

APOLLO

# What is the impact of \$100 oil prices on the US economy?

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# Overview

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

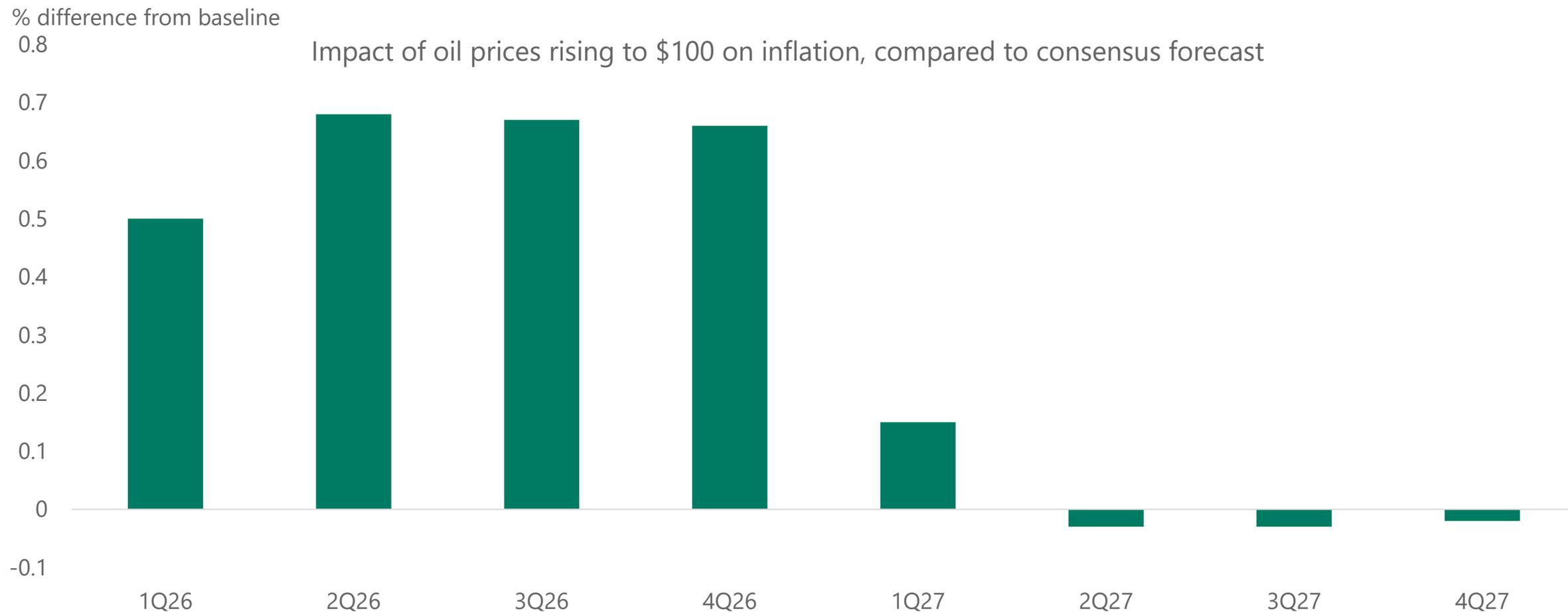
**Persistent shock (\$100 through 2027)** - Impact fades over several quarters, peak effects:

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

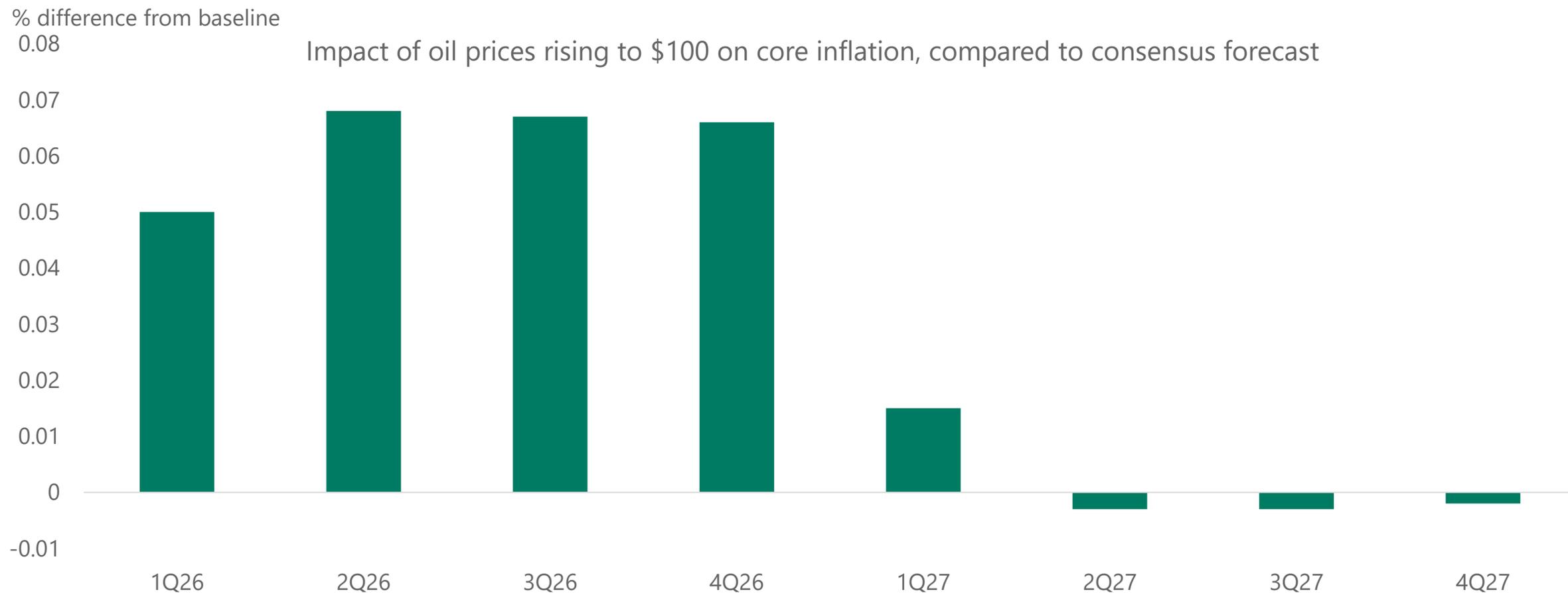
**Bottom line:** The US is a net oil exporter, and energy efficiency has improved significantly over the years, meaning the economy burns less oil per unit of GDP compared to historical levels, which helps dampen the overall negative impact of price spikes.

