

APOLLO

# Strait of Hormuz: Energy Demand and Supply

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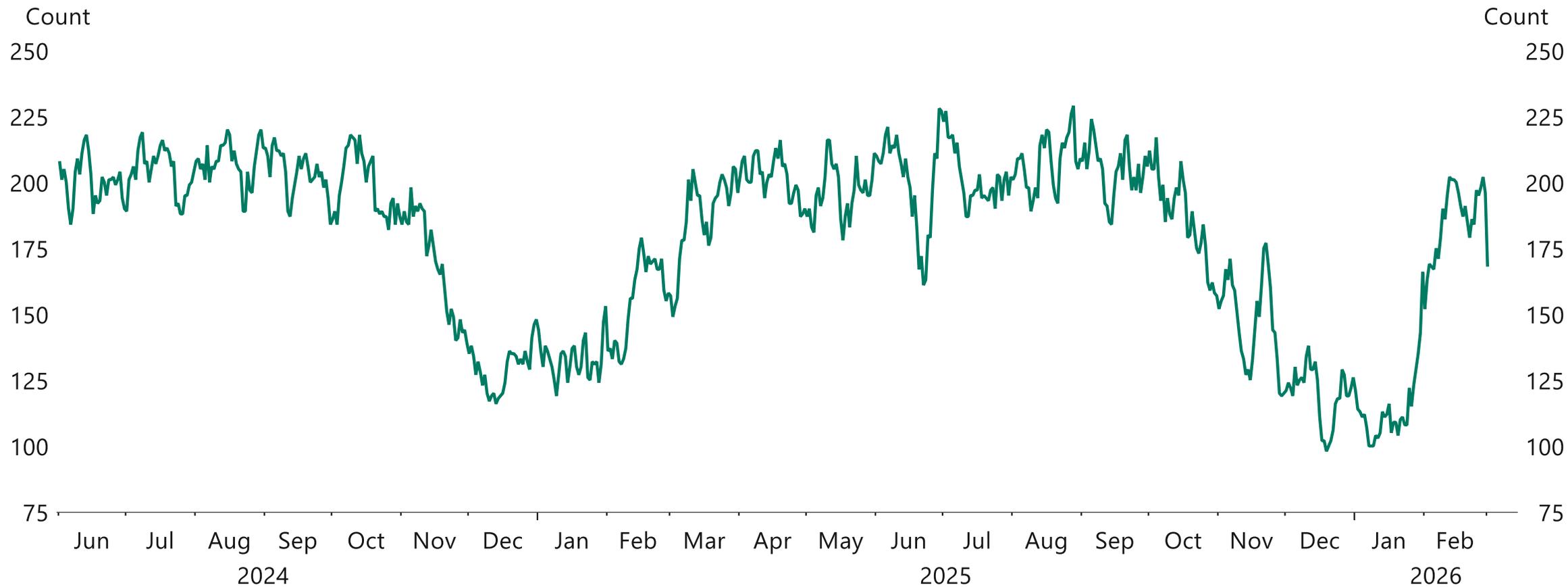
**Apollo Global Management**

March 2026

The Strait of Hormuz is important

# Ship crossings in the Strait of Hormuz: East to West

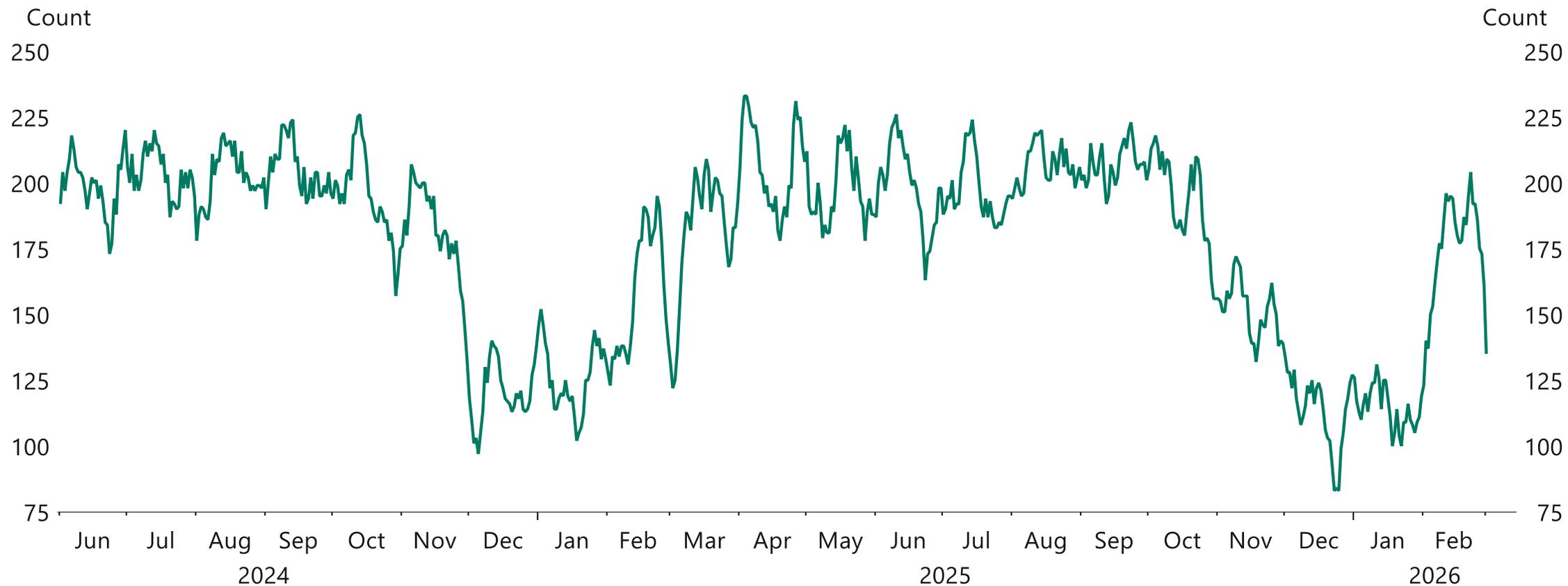
Tankers crossings Hormuz Strait, East to West (7 day rolling total)



Source: Bloomberg, Macrobond, Apollo Chief Economist

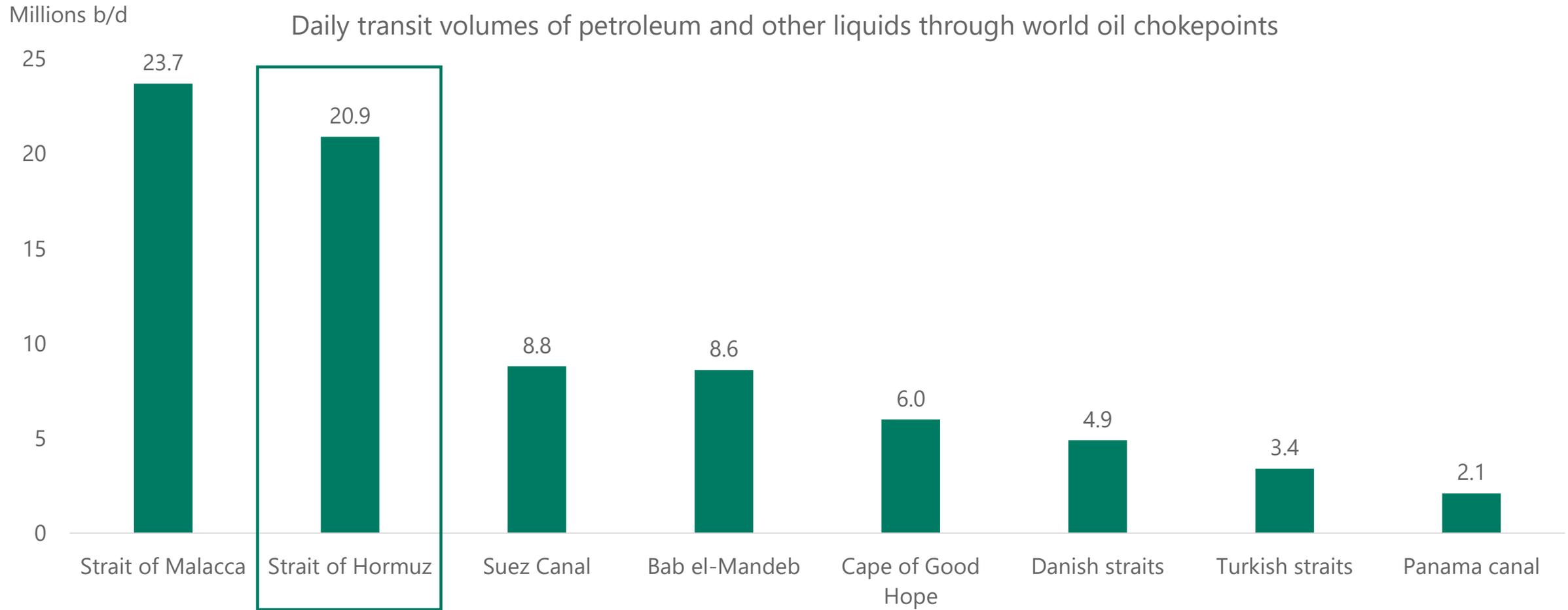
# Ship crossings in the Strait of Hormuz: West to East

