

APOLLO

Energy demand and supply and the Strait of Hormuz

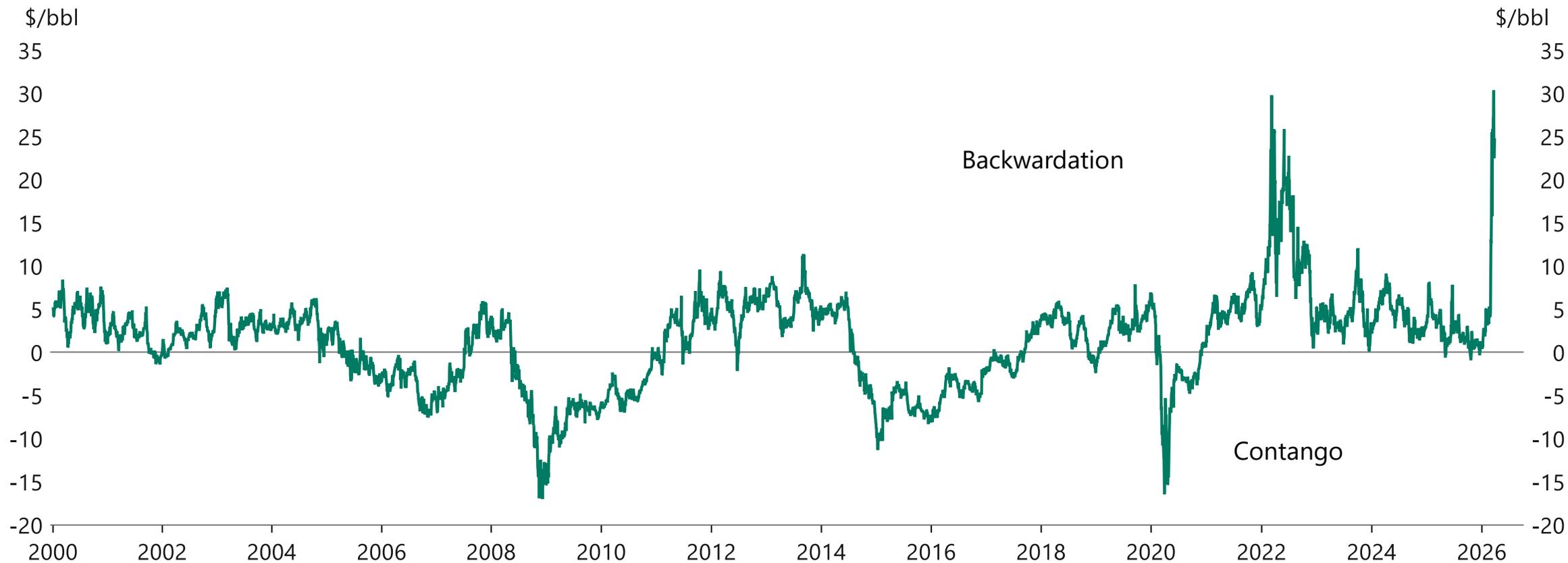
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Apollo Global Management

April 2026

Brent in backwardation

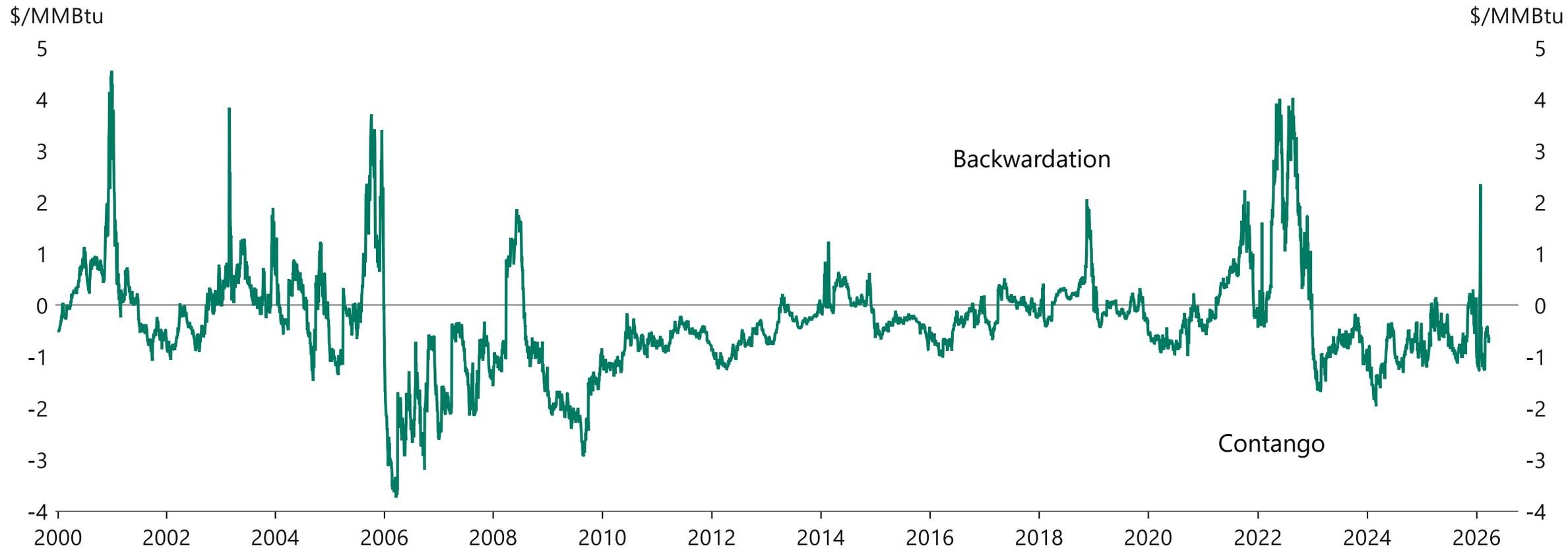
Brent 1st month minus 12th month contract



Source: Bloomberg, Macrobond, Apollo Chief Economist

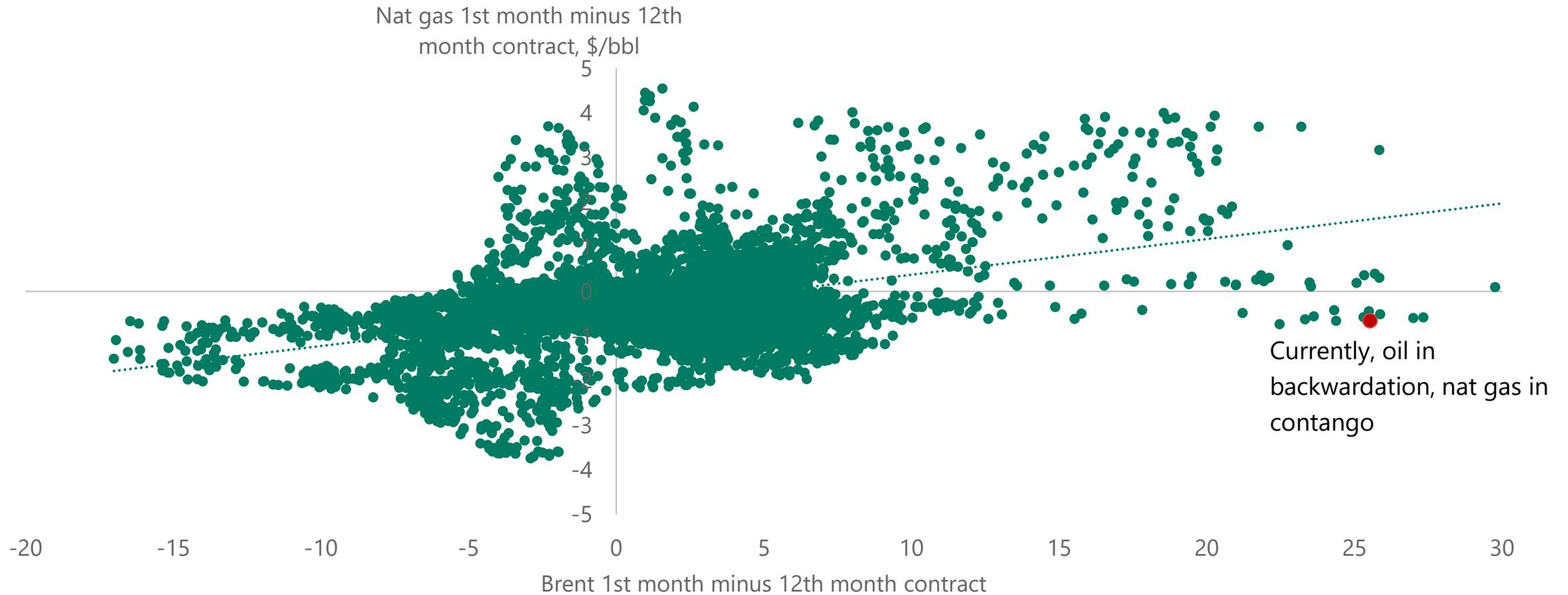
Natural gas in contango

Natural gas 1st month minus 12th month contract



Source: Bloomberg, Macrobond, Apollo Chief Economist

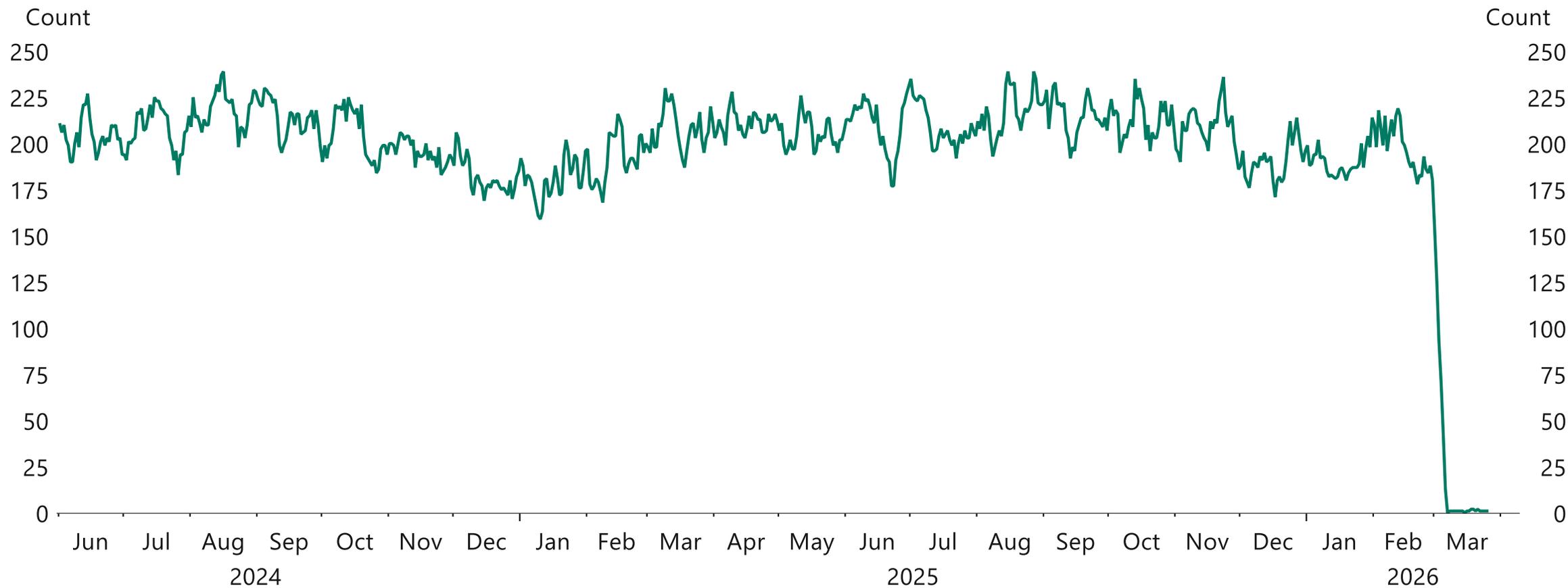
Highly unusual that Brent is in backwardation and natural gas is in contango



The Strait of Hormuz is important

Ship crossings in the Strait of Hormuz: East to West

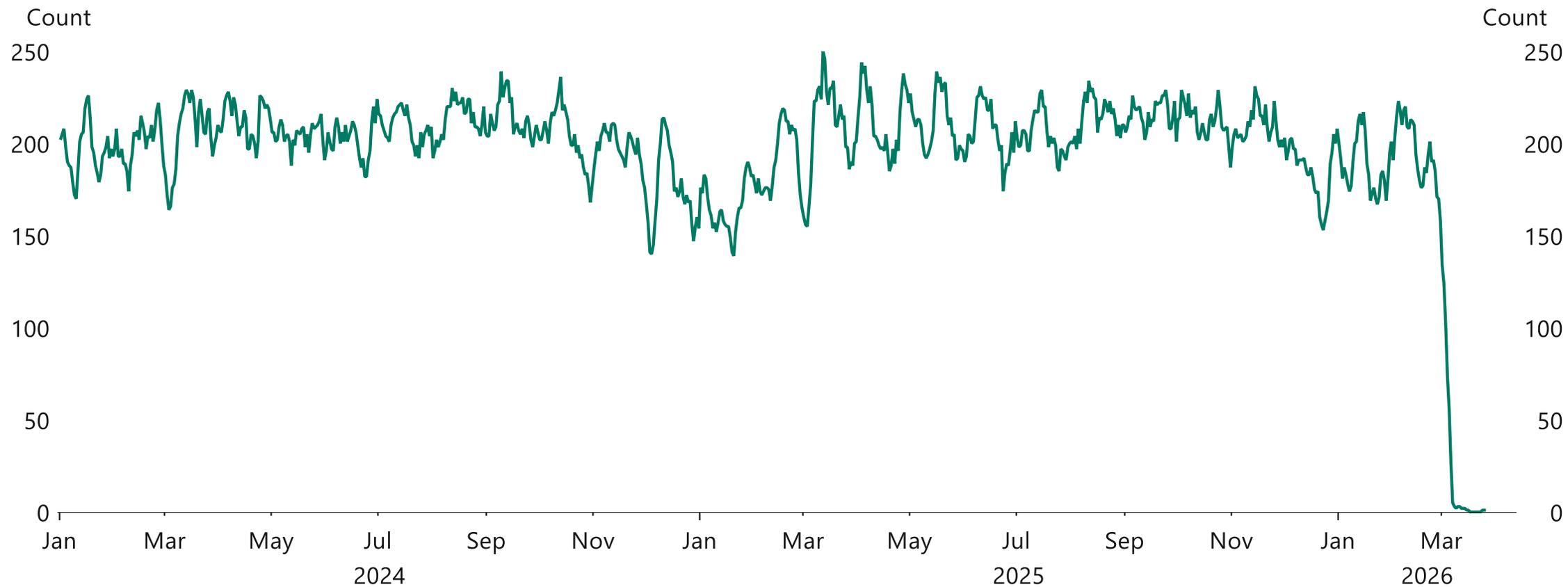
Tankers crossings Hormuz Strait, East to West (7 day rolling total)



Source: Bloomberg, Macrobond, Apollo Chief Economist

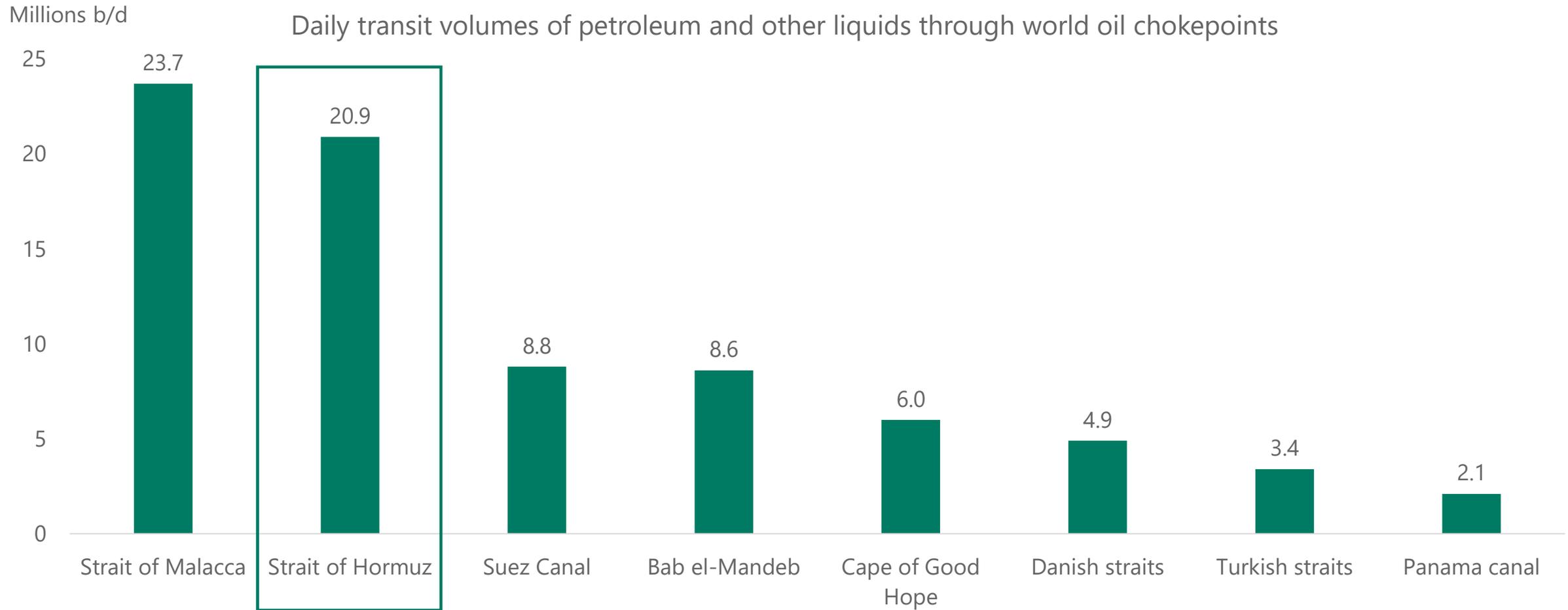
Ship crossings in the Strait of Hormuz: West to East

