

APOLLO

# Outlook for public and private markets

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**Apollo Global Management**

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Unless otherwise noted, information as of April 2026

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# Impact of Iran conflict



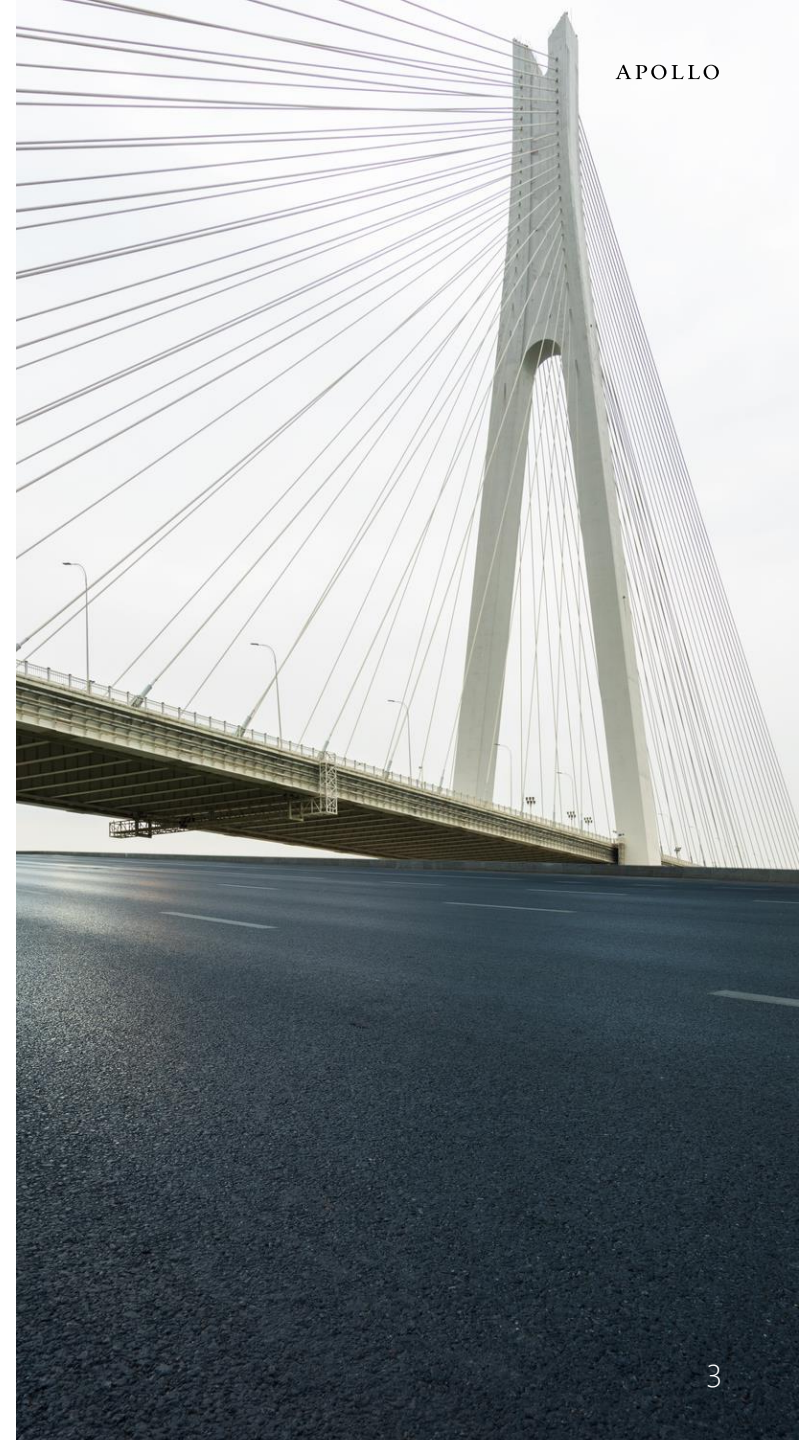
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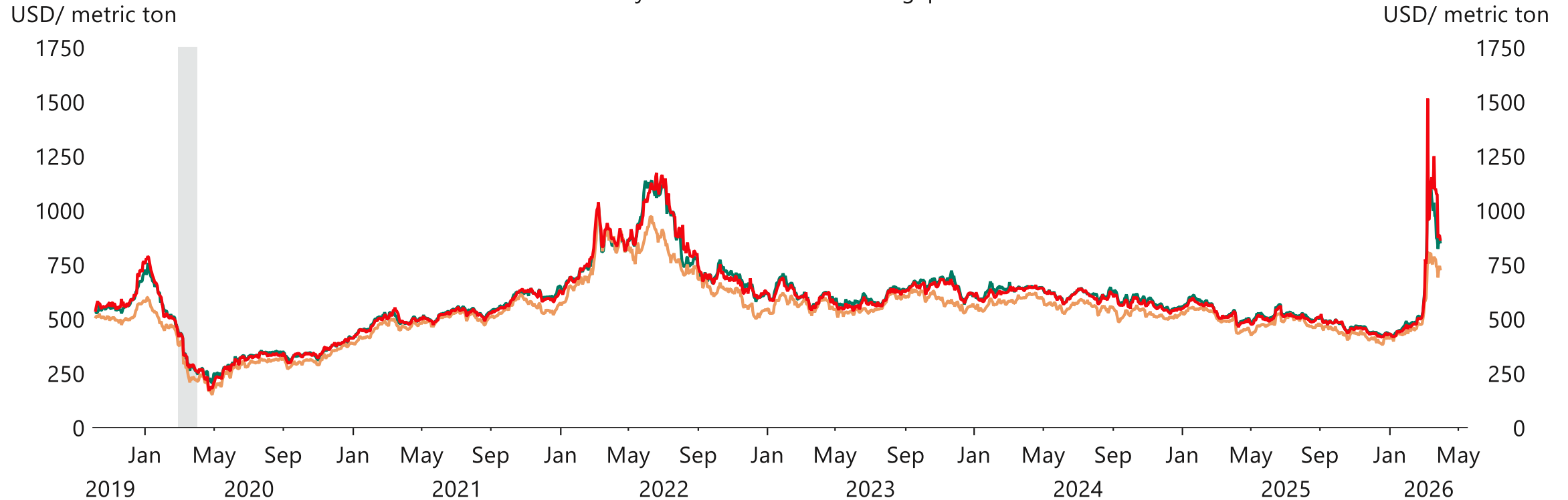
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# Container ship fuel prices at major bunkering hubs

## Marine fuel prices at major global bunkering hubs

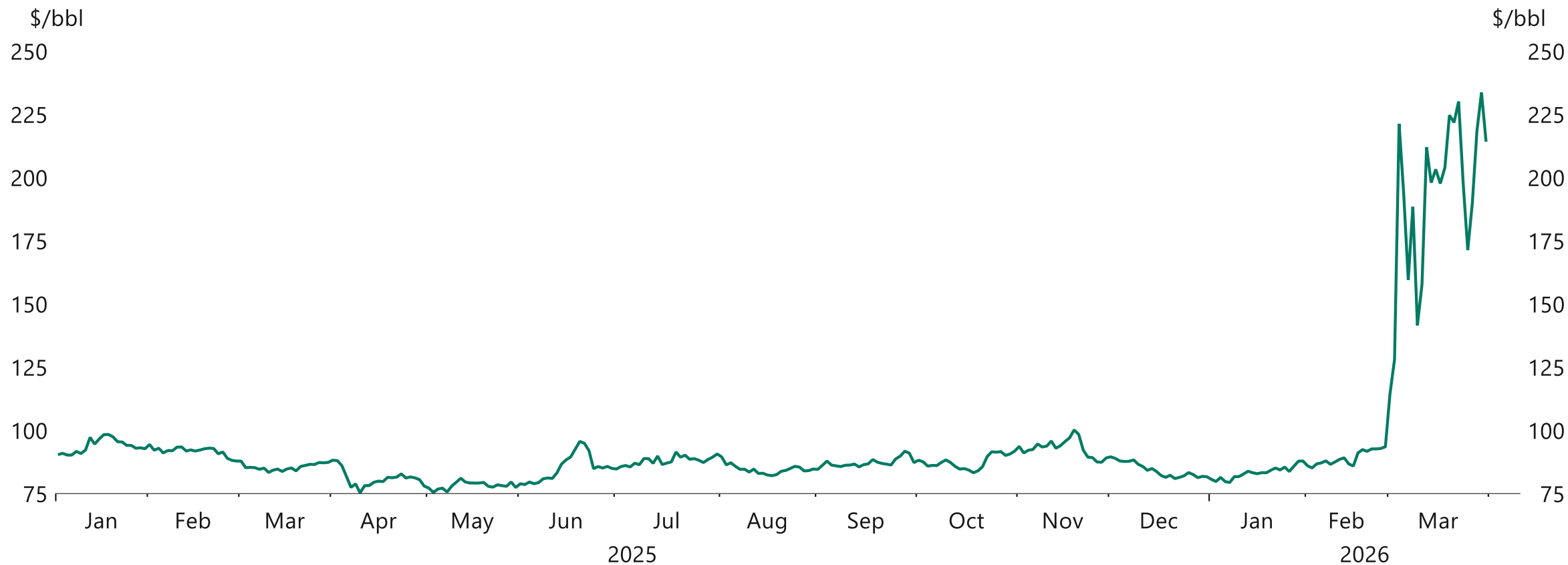
— Fujairah — Rotterdam — Singapore



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: Singapore, Rotterdam, and Fujairah VLSFO (Very Low Sulfur Fuel Oil) prices are used as representative benchmarks for container shipping fuel costs. Singapore serves as the primary global bunkering hub, Rotterdam reflects fuel pricing in the European market, and Fujairah provides a benchmark for Middle East supply with exposure to Gulf crude flows near the Strait of Hormuz. Together, these hubs capture key regional pricing points in the global marine fuel market.