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



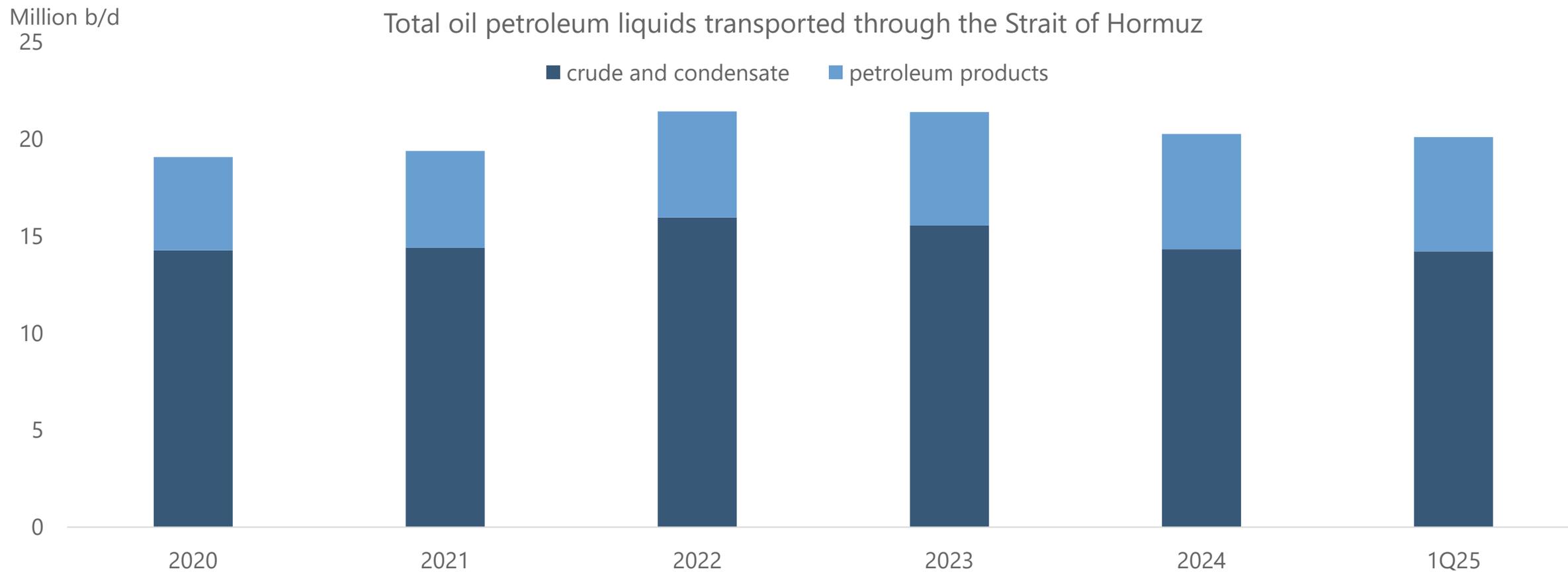
Source: Bloomberg, Macrobond, Apollo Chief Economist

# The Strait of Hormuz is important



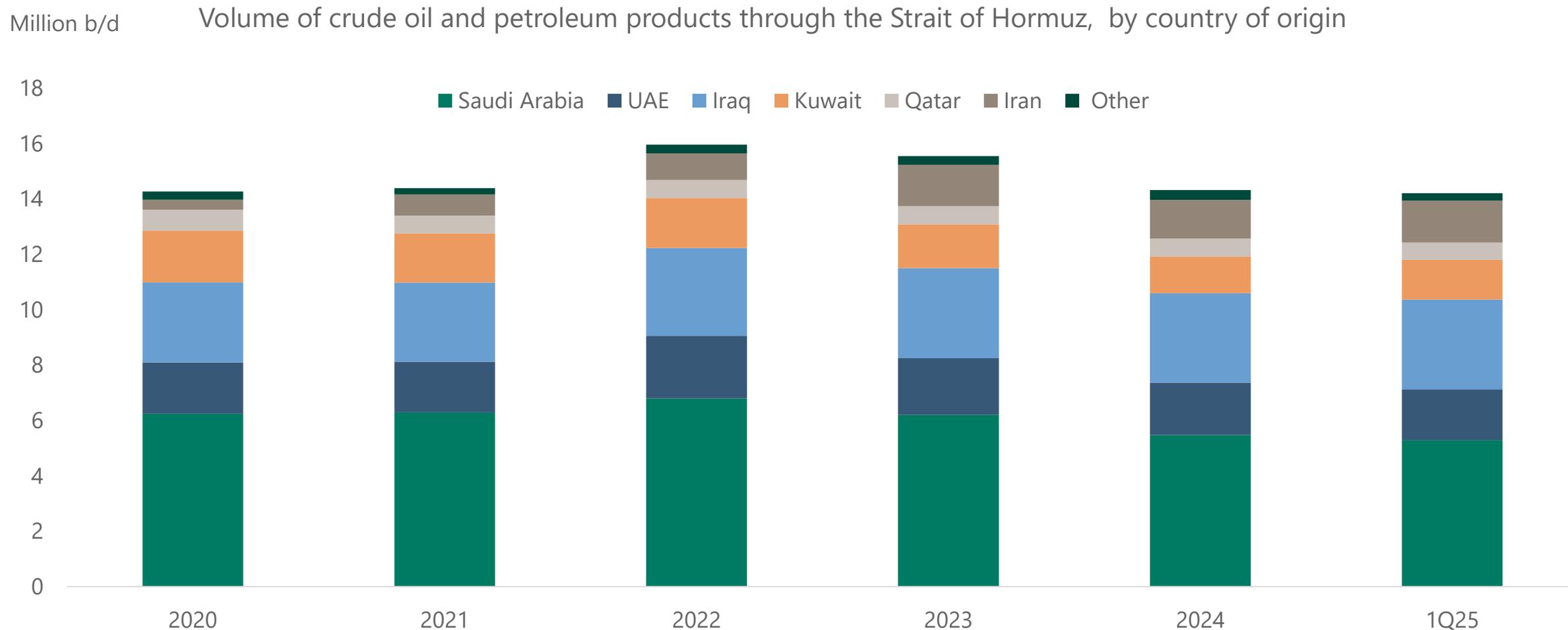
Source: U.S. Energy Information Administration (EIA) analysis, based on Vortexa tanker tracking and Panama Canal, Apollo Chief Economist.

# Oil flows through Strait of Hormuz average around 20 million barrels per day



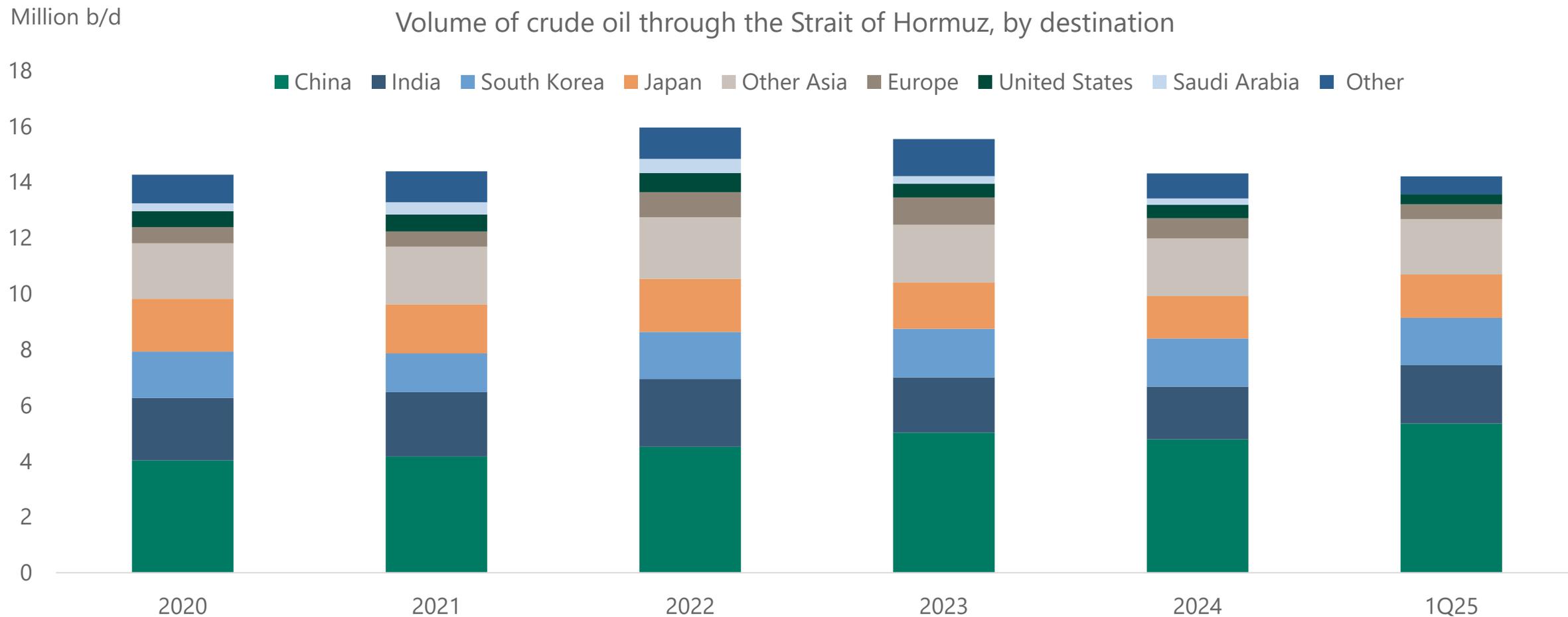
Source: U.S. Energy Information Administration (EIA) analysis based on Vortexa, Apollo Chief Economist., Apollo Chief Economist.

# Volume of crude oil and petroleum products 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 through the Strait of Hormuz, by destination

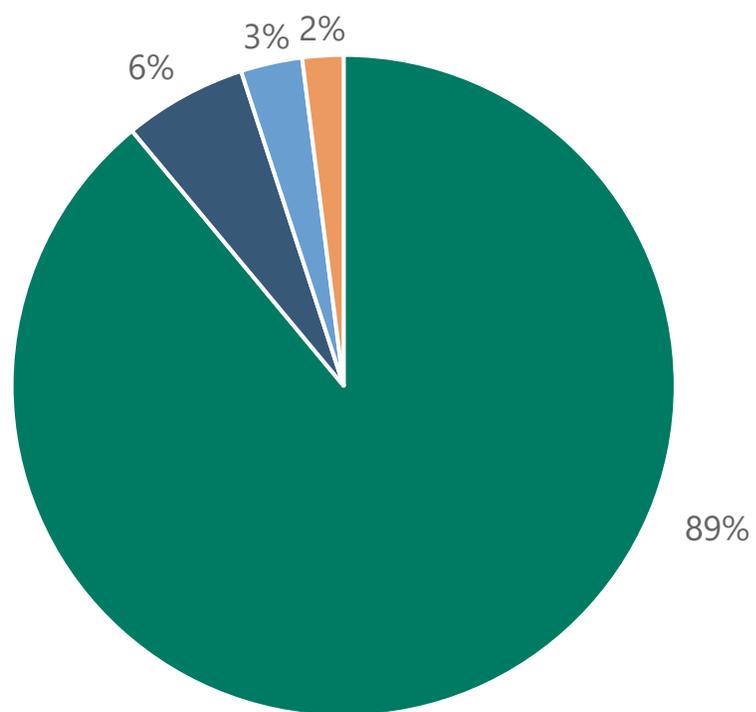


Data source: U.S. Energy Information Administration (EIA) analysis based on Vortexa, Apollo Chief Economist.