Tankers crossings Hormuz Strait, West to East (7 day rolling total)



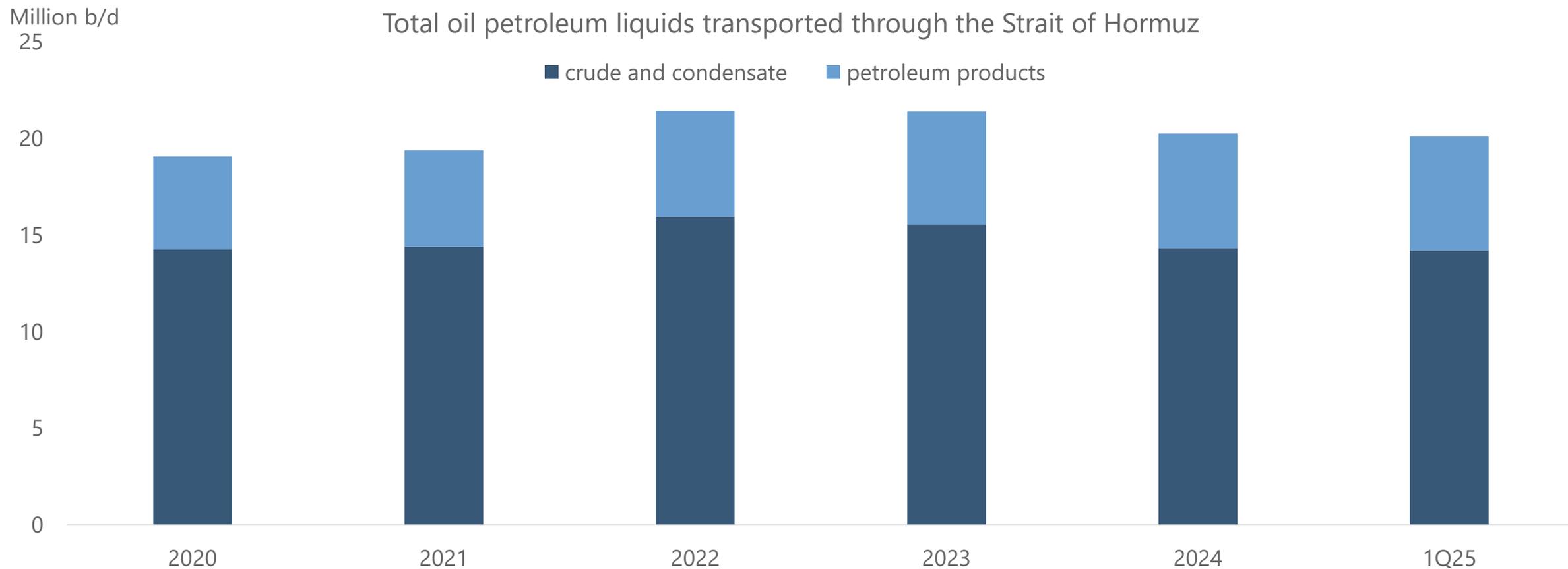
Source: Bloomberg, Macrobond, Apollo Chief Economist

The Strait of Hormuz is important



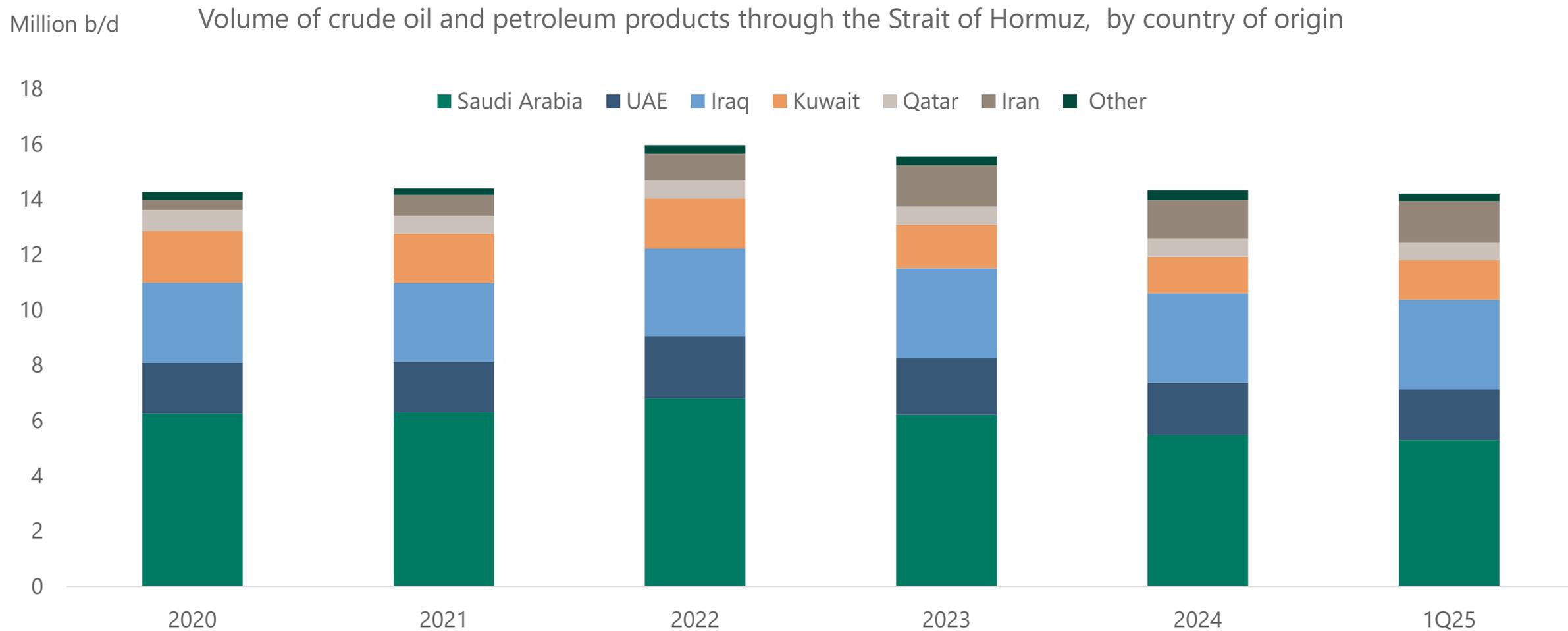
Source: U.S. Energy Information Administration (EIA) analysis, based on Vortexa tanker tracking and Panama Canal, Apollo Chief Economist.

Oil flowing through the Strait of Hormuz averages around 20 million barrels per day



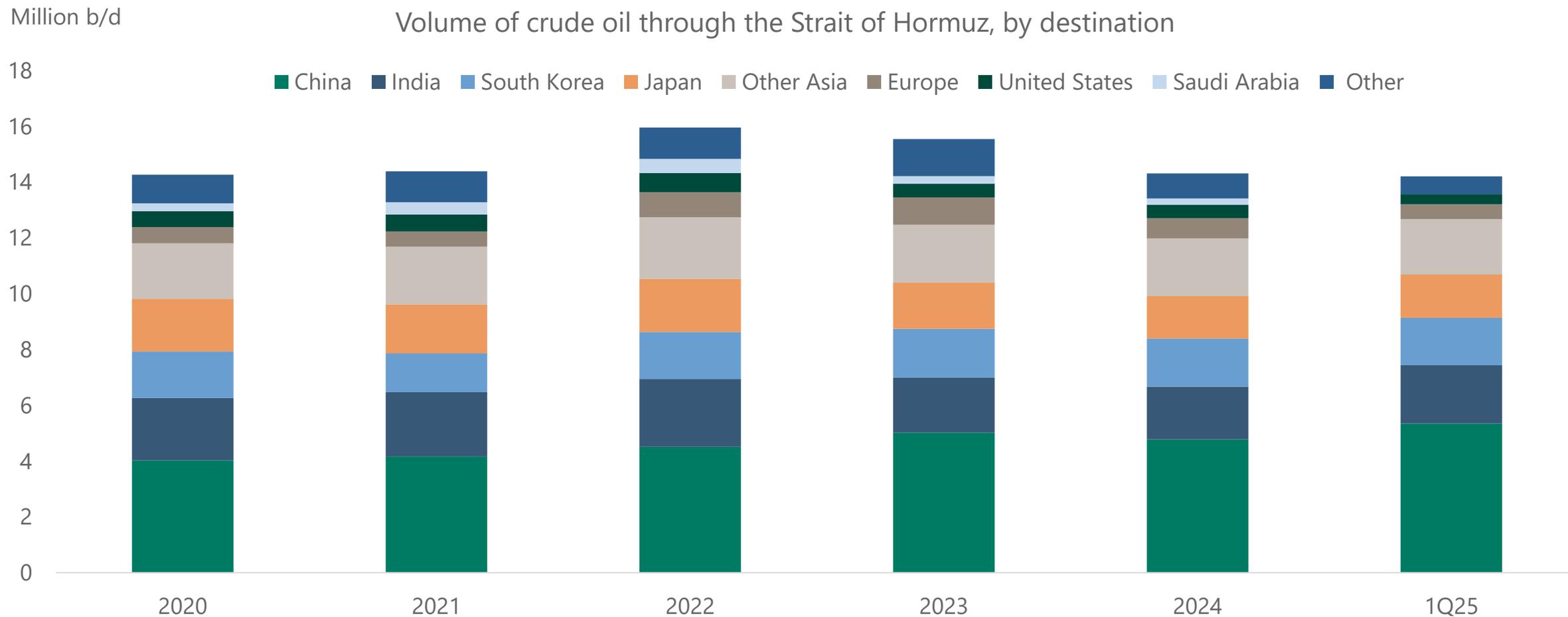
Source: U.S. Energy Information Administration (EIA) analysis based on Vortexa, Apollo Chief Economist

Volume of crude oil and petroleum products coming through the Strait of Hormuz, by country of origin



Data source: U.S. Energy Information Administration (EIA) analysis based on Vortexa, Apollo Chief Economist.

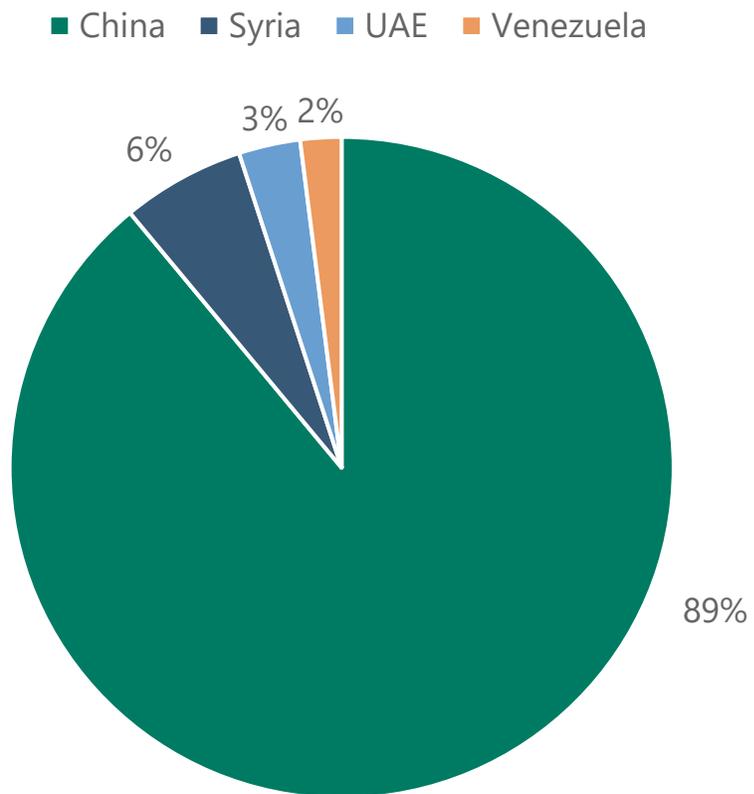
Volume of crude oil coming through the Strait of Hormuz, by destination



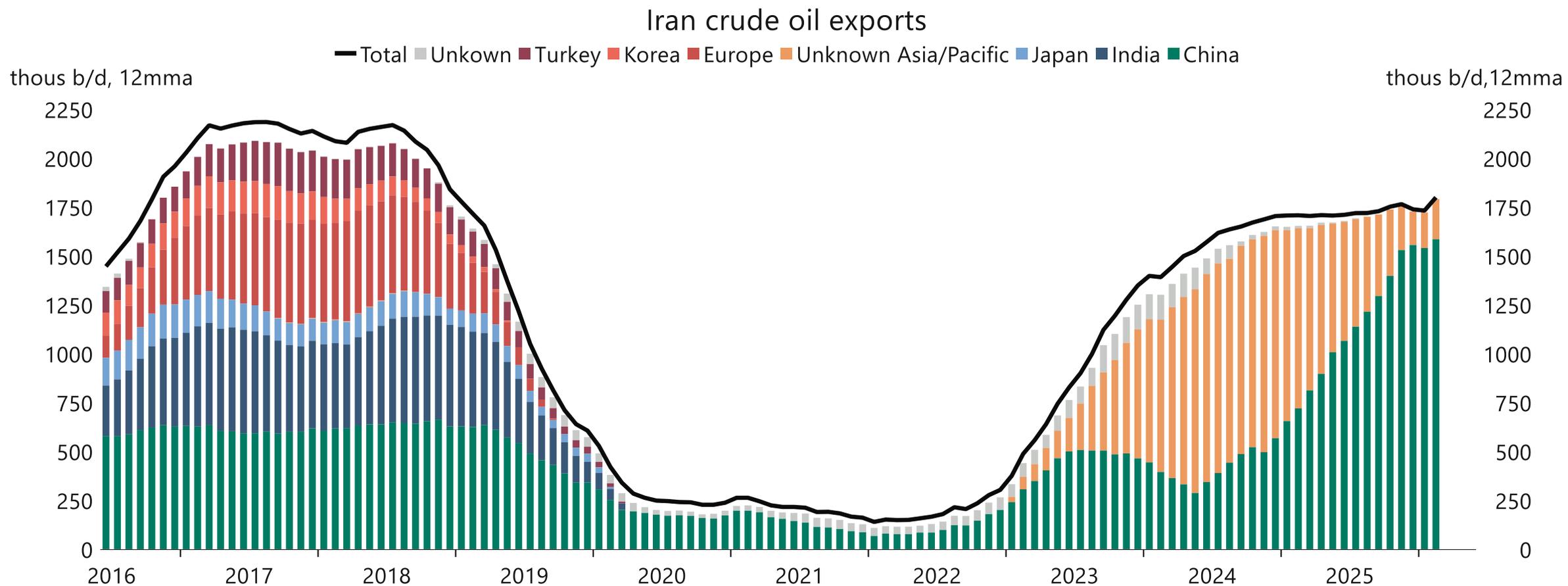
Data source: U.S. Energy Information Administration (EIA) analysis based on Vortexa, Apollo Chief Economist.

China buys 89% of Iran's oil exports

Iran's crude oil exports, by destination



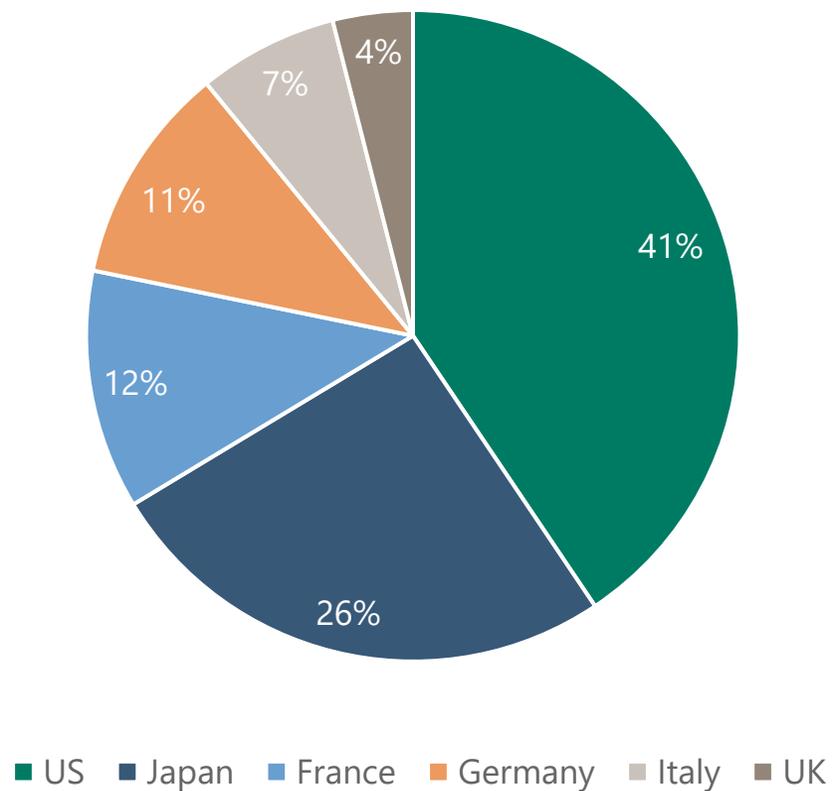
Iran crude oil exports by destination



Source: Bloomberg, Macrobond, Apollo Chief Economist

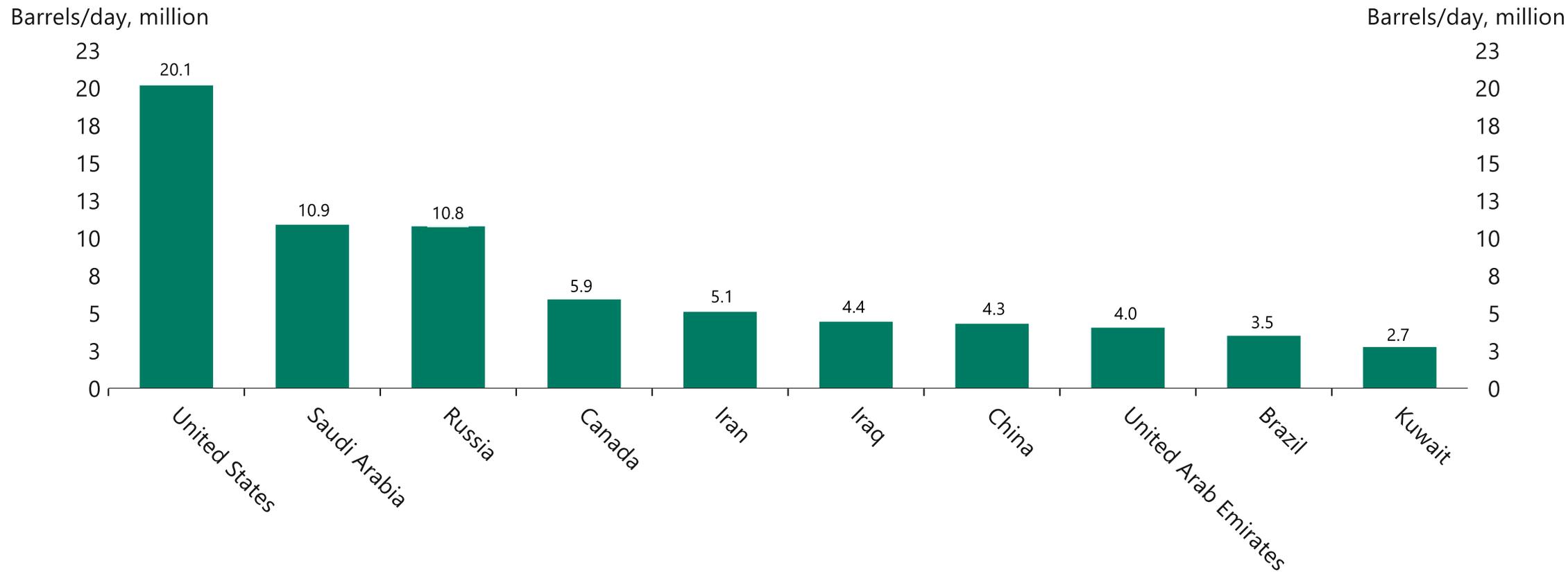
US and Japan have the highest oil reserves