Persistent shock – oil prices stay at \$100 in 2026 and 2027

# Impact on headline inflation



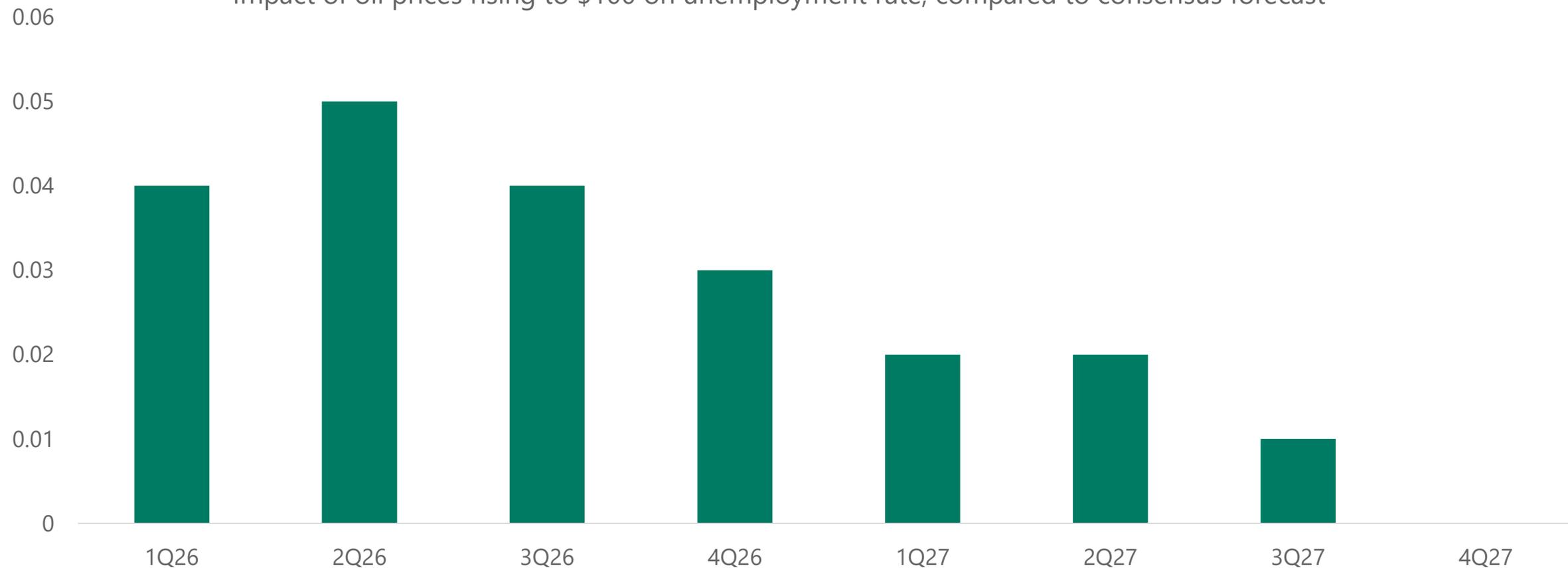
# Impact on core inflation



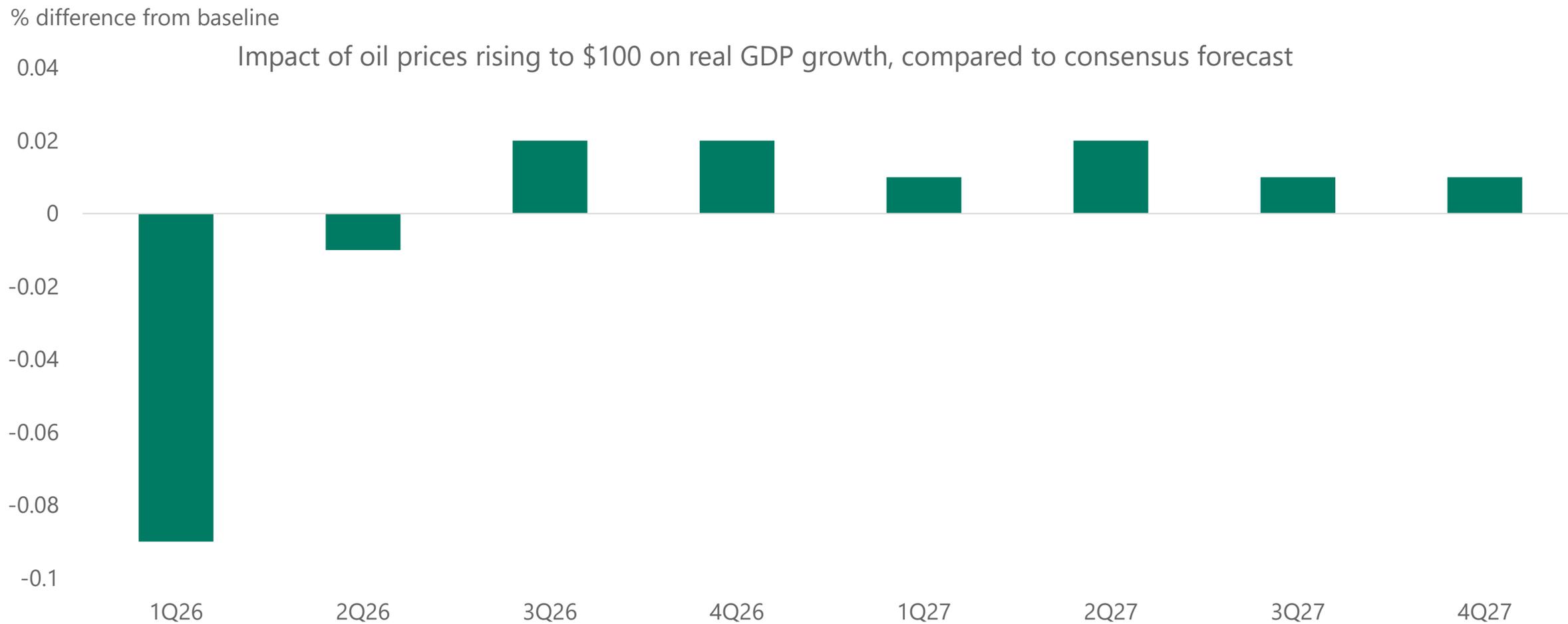
# Impact on unemployment rate

% difference from baseline

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



# Impact on real GDP



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

Transitory shock – oil prices decline back to \$65 in 2026Q2

# Impact on headline inflation

% difference from baseline

0.6

Impact of oil prices rising to \$100 on inflation compared to consensus forecast

0.5

0.4

0.3

0.2

0.1

0

-0.1

1Q26

2Q26

3Q26

4Q26



# Impact on core inflation

% difference from baseline

0.06

Impact of oil prices rising to \$100 on core inflation, compared to consensus forecast