# China buys 89% of Iran's oil exports

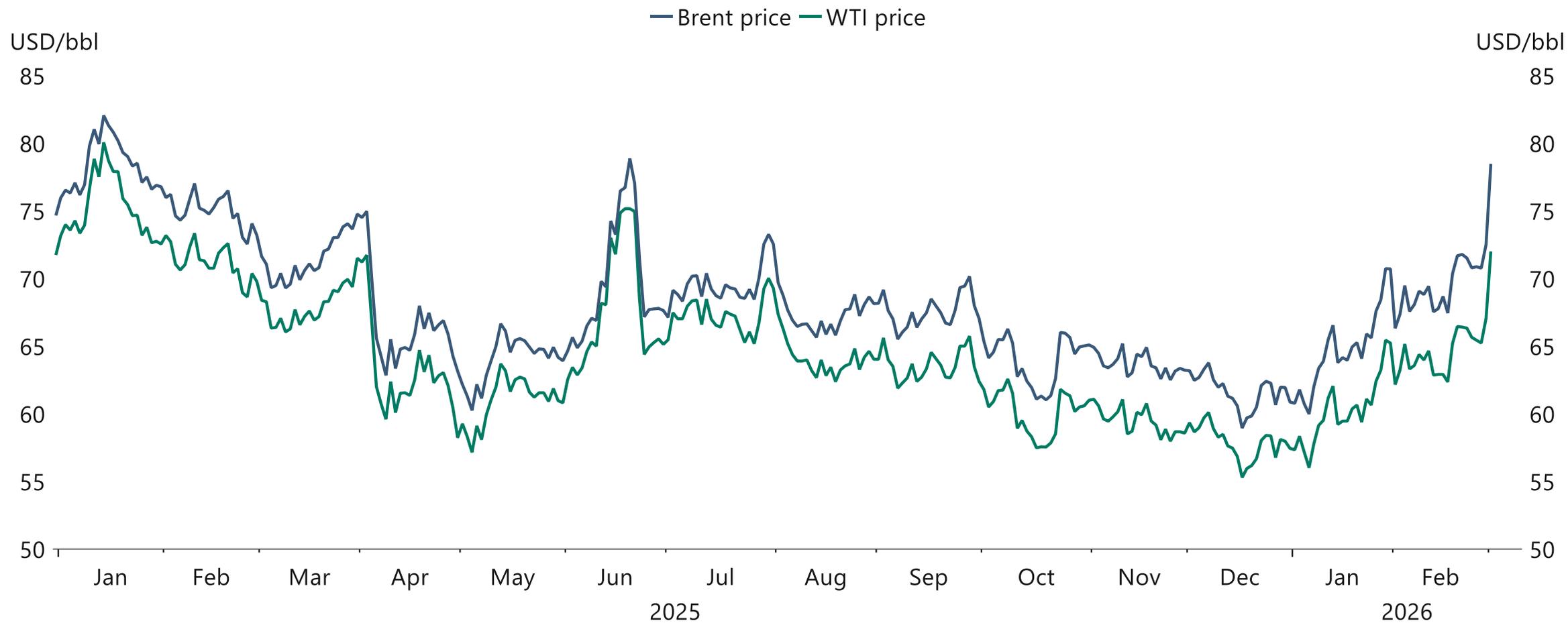
Iran's crude oil exports, by destination

■ China ■ Syria ■ UAE ■ Venezuela



# Market reaction: Oil prices and fuel costs

# Recent developments in oil prices



Source: Bloomberg, Macrobond, Apollo Chief Economist

US retail gas prices is at \$2.98

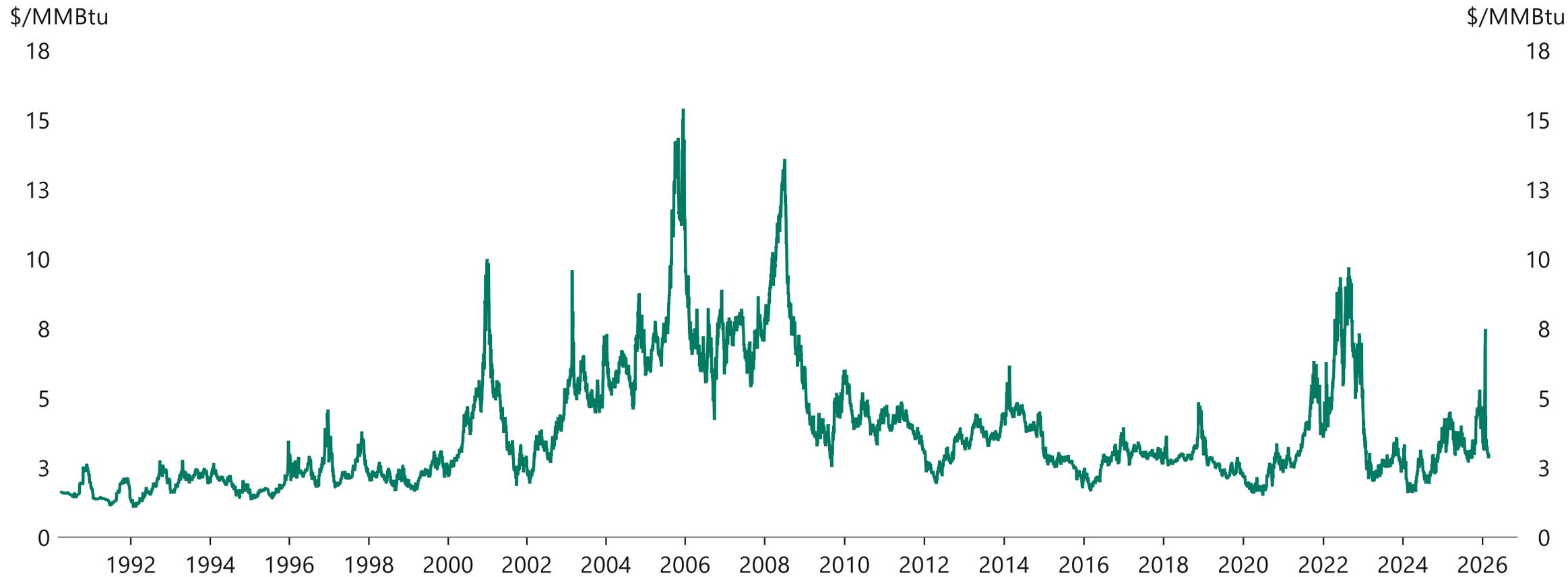
US daily national average gasoline prices