The allocation of G7's SPRs



Top 10 global oil producers

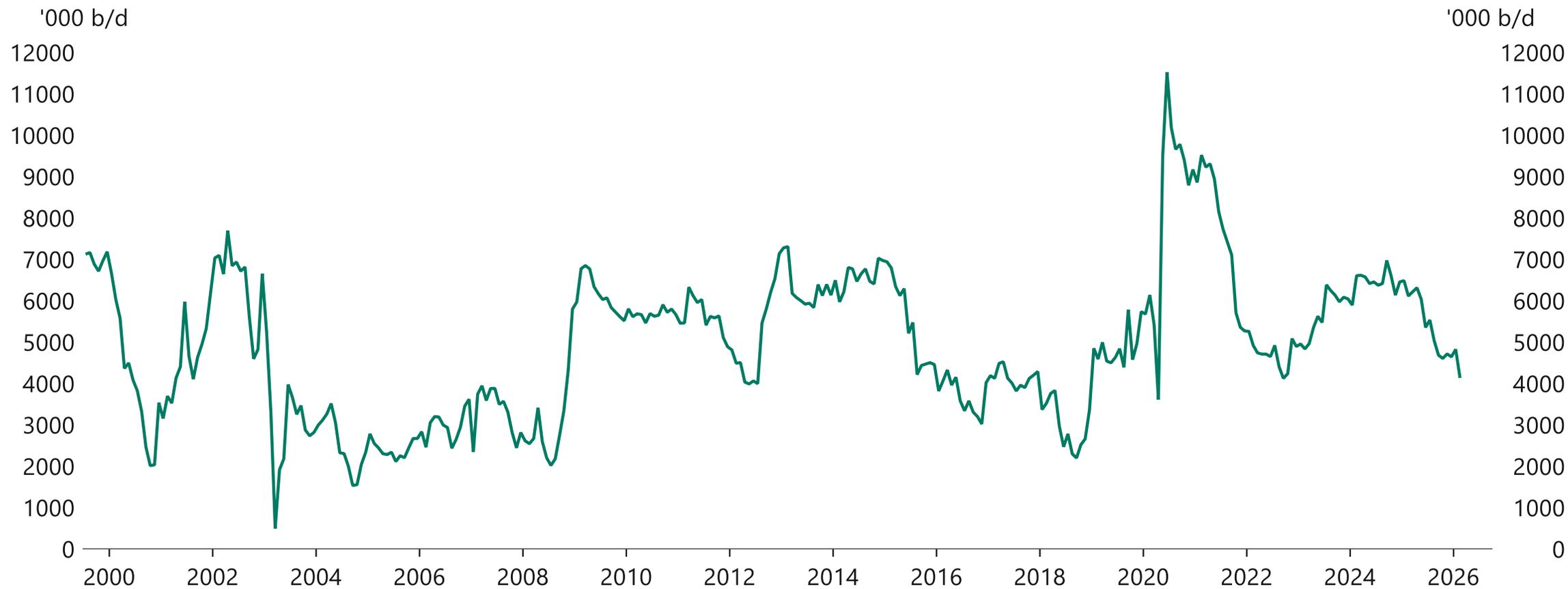
Top 10 countries by oil barrels produced daily



Source: Energy Institute, Macrobond, Apollo Chief Economist. Data as of 2024.

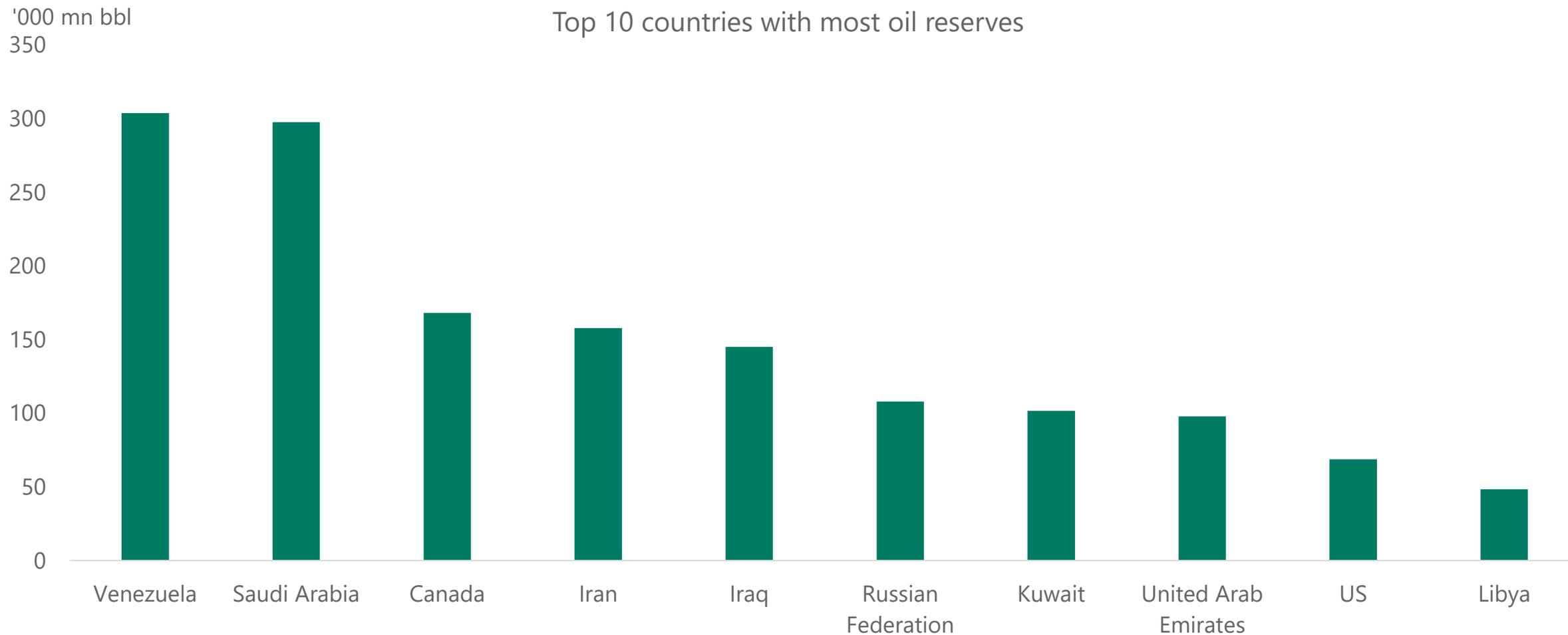
OPEC spare capacity

OPEC spare capacity



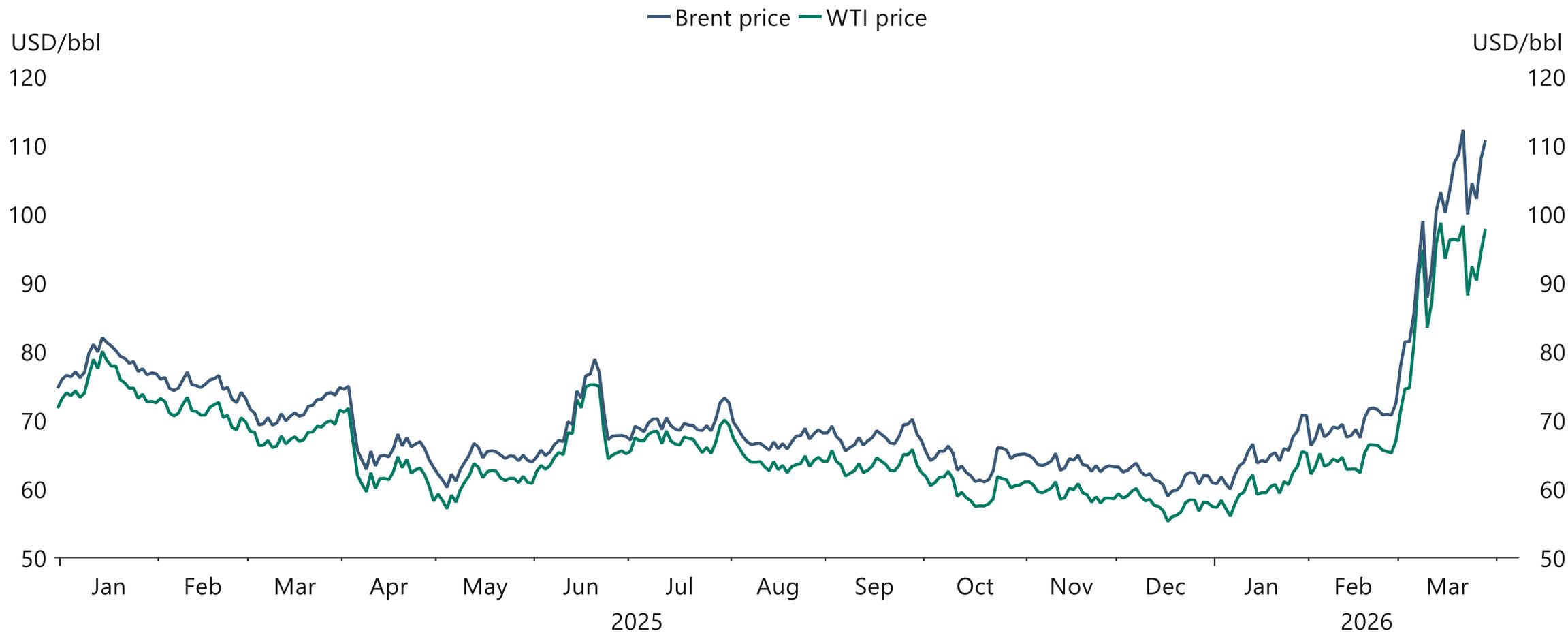
Source: Bloomberg, Macrobond, Apollo Chief Economist

OPEC countries have large oil reserves



Market reaction: Oil prices and fuel costs

Recent developments in oil prices



Source: Bloomberg, Macrobond, Apollo Chief Economist

US retail gas prices rising

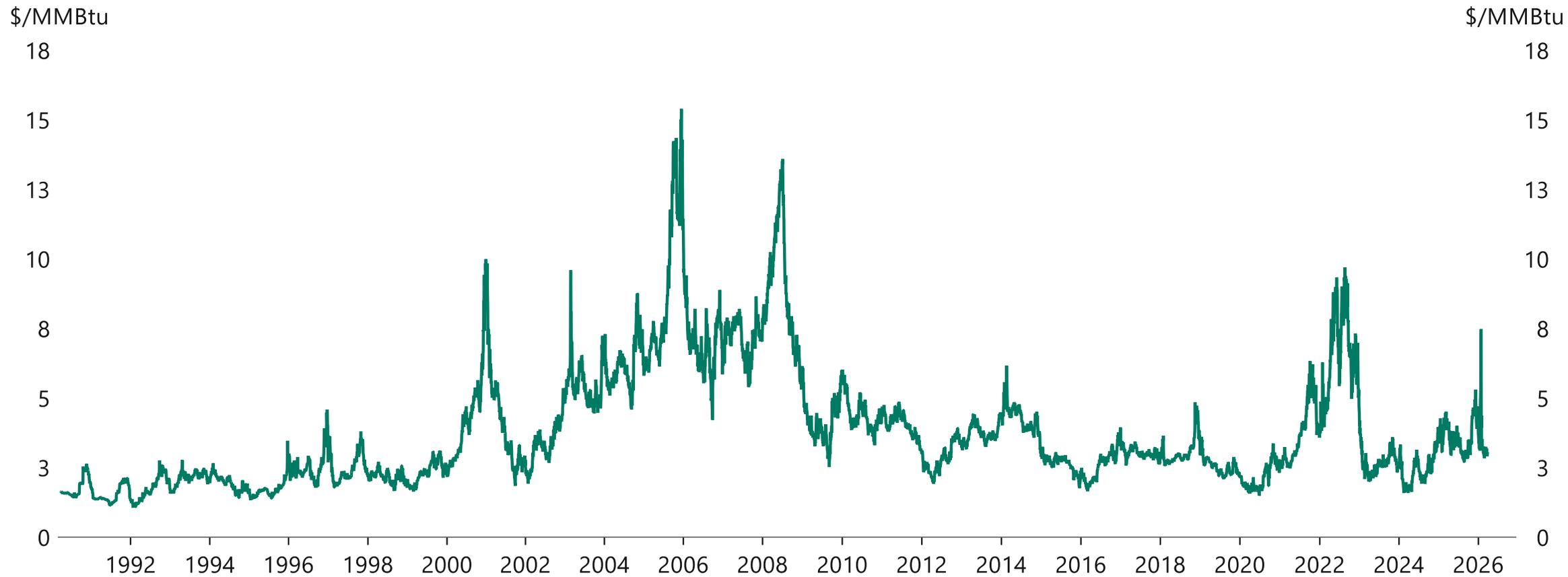
US daily national average gasoline prices



