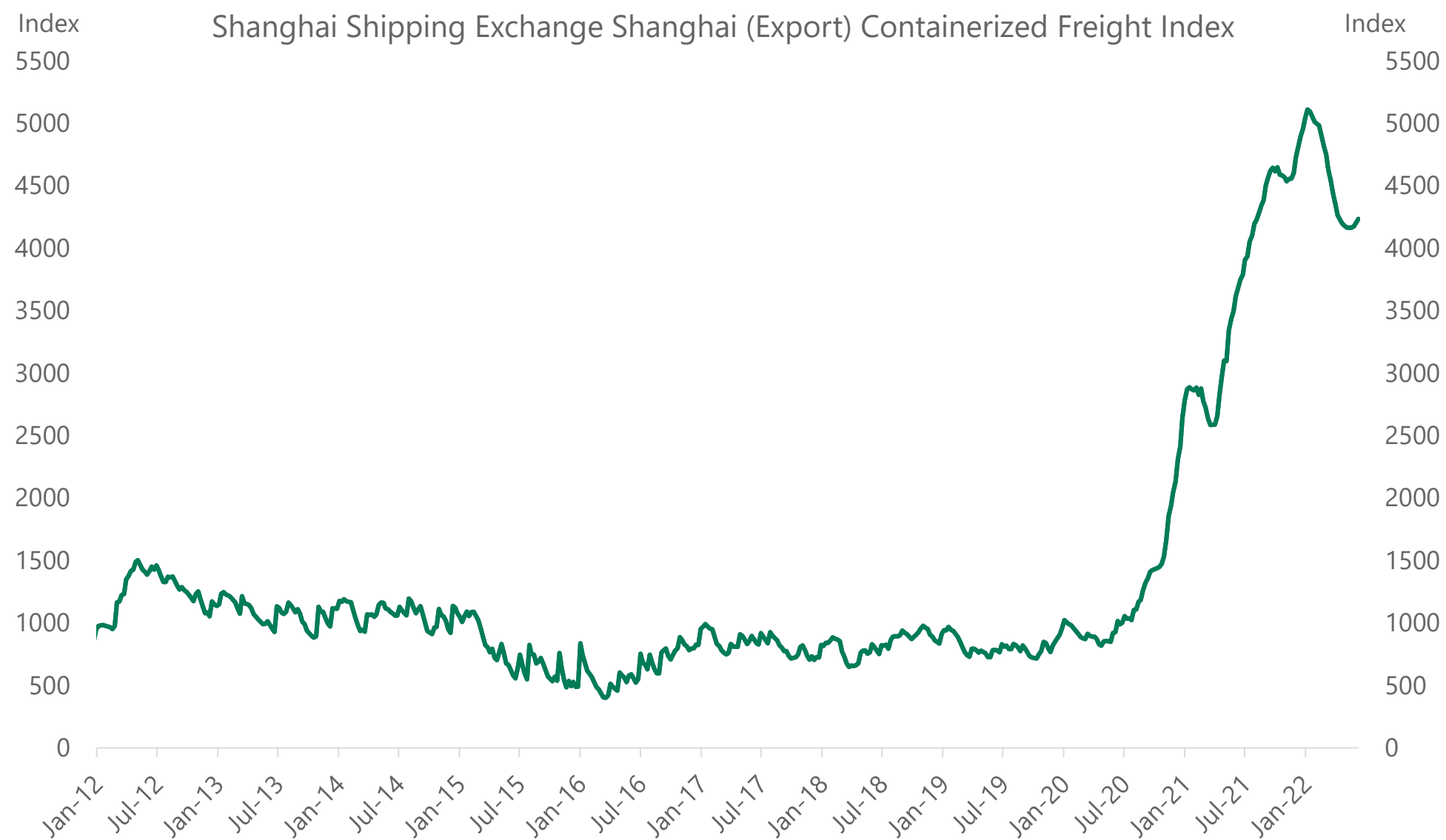
Costs of distribution and logistics still elevated

Cass freight costs near all-time high



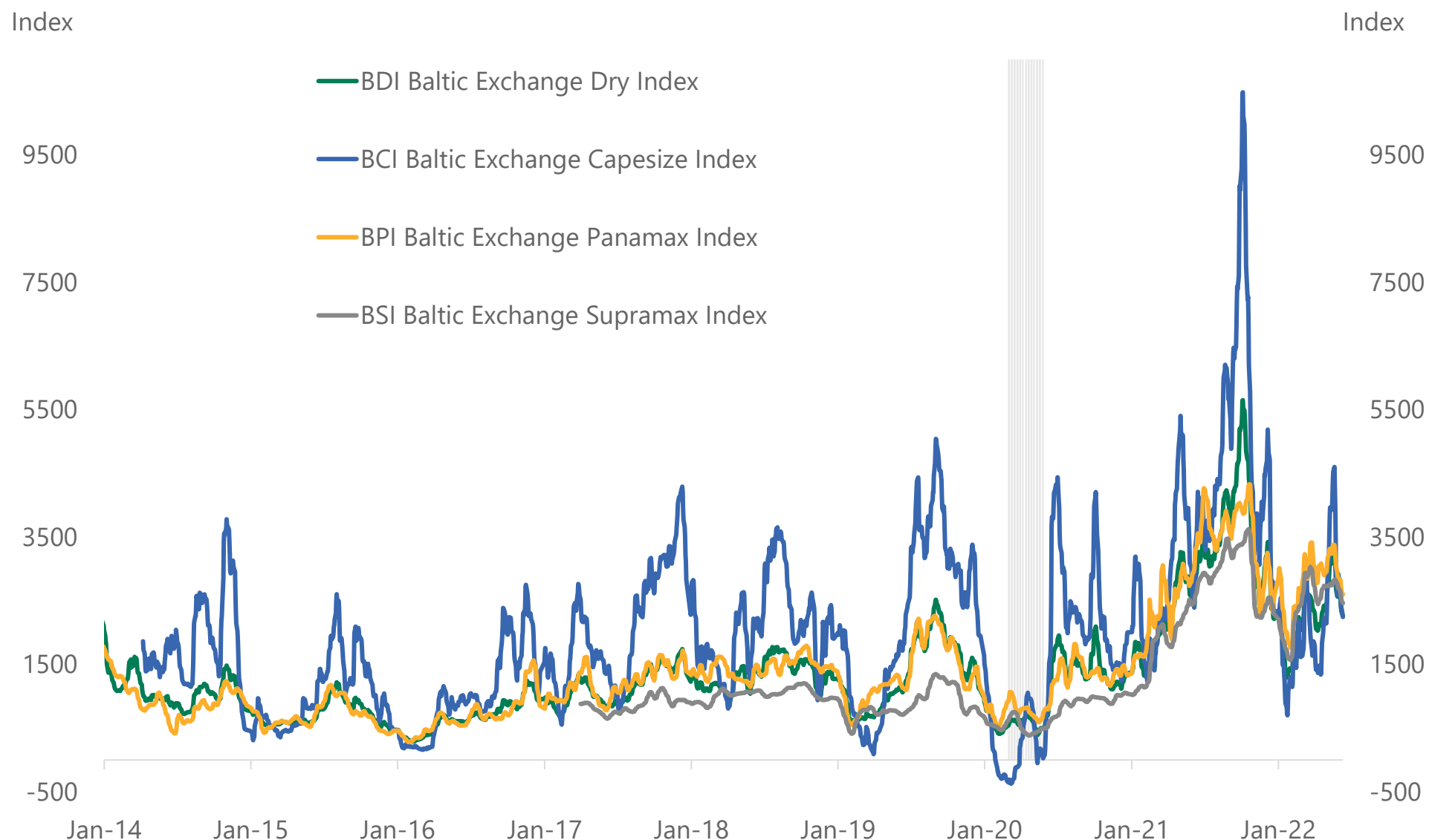
Source: Cass Information Systems, Bloomberg, Apollo Chief Economist (Note: The expenditures component of the Cass Freight Index measures the total amount spent on freight. The Cass shipments index is a measure of the number of intra-continental freight shipments across North America, for everything from raw materials to finished goods.