Source: Bloomberg, Macrobond, Apollo Chief Economist

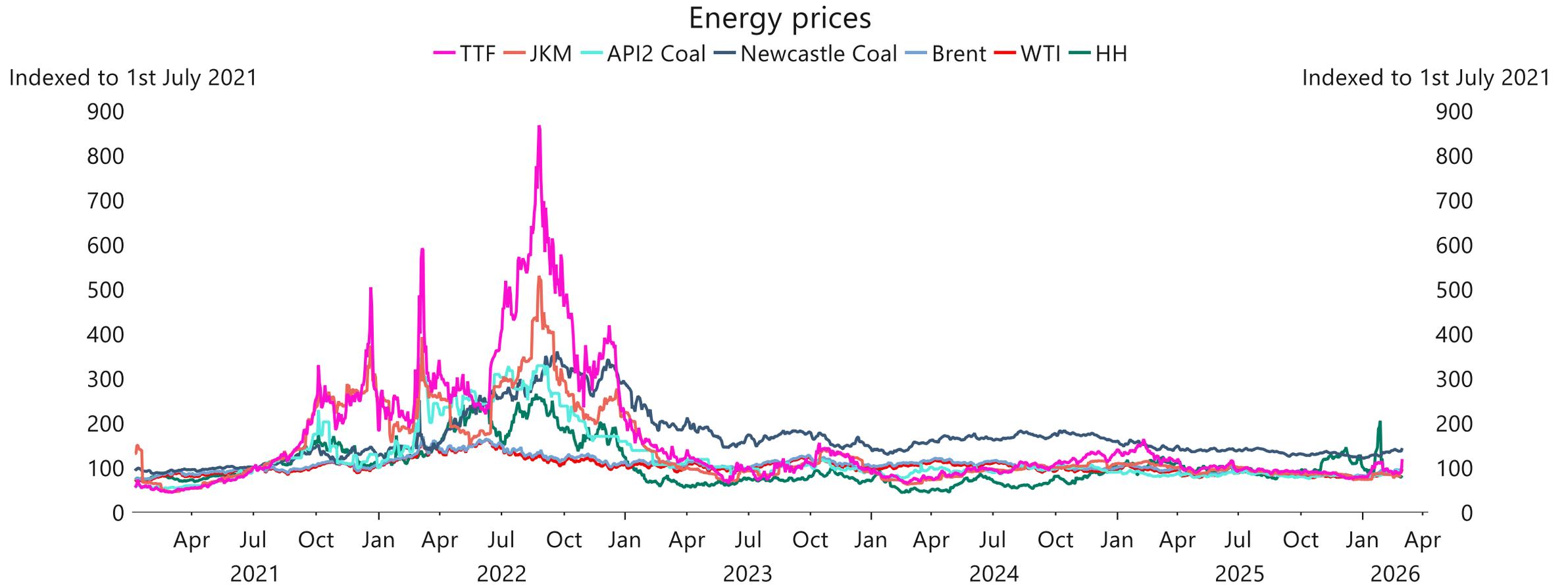
# US natural gas price

## US HH natural gas price



Source: Bloomberg, Macrobond, Apollo Chief Economist

# Global energy prices relative to July 1, 2021

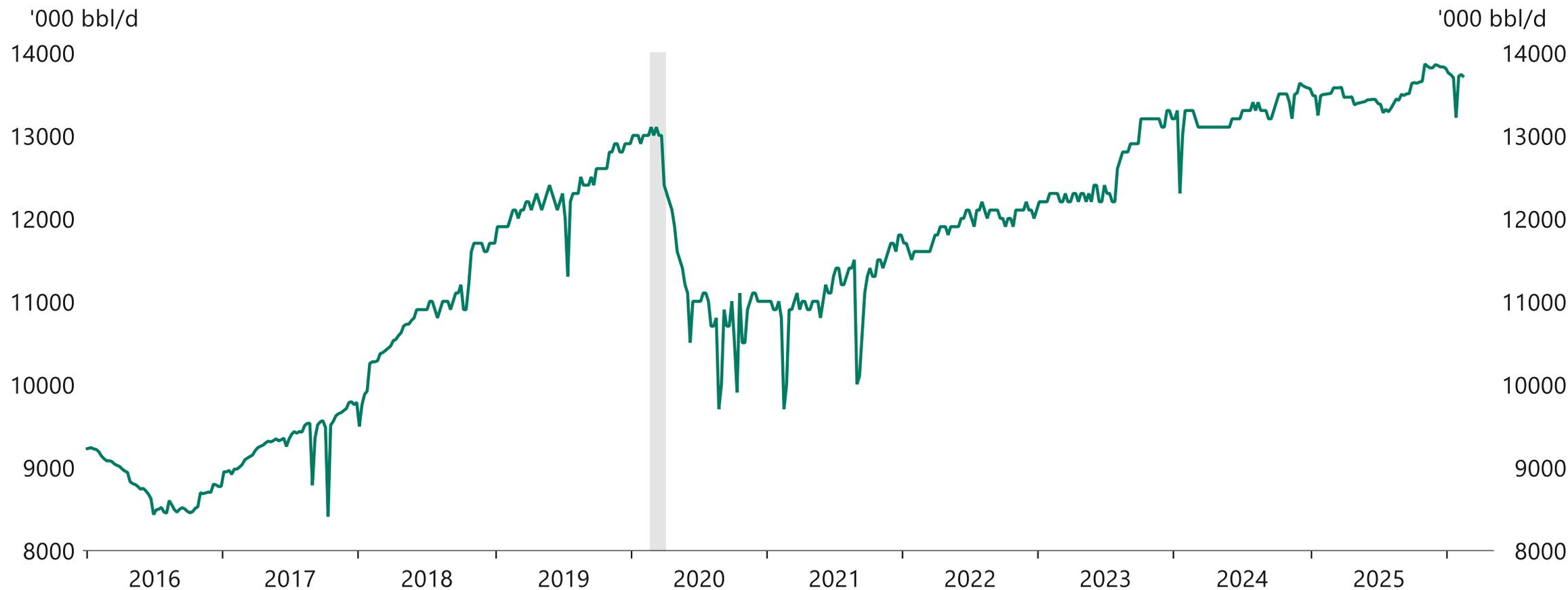


Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: HH is the US natural gas benchmark, API2 is European Coal benchmark, JKM is the Asia Pacific LNG benchmark and TTF is the Netherlands natural gas pricing

# US resilience: Energy independence and supply

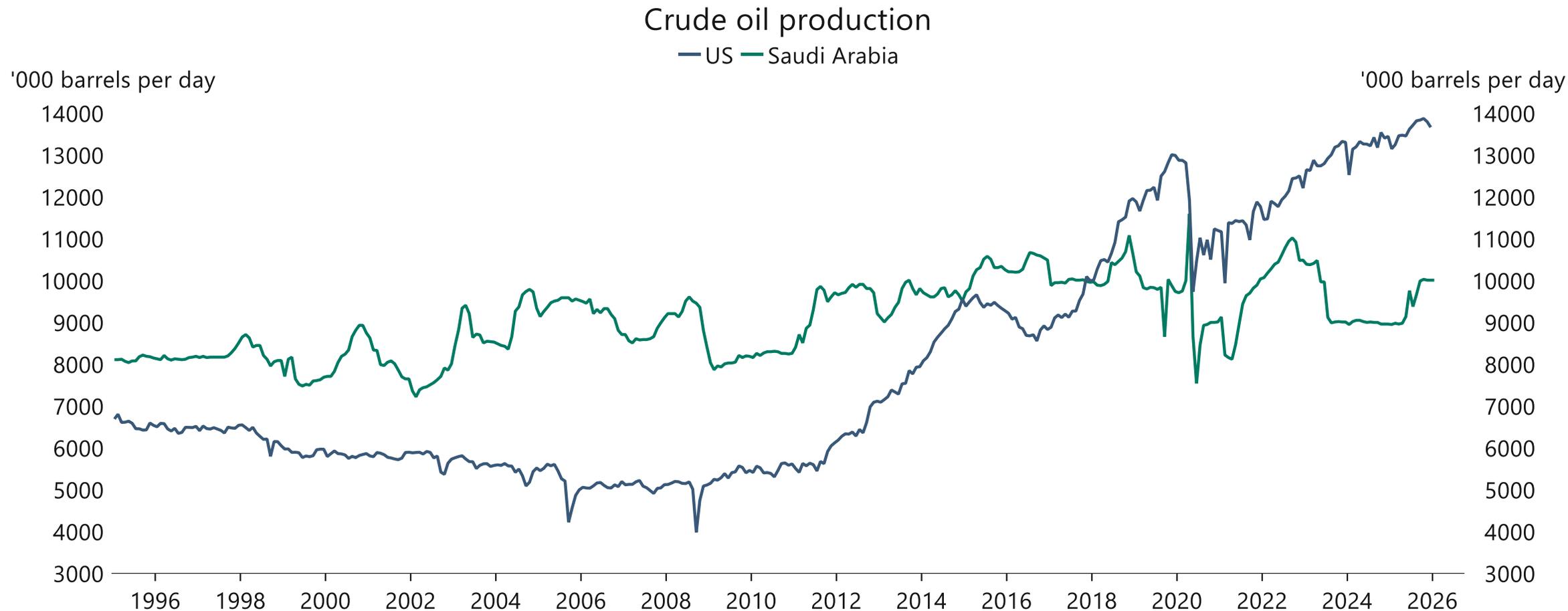
# US oil production near record-high levels

US crude oil production



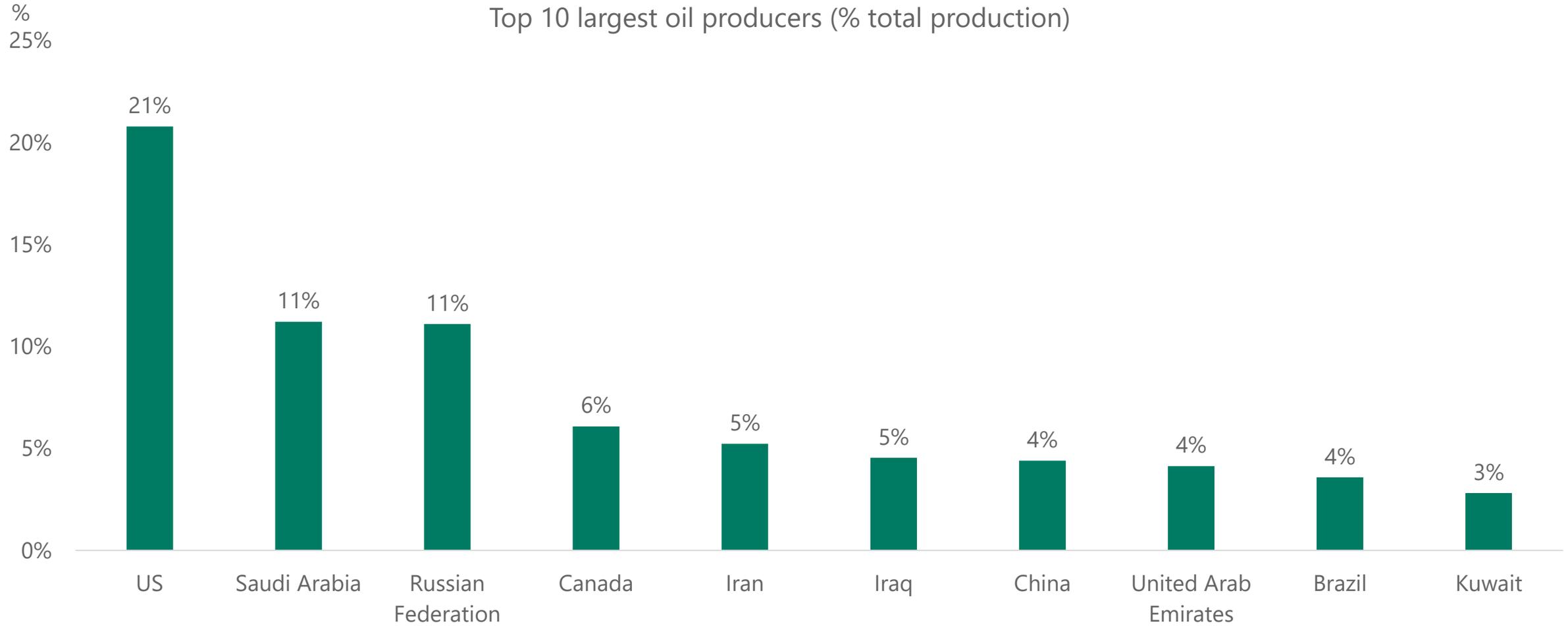
Source: Bloomberg, Macrobond, Apollo Chief Economist