Source: Bloomberg, Macrobond, Apollo Chief Economist

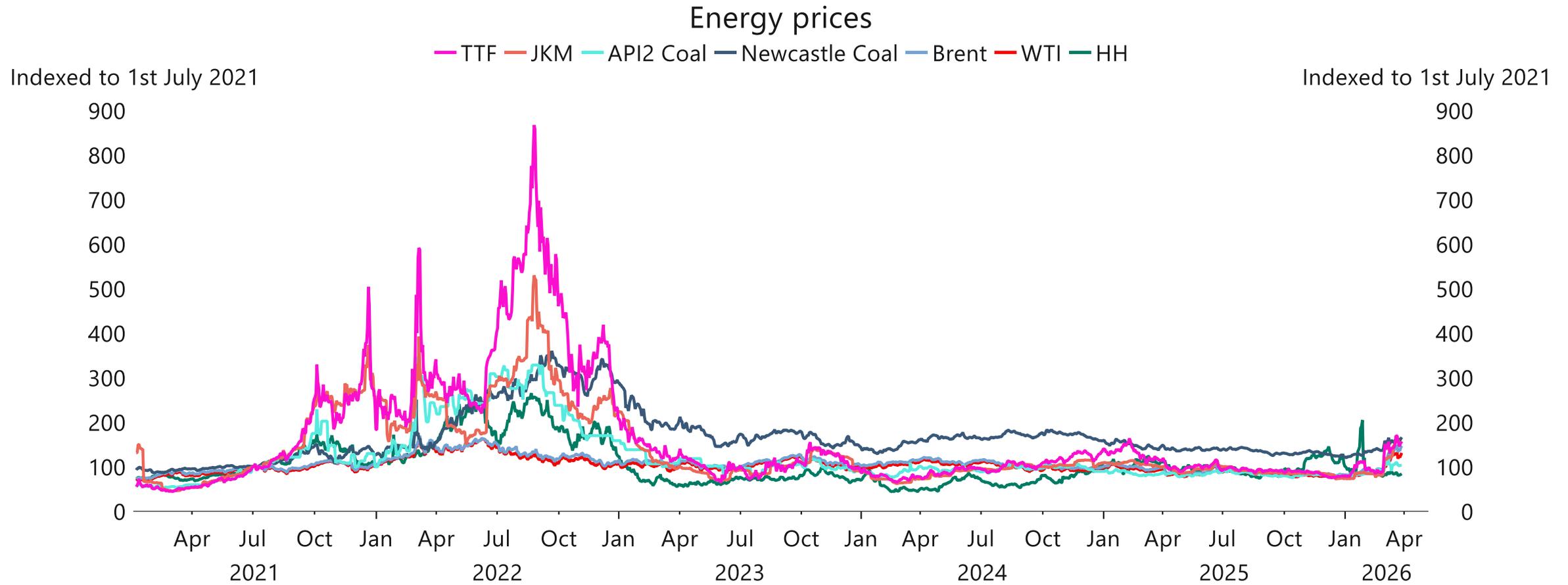
US natural gas price

US HH natural gas price



Source: Bloomberg, Macrobond, Apollo Chief Economist

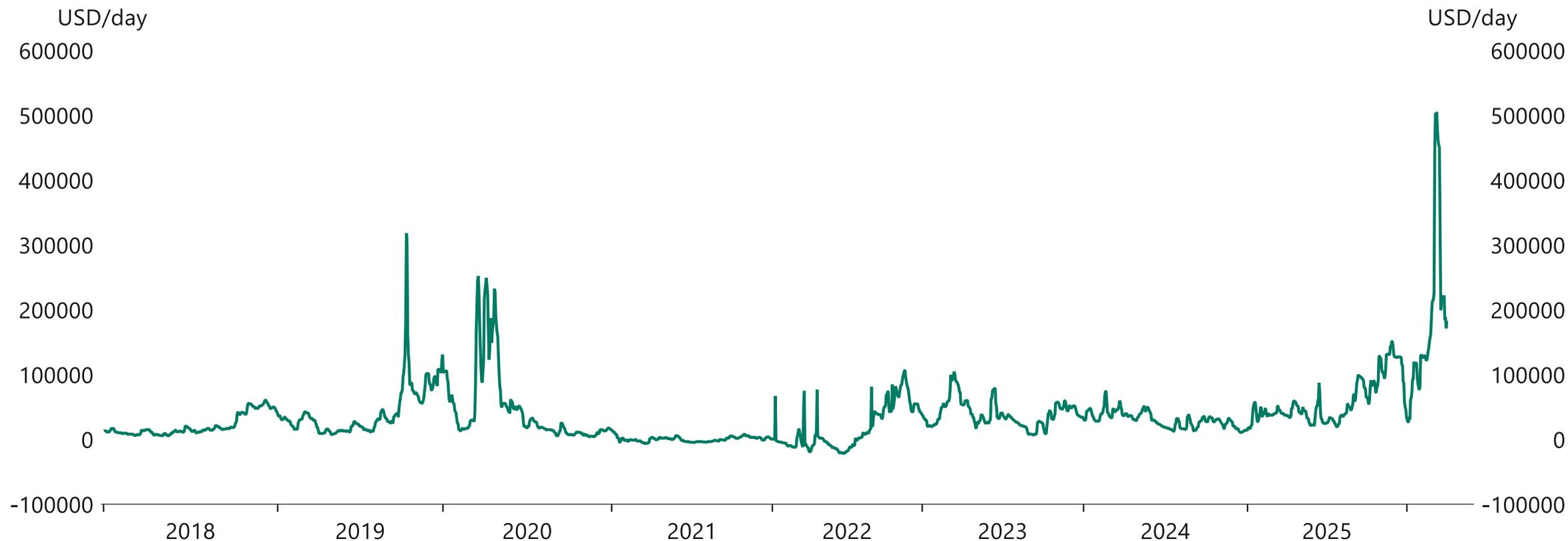
Global energy prices relative to July 1, 2021



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: HH is the US natural gas benchmark, API2 is European Coal benchmark, JKM is the Asia Pacific LNG benchmark and TTF is the Netherlands natural gas pricing

Rates for very large crude tankers have spiked

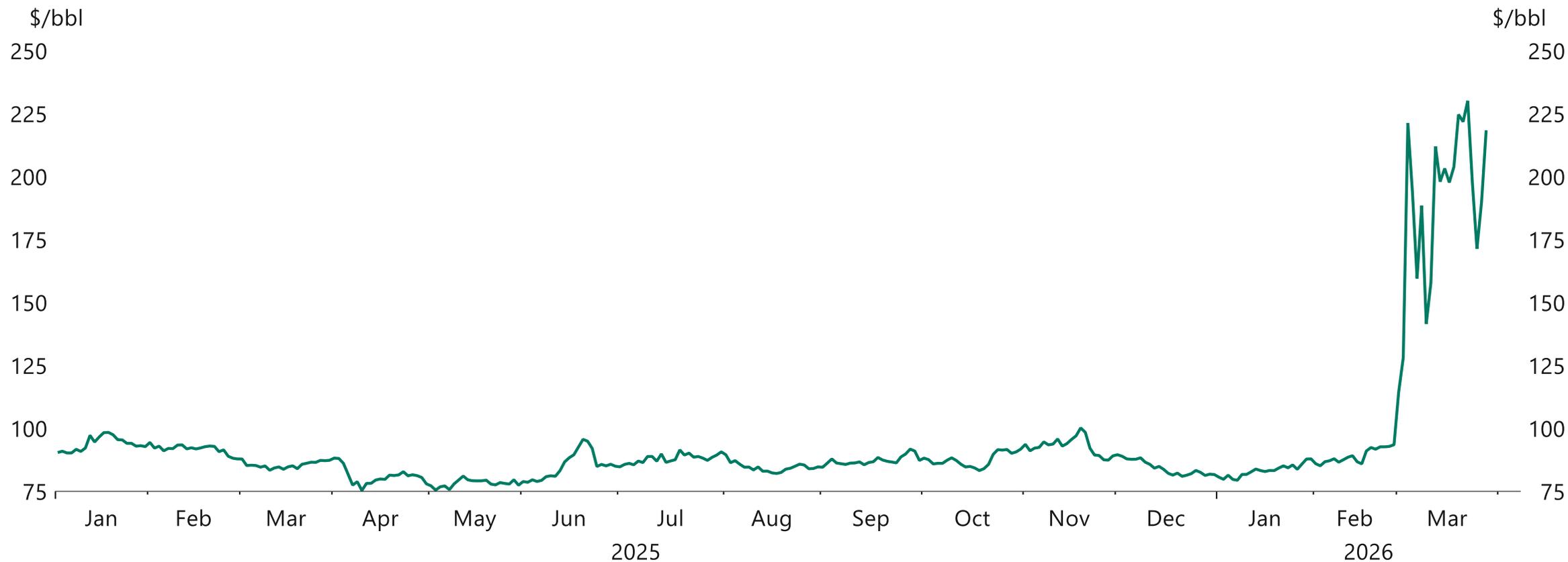
Dirty VLCC Arab Gulf to China Spot Rate



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: A Dirty VLCC (Very Large Crude Carrier) is a specialized tanker ship designed to carry crude oil or heavy fuel oil, with a cargo capacity ranging from 200,000 to over 300,000 deadweight tonnes (DWT)

Jet fuel prices have spiked

Jet fuel prices



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: Index used JETKSPOT Index

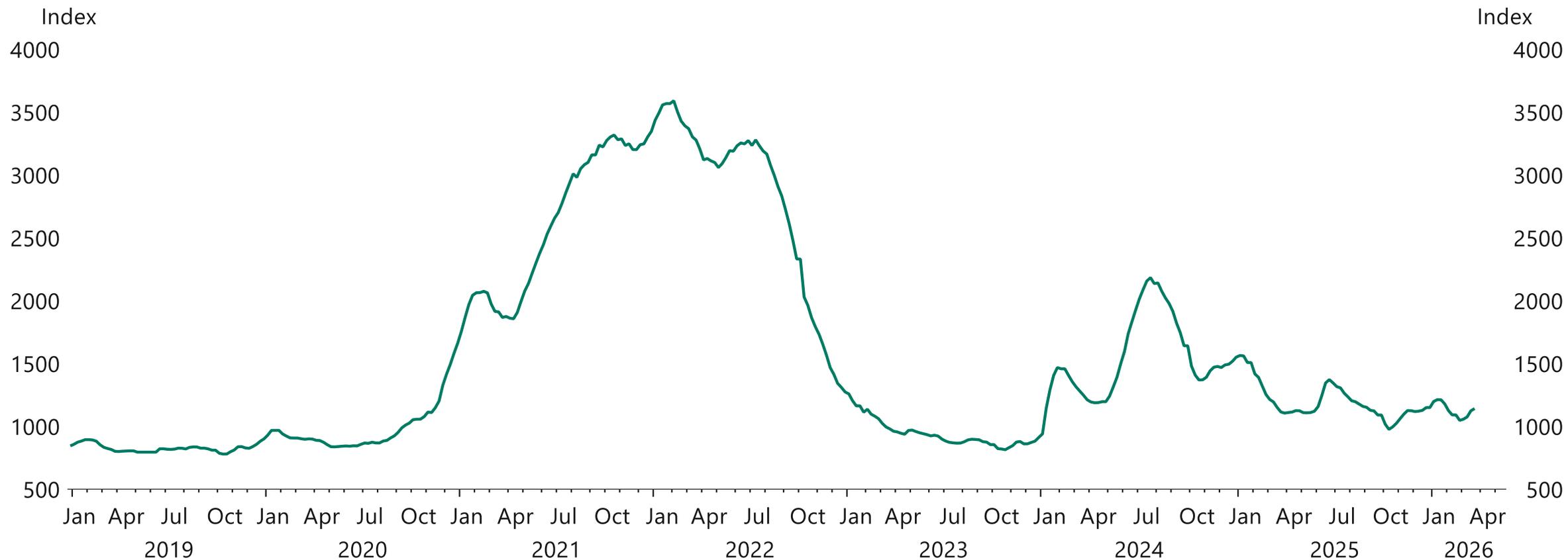
Asian LNG prices also higher than normal



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: Index used JKL1 Comdty

China: Containerized freight index

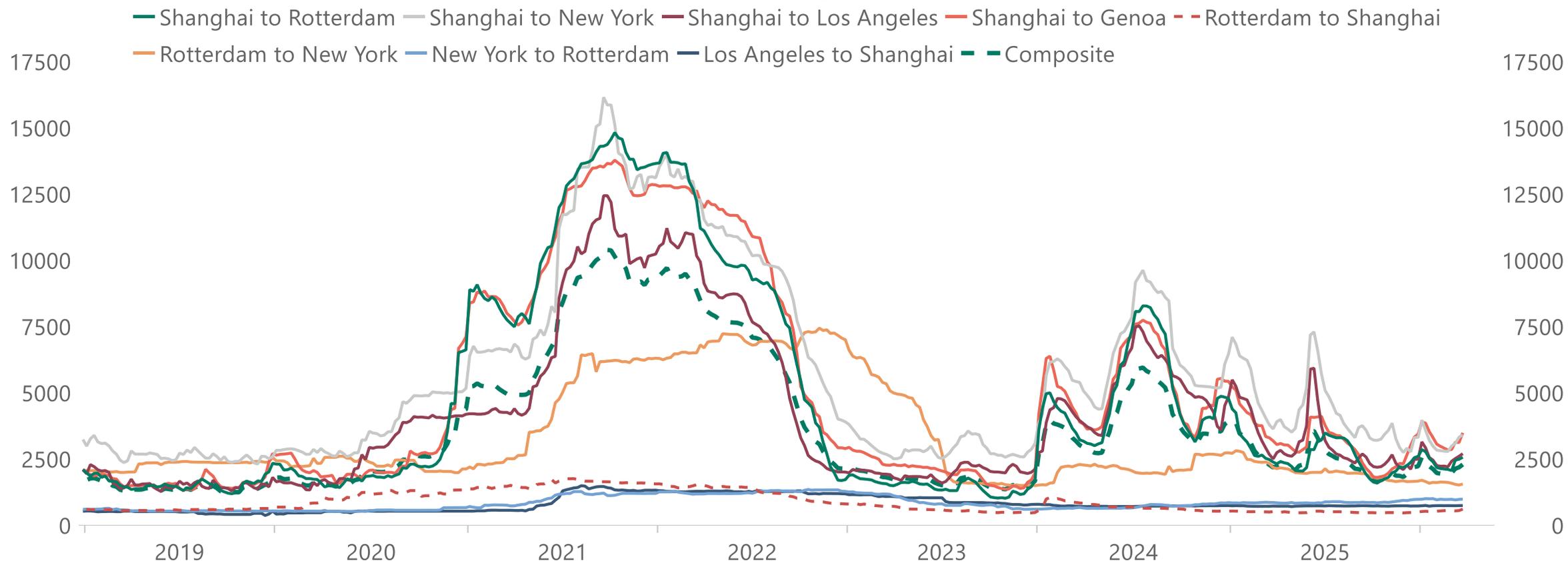
Shanghai Shipping Exchange, China Containerized Freight Index