China: Transportation costs coming down from record highs



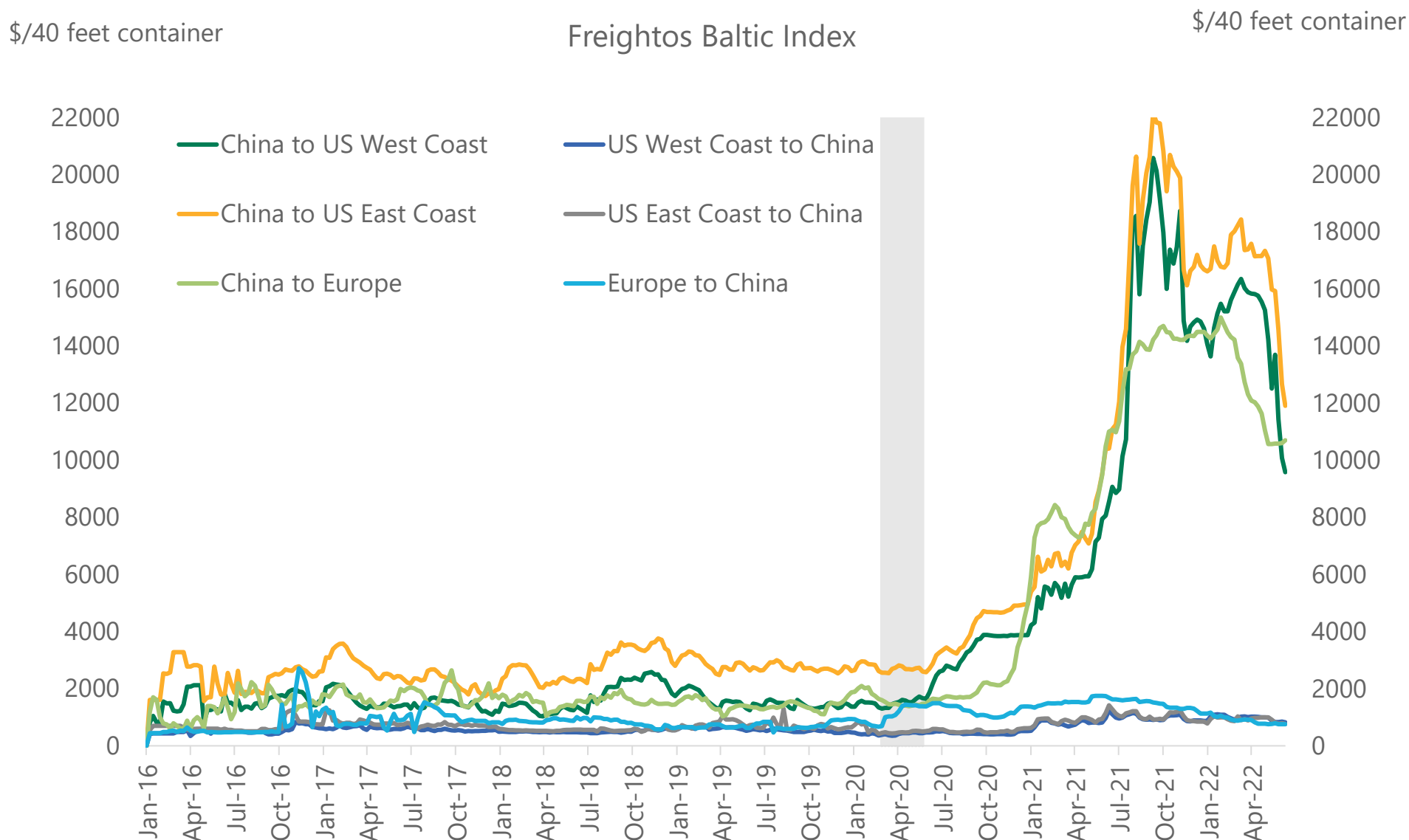
Source: Shanghai Shipping Exchange, Bloomberg, Apollo Chief Economist

Baltic exchange indexes starting to move up again



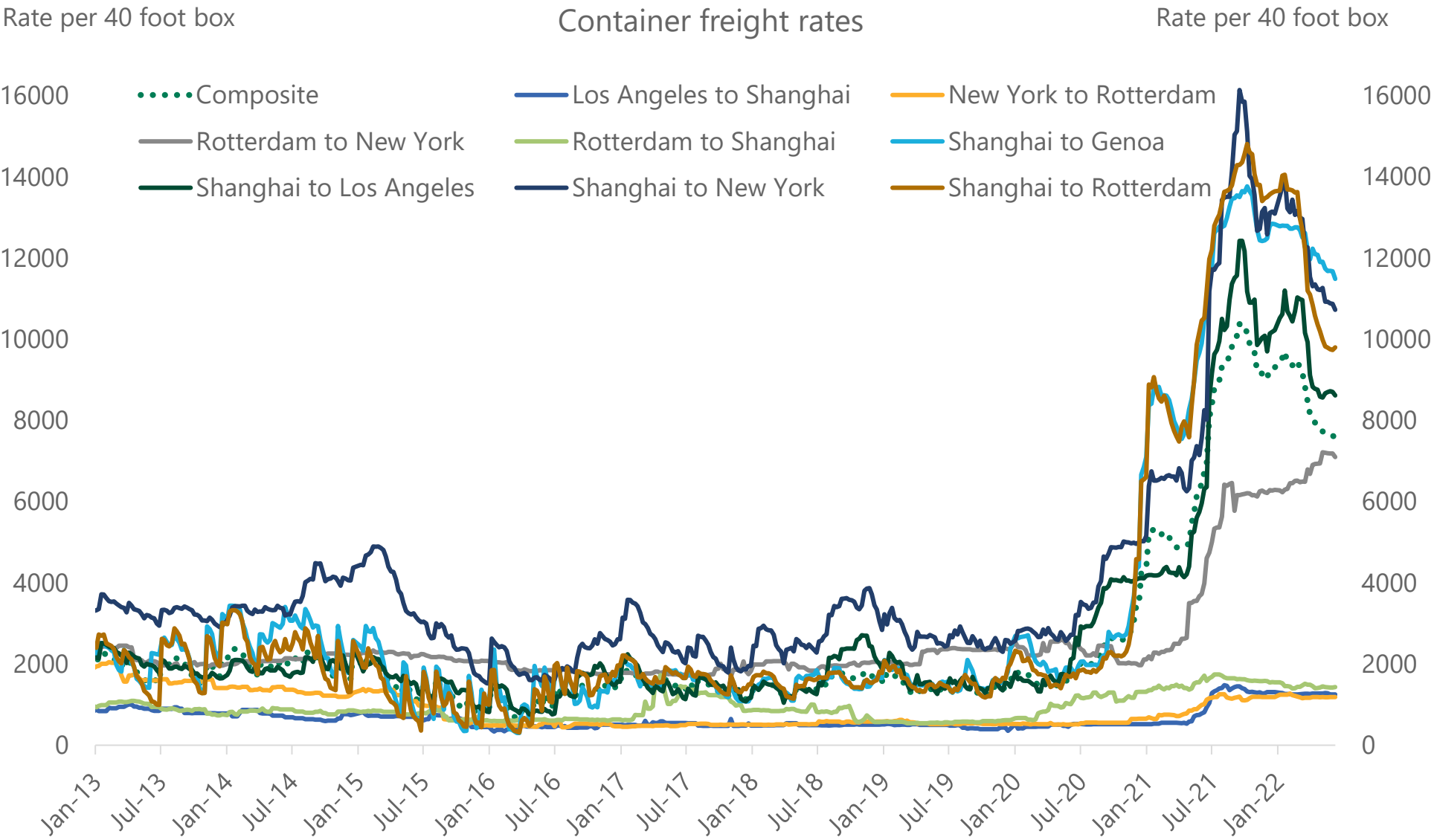
Source: Bloomberg, Apollo Chief Economist

Price of transporting a container from China to the US coming down



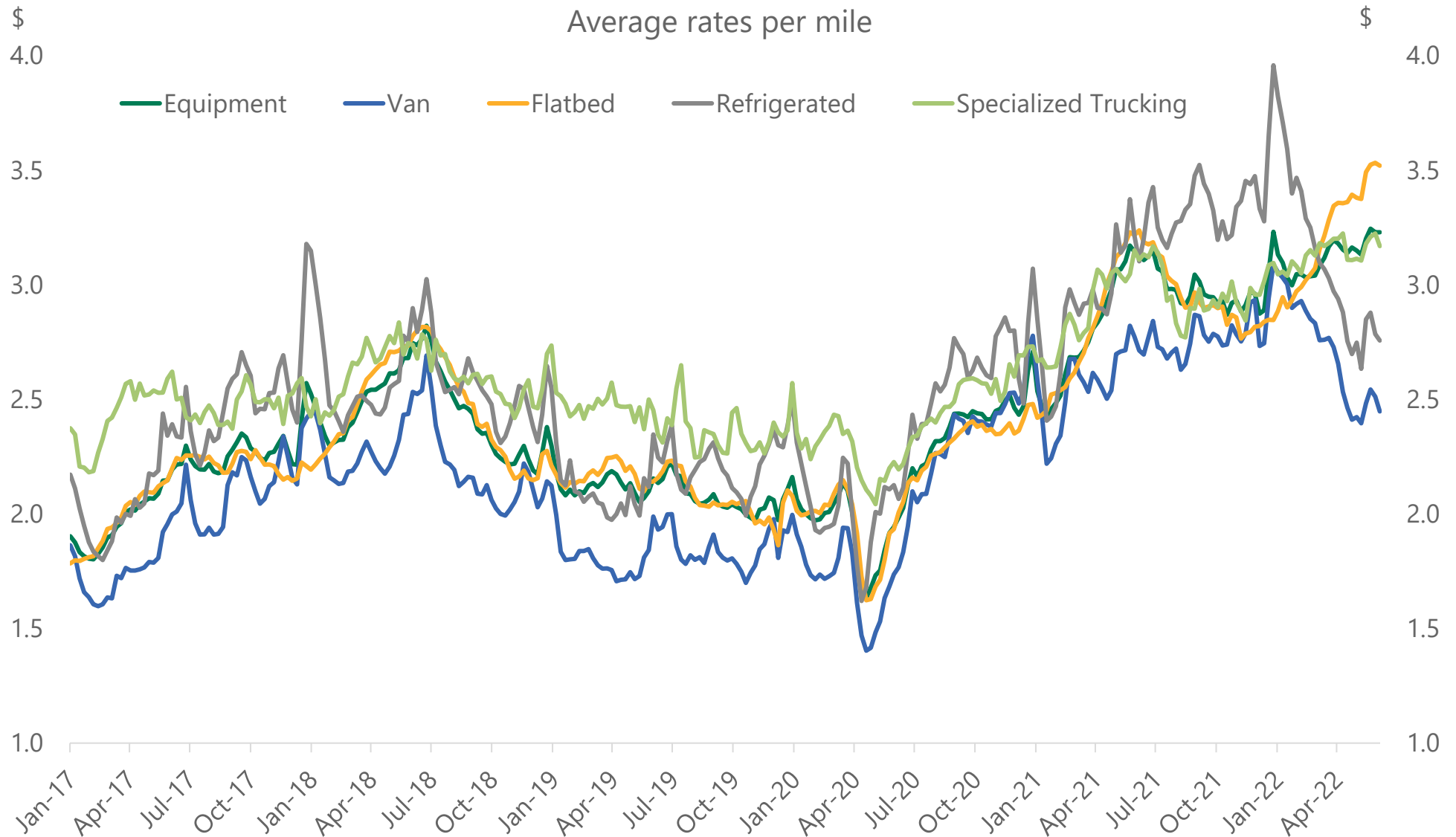
Source: Freightos, Bloomberg, Apollo Chief Economist