# US oil production higher than in Saudi Arabia

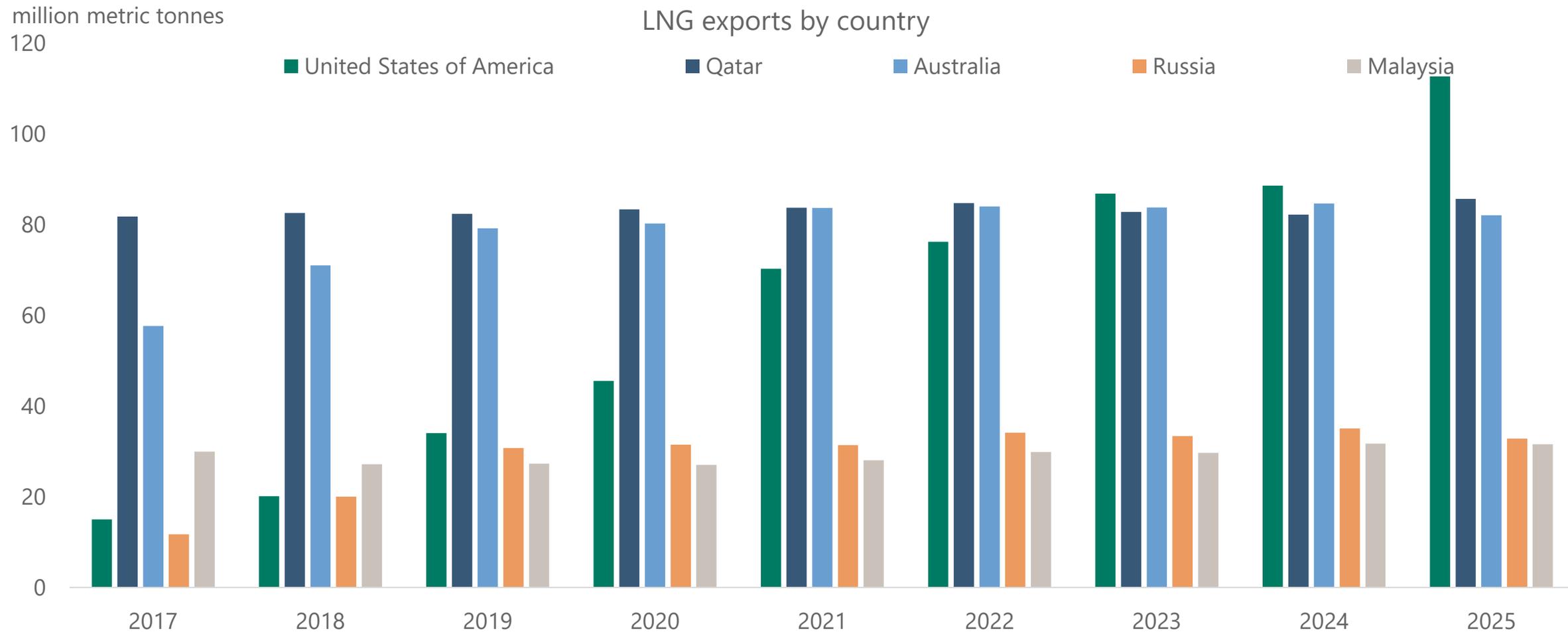


Source: Bloomberg, Macrobond, Apollo Chief Economist

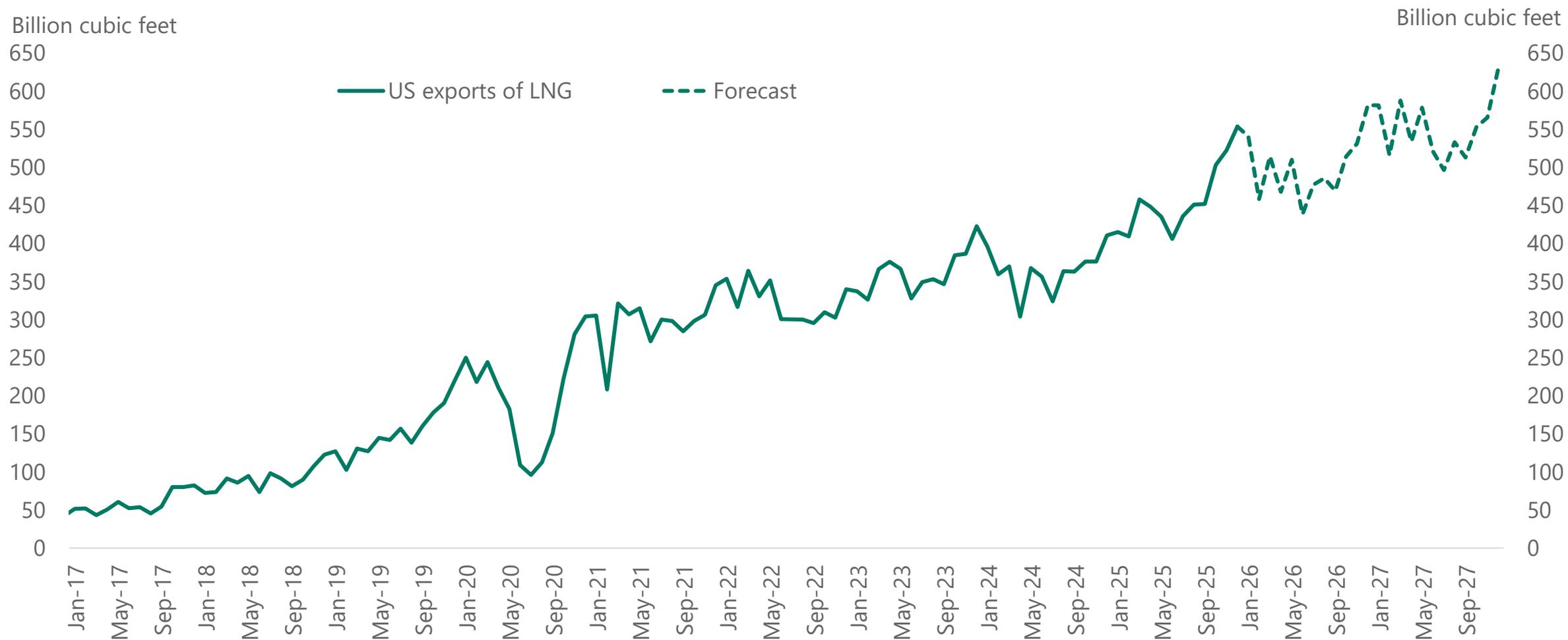
# US is the largest producer of oil in the world