Source: Shanghai Shipping Exchange, Macrobond, Apollo Chief Economist

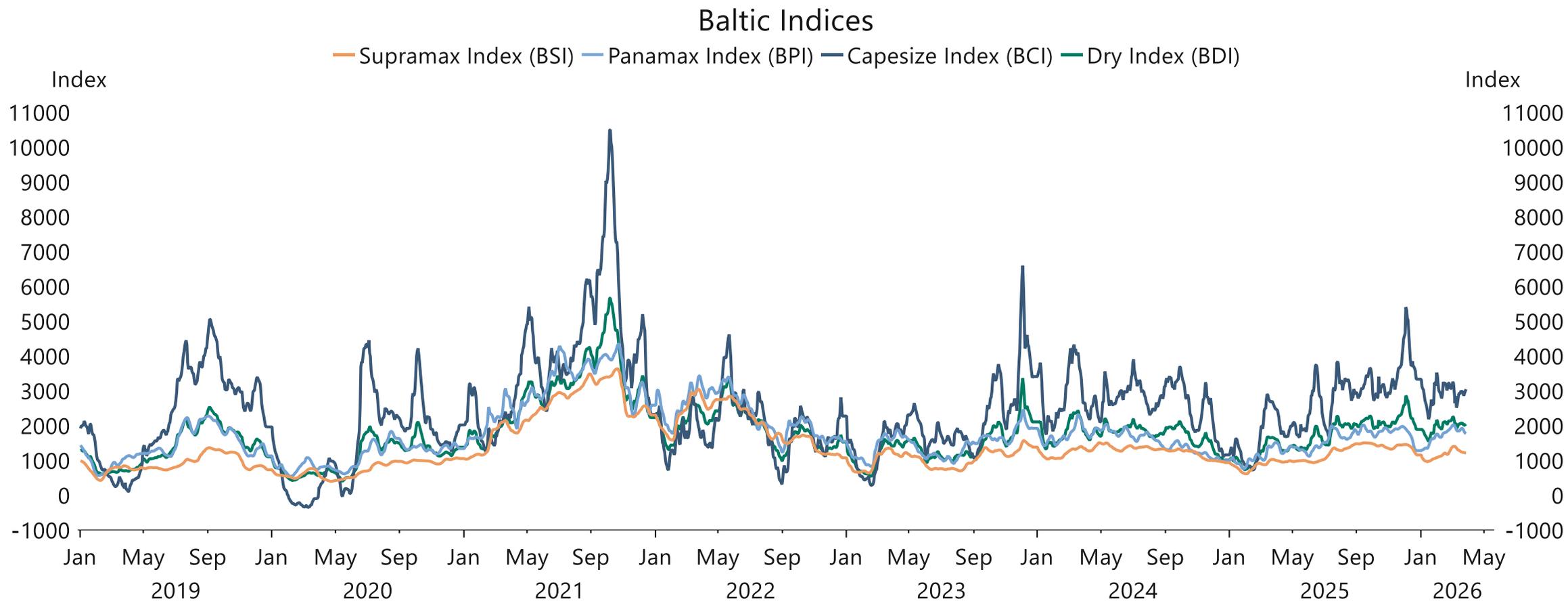
Container freight rates

Container Freight Rates



Source: WCI, Bloomberg, Macrobond, Apollo Chief Economist

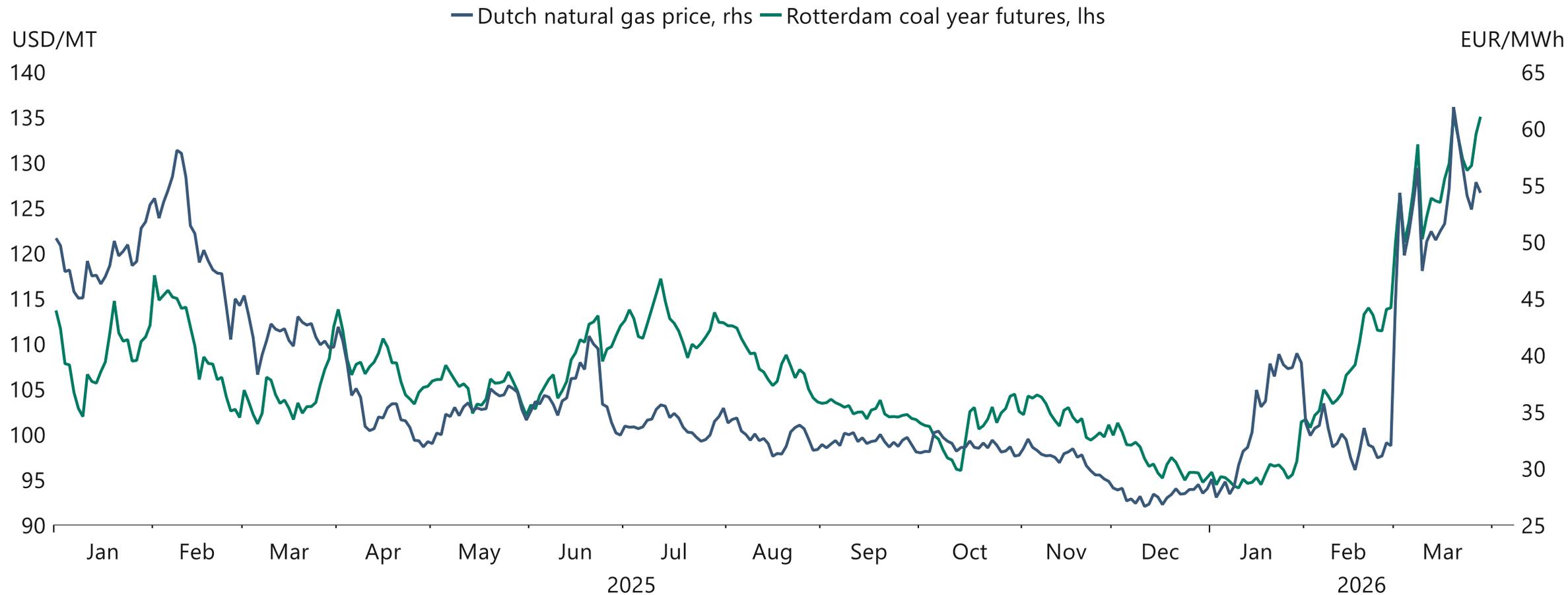
Baltic Exchange indexes



Source: Baltic Exchange, Macrobond, Apollo Chief Economist

Europe

European coal prices rising

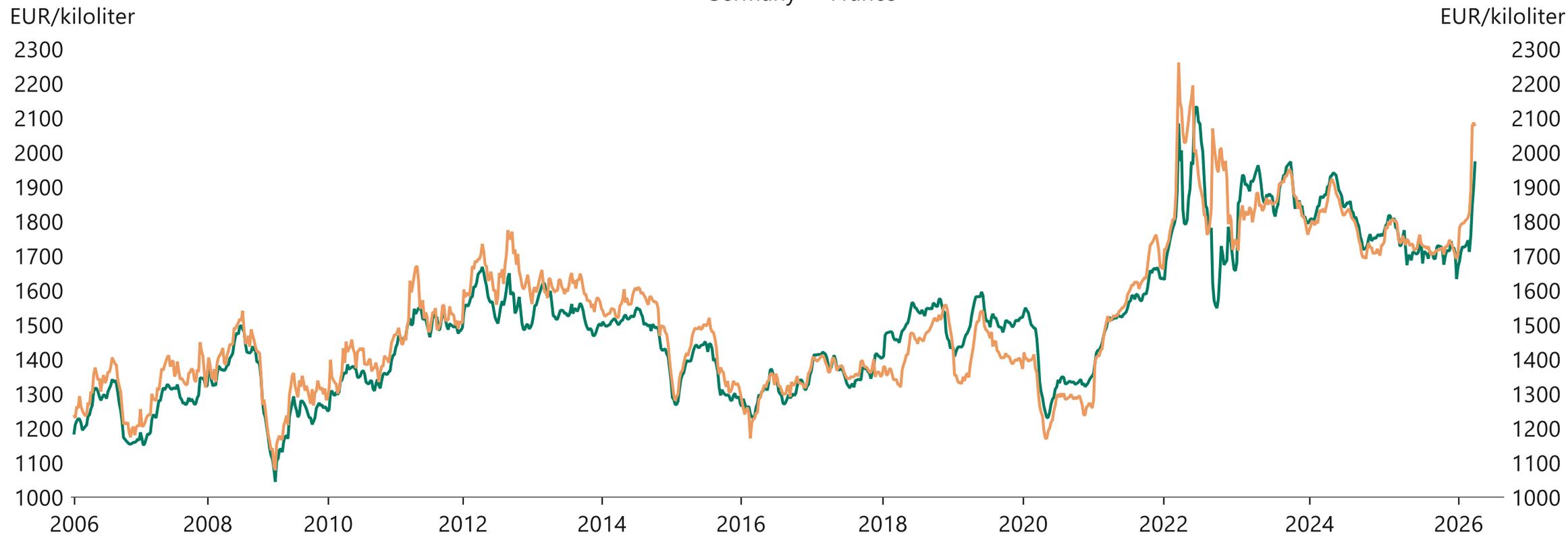


Source: Bloomberg, Macrobond, Apollo Chief Economist

European gasoline prices at the pump

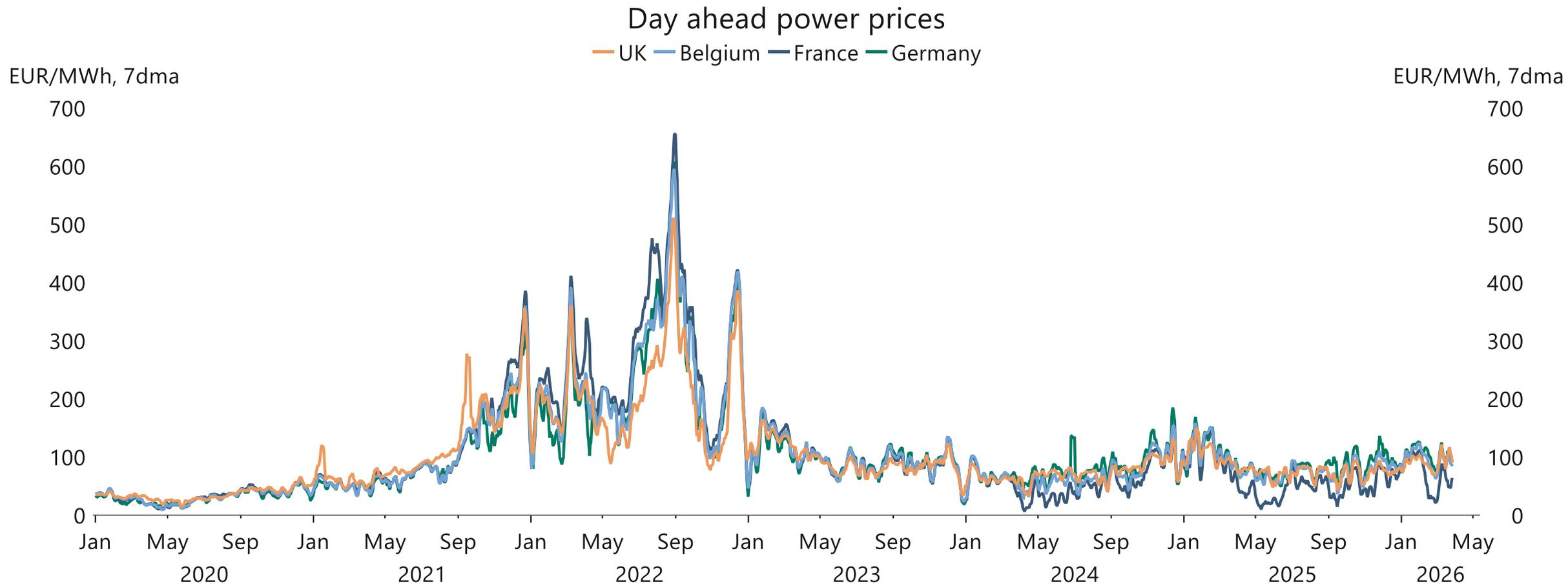
Gasoline pump prices

— Germany — France



Source: Bloomberg, Macrobond, Apollo Chief Economist

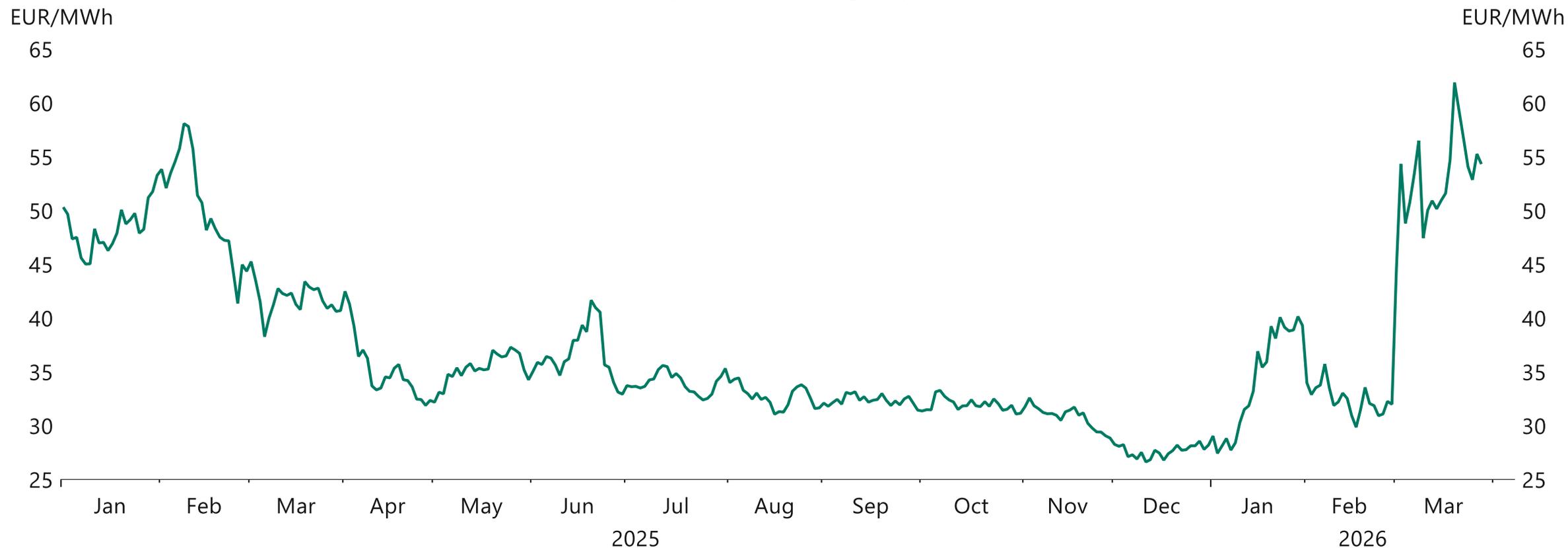
Electricity prices in Europe



Source: Bloomberg, Macrobond, Apollo Chief Economist

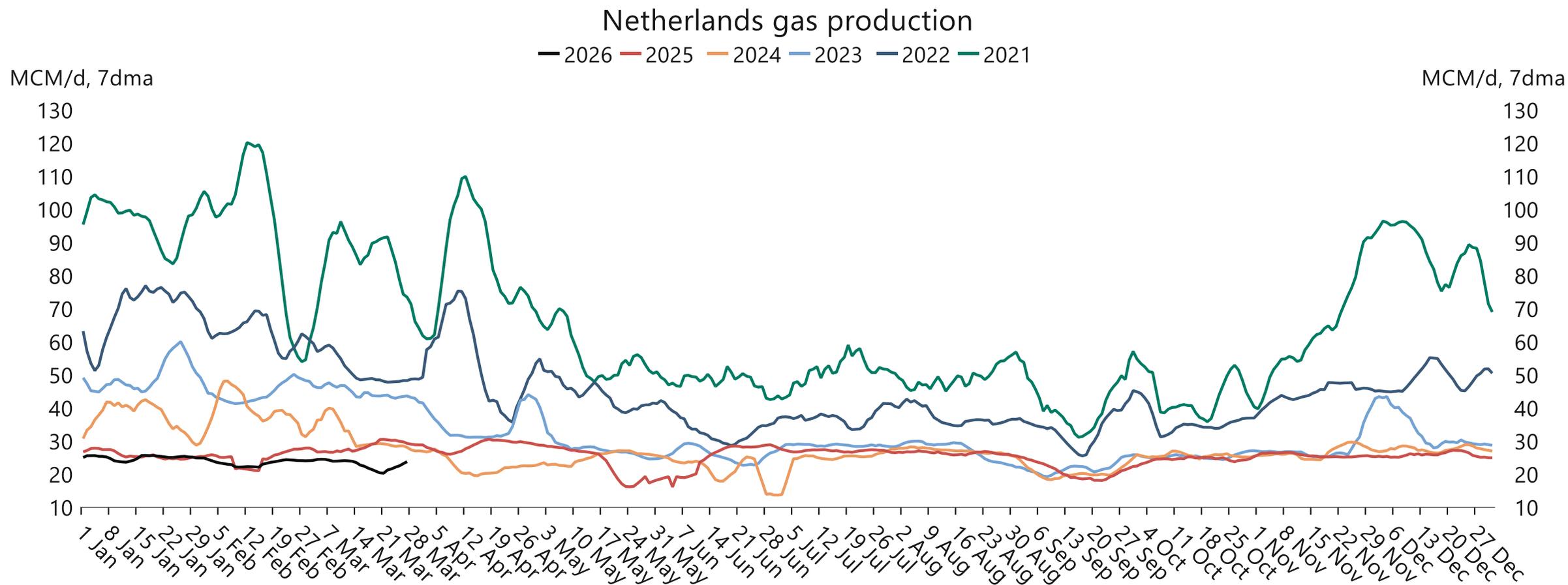
European natural gas prices rising

European natural gas price



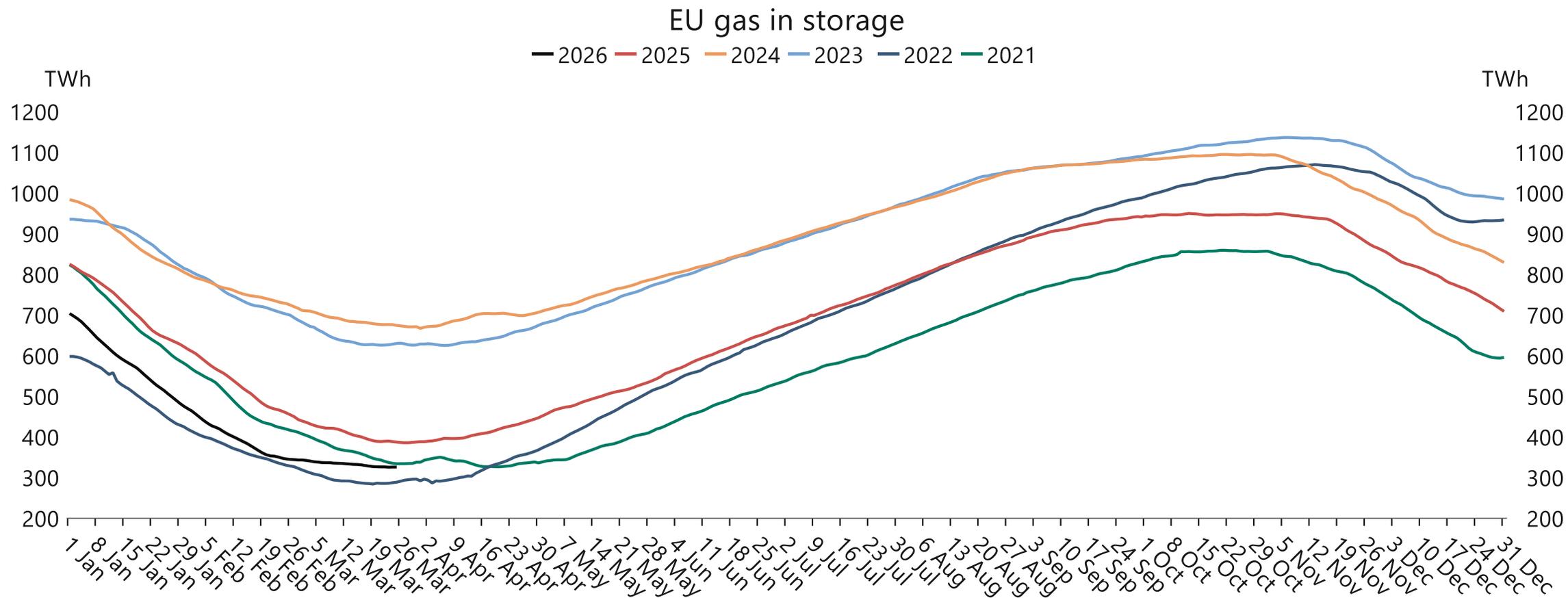
Source: Bloomberg, Macrobond, Apollo Chief Economist