0.05

0.04

0.03

0.02

0.01

0

-0.01

1Q26

2Q26

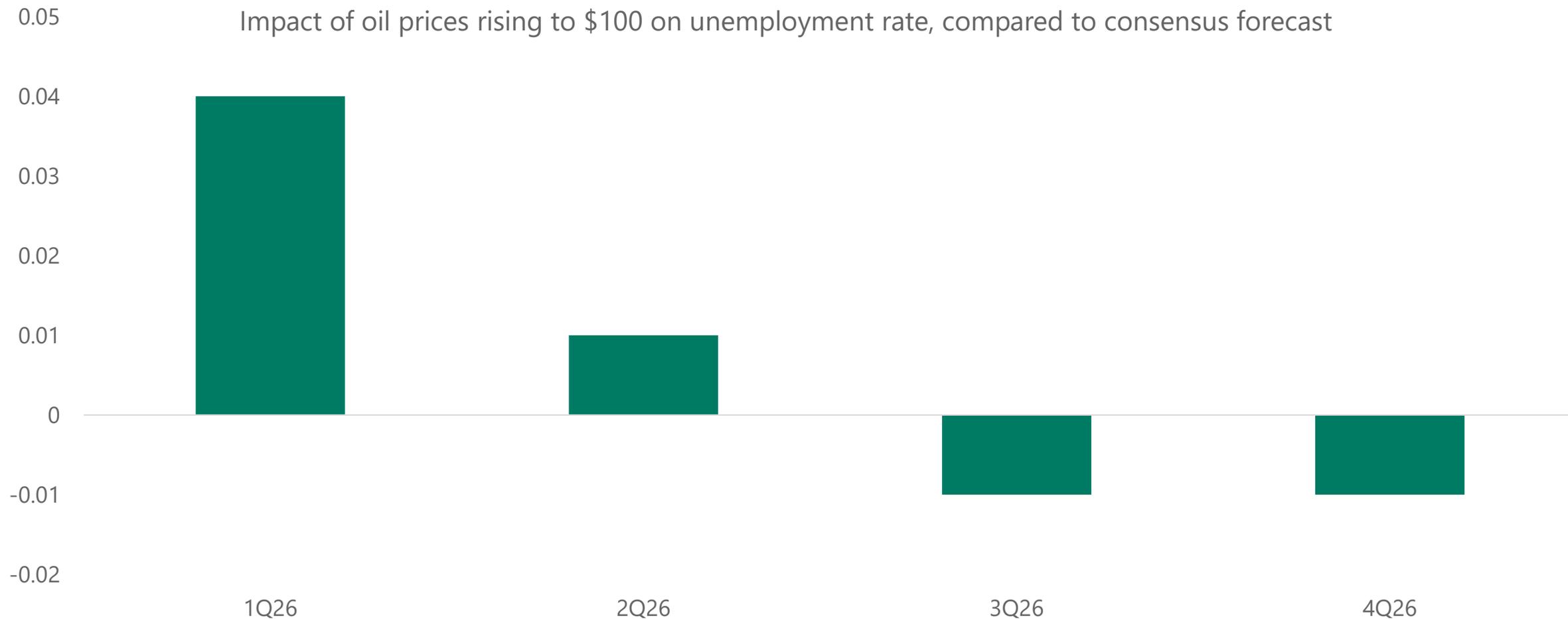
3Q26

4Q26

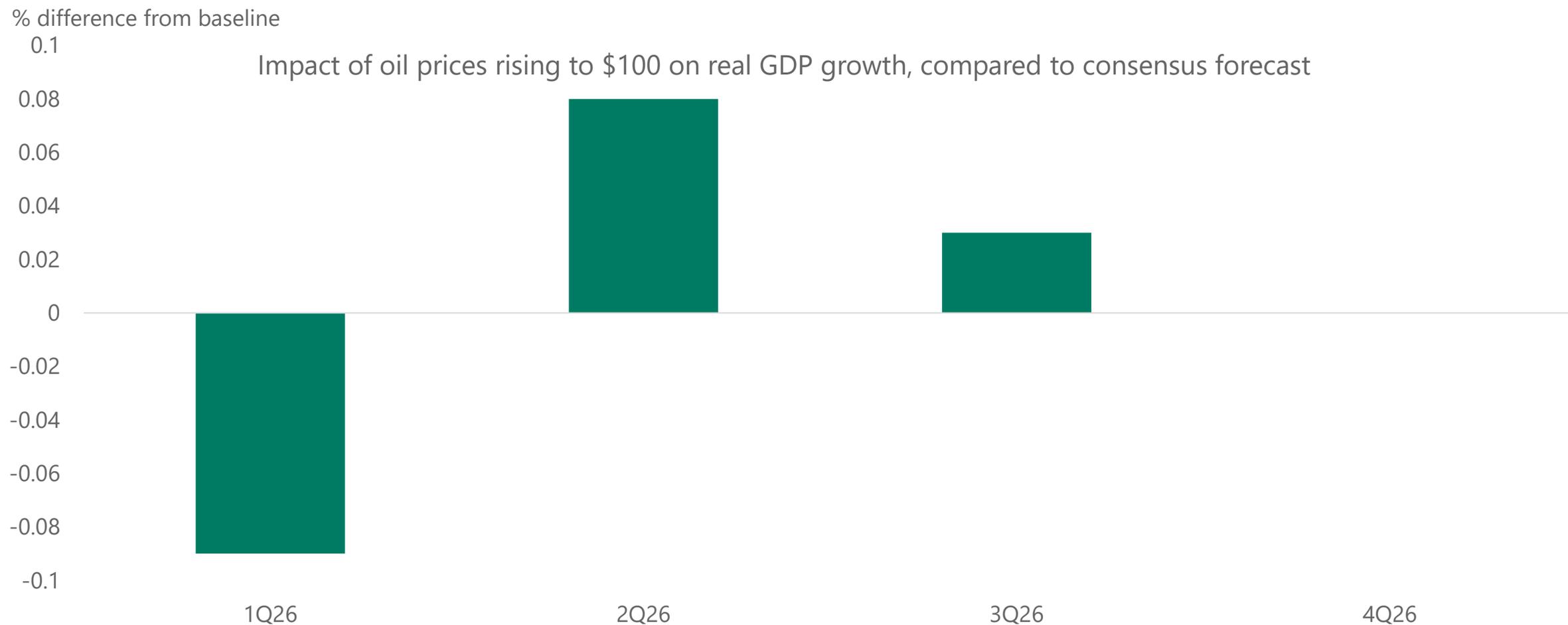
Source: Bloomberg SHOK model, Apollo Chief Economist. Note: Price rises in 1Q26 and normalizes in 2Q26