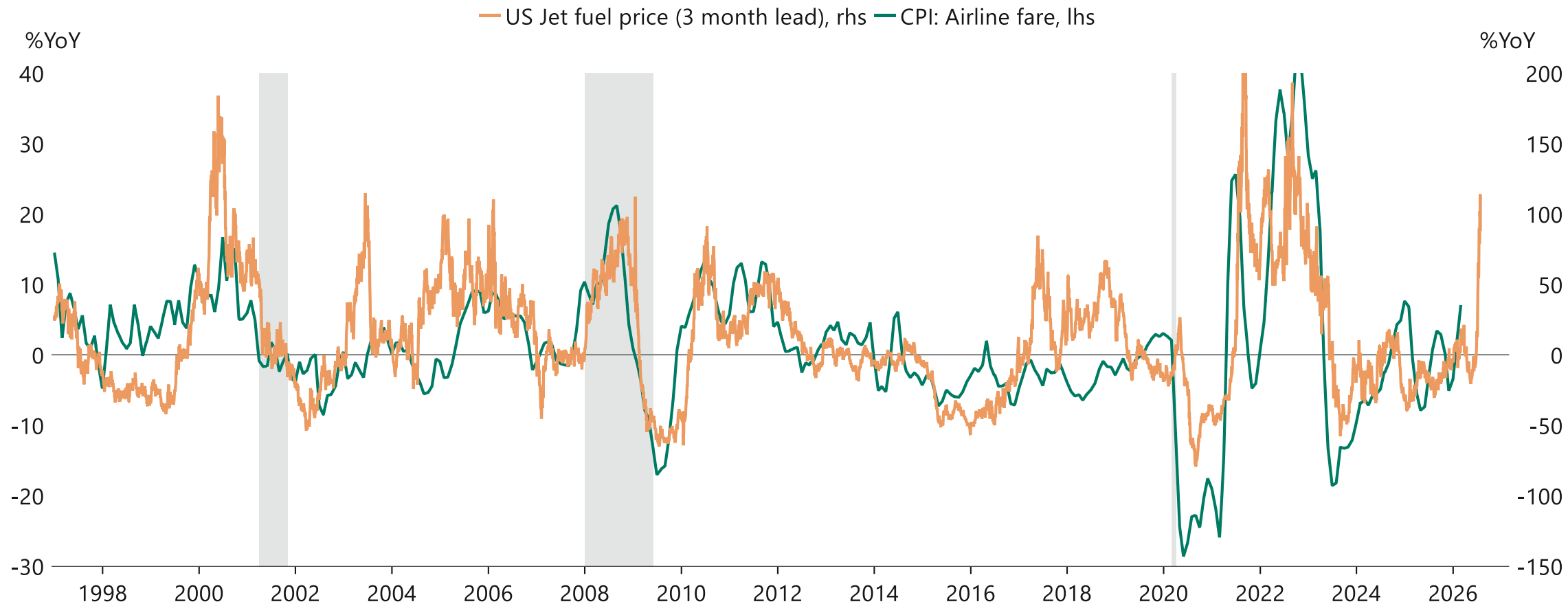
# Jet fuel prices have spiked

Jet fuel prices



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

# The rise in jet fuel prices is putting upward pressure on airfares

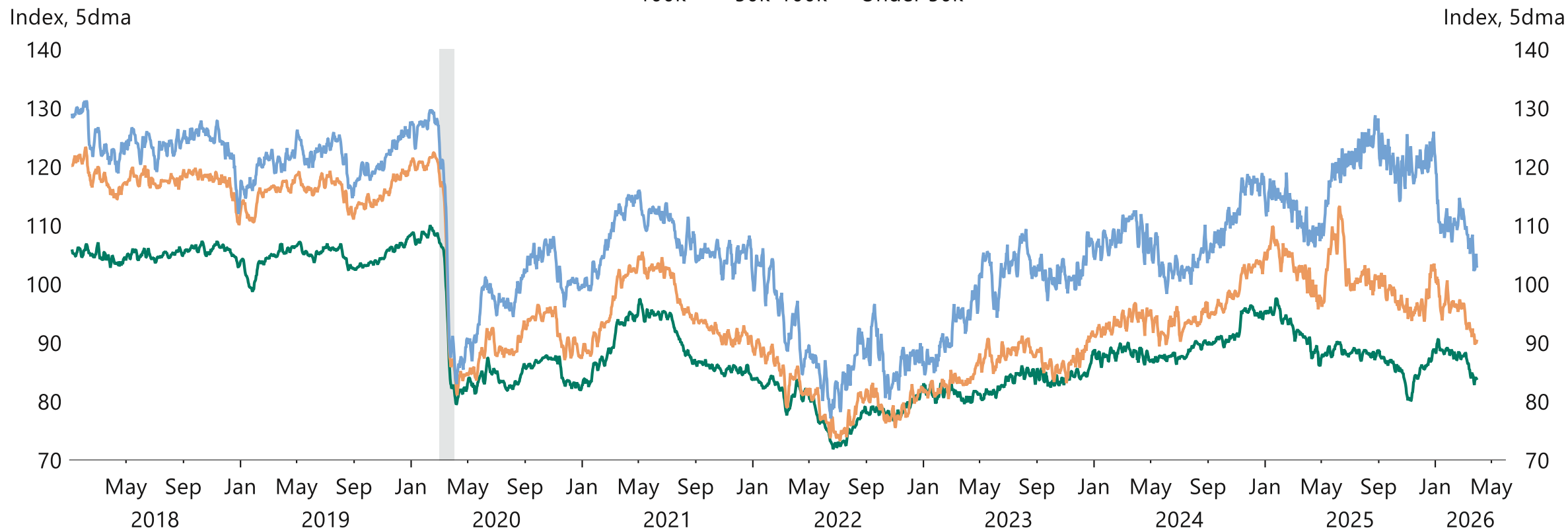


Source: U.S. Bureau of Labor Statistics (BLS), Energy Information Administration (EIA), Macrobond, Apollo Chief Economist.