Price of transporting a container from China to US and Europe coming down



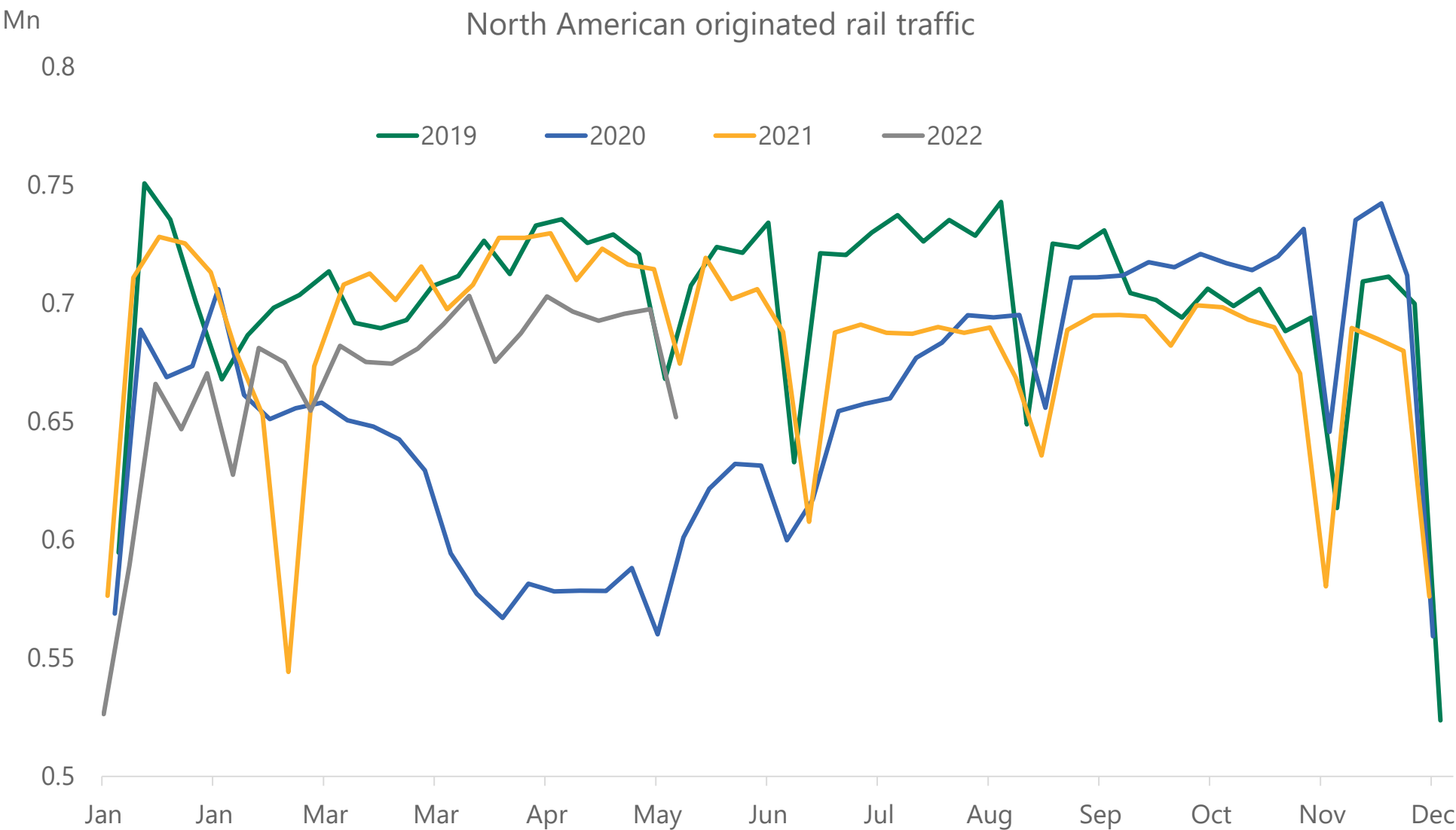
Source: WCI, Bloomberg, Apollo Chief Economist

Prices of truck transportation



Source: Bloomberg, Apollo Chief Economist

Rail traffic volumes lower in 2022



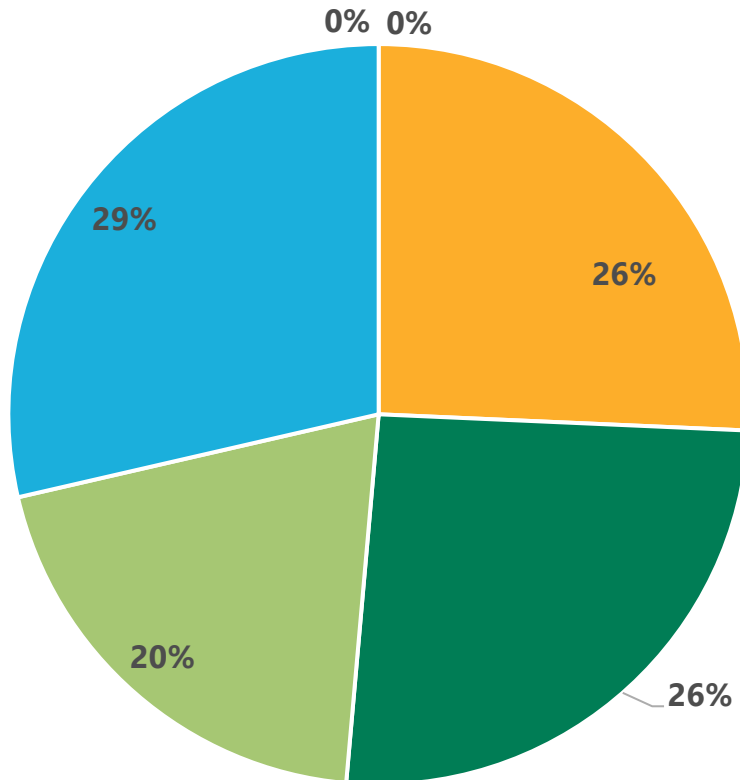
Source: AAR, Bloomberg, Apollo Chief Economist

Supply chain problems and labor shortages weighing on margins

When do you expect your supply chain to return to normal?

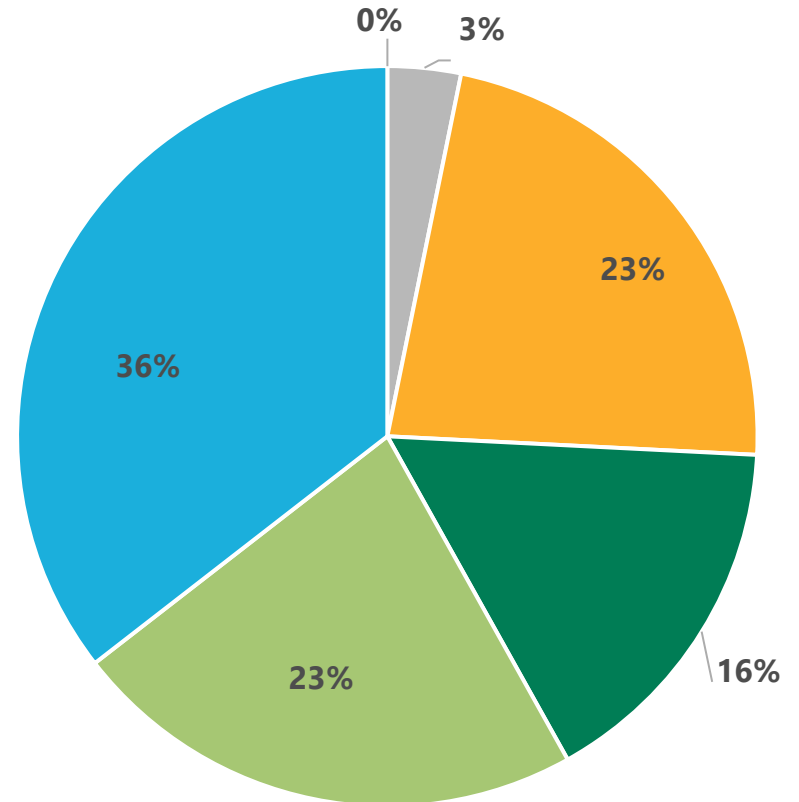
Retail

Feb.'22



■ Less than a month ■ 1-3 months
■ 4-6 months ■ 7-9 months
■ 10-12 months ■ More than a year