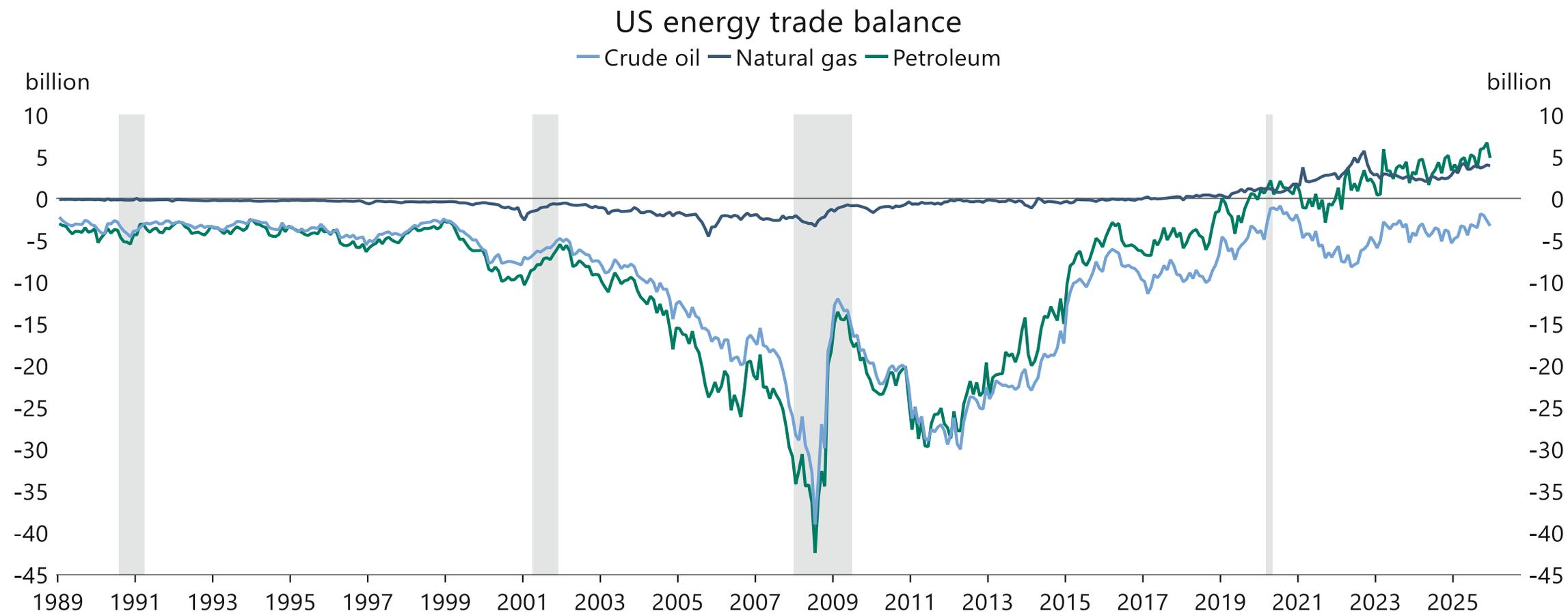
# US is now the largest LNG exporter



# US exports of LNG



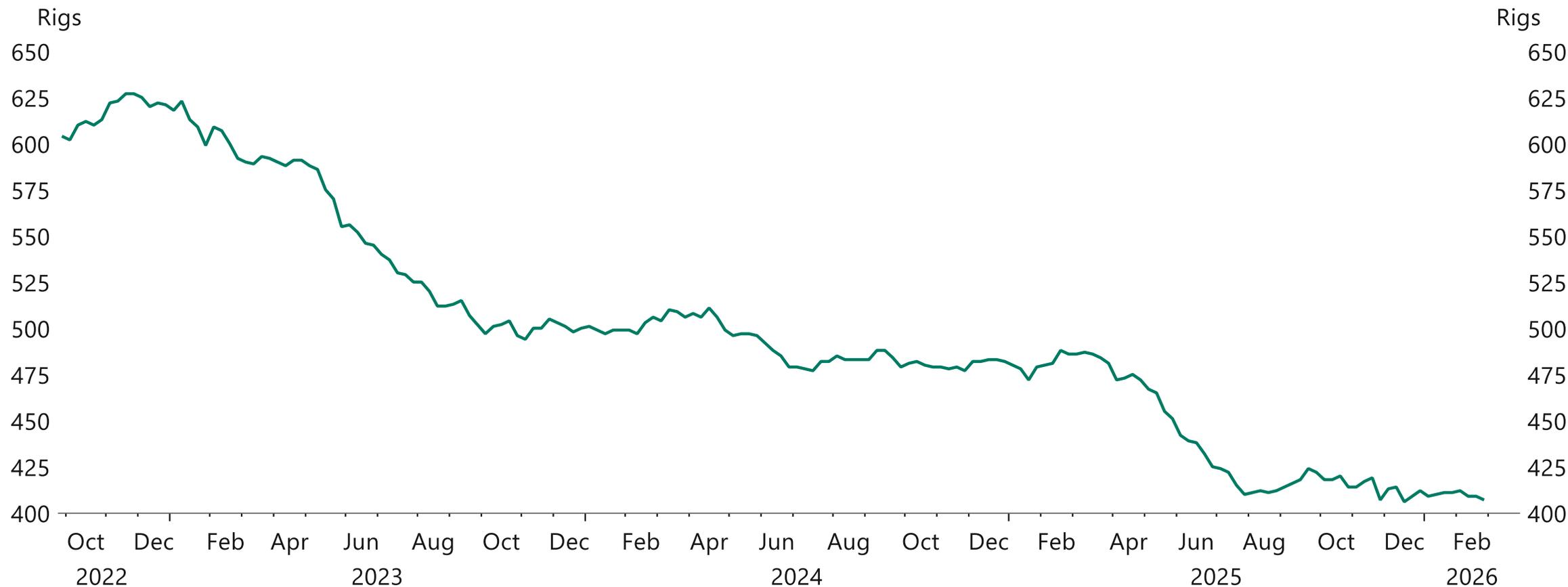
# US energy trade balance



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

# US oil rig count has fallen

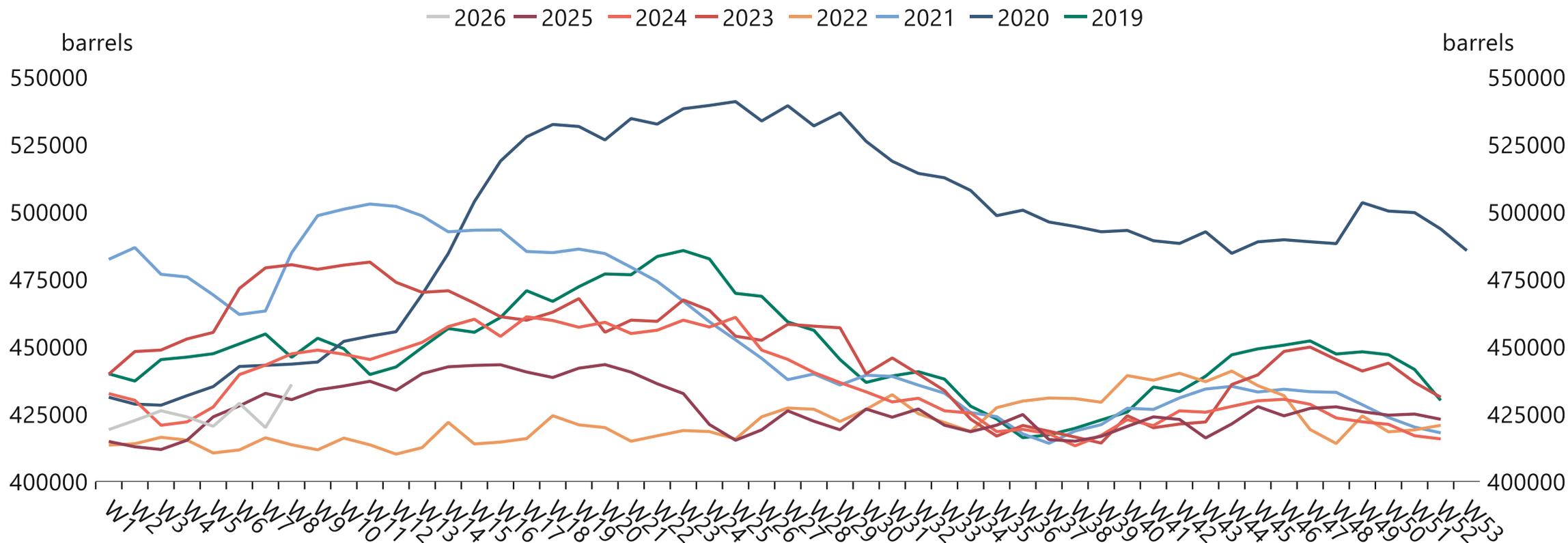
Baker Hughes United States Crude Oil Rotary Rig Count Data