# Consumer sentiment weaker across the income distribution

US Morning Consult daily index of consumer sentiment by income

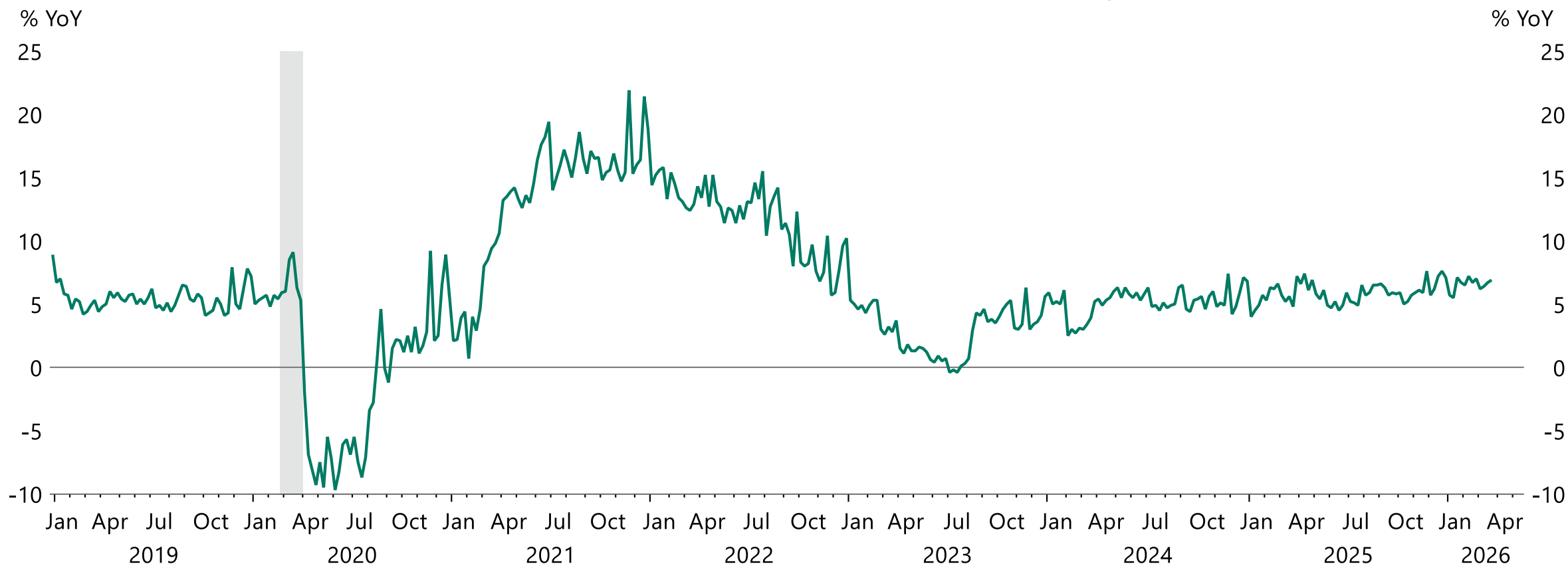
— 100k+ — 50k-100k — Under 50k



Source: Morning Consult, Bloomberg, Macrobond, Apollo Chief Economist

# Weekly data for same-store retail sales

Redbook Research: Same store, Retail sales average



Source: Redbook Research Inc., Macrobond, Apollo Chief Economist

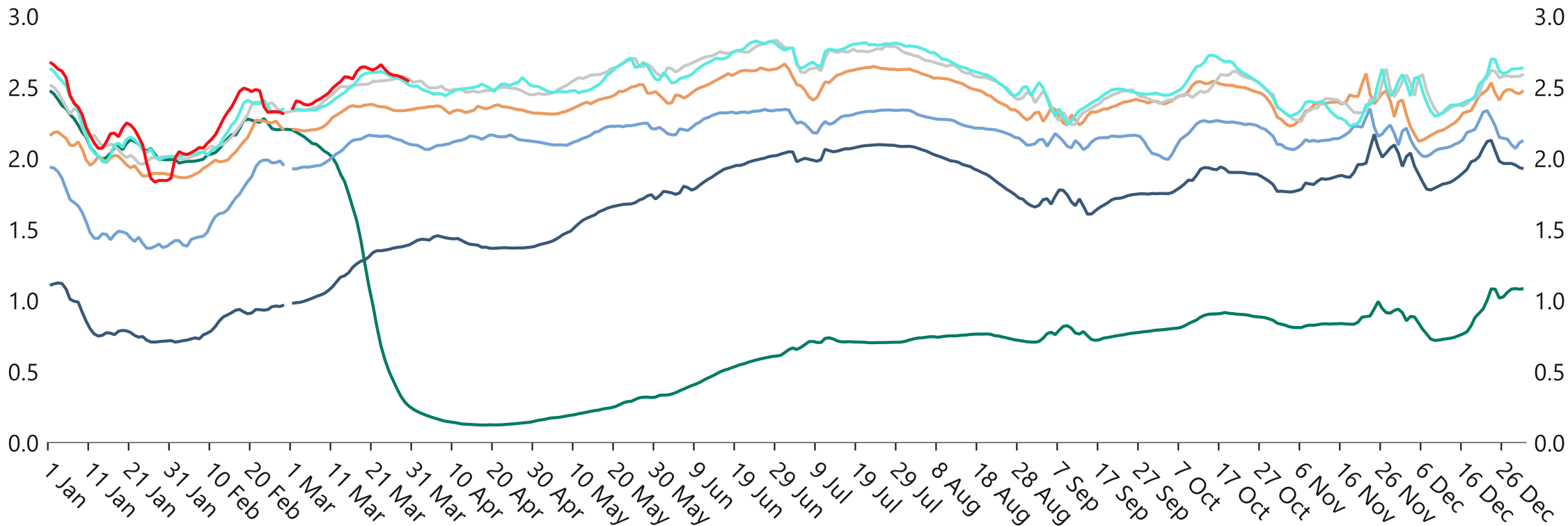
# Daily data for US air travel

US TSA checkpoint numbers total traveler throughput

— 2026 — 2025 — 2024 — 2023 — 2022 — 2021 — 2020

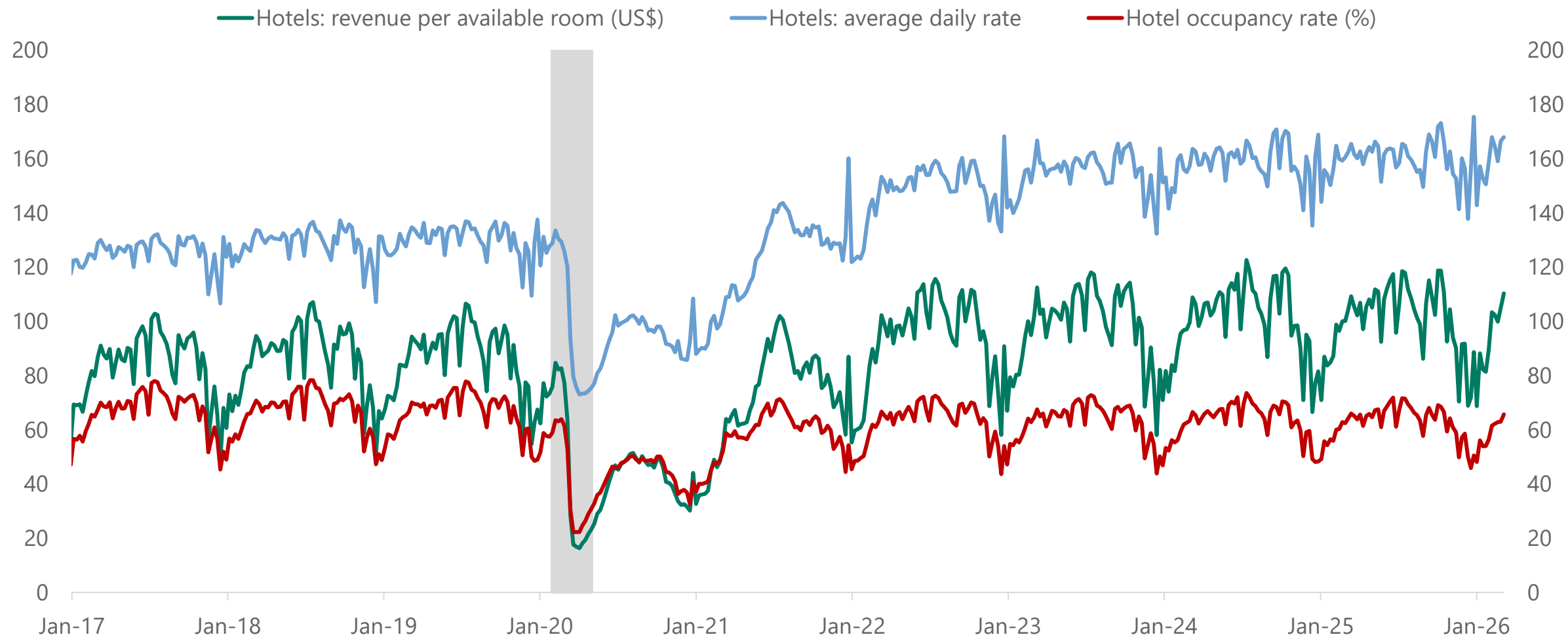
7 day MA, million

7 day MA, million



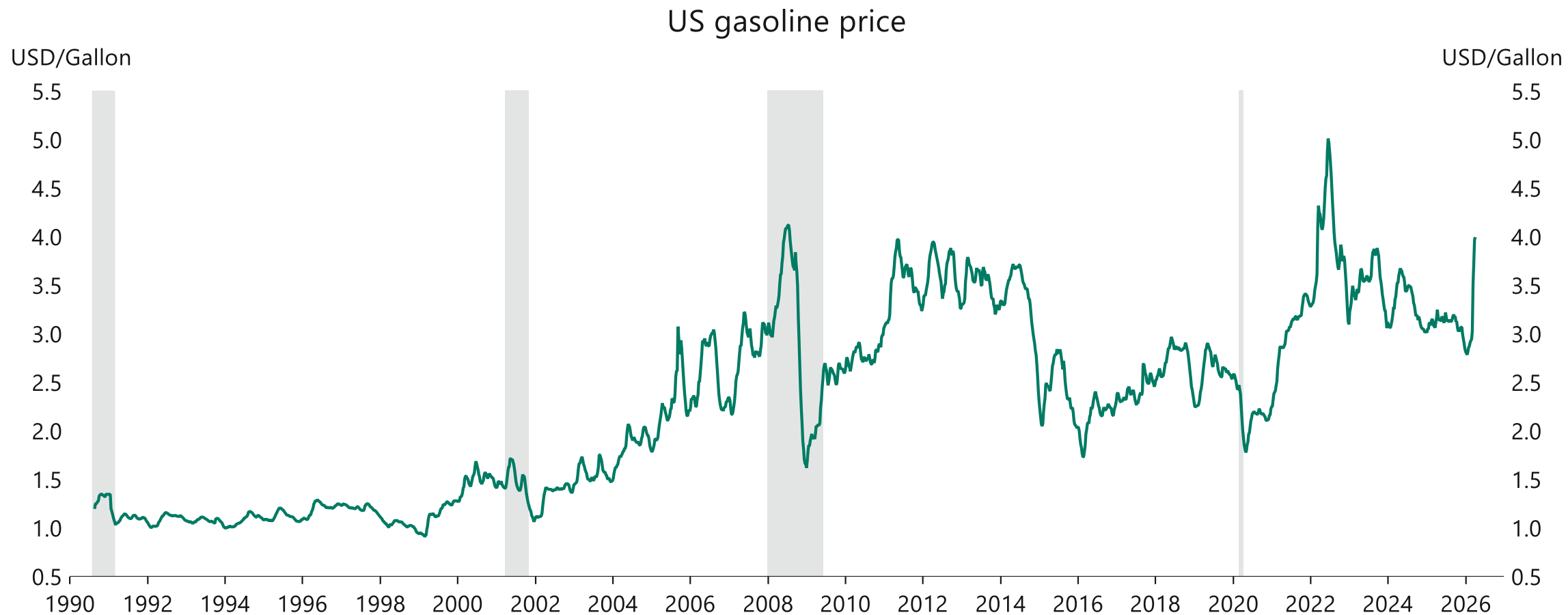
Source: U.S. Department of Homeland Security, Macrobond, Apollo Chief Economist

# Weekly data for hotel demand



Source: STR, Haver Analytics, Apollo Chief Economist

US average retail gasoline price: \$4 per gallon. Was \$5 in 2022.