May.'22

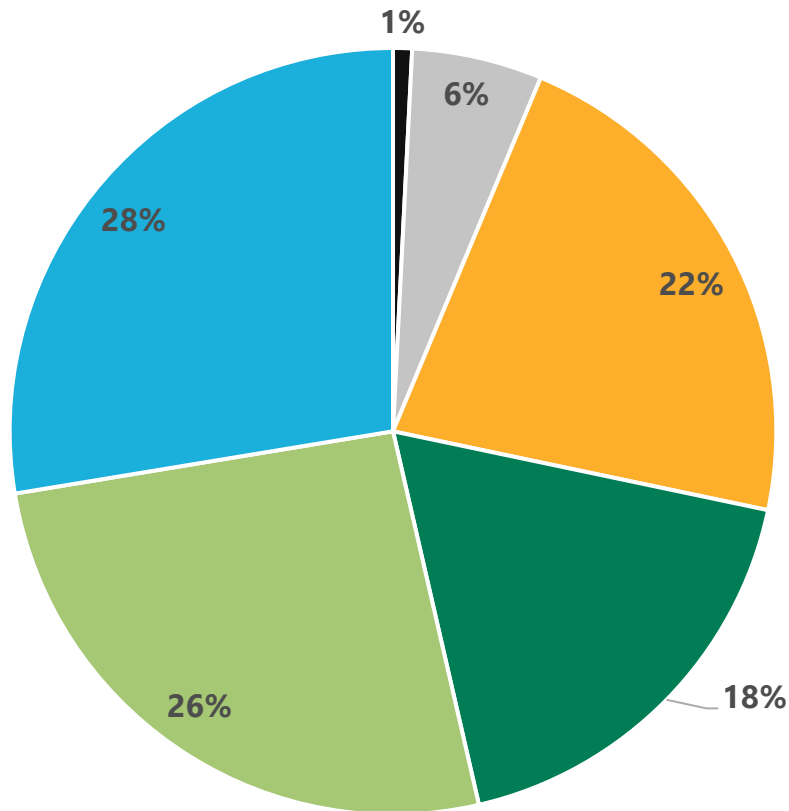


■ Less than a month ■ 1-3 months
■ 4-6 months ■ 7-9 months
■ 10-12 months ■ More than a year

Source: FRB of Dallas Texas Retail Outlook Survey, Apollo Chief Economist (Data were collected March 15-23, and 42 Texas retailers responded to the survey.)

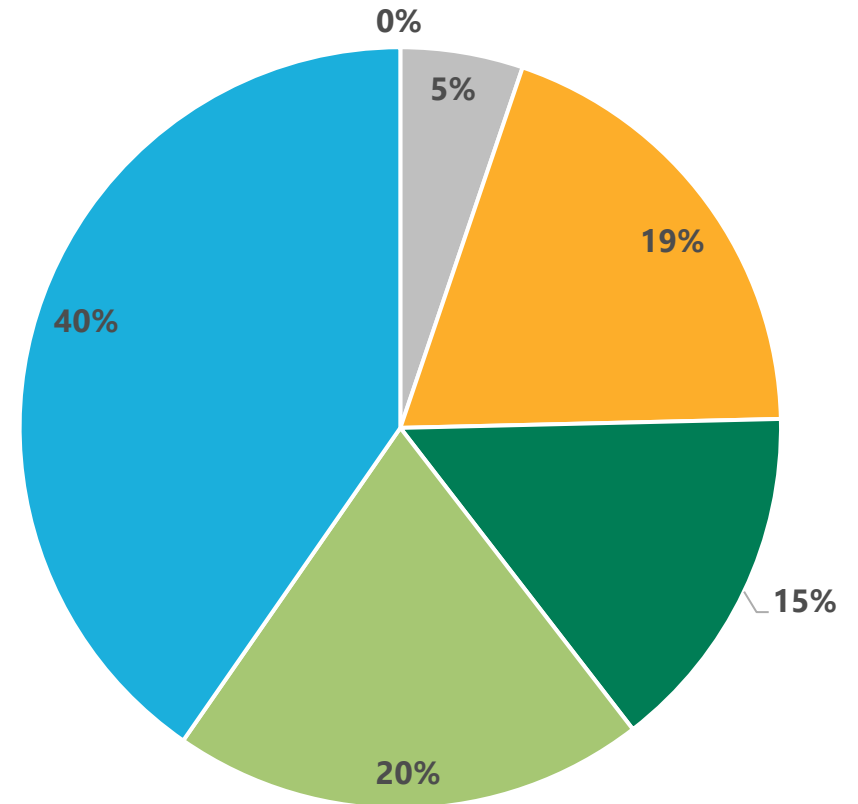
When do you expect your supply chain to return to normal? Services

Feb.'22



■ Less than a month ■ 1-3 months
■ 4-6 months ■ 7-9 months
■ 10-12 months ■ More than a year

May.'22



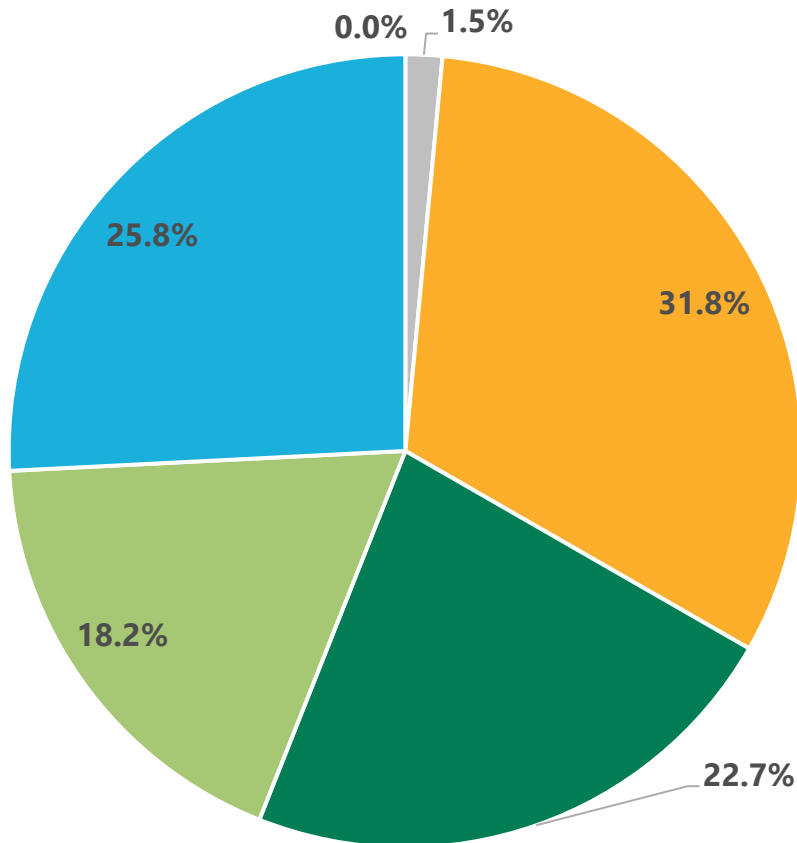
■ Less than a month ■ 1-3 months
■ 4-6 months ■ 7-9 months
■ 10-12 months ■ More than a year

Source: FRB of Dallas Texas Service Sector Outlook Survey, Apollo Chief Economist (Data were collected March 15-23, and 253 Texas business executives responded to the survey.)

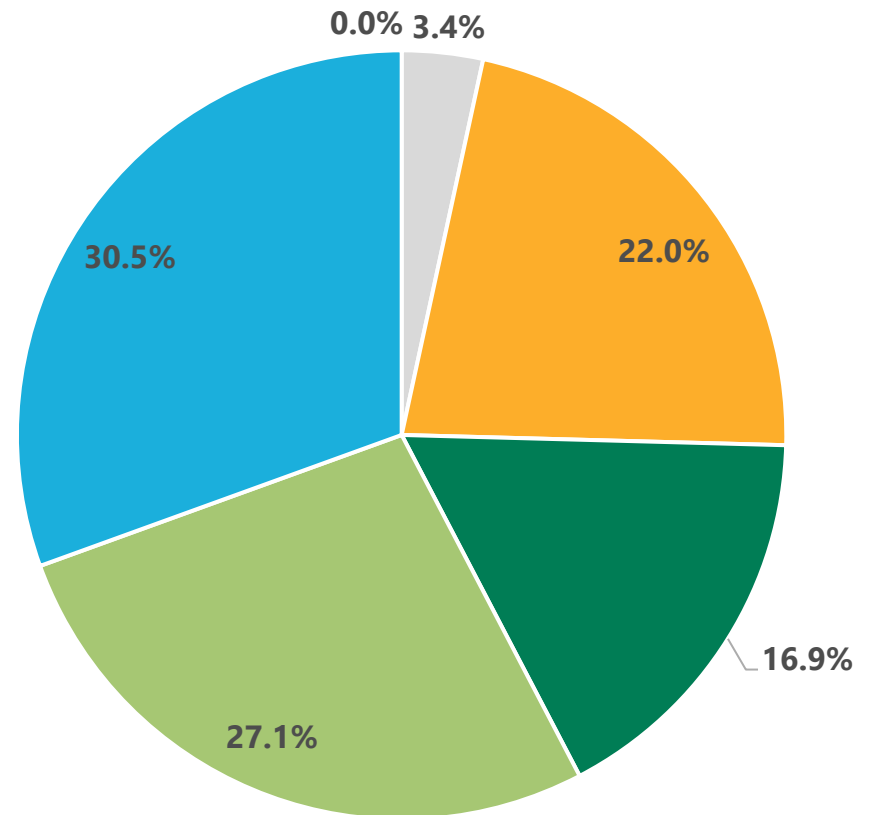
When do you expect your supply chain to return to normal? Manufacturing