Source: Bloomberg, Macrobond, Apollo Chief Economist

# US crude oil storage at low levels

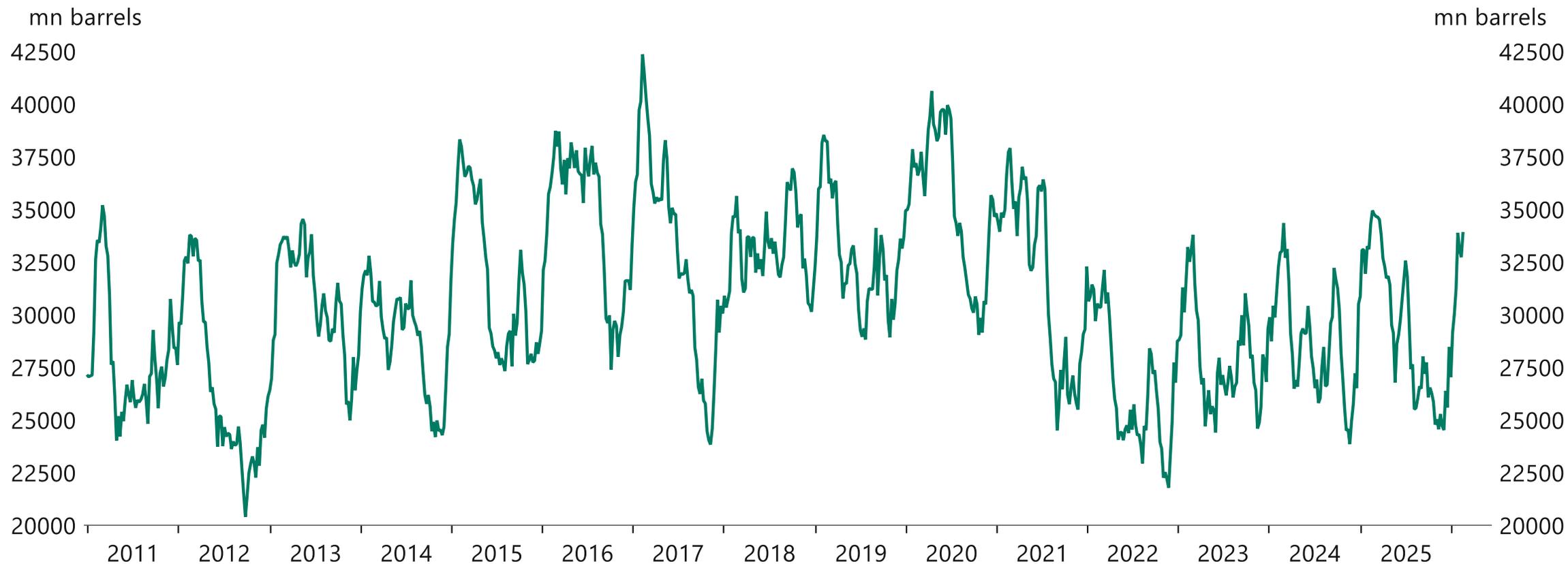
## US crude oil storage



Source: Bloomberg, Macrobond, Apollo Chief Economist

# New York gasoline inventories

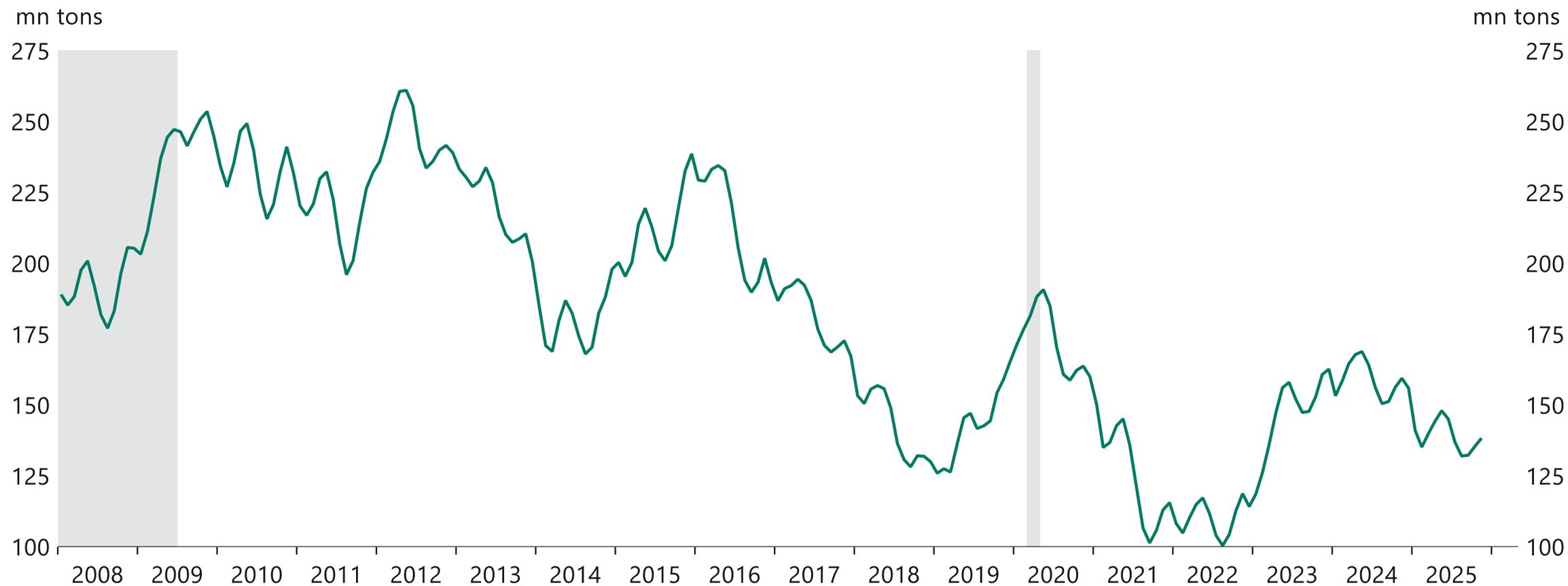
## Central Atlantic gasoline stockpiles



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

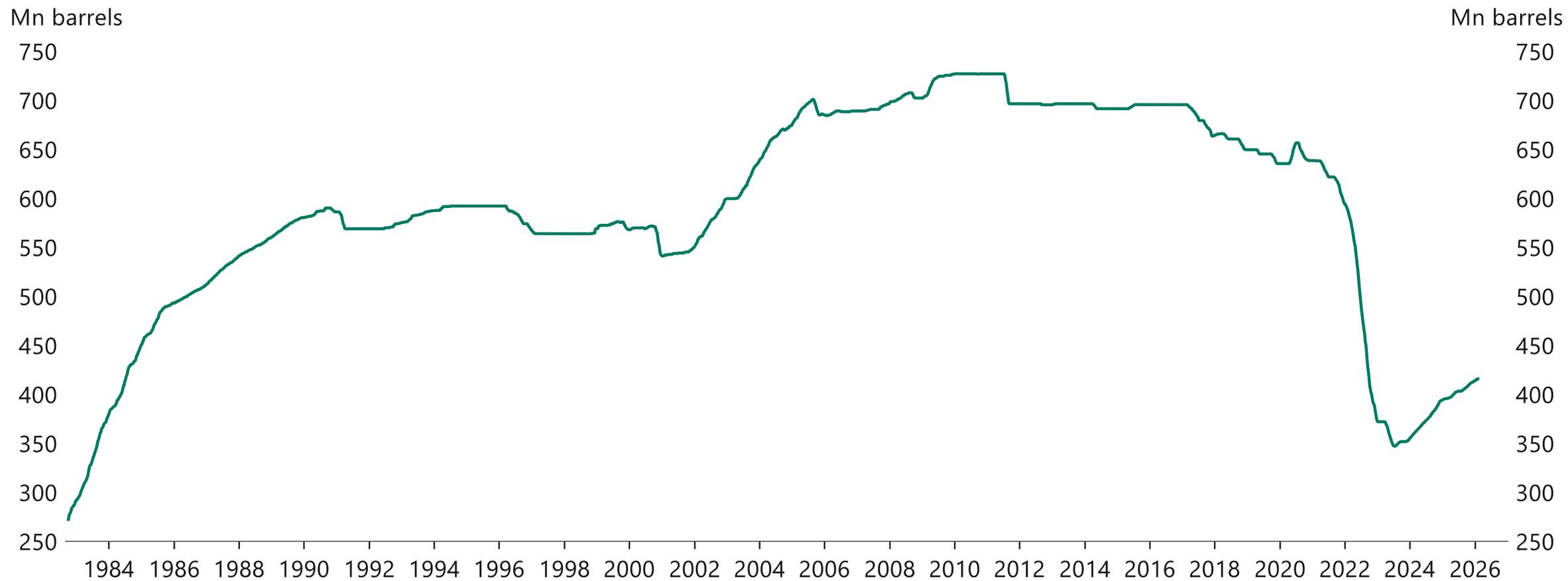
Coal inventories at US power plants



Source: Bloomberg, Macrobond, Apollo Chief Economist

# SPR inventory at low levels

## Strategic Petroleum Reserve (SPR) total inventory data



Source: Bloomberg, Macrobond, Apollo Chief Economist

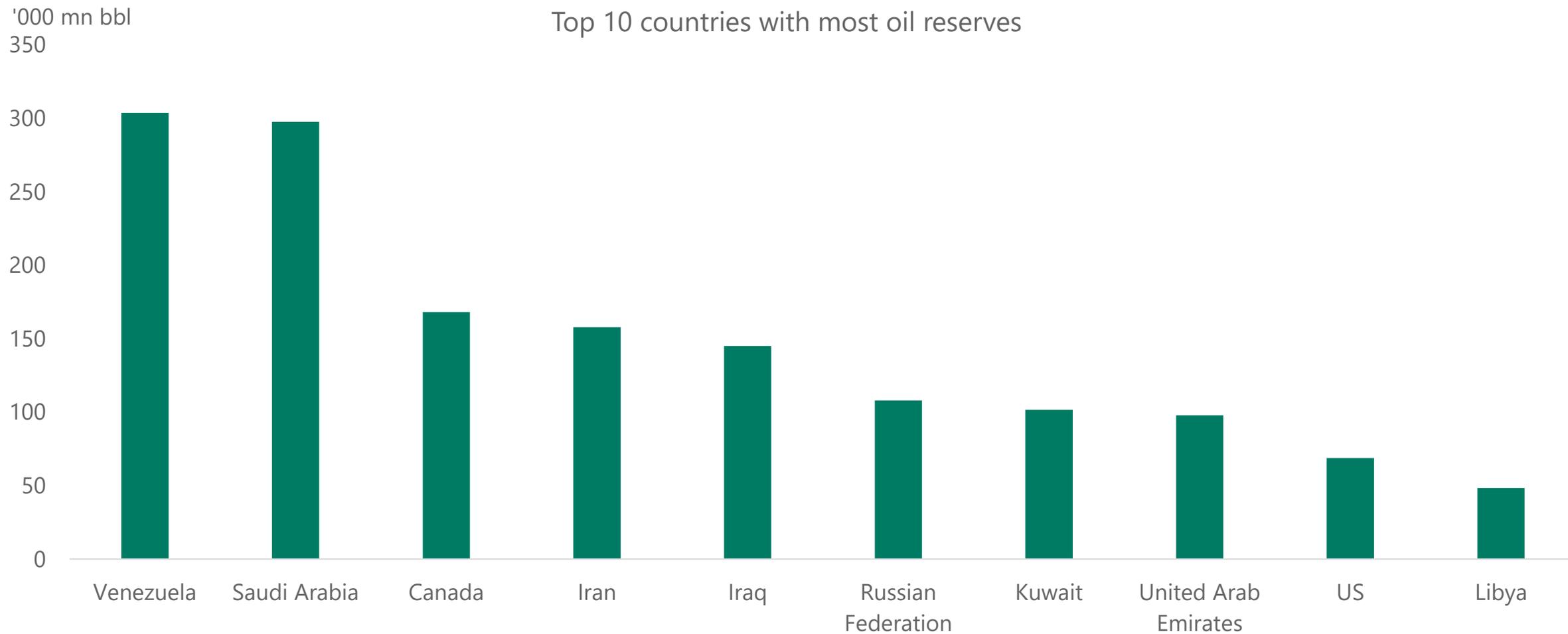
# OPEC spare capacity

OPEC spare capacity



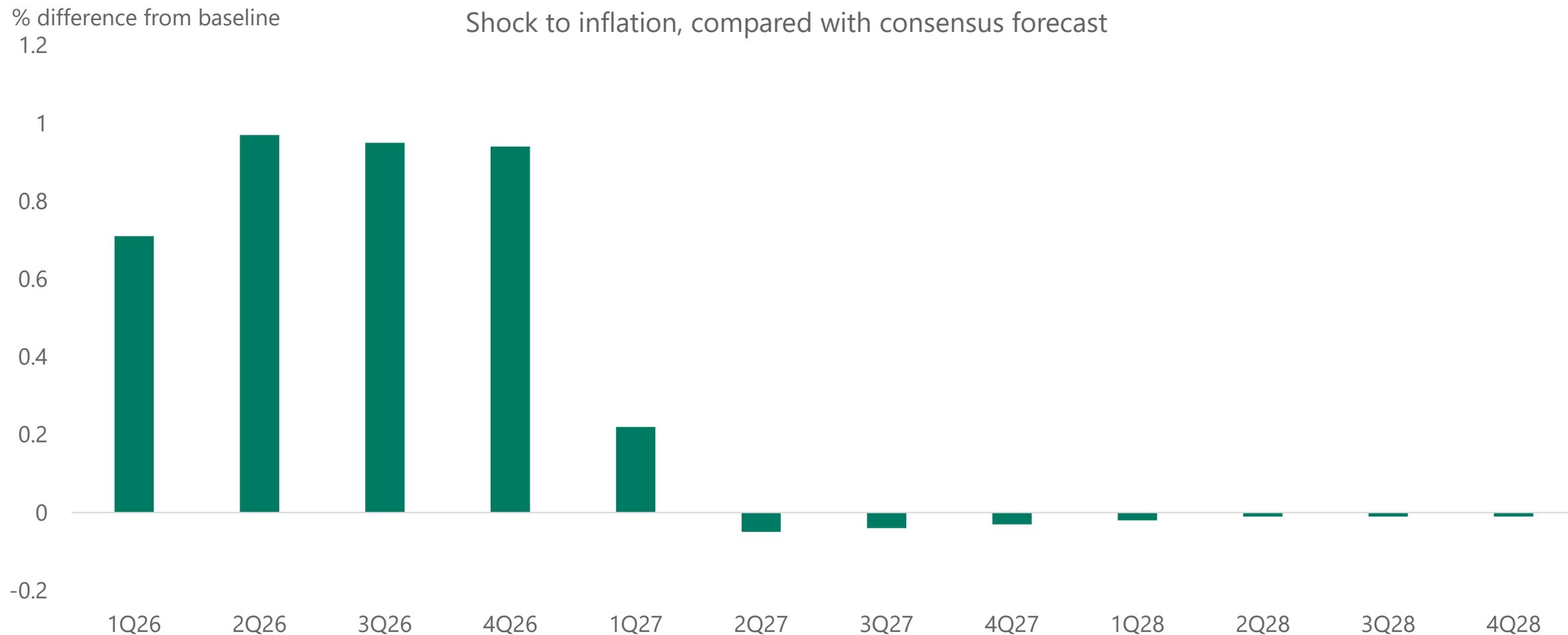
Source: Bloomberg, Macrobond, Apollo Chief Economist