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

# Oil price shock: 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

## Three engines of growth in 2026

### AI spending

1. Datacenter spending
2. AI energy spending
3. Productivity gains from AI


### Industrial renaissance

1. Semiconductors
2. Pharmaceuticals
3. Defense

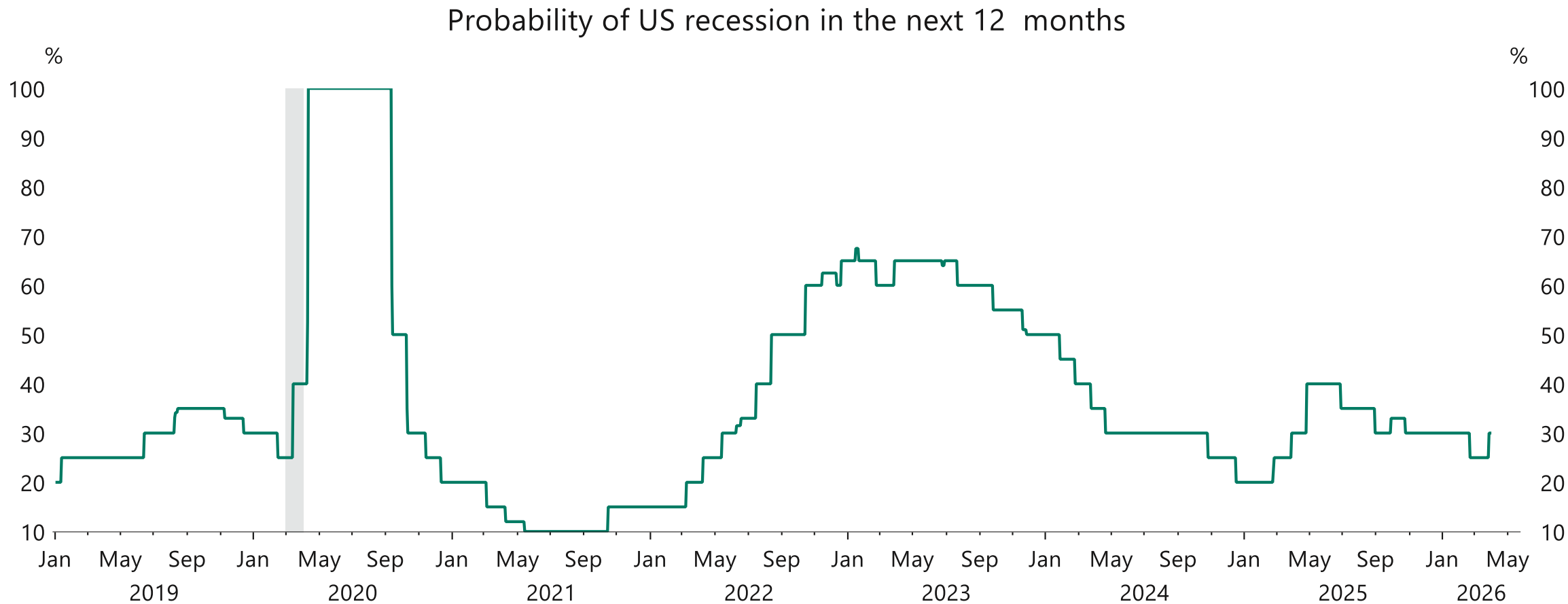
### One Big Beautiful Bill

1. Lower household taxes
2. 100% immediate expensing
3. Infrastructure and defense

# Consensus US economic outlook: Solid growth and high inflation

 <span>United States</span> <span>Browse</span> <span><input checked="" type="radio"/> Private</span> <span><input type="radio"/> Official</span>										
Actual / Forecasts										
Probability of Recession 30.0%										
Indicator	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27
<b>Economic Activity</b>										
Real GDP (YoY%)	2.1	2.3	2.0	2.9	2.4	1.8	2.1	2.0	2.0	2.1
- Real GDP (QoQ% SAAR)	3.8	4.4	0.7	2.4	1.8	1.9	2.0	2.0	2.0	2.0
- Consumer Spending ...	2.5	3.5	2.0	1.7	1.7	1.8	1.9	1.9	1.9	2.0
- Government Spendin...	-0.1	2.2	-5.8	5.6	0.9	0.9	1.0	1.0	1.1	1.0
- Private Investment ...	-13.8	0.0	3.3	4.0	3.5	4.0	3.7	3.5	3.6	3.6
- Exports (QoQ% SAAR)	-1.8	9.6	-3.3	2.0	2.0	2.0	2.1	2.1	2.4	2.4
- Imports (QoQ% SAAR)	-29.3	-4.4	-1.1	4.0	2.5	2.6	2.5	2.4	2.4	2.4
Industrial Production (Yo...	0.5	1.7	1.7	1.7	1.5	1.4	1.8	1.5	1.6	1.8
<b>Price Indices</b>										
CPI (YoY%)	2.4	2.9	2.7	2.7	3.3	3.1	3.1	2.8	2.3	2.3
- PCE Price Index (YoY%)	2.4	2.7	2.8	2.9	3.2	3.0	2.9	2.6	2.2	2.1
- Core PCE (yoy%)	2.7	2.9	2.9	3.0	3.0	2.9	2.7	2.5	2.3	2.3
<b>Labor Market</b>										
Unemployment (%)	4.2	4.3	4.5	4.4	4.5	4.5	4.4	4.4	4.4	4.3
Non Farm Payrolls (000s...	34	23	-39	39	45	54	69	75	80	80
Average Hourly Earnings ...	3.9	3.9	3.9	3.6	3.6	3.5	3.3	3.4	3.2	3.2