Feb.'22

May.'22



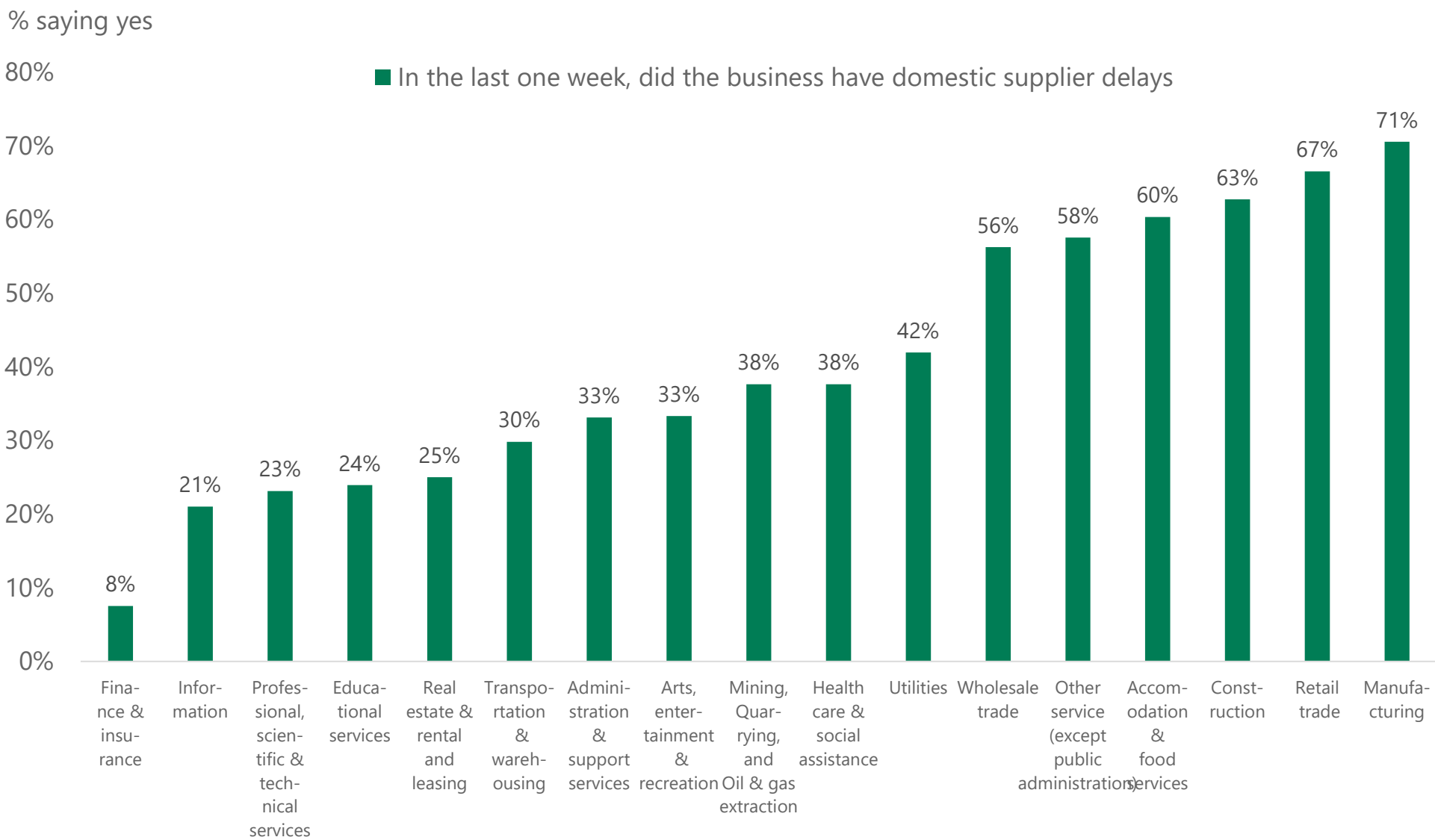
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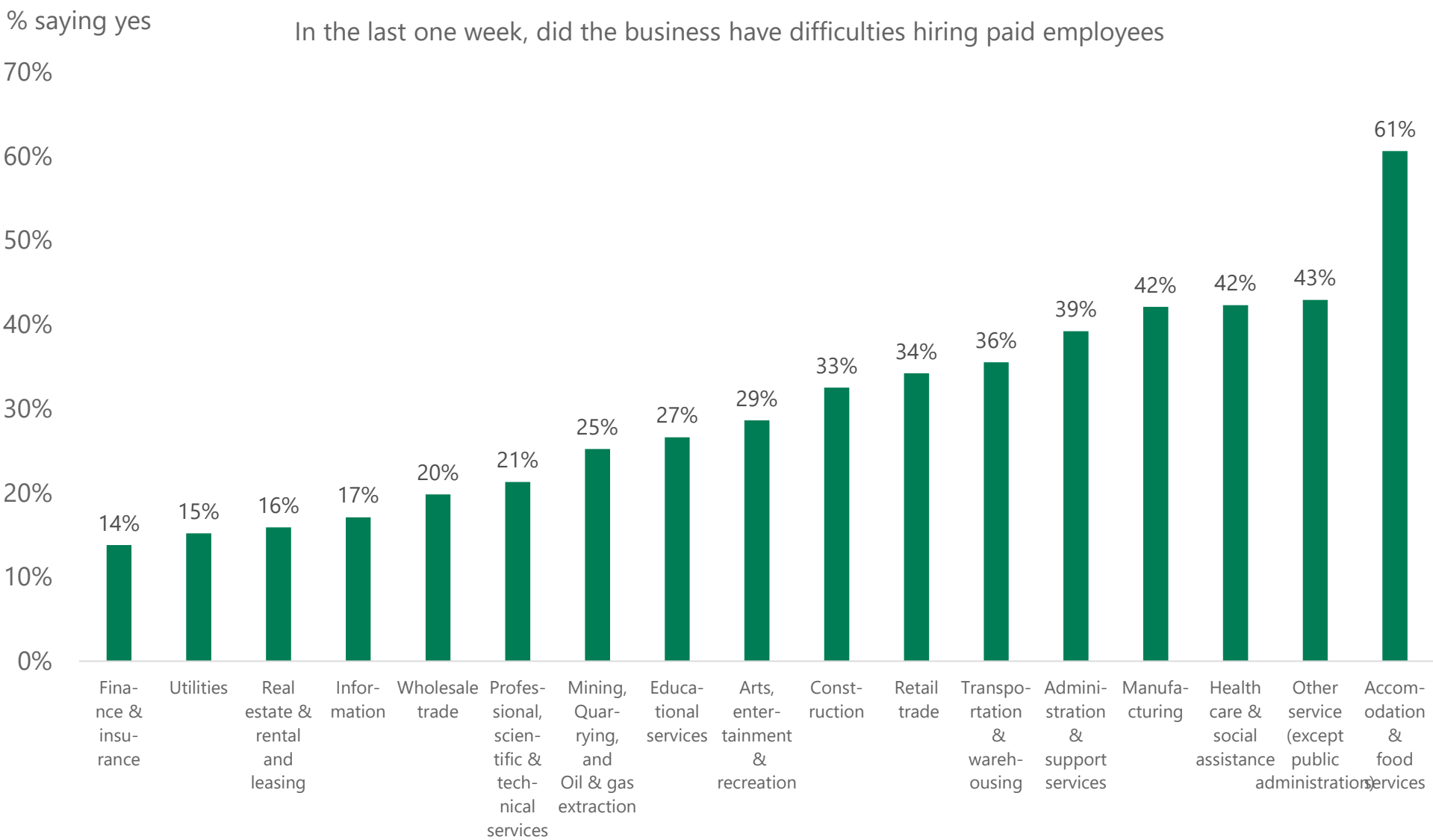
Source: FRB of Dallas Texas Manufacturing Outlook Survey, Apollo Chief Economist. (Data were collected March 15–23, and 89 Texas manufacturers responded to the survey.)

Supply chain disruptions, by sector



Source: Census Bureau, Apollo Chief Economist (Note: the survey dates: 11 April – 17 April)