# OPEC countries have large oil reserves



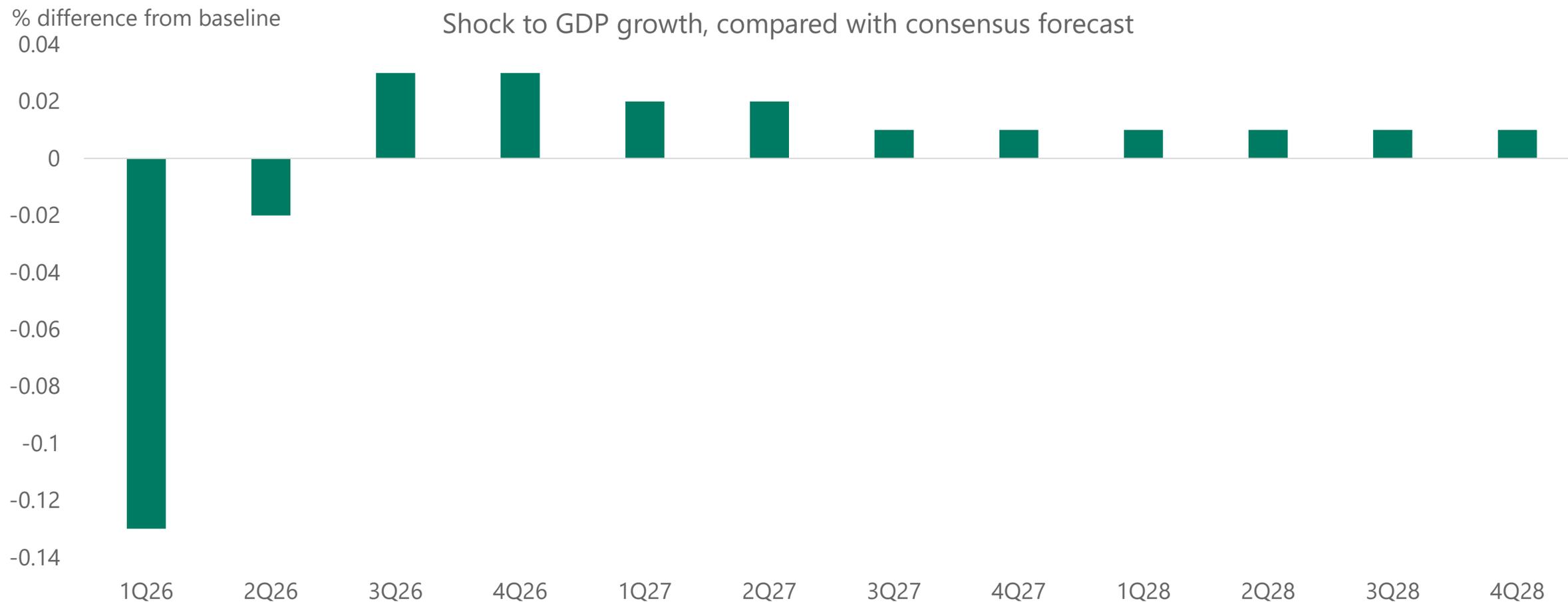
# Macro: Oil and inflation

# Impact on inflation if oil prices rise by \$50/barrel



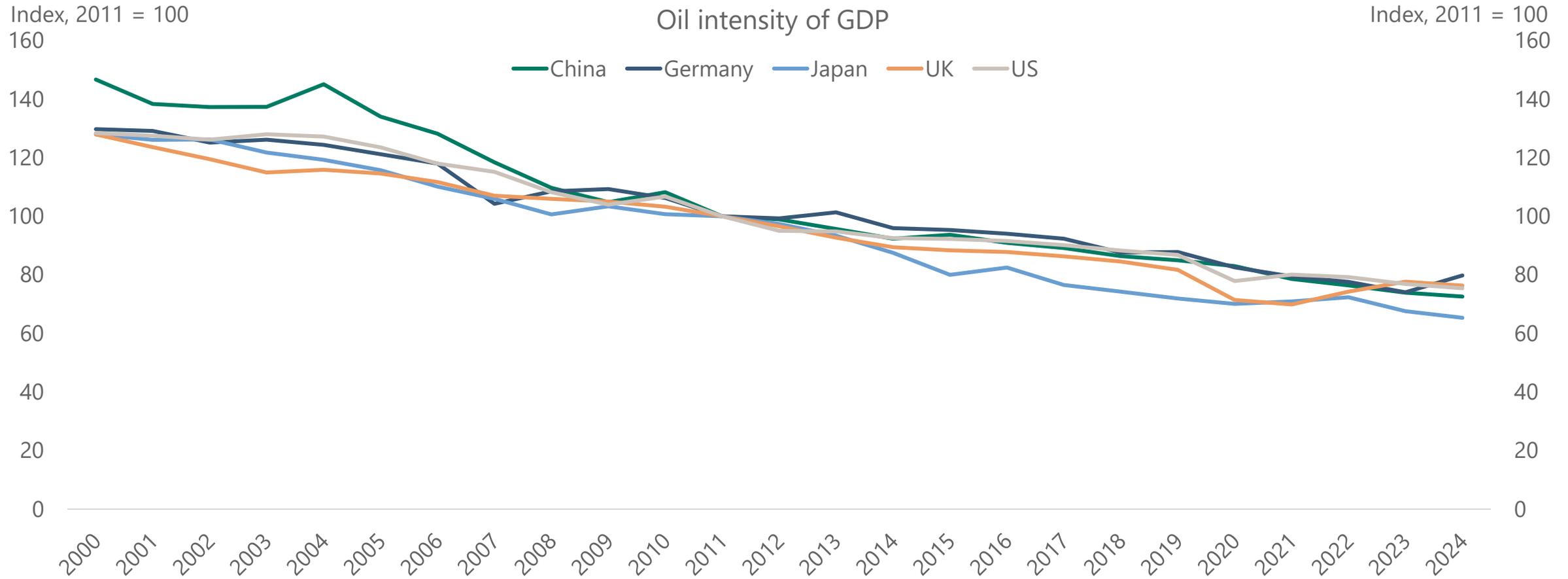
Source: Bloomberg SHOK model, Apollo Chief Economist. Note: Assumptions: If oil prices rise by \$50/bbl in 1Q26.

# Impact on GDP if oil prices rise by \$50/barrel



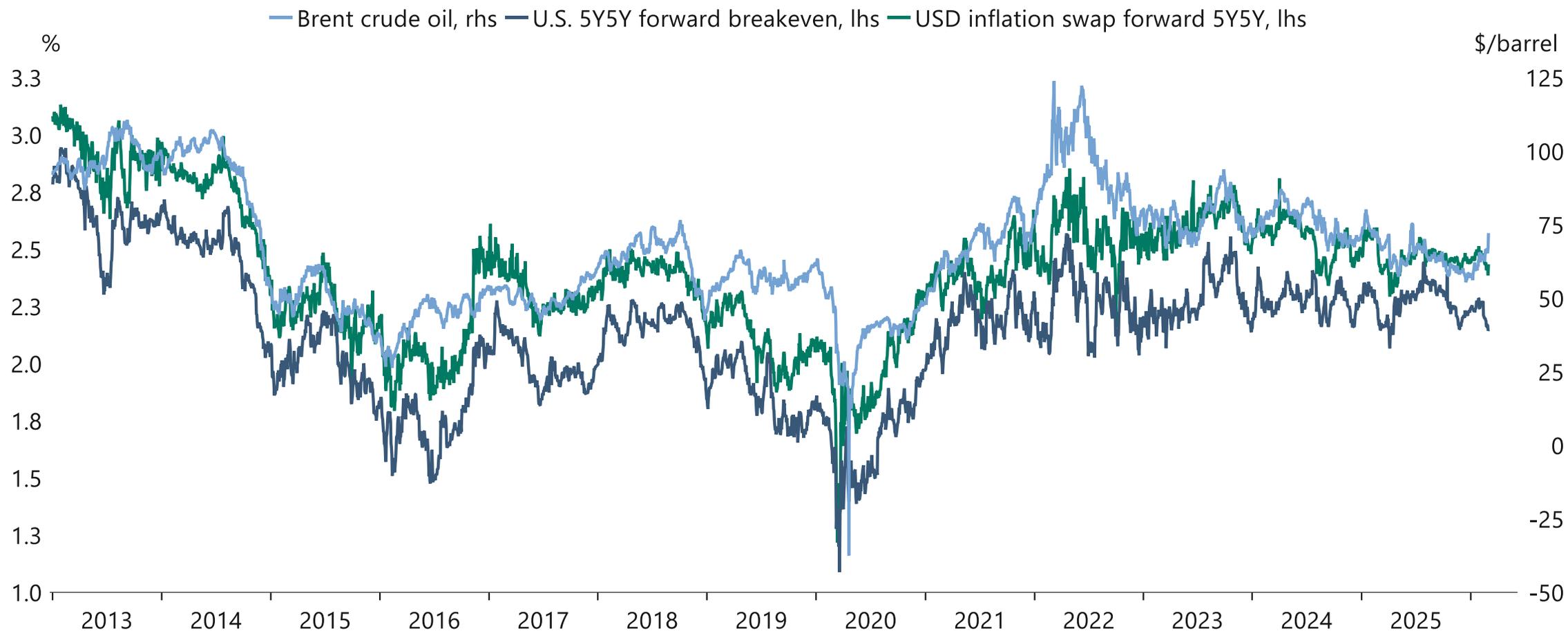
Source: Bloomberg SHOK model, Apollo Chief Economist. Note: Assumptions: If oil prices rise by \$50/bbl in 1Q26.

# Energy efficiency has improved over the years



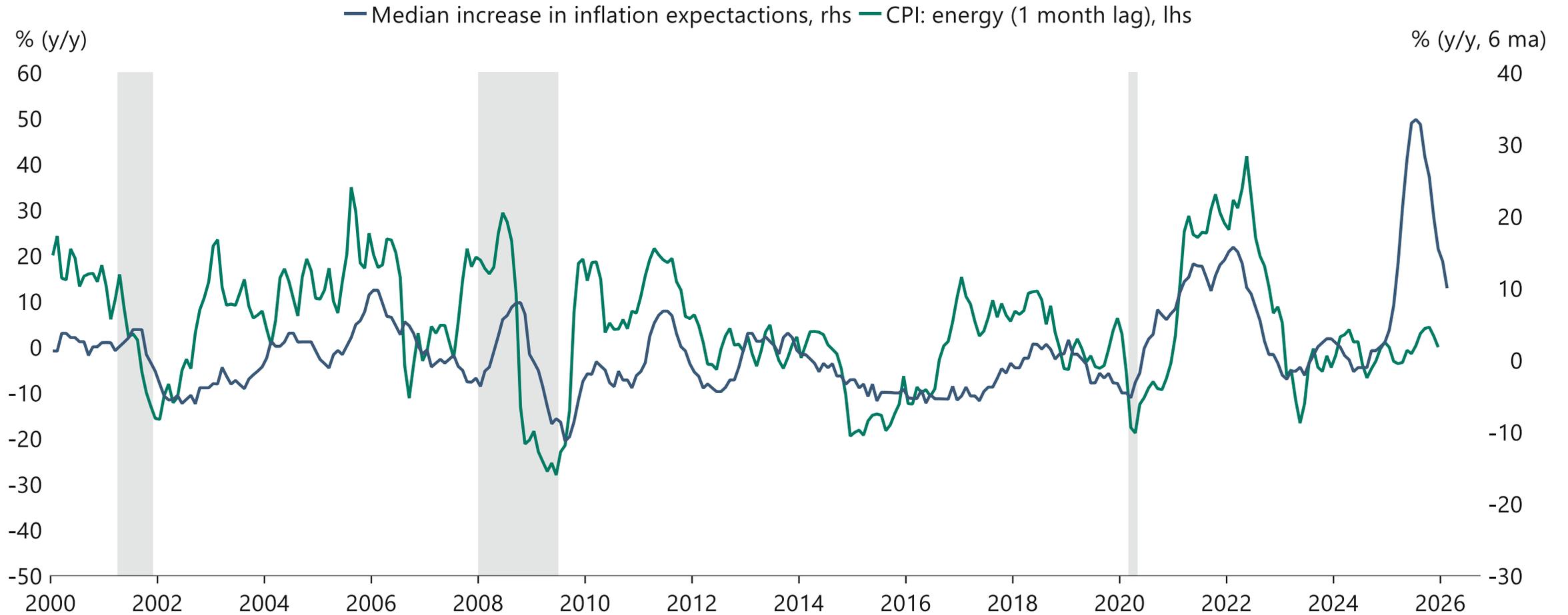
Source: BNEF, IMF, Apollo Chief Economist. Note: Oil burned per unit of GDP indexed to 2011.

# 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.