Dutch gas production below 5-year average



Source: Bloomberg, Macrobond, Apollo Chief Economist

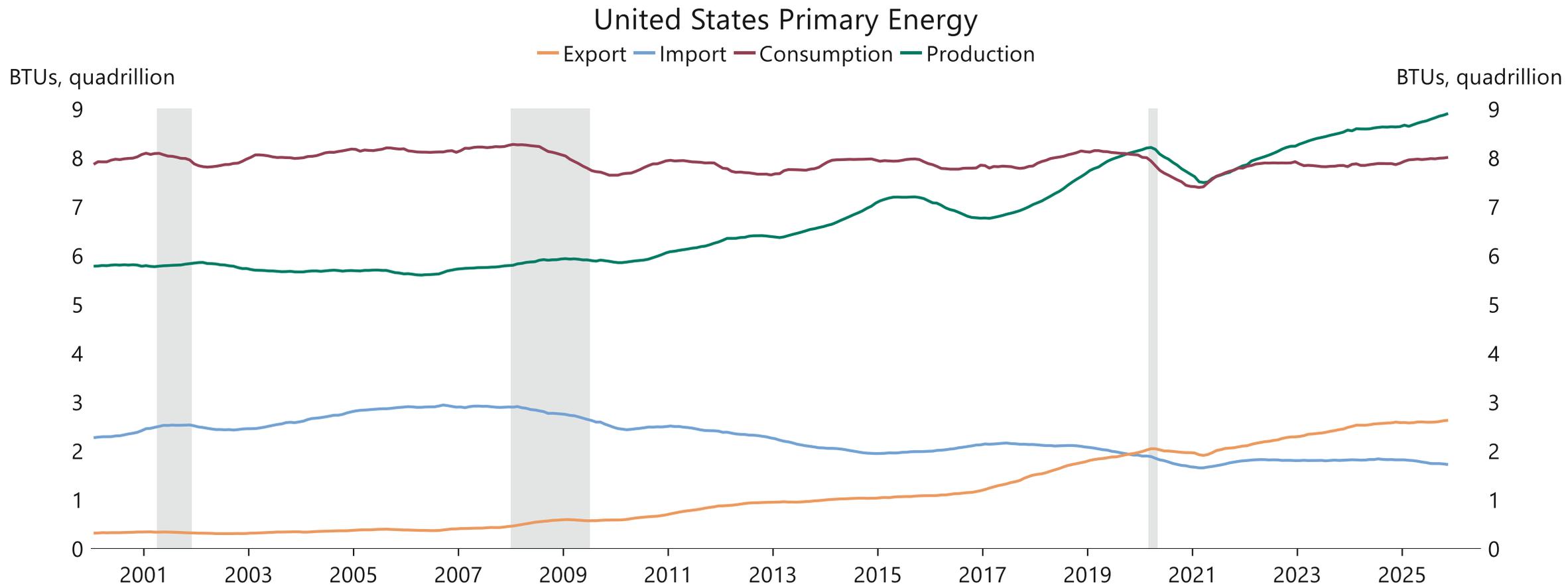
Europe: Natural gas inventories are low



Source: Bloomberg, Macrobond, Apollo Chief Economist

US resilience: Energy independence and supply

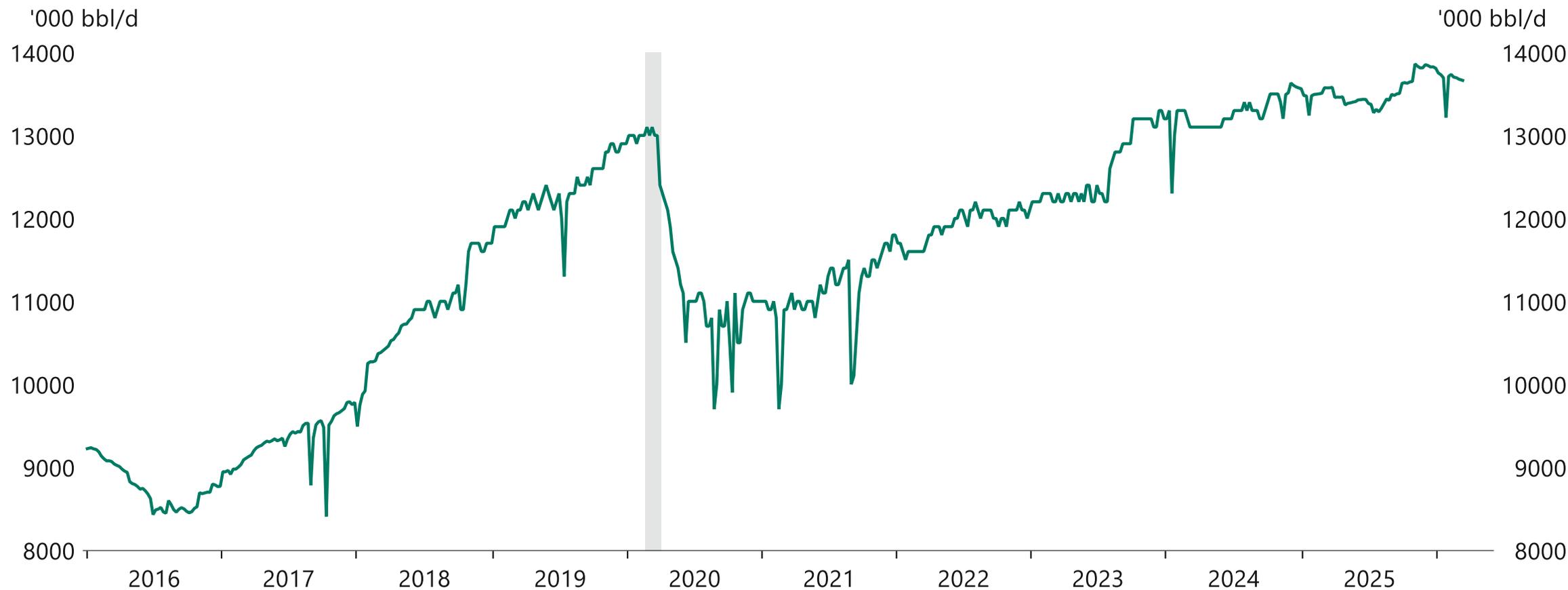
US produces and exports more energy than it consumes and imports



Source: Energy Information Administration (EIA), Macrobond, Apollo Chief Economist

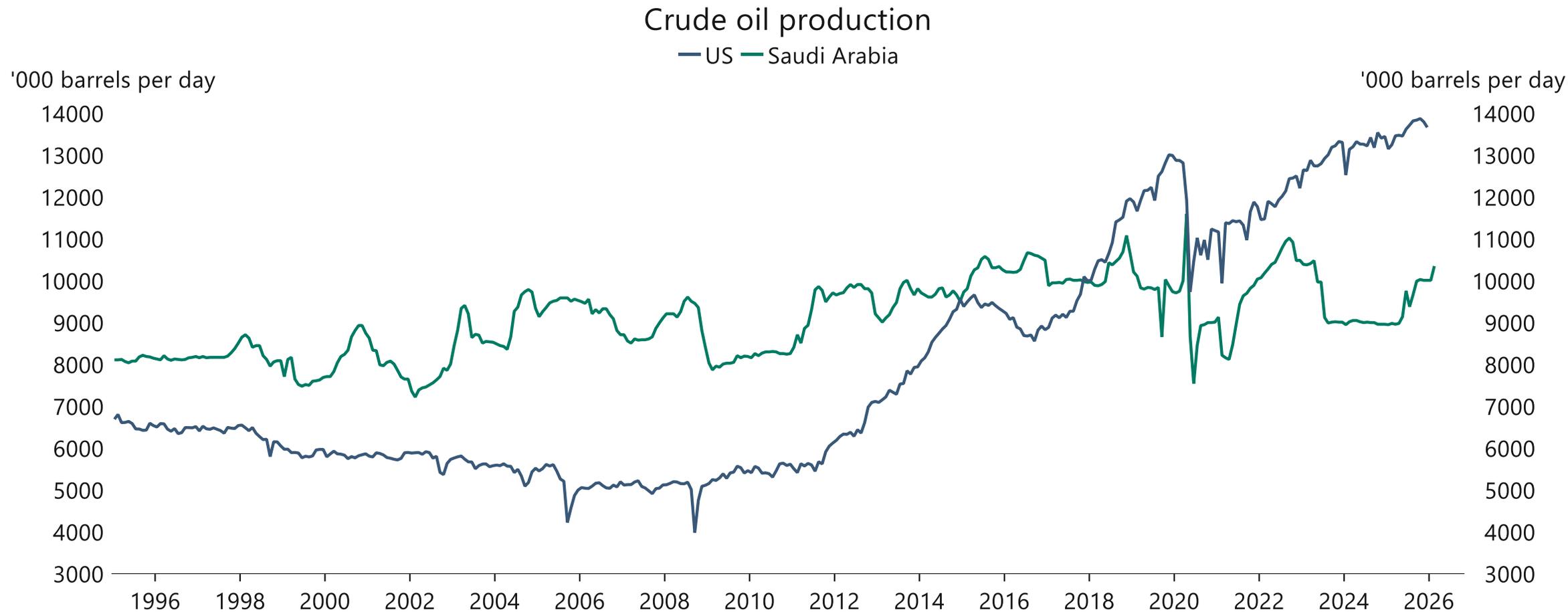
US oil production near record-high levels

US crude oil production



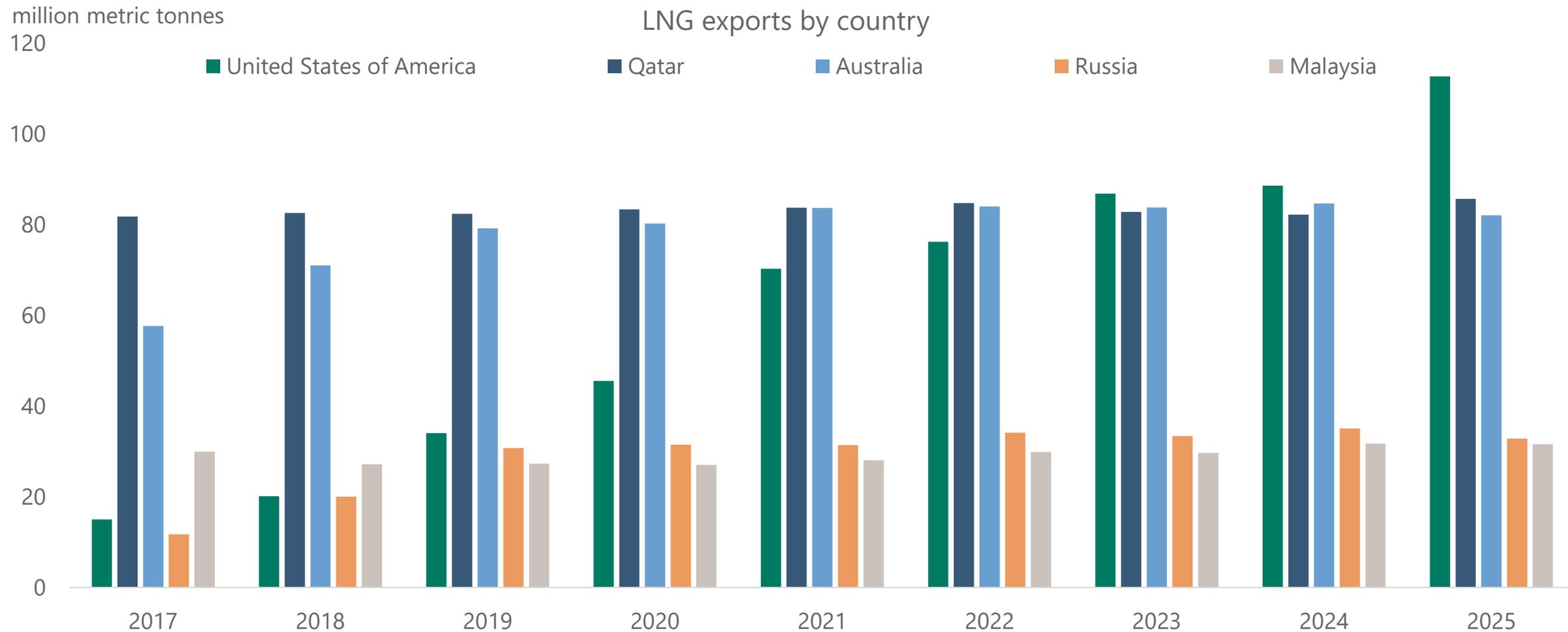
Source: Bloomberg, Macrobond, Apollo Chief Economist

US oil production higher than in Saudi Arabia

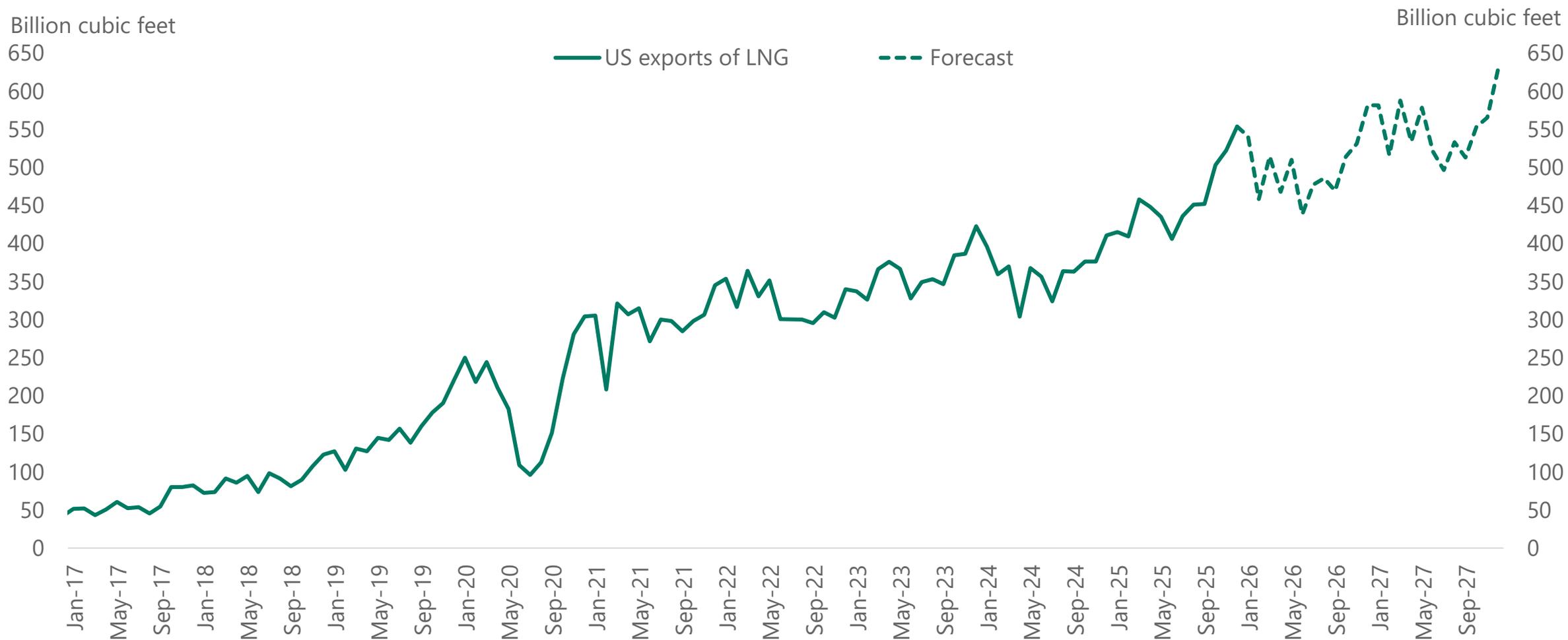


Source: Bloomberg, Macrobond, Apollo Chief Economist

US is the largest LNG exporter

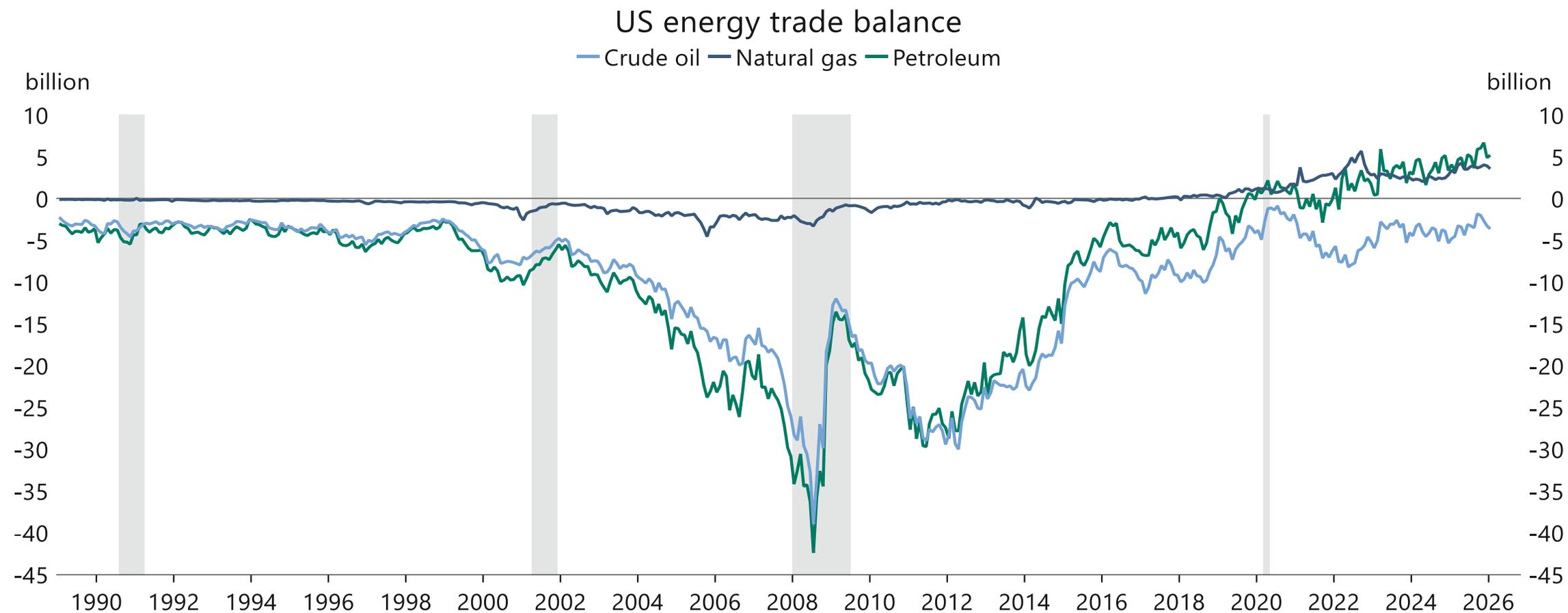


US exports of LNG



Source: EIA forecast, Bloomberg, Apollo Chief Economist

US energy trade balance



Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis (BEA), Macrobond, Apollo Chief Economist

US oil rig count has fallen

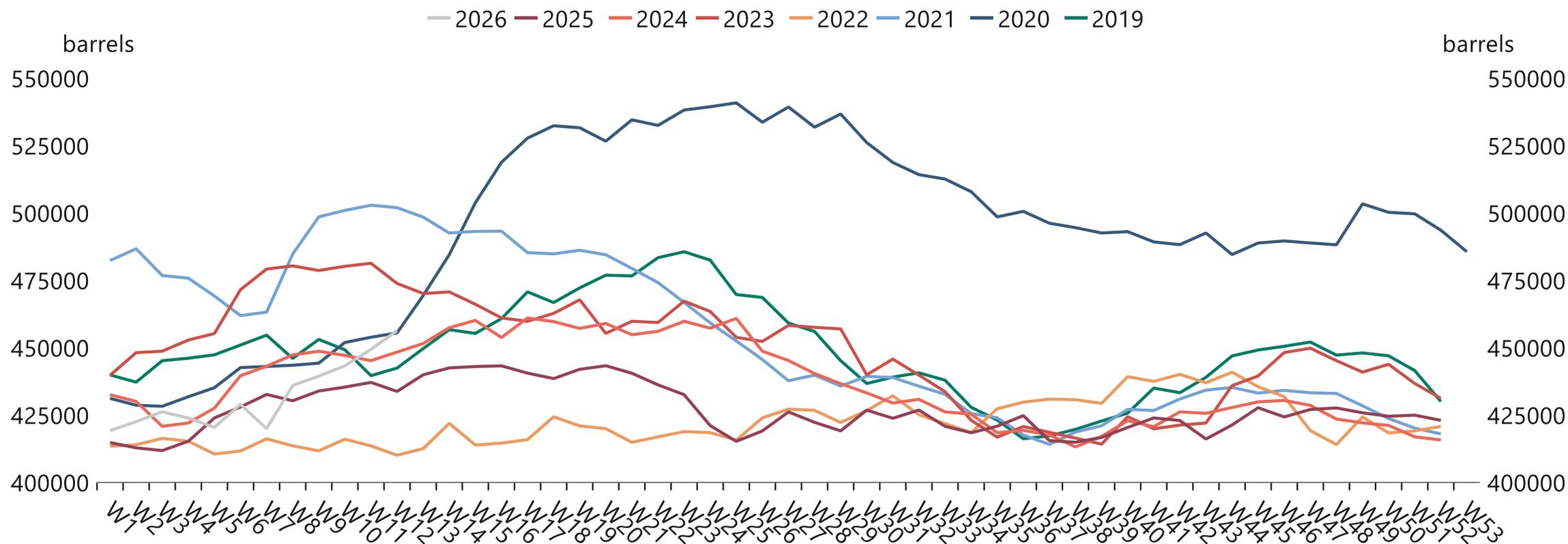
Baker Hughes United States Crude Oil Rotary Rig Count Data