# Consensus: Probability of a recession in the next 12 months: 30%

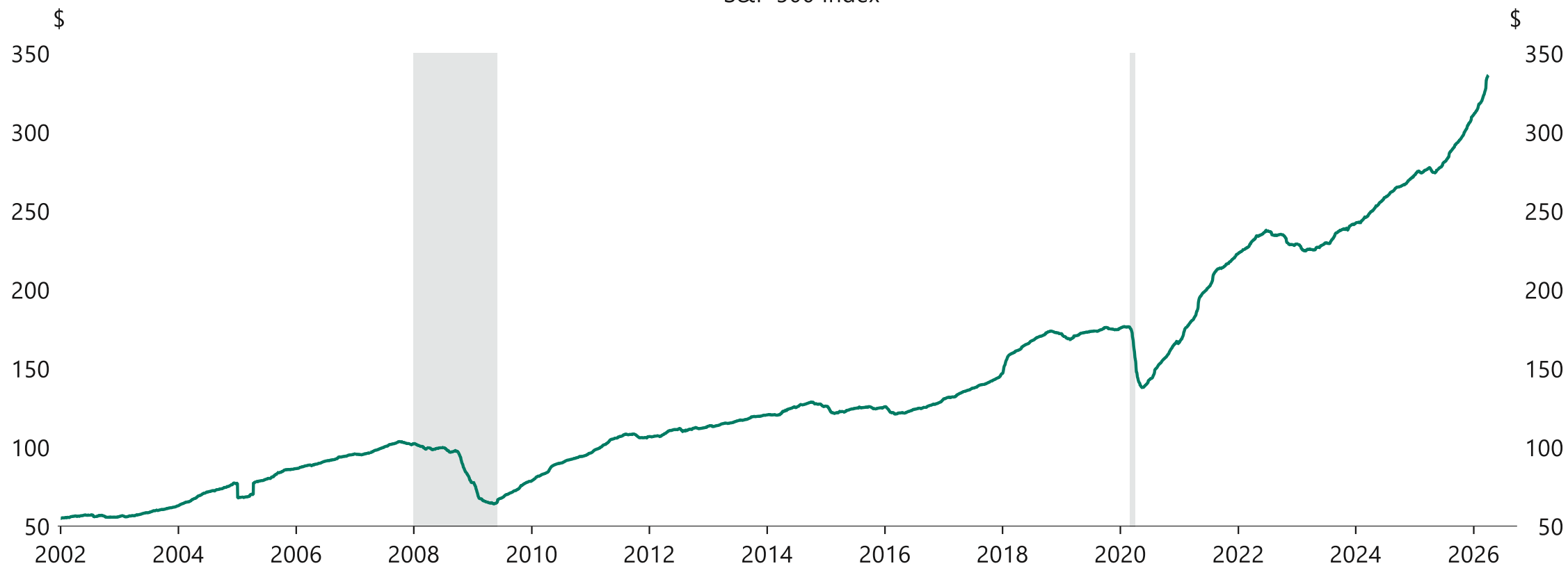


Source: Bloomberg, Macrobond, Apollo Chief Economist

# Forward earnings expectations for the S&P 500 climb to new peaks

Forward 12-month EPS

— S&P 500 Index

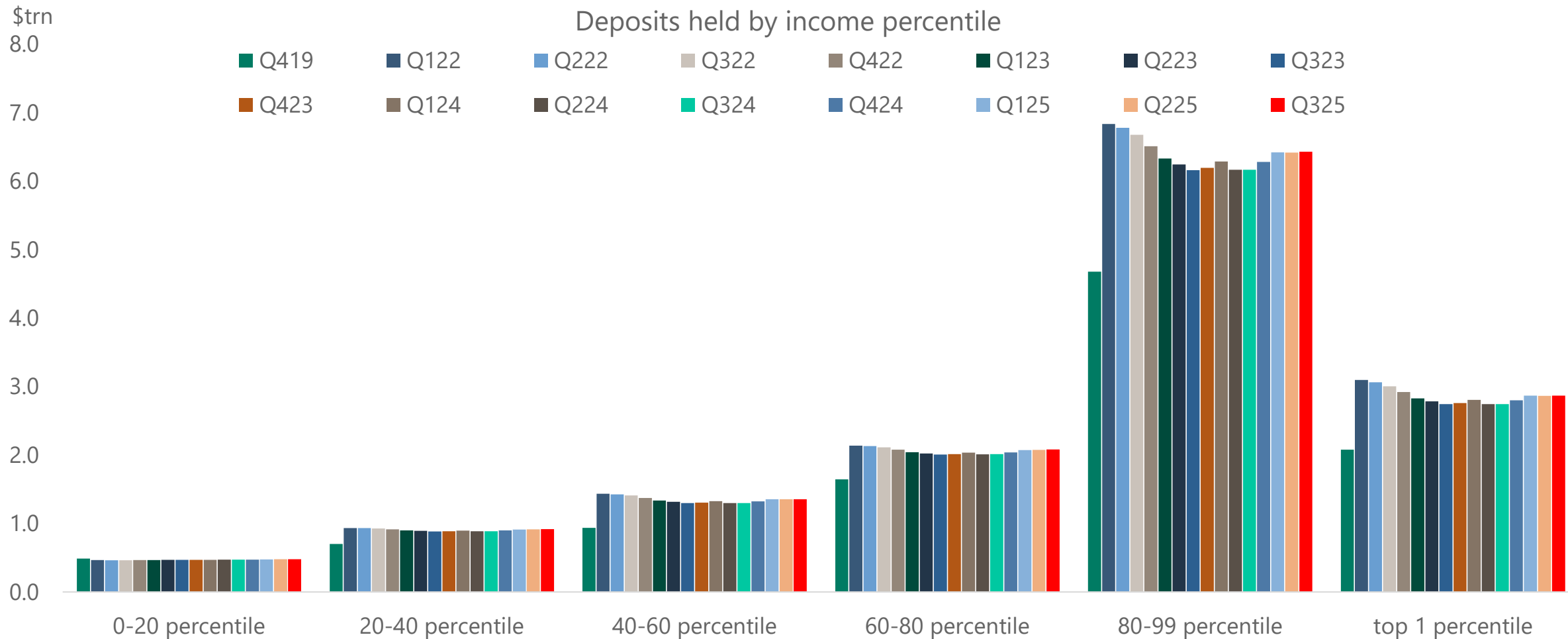


Source: Bloomberg, Macrobond, Apollo Chief Economist

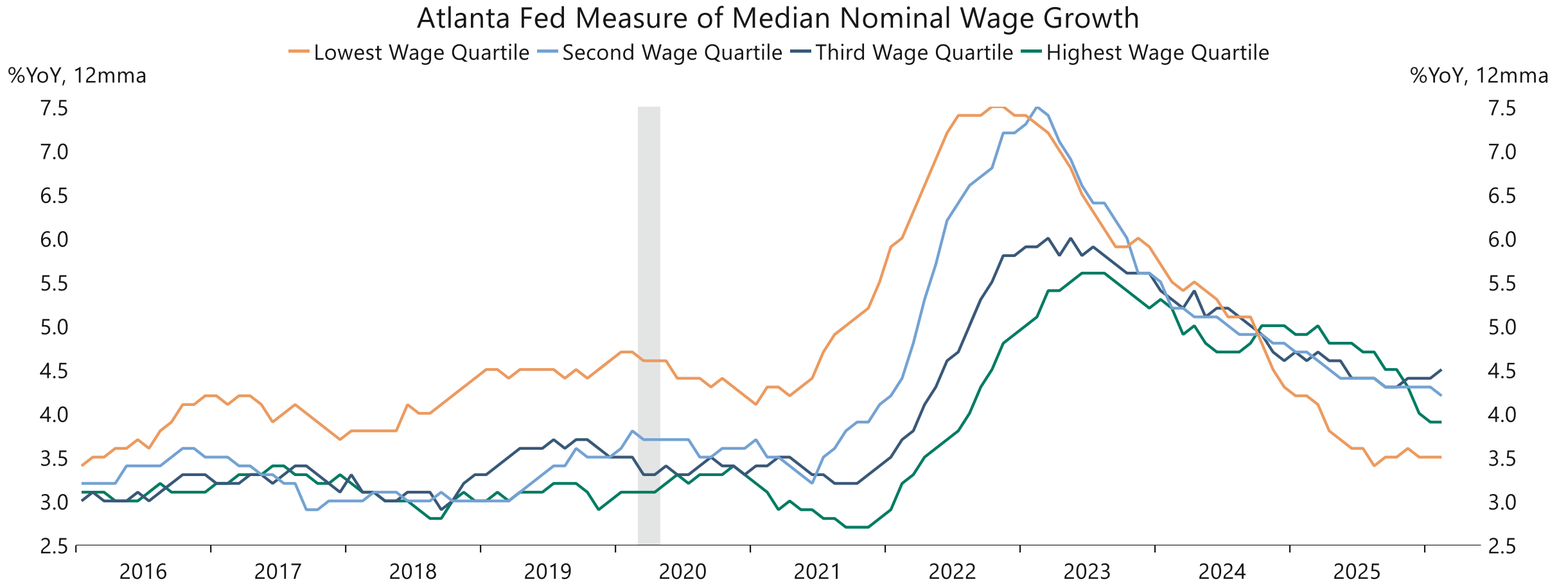
Headwinds to the outlook:  
Student loan payments restarting



# K-shaped economy for wealth

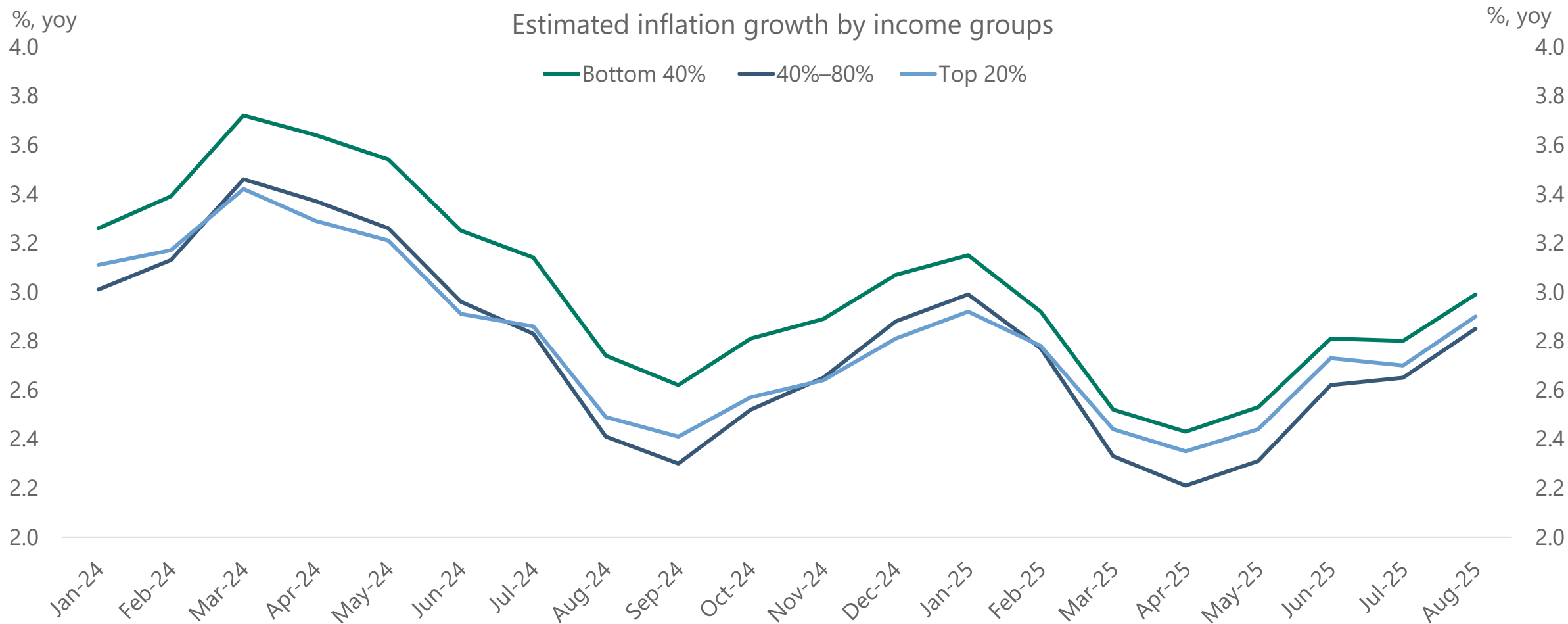


# K-shaped economy for wage growth



Source: Federal Reserve Bank of Atlanta, Macrobond, Apollo Chief Economist

# Lower income households face higher inflation

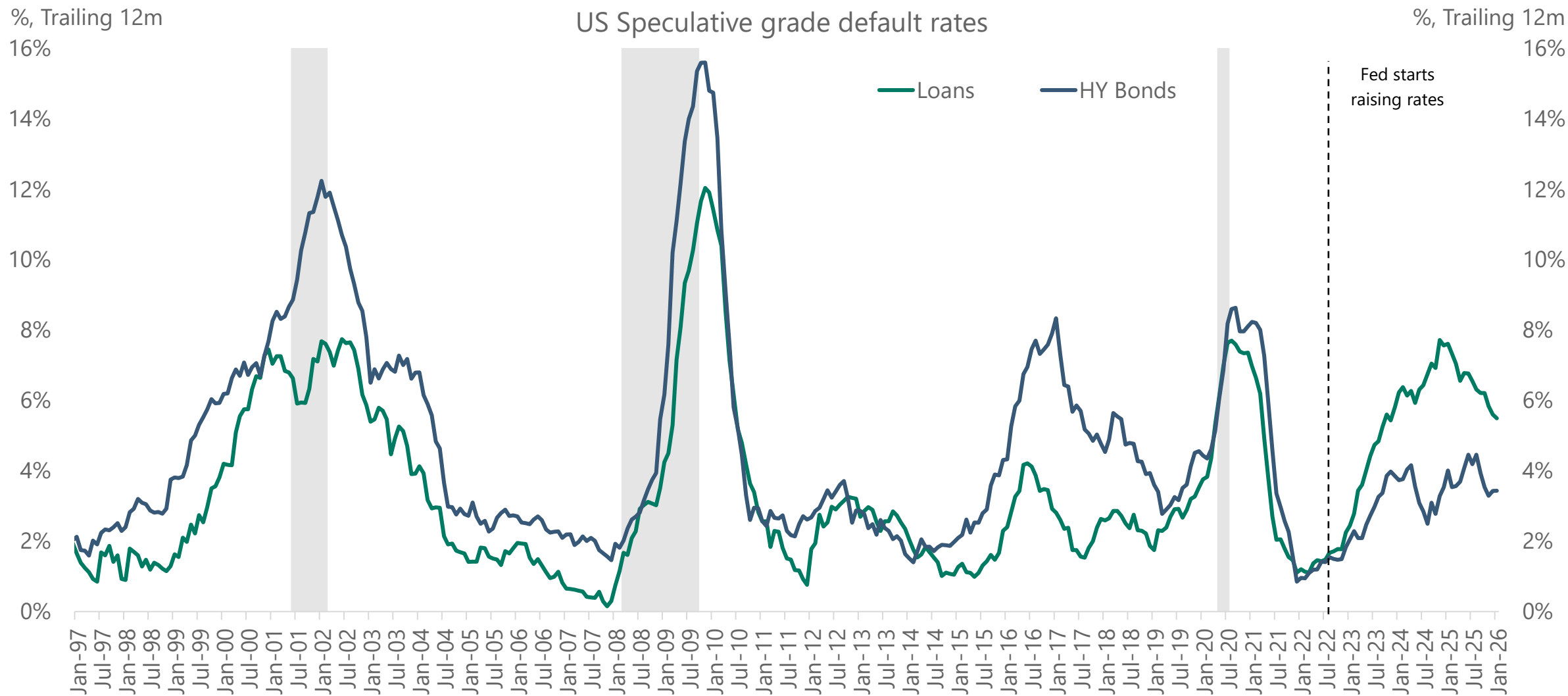


Source: Federal Reserve Bank of New York, Apollo Chief Economist. Note: Inflation by income group is estimated by anchoring relative inflation differentials to U.S. headline CPI (YoY). Monthly inflation gaps by income cohort are added to headline CPI inflation to recover implied inflation levels for the bottom 40%, middle 40%, and top 20% of households. Relative differences across income groups are preserved.