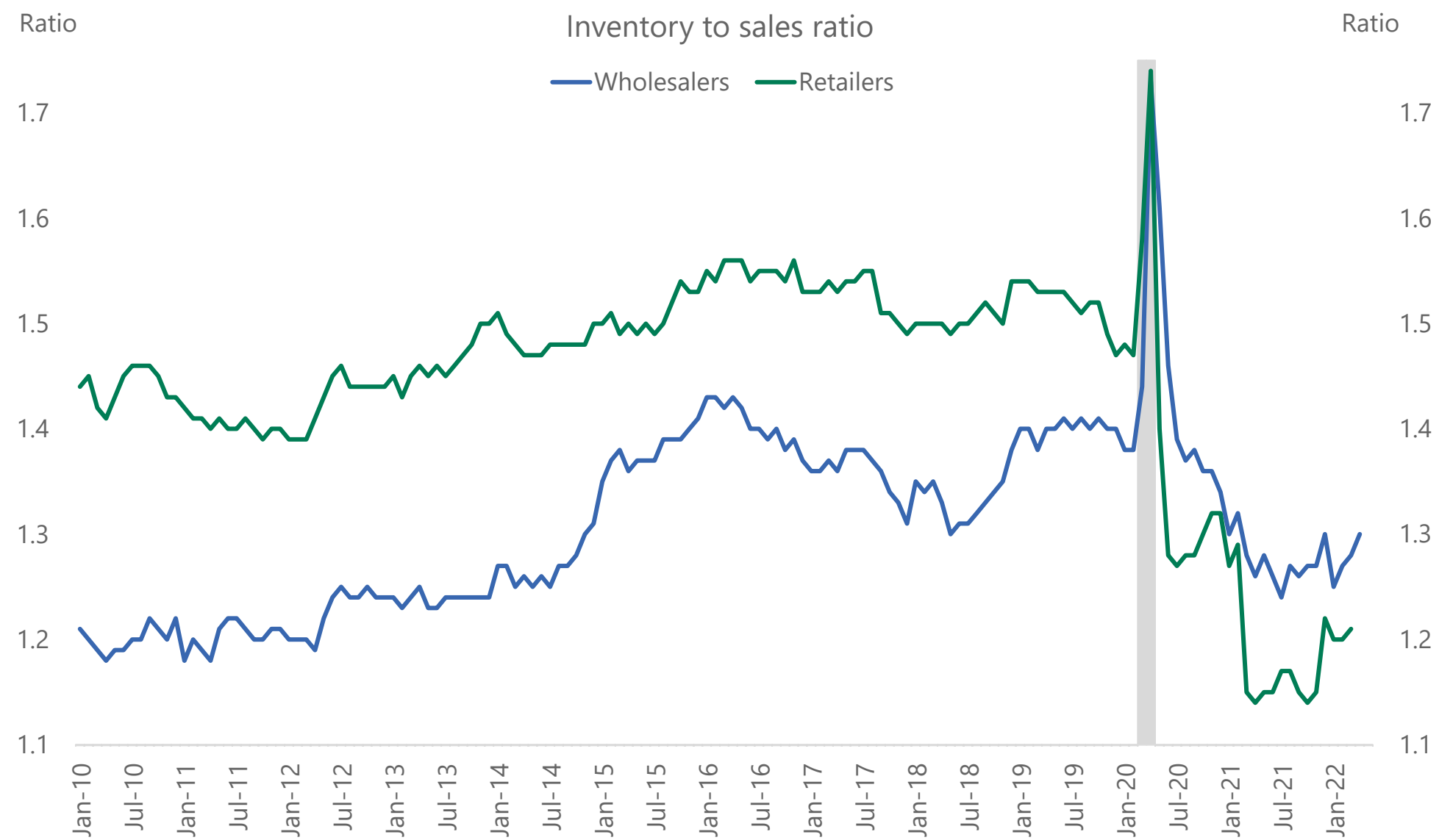
Businesses are struggling to find workers



Source: Census Bureau, Apollo Chief Economist (Note: the survey dates: 11 April – 17 April)

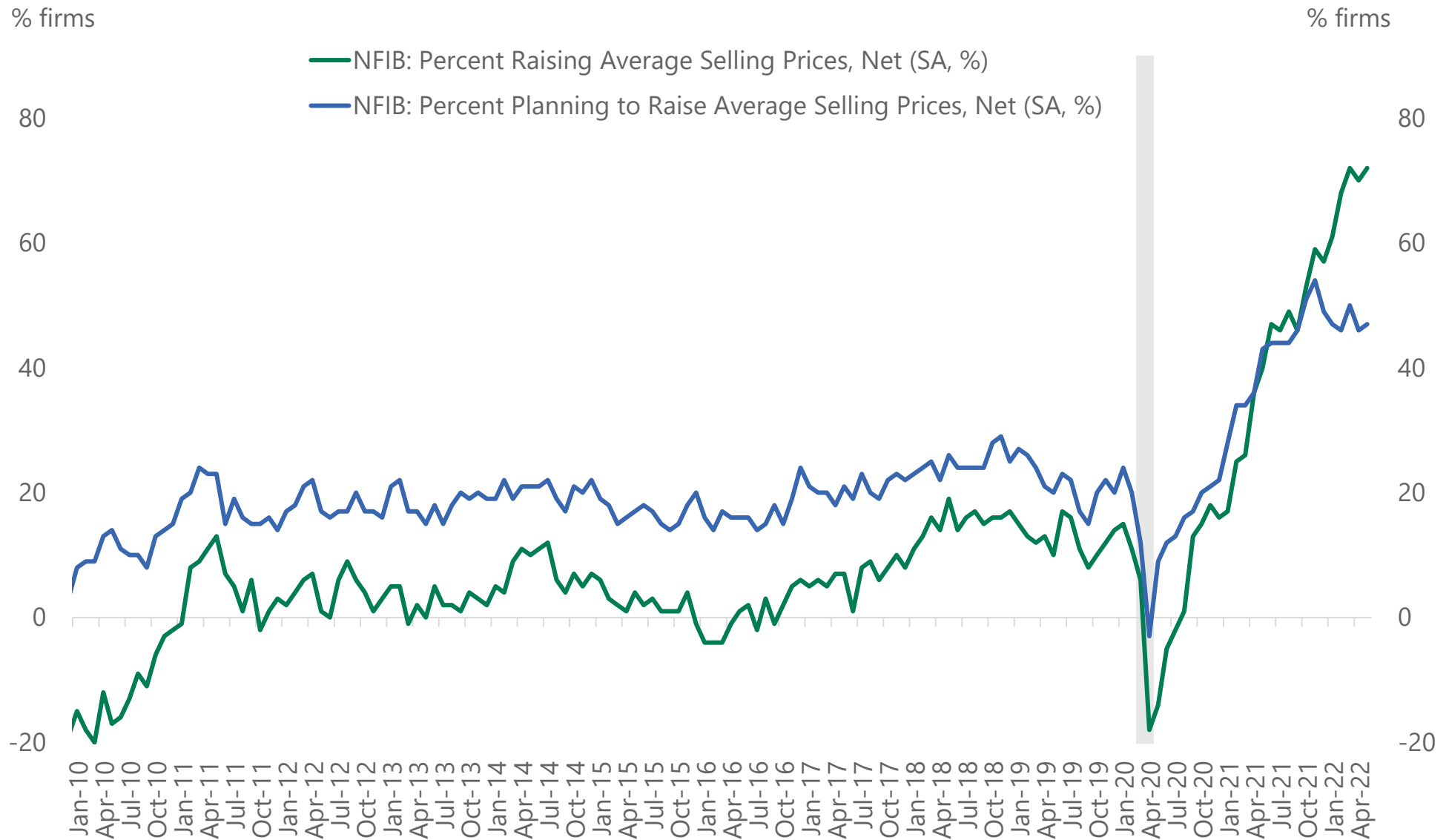
Supply chain problems lowering margins. For consumers, the outcome is higher inflation

Inventory to sales ratio up modestly from recent lows



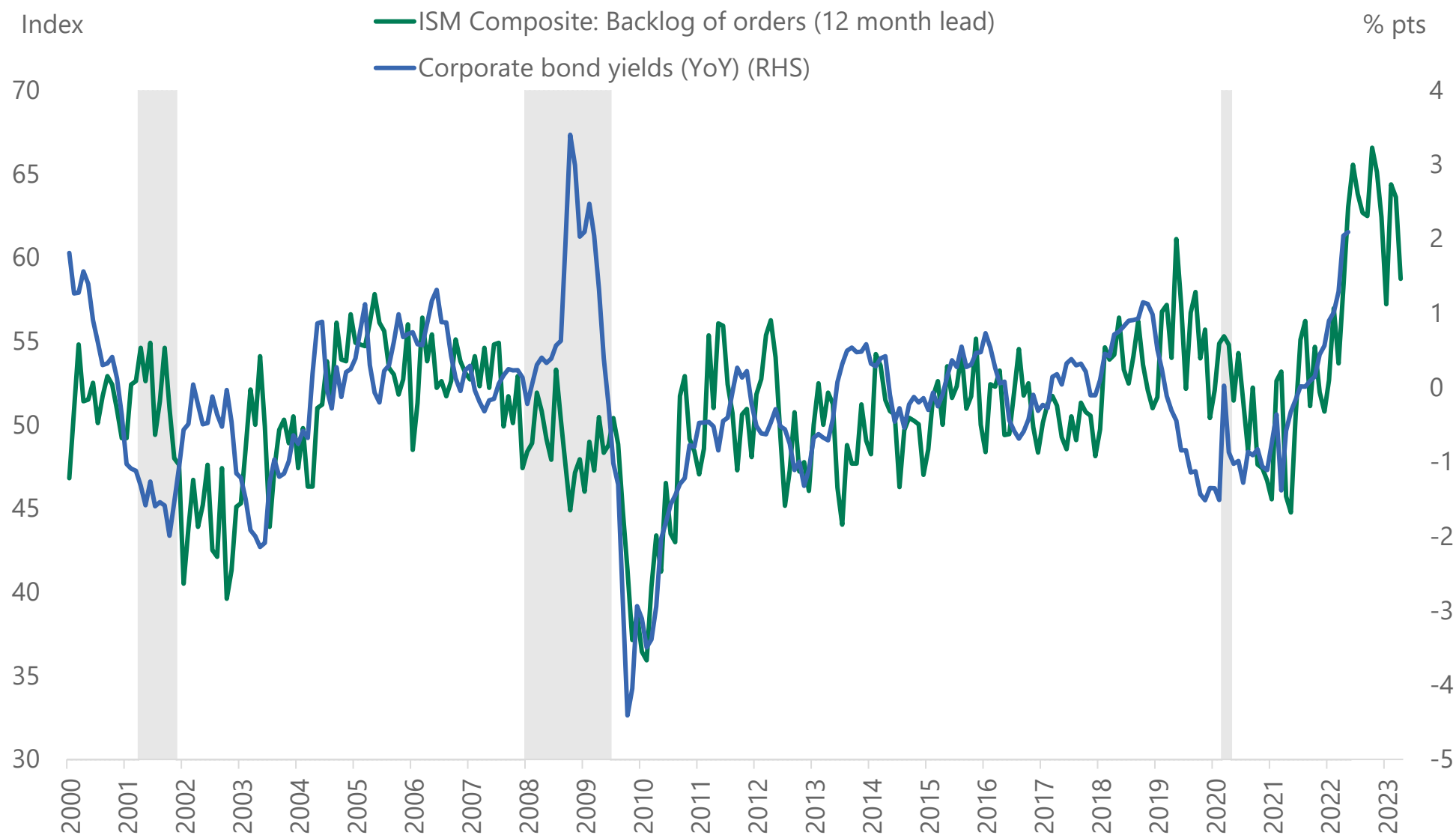
Source: Census, Haver Analytics, Apollo Chief Economist