Source: Bloomberg, Macrobond, Apollo Chief Economist

US crude oil storage at low levels

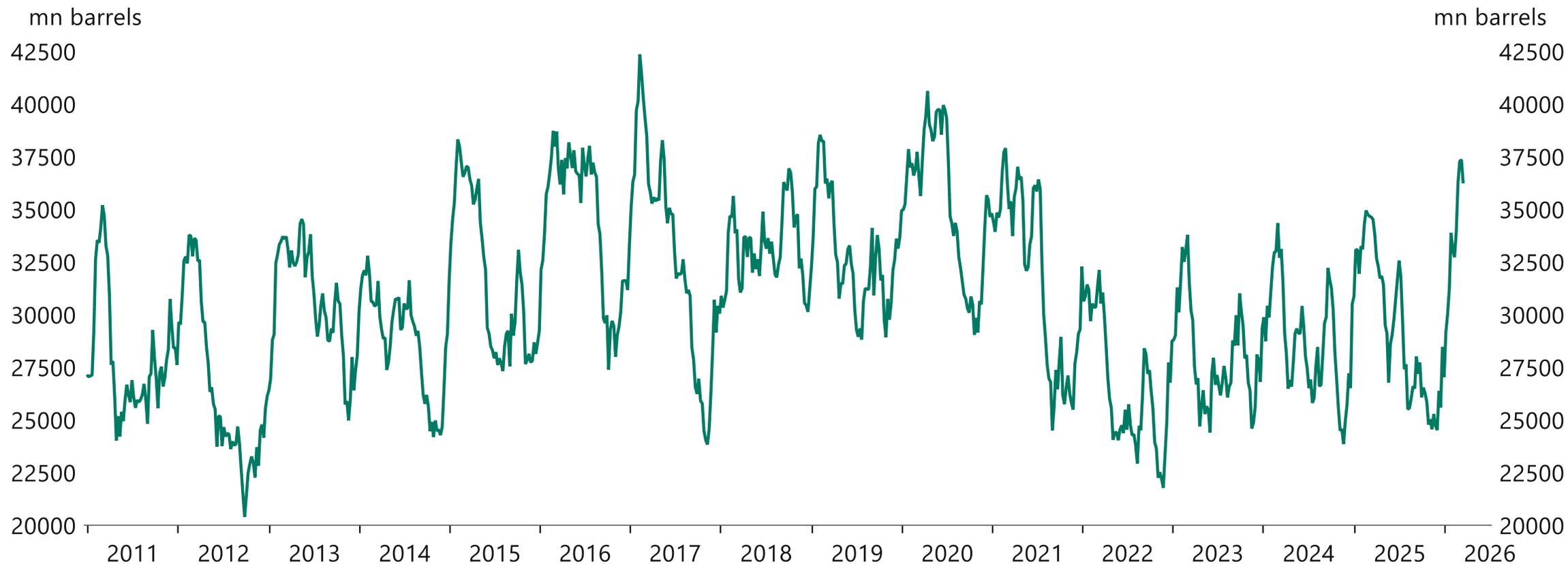
US crude oil storage



Source: Bloomberg, Macrobond, Apollo Chief Economist

New York gasoline inventories

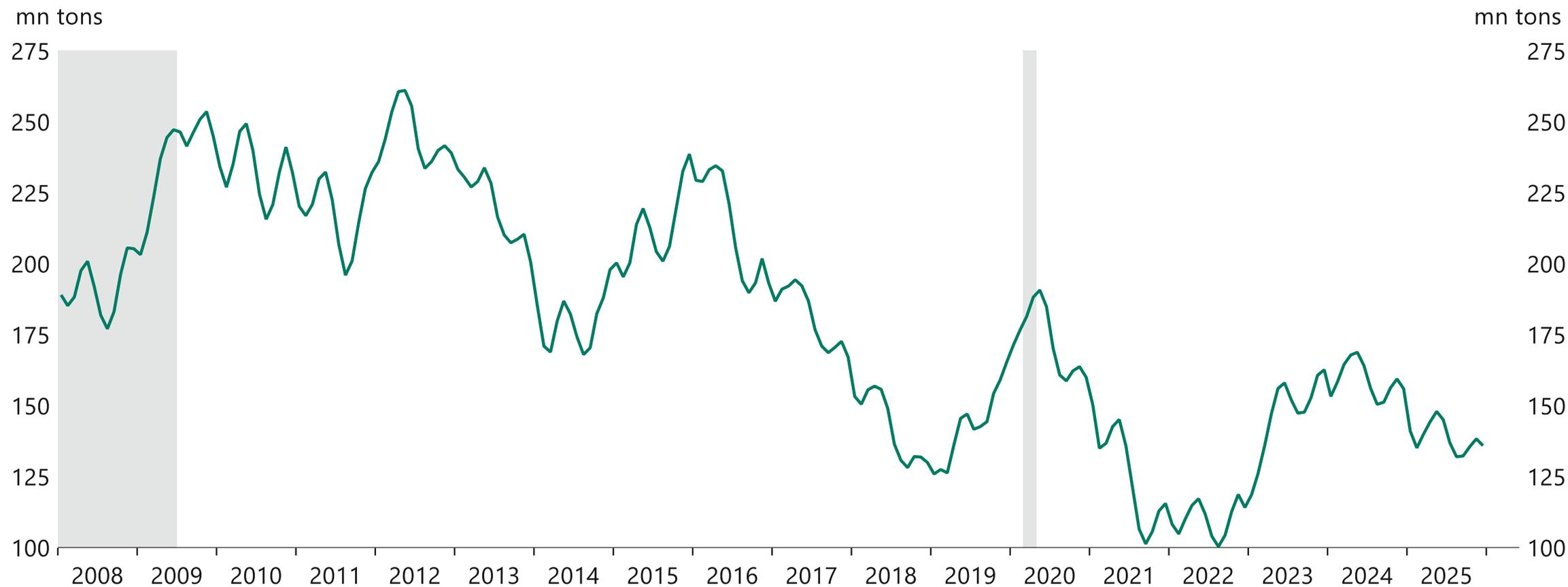
Central Atlantic gasoline stockpiles



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: Supply is shrinking at a time when falling pump prices have lifted the country's gasoline demand to a year-to-date high. Diesel demand usually begins to rise this time of year with annual crop harvests and distributors trying to stock up ahead of the upcoming heating season.

Low coal inventories at US power plants

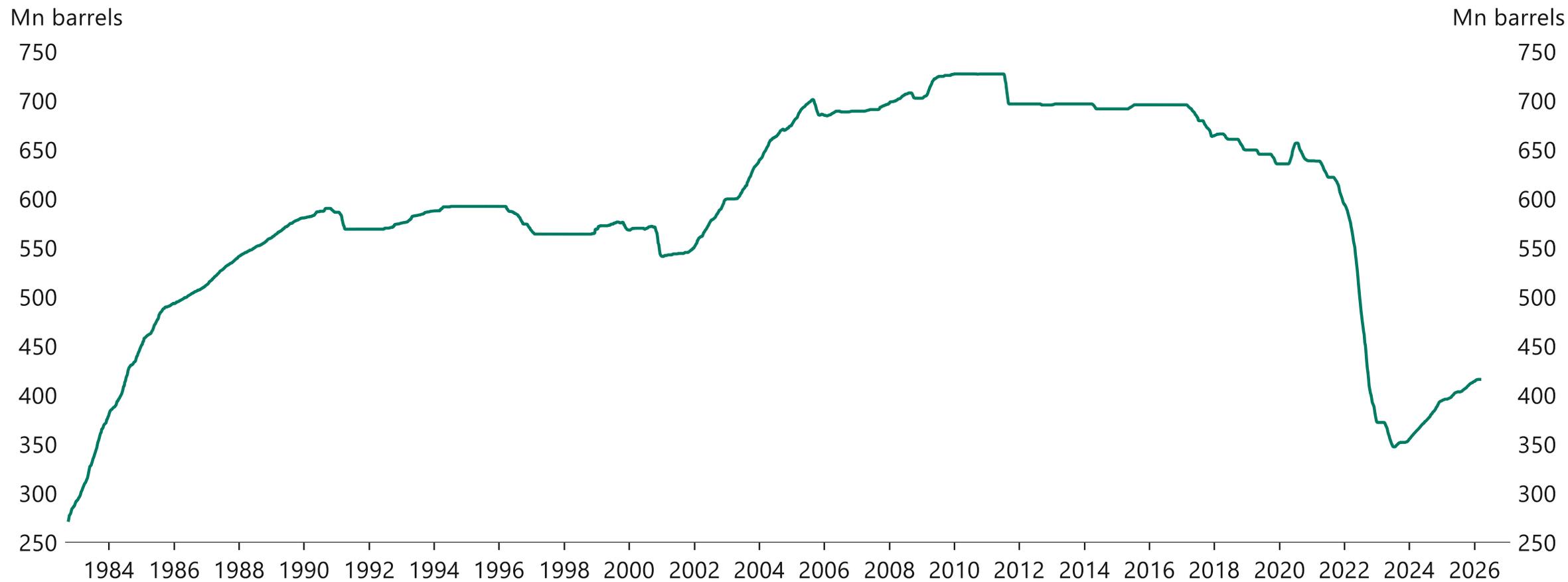
Coal inventories at US power plants



Source: Bloomberg, Macrobond, Apollo Chief Economist

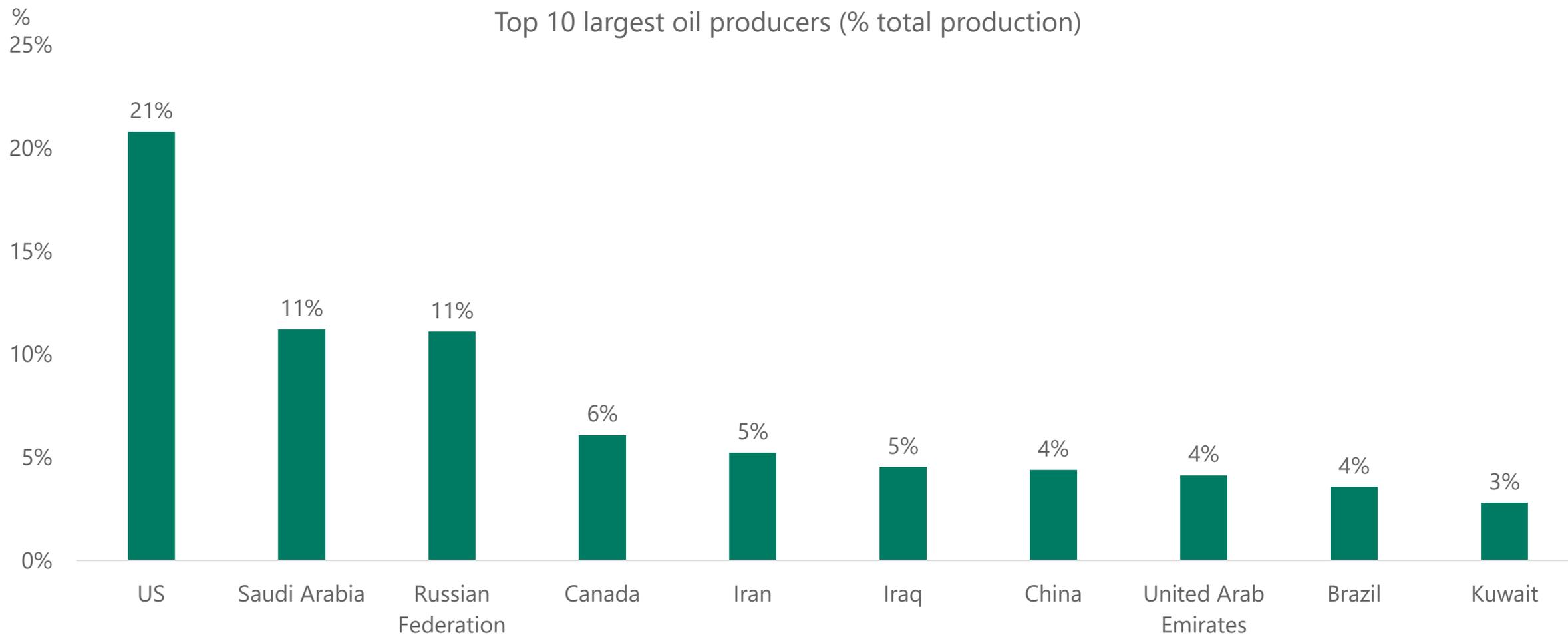
US SPR inventory at low levels

Strategic Petroleum Reserve (SPR) total inventory data



Source: Bloomberg, Macrobond, Apollo Chief Economist

US is the largest producer of oil in the world



Macro: Oil and inflation

Overview

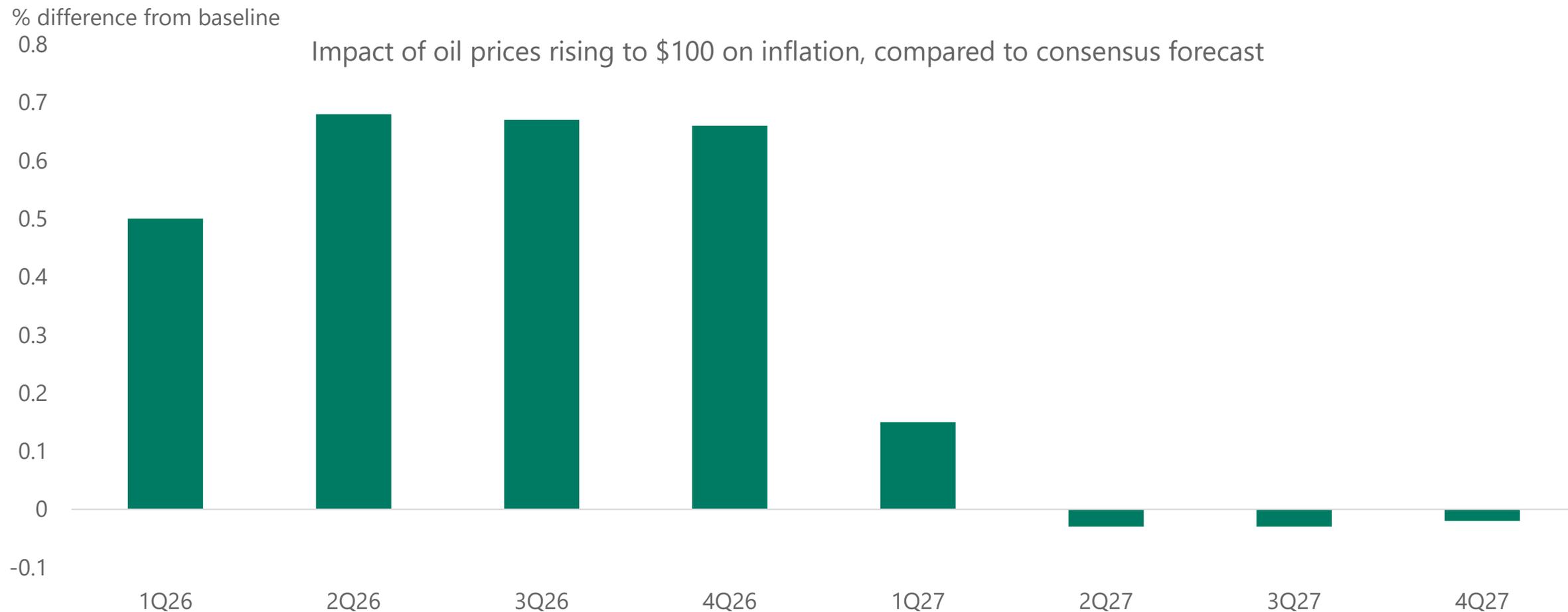
Model estimates from a version of the Fed's model show a modest macroeconomic drag from a persistent shock to oil prices

Persistent shock (\$100 through 2027) - Impact fades over several quarters, peak effects:

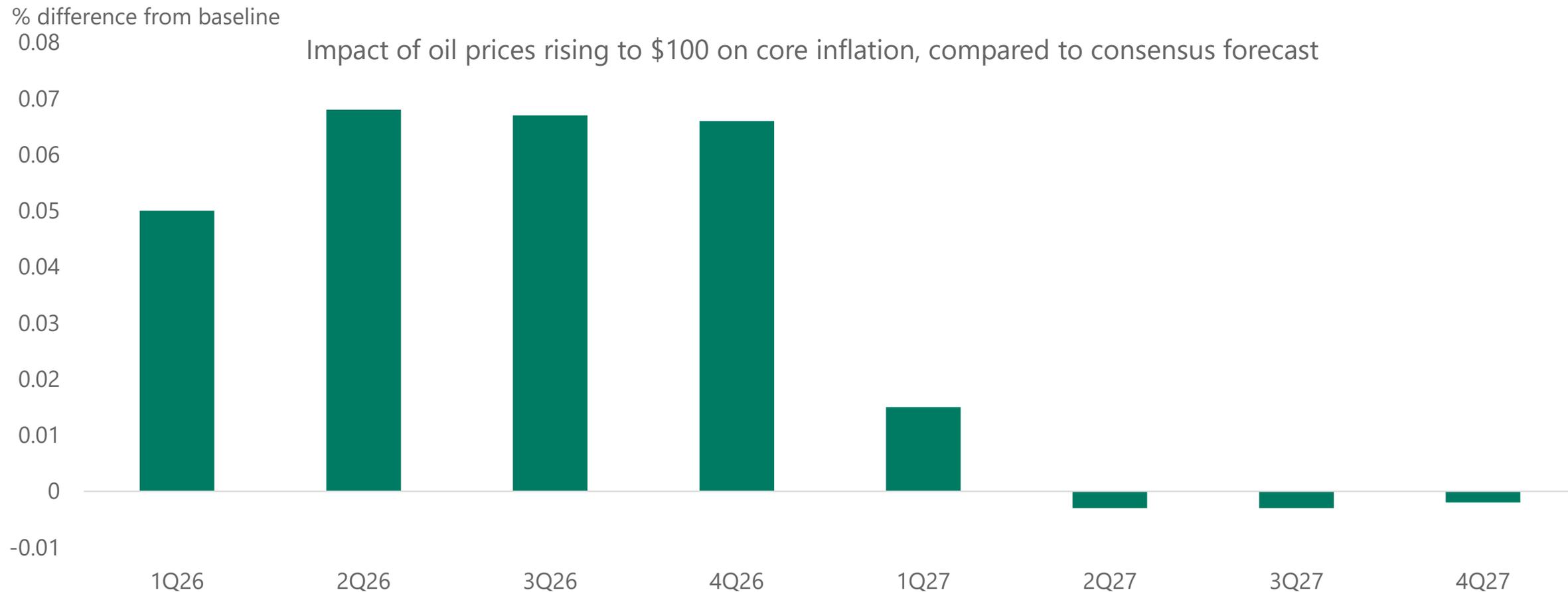
- Headline inflation: +0.7%-pt
- Core Inflation: +0.1%-pt
- Unemployment: +0.1%-pt
- Real GDP: -0.1%-pt

Bottom line: The US is a net oil exporter, and energy efficiency has improved significantly over the years, meaning the economy burns less oil per unit of GDP compared to historical levels, which helps dampen the overall negative impact of price spikes

Impact on headline inflation



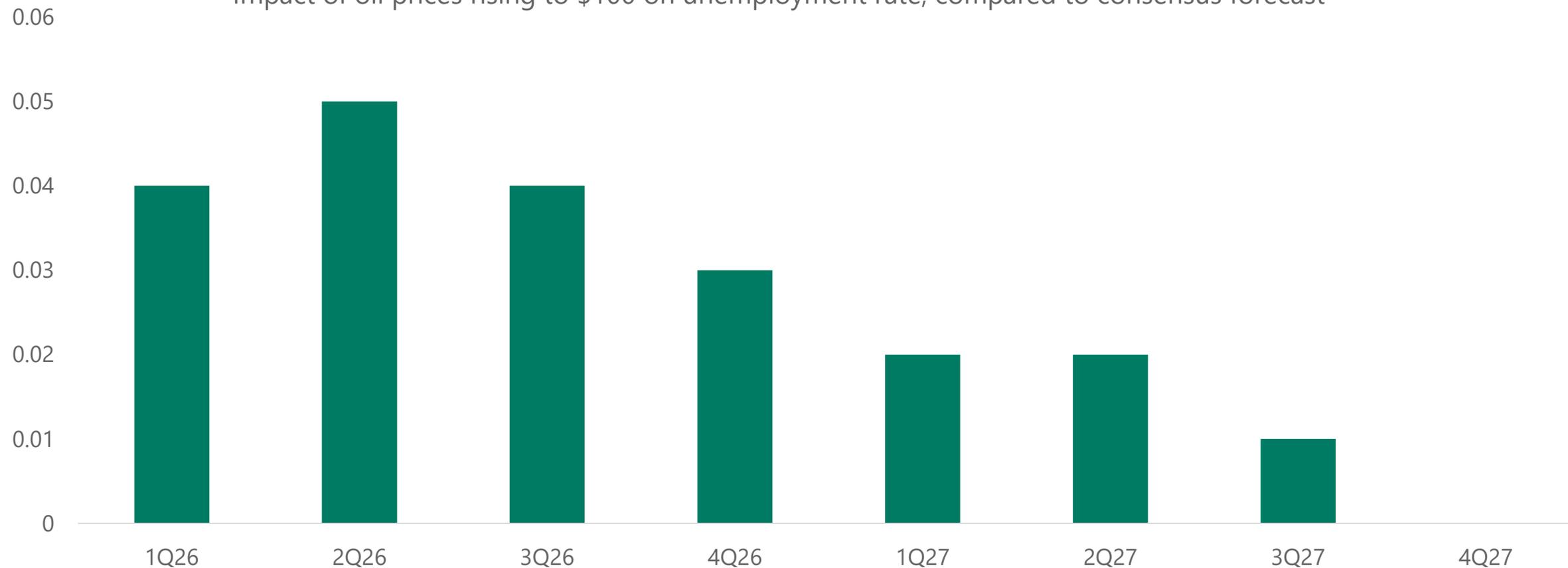
Impact on core inflation



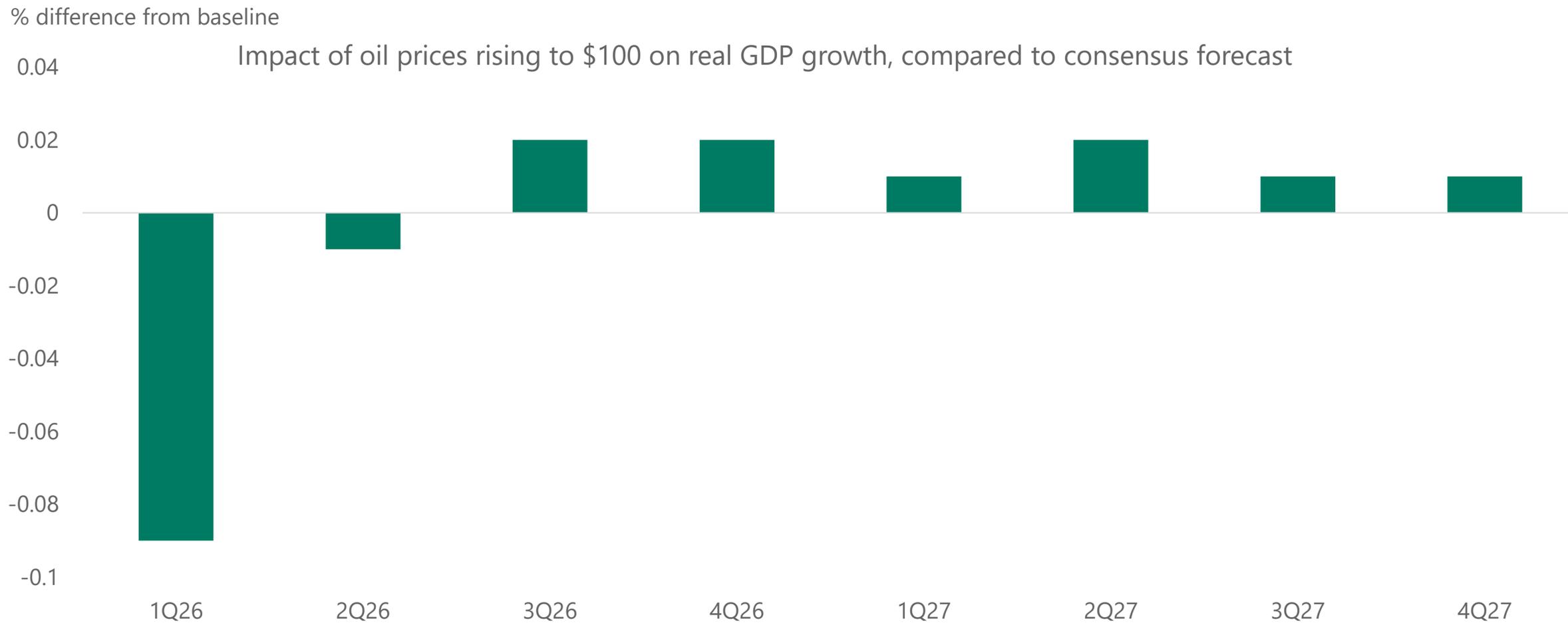
Impact on the unemployment rate

% difference from baseline

Impact of oil prices rising to \$100 on unemployment rate, compared to consensus forecast

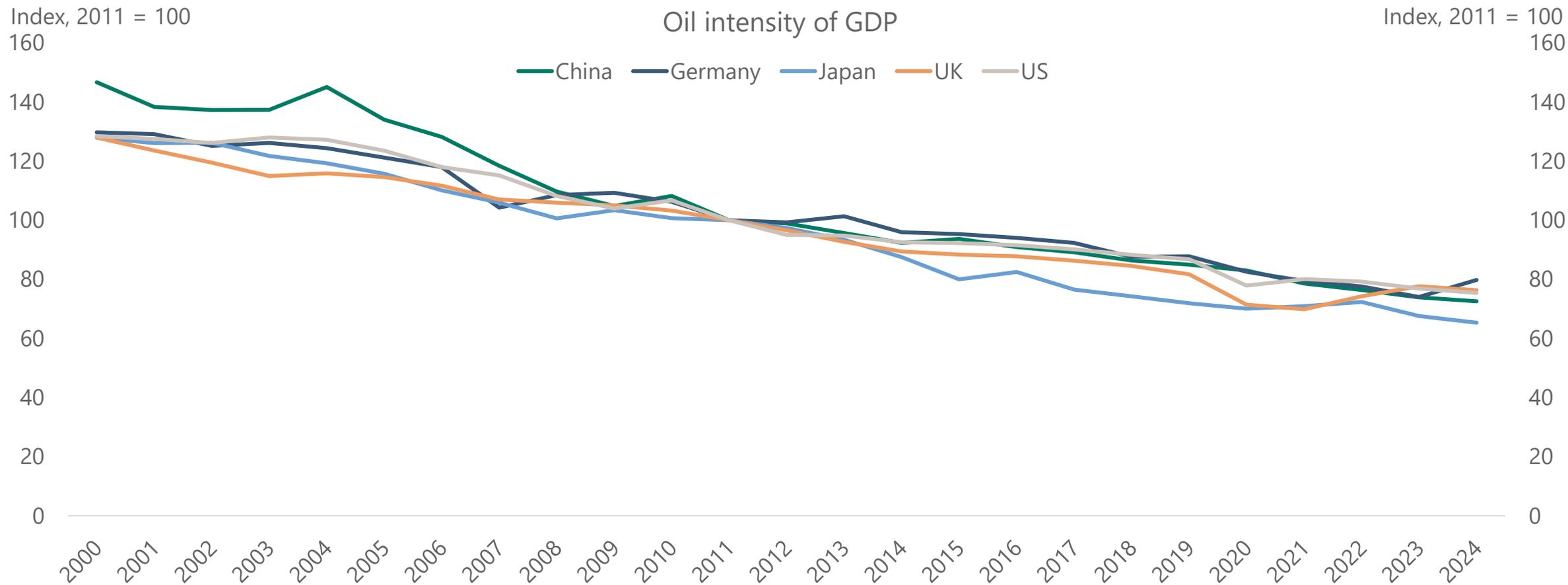


Impact on GDP



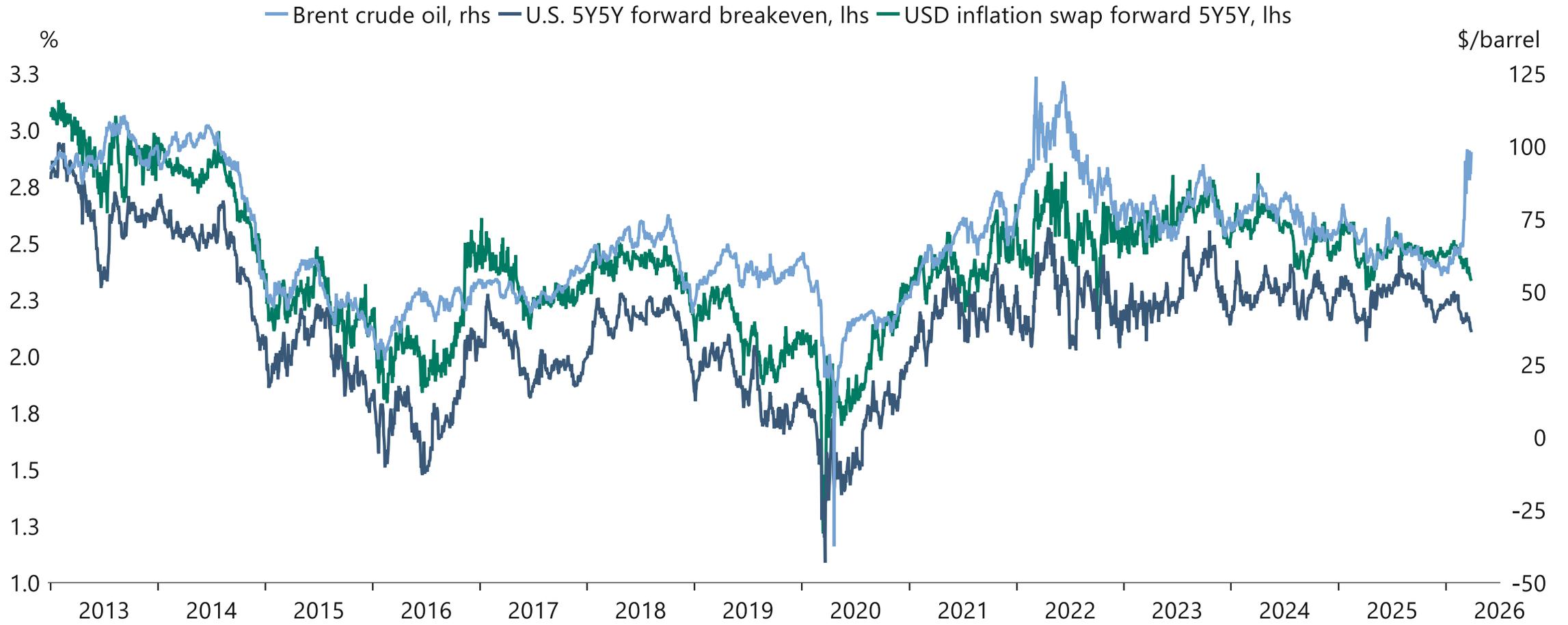
Source: Bloomberg SHOK model, Apollo Chief Economist. Note: Price rises in 1Q26 and normalizes in 2Q26

Energy efficiency has improved over the years



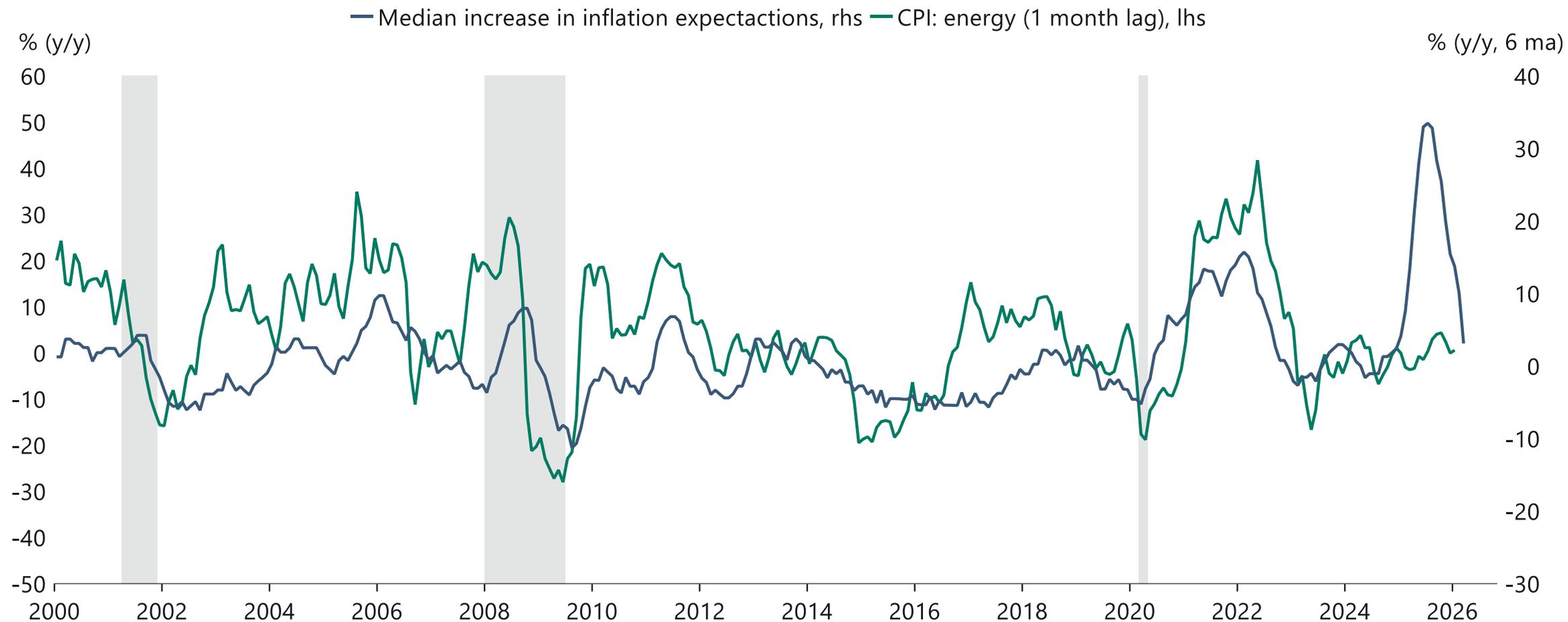
Source: BNEF, IMF, Apollo Chief Economist. Note: Oil burned per unit of GDP indexed to 2011.

Link between oil prices and market-based inflation compensation



Source: Bloomberg, Macrobond, Apollo Chief Economist

Long-run inflation expectations correlated with energy prices



Source: U.S. Bureau of Labor Statistics (BLS), University of Michigan, Macrobond, Apollo Chief Economist



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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. 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.