Tailwinds to the outlook:  
Credit metrics are improving

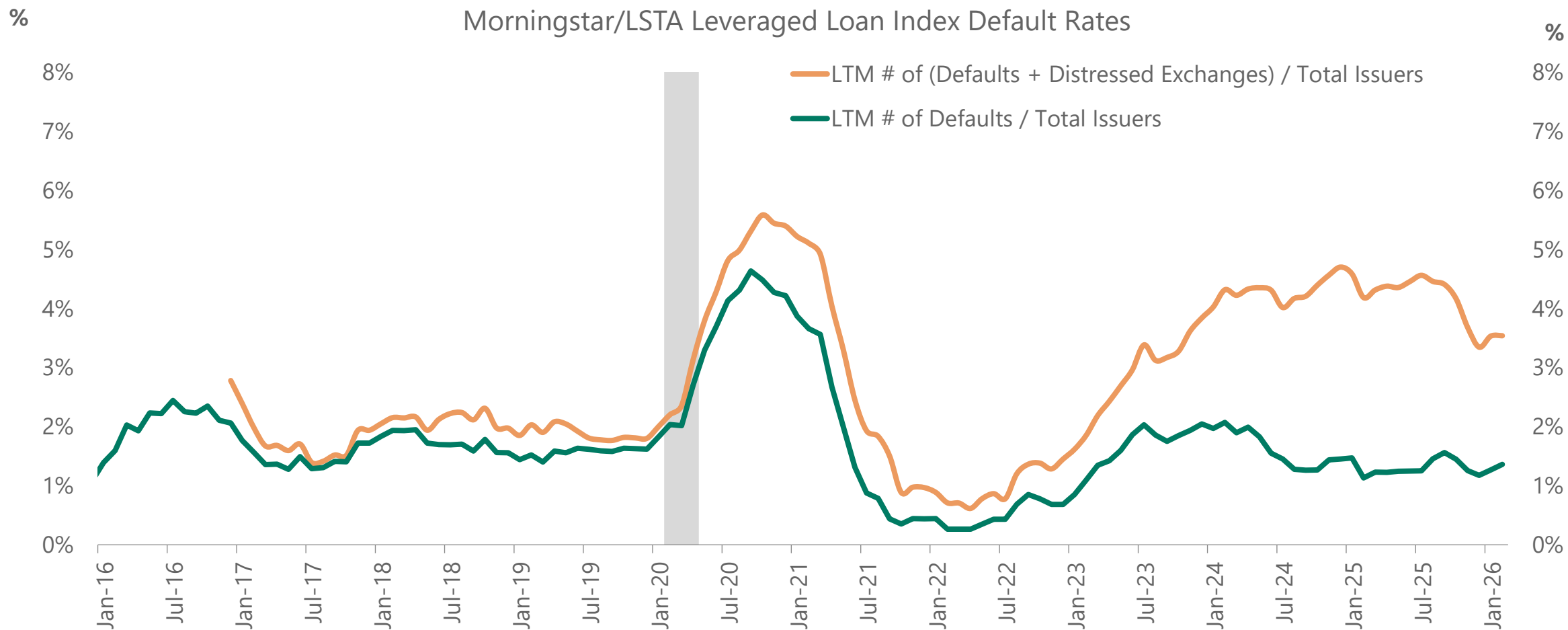


# Credit metrics are improving



Source: Moody's Analytics, Apollo Chief Economist

# Distressed exchanges starting to come down



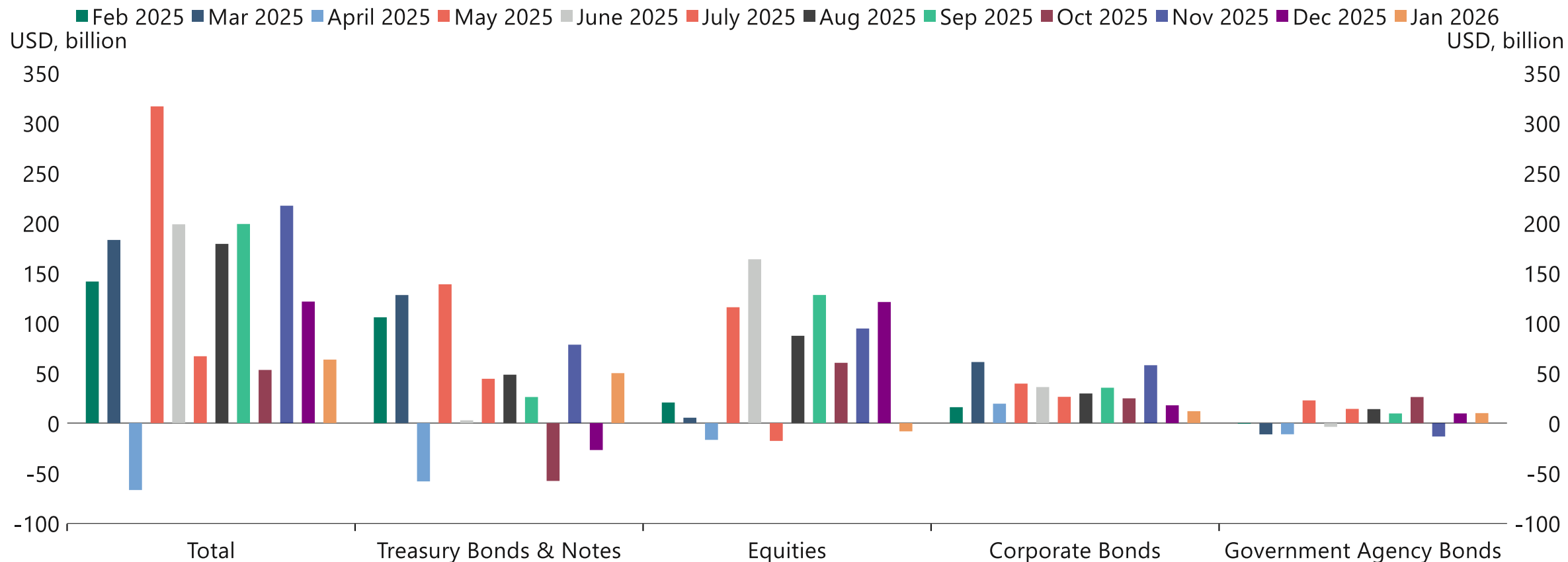
Note: LTM = Last Twelve Months. Source: PitchBook, Apollo Chief Economist

Tailwinds to the outlook:  
Dollar depreciation



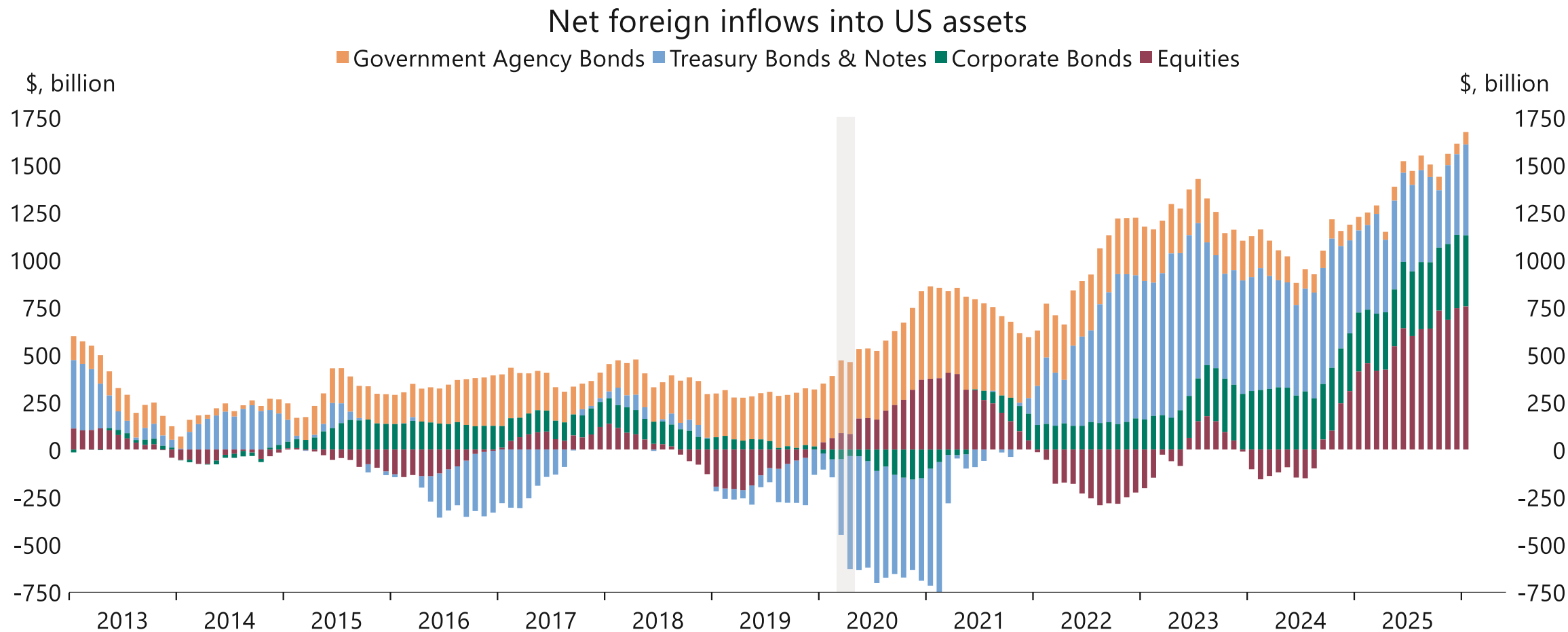
# Very strong foreign demand for US assets after Liberation Day

## Net foreign purchases of US assets



Source: U.S. Department of Treasury, Macrobond, Apollo Chief Economist

# Strong global demand for US assets



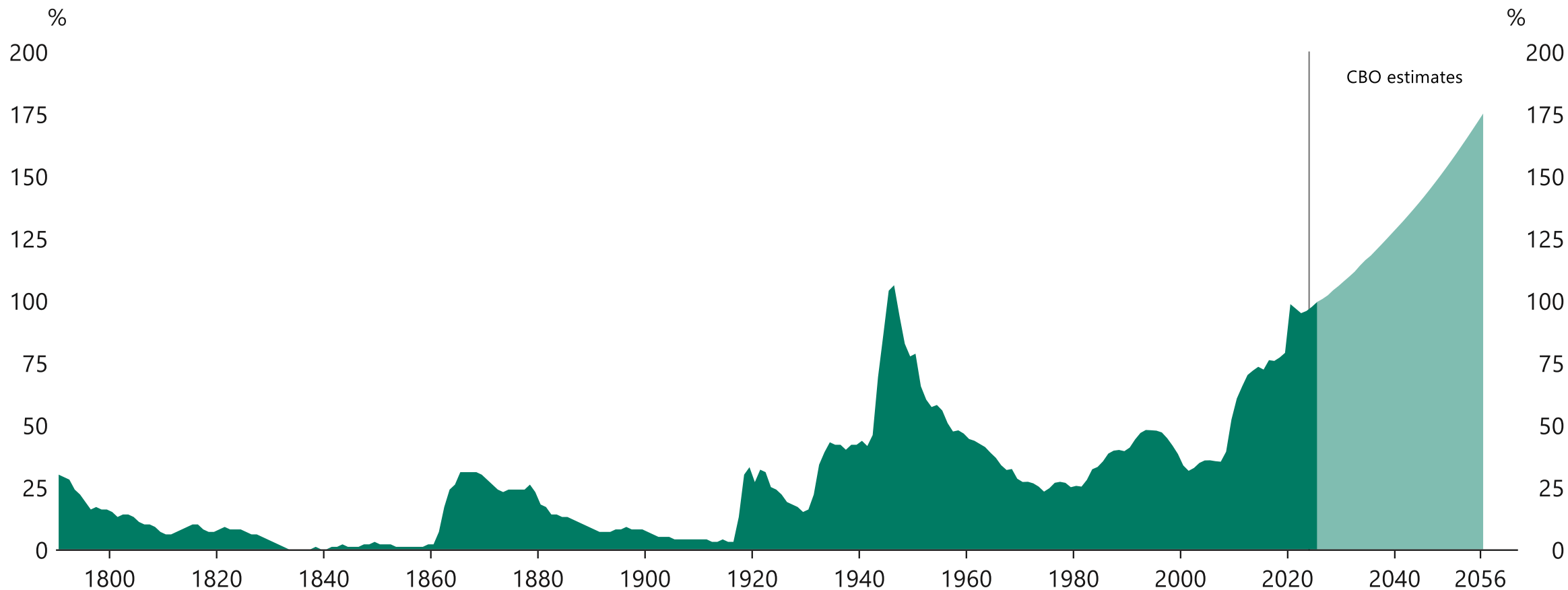
Source: U.S. Department of Treasury, Macrobond, Apollo Chief Economist. Note: Data is 12-month rolling sum.