A record-high share of businesses are raising prices



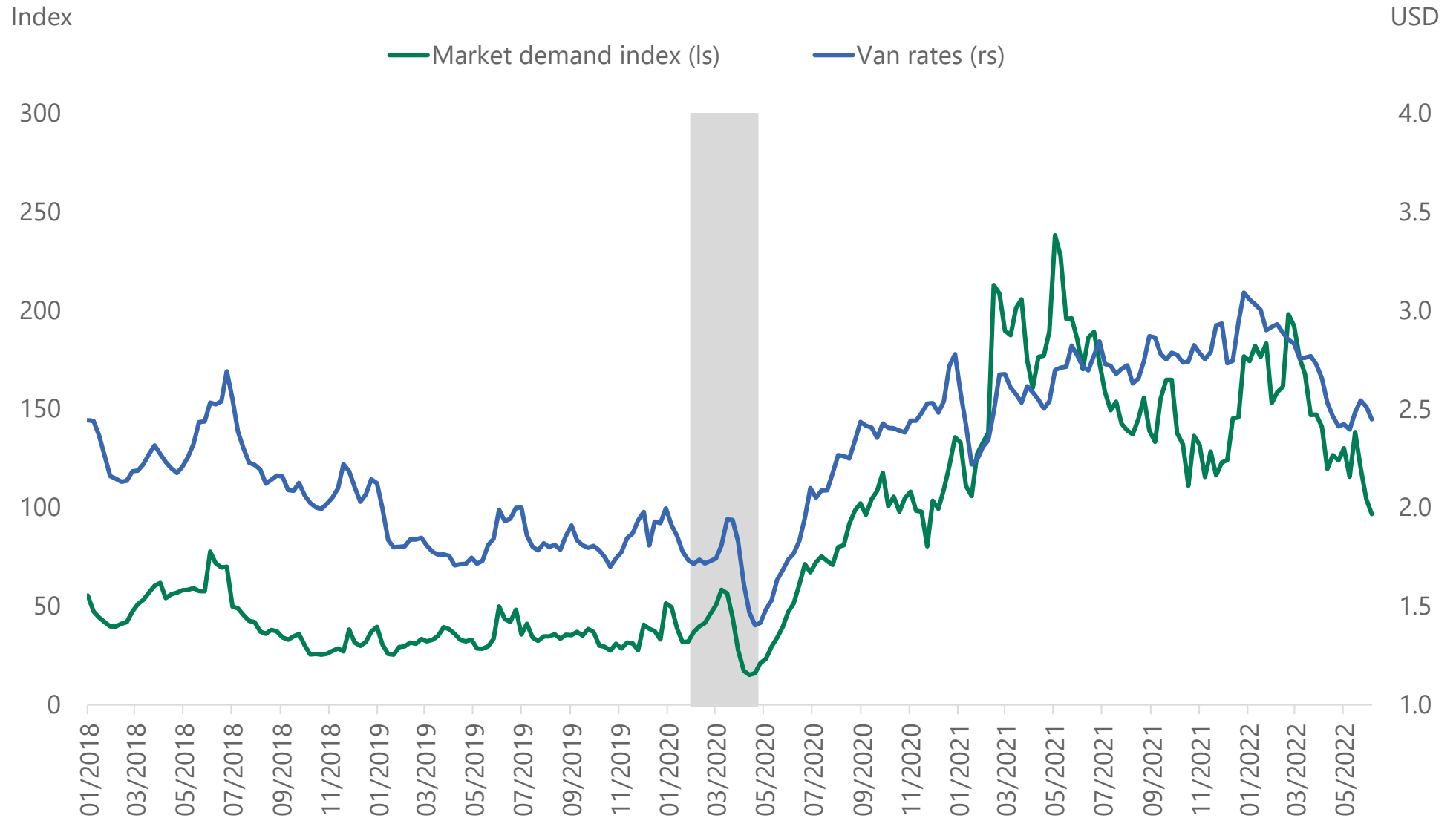
Source: NFIB, Haver Analytics, Apollo Chief Economist

Supply chain bottlenecks correlated with corporate bond yields



Source: ISM, ICE BofA, Haver Analytics, Apollo Chief Economist. Note: ISM Composite Index is weighted average of services and manufacturing indices, with weight for services index 80% and manufacturing index 20%.

Demand for trucks correlated with van rates



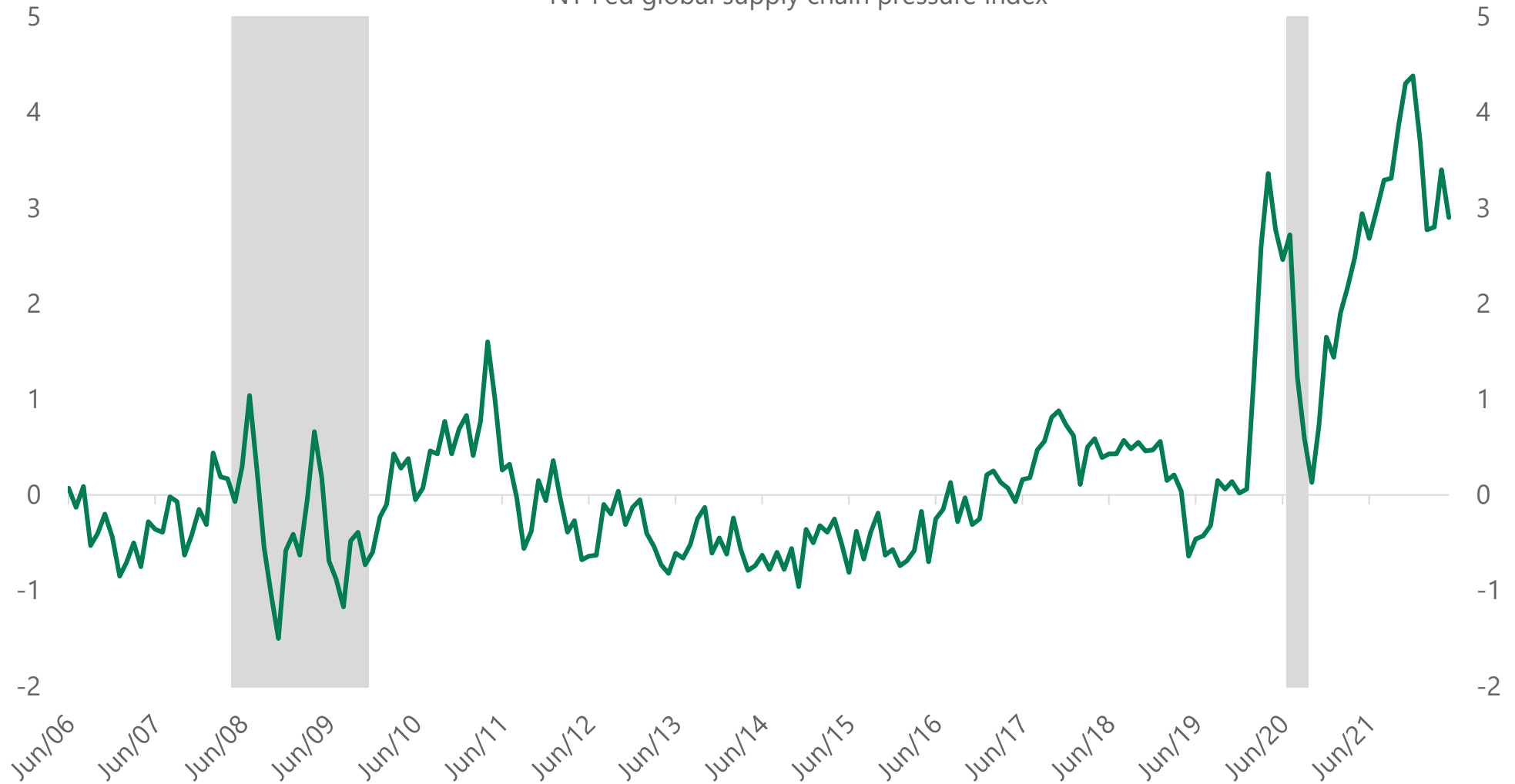
Source: Bloomberg, Apollo Chief Economist (Note: Market demand index is ratio of loads over trucks and measures the relative truck demand; Van rates are measured in USD)