# Impact on unemployment rate

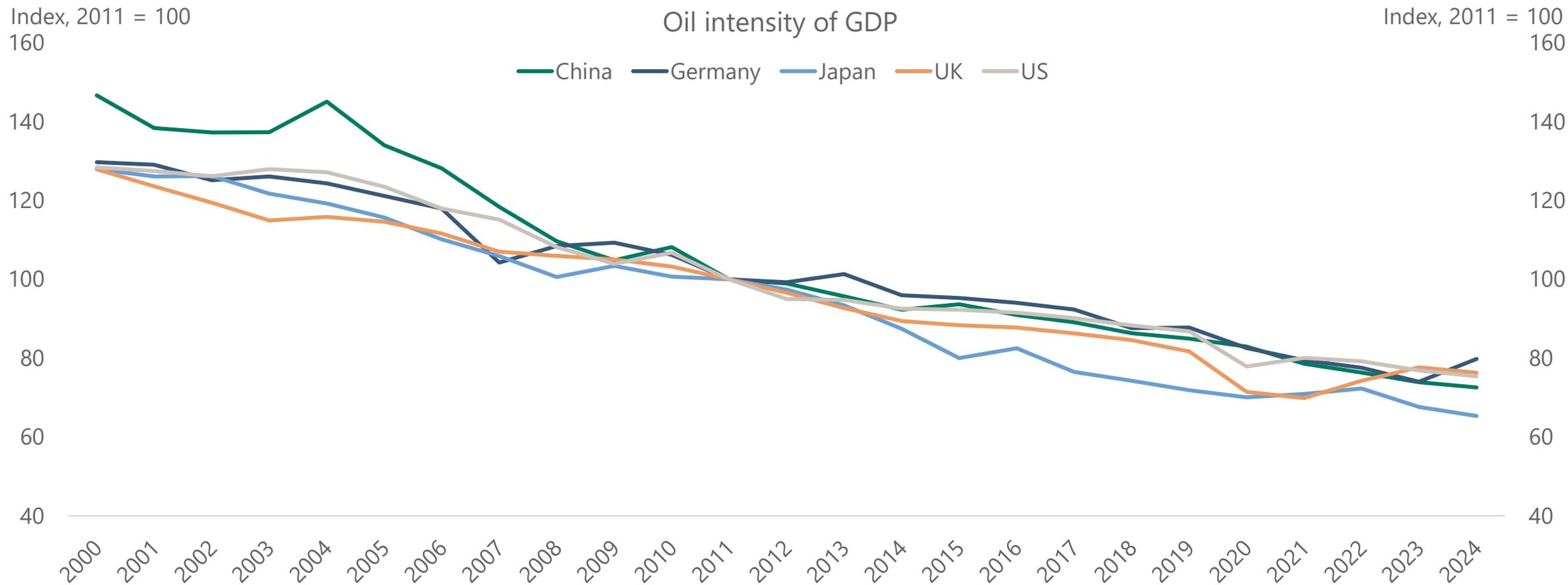
% difference from baseline



# Impact on real GDP



# Energy efficiency has improved over the years



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



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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.