# Outlook for rates



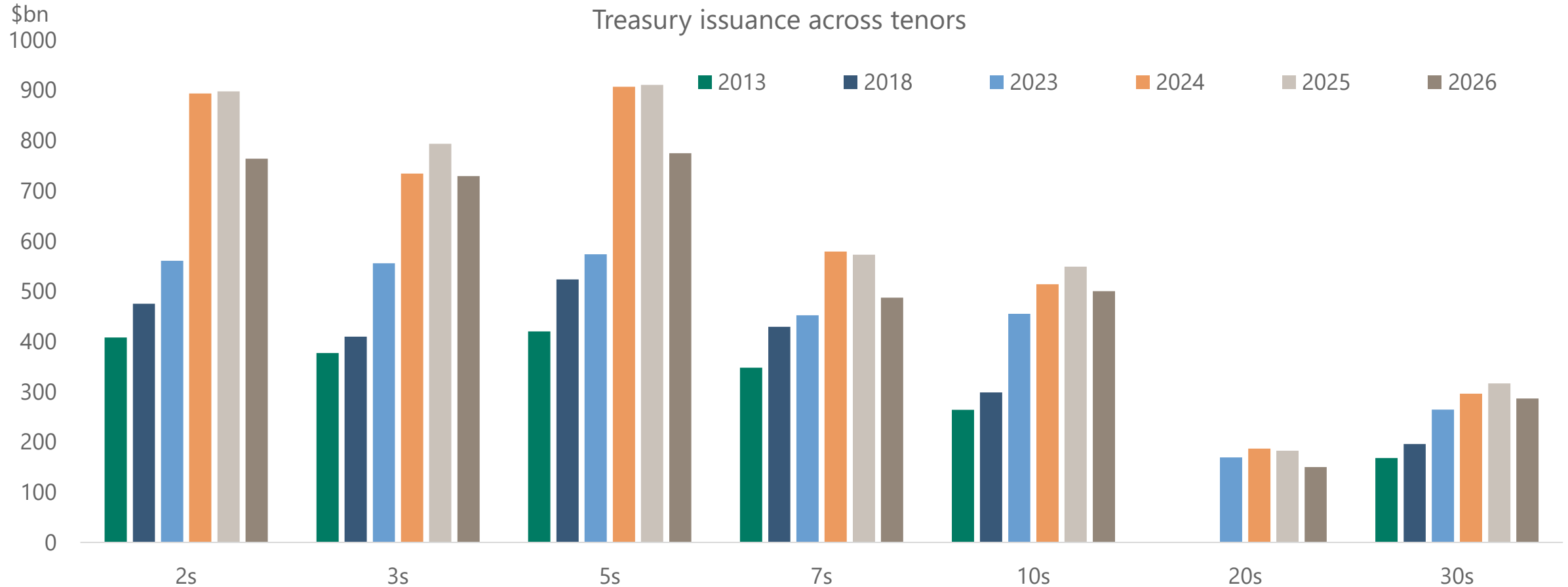
# CBO: Under current policies, government debt outstanding will grow from 100% to 160% of GDP

## Federal debt held by public (% GDP)



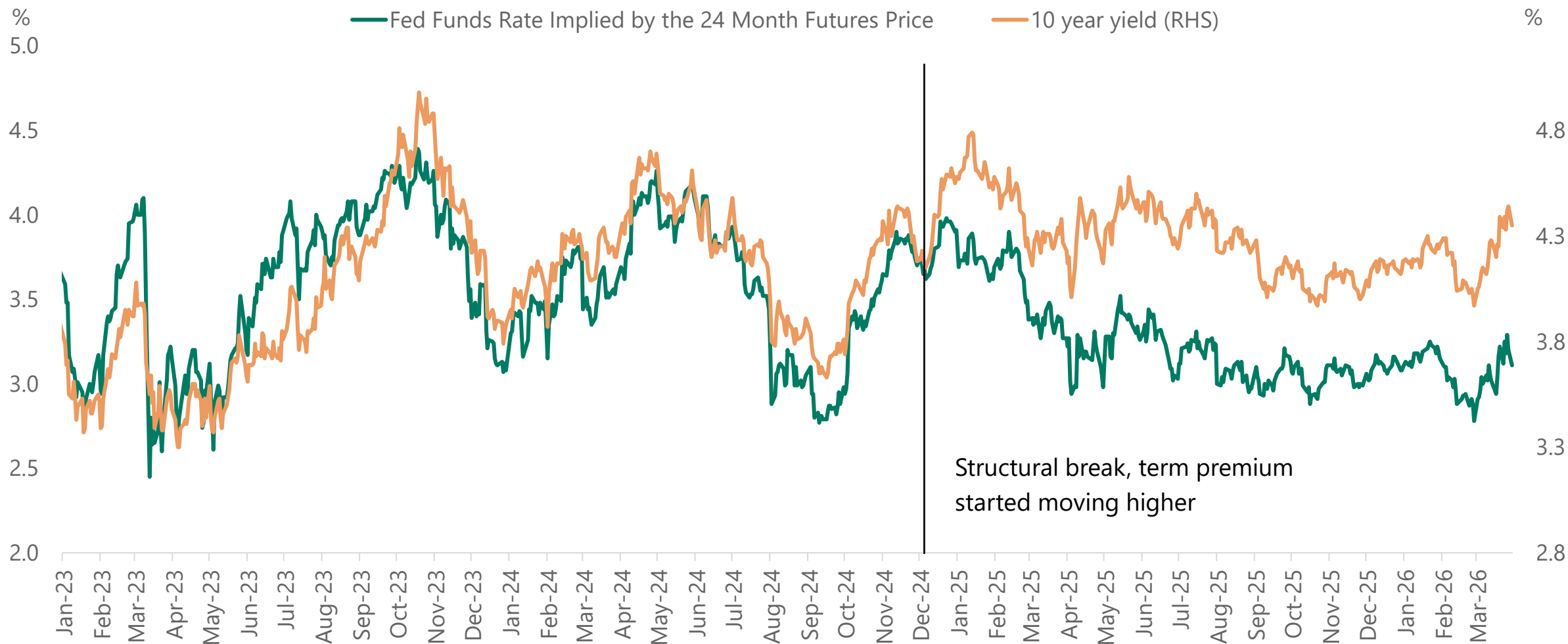
Source: U.S. Congressional Budget Office (CBO), Macrobond, Apollo Chief Economist

# Treasury auction sizes have increased on average 30% across the yield curve since 2023



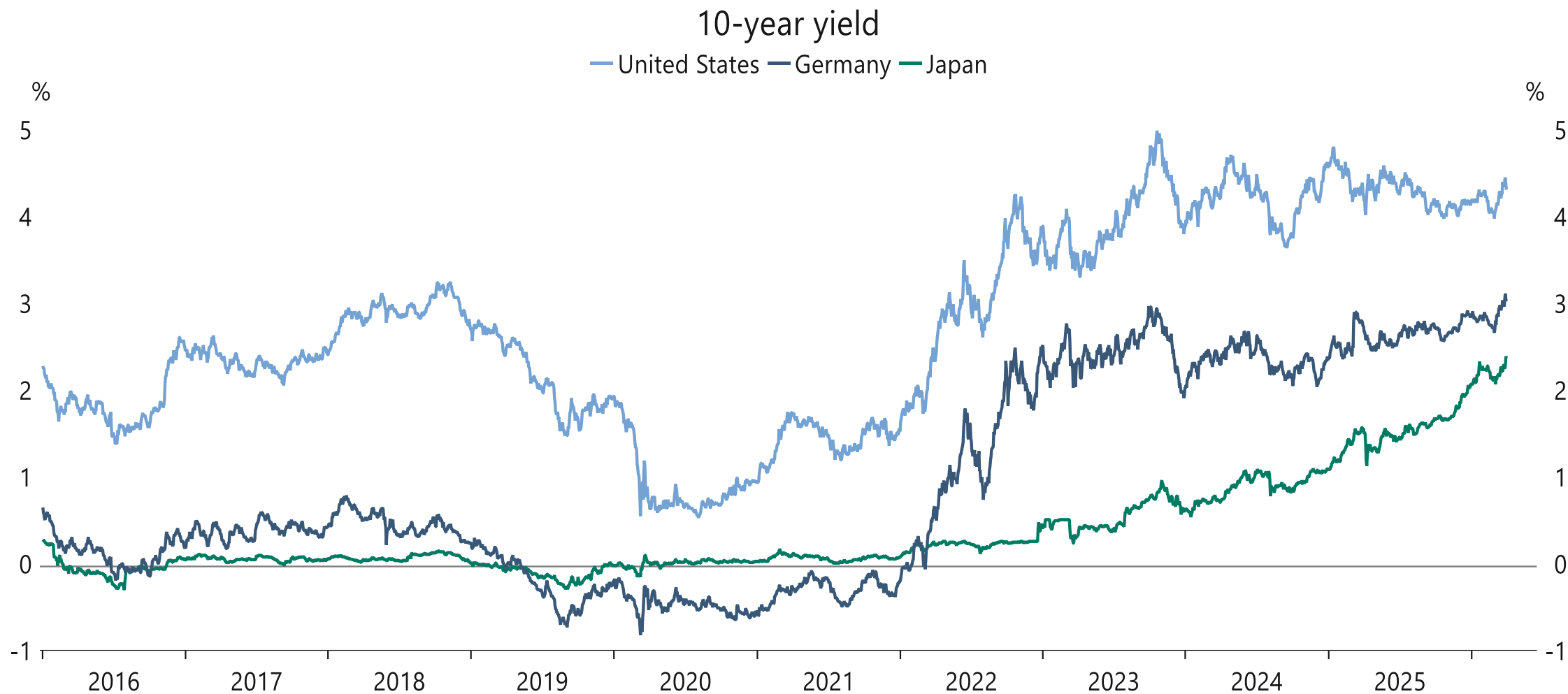
Source: SIFMA, TBAC, Haver Analytics, Apollo Chief Economist. Note: Estimates for 2026 data annualized from TBAC