NY Fed: Supply chain pressures remain elevated

Std. dev. points

Std. dev. points

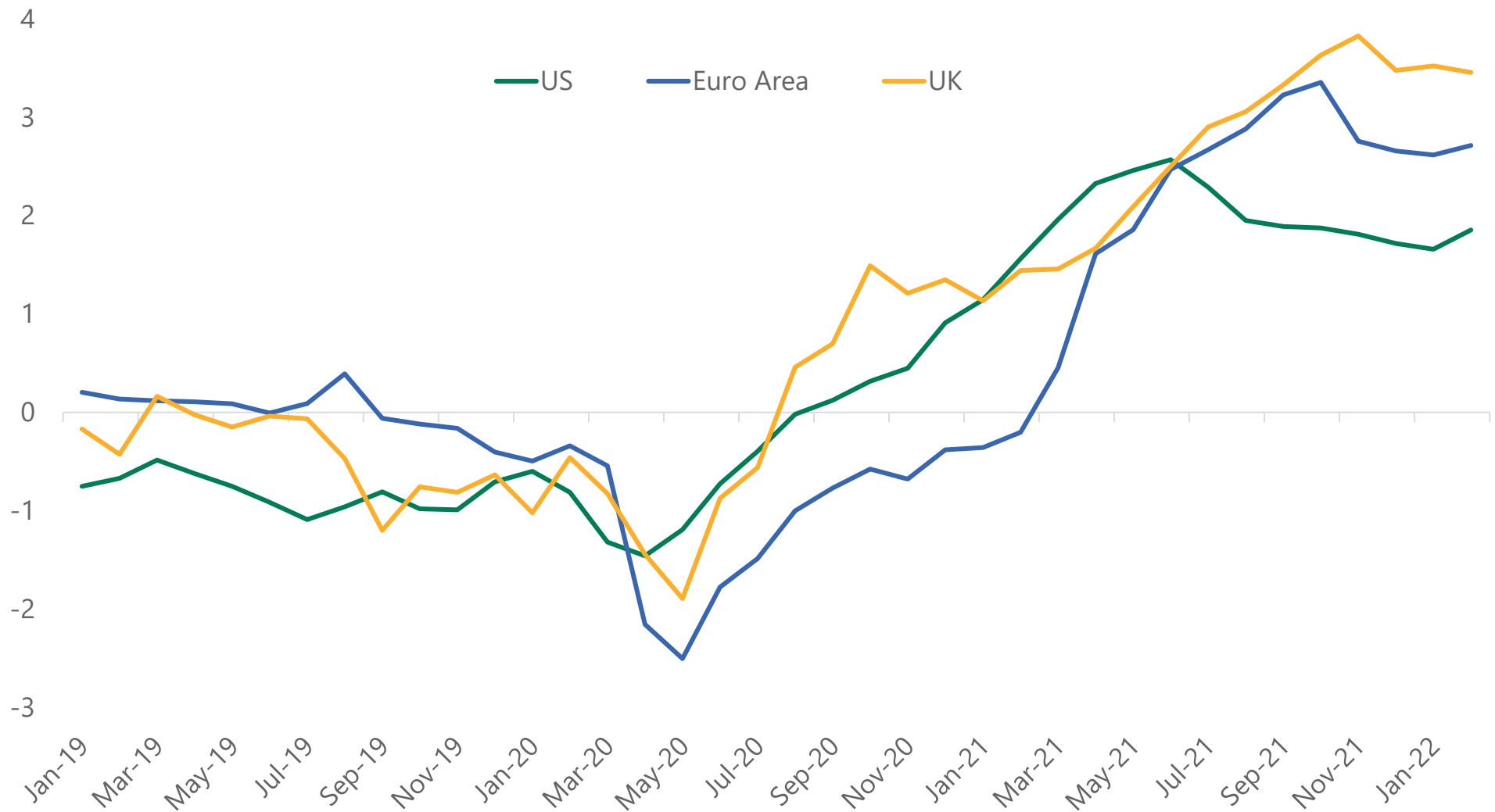
— NY Fed global supply chain pressure index



Source: FRBNY, Bloomberg, Apollo Chief Economist

Supply chain pressures elevated in US, UK, and Europe

Bloomberg economics' supply indicators



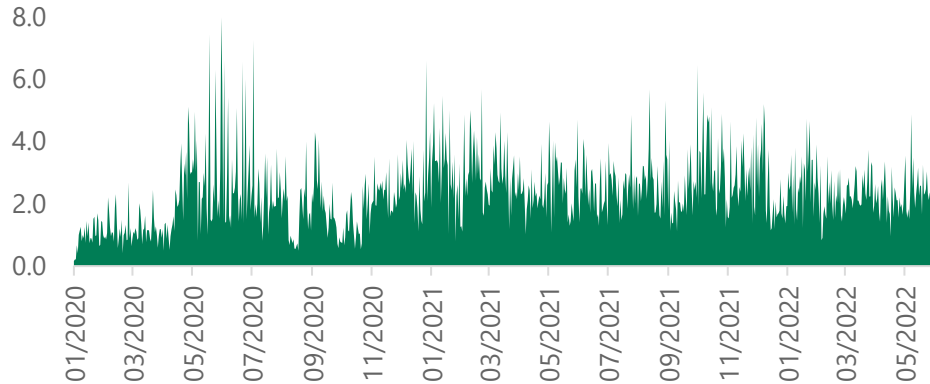
Source: Bloomberg, Apollo Chief Economist (Note: Positive readings point to constraints, negative ones mean supply is abundant.)

Port calling duration: The average number of days spent by the vessels seen at a location

Port of Long Beach

Average no. of
10.0 days

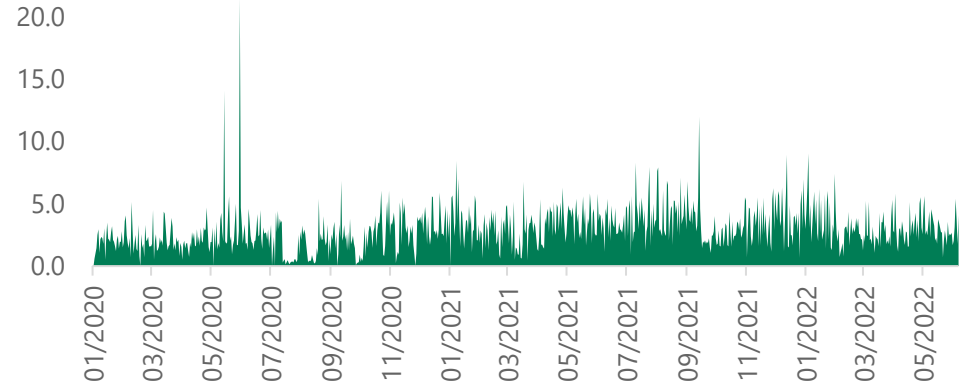
Long Beach



Port of Los Angeles

Average no. of
25.0 days

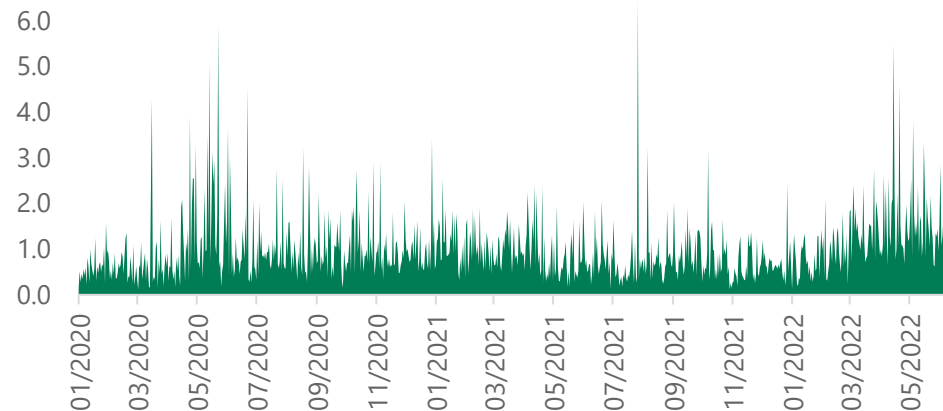
Los Angeles



Port of New York & New Jersey

Average no. of
7.0 days

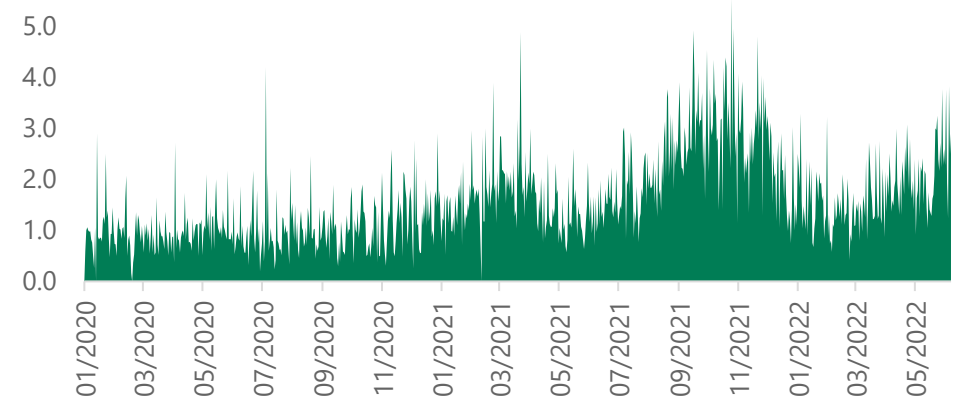
New York & New Jersey



Port of Savannah

Average no. of
6.0 days

Savannah



Source: Bloomberg, Apollo Chief Economist

Biography



Torsten Slok, Ph.D.

Chief Economist

Apollo Global Management

tslok@apollo.com

Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade, including #1 in 2019. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.