# Long rates have disconnected from short rates



Source: Haver Analytics, Apollo Chief Economist. Note: 10 year yield = 0.74 x implied fed funds rate + 1.44

# 10-year government bond yields moving higher in the US, Germany, and Japan

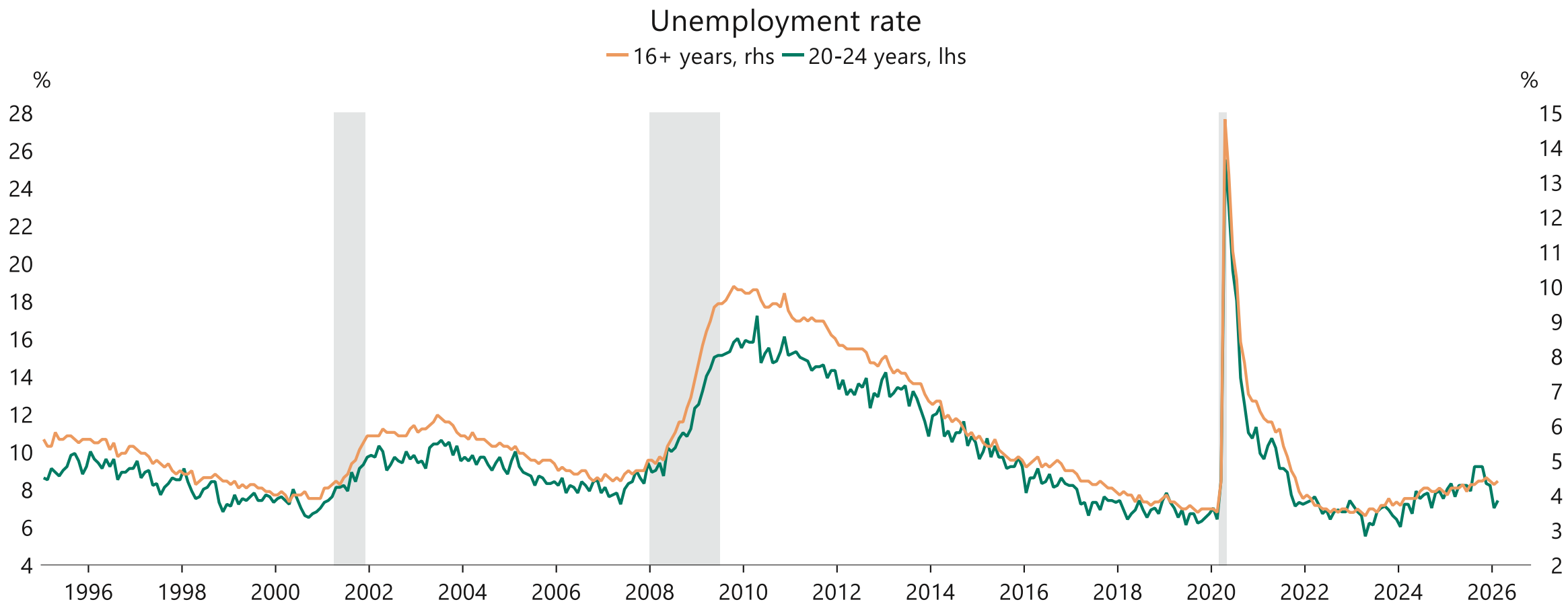


Source: Macrobond Financial AB, U.S. Department of Treasury, Macrobond, Apollo Chief Economist

# The impact of AI

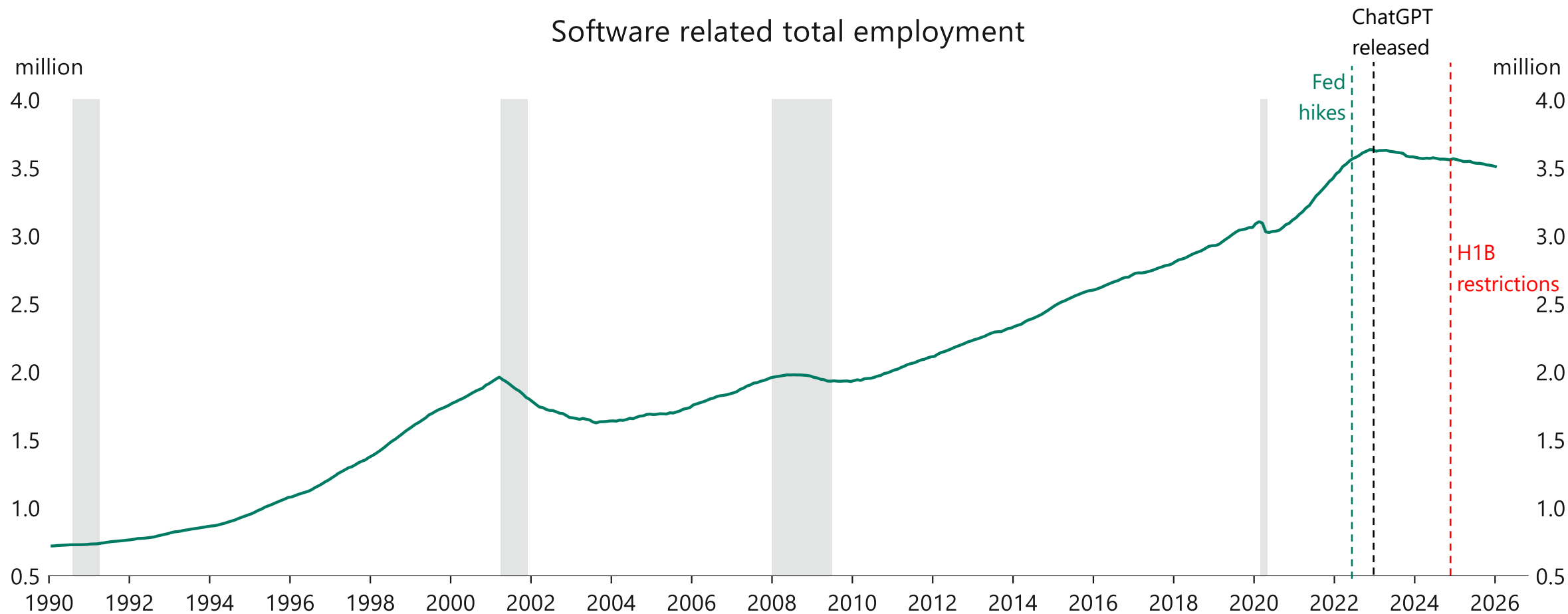


# No signs of AI having a special impact on the youth unemployment rate



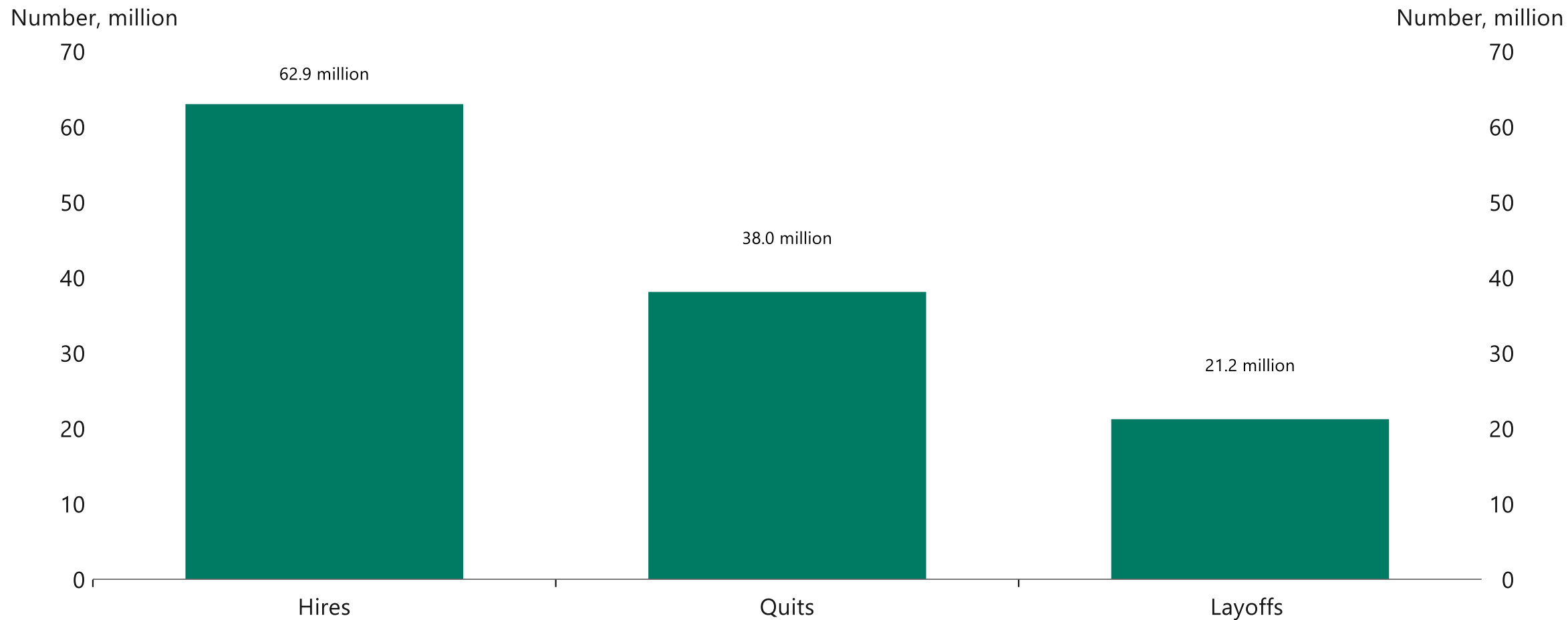
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

# Employment in the software sector down 200K since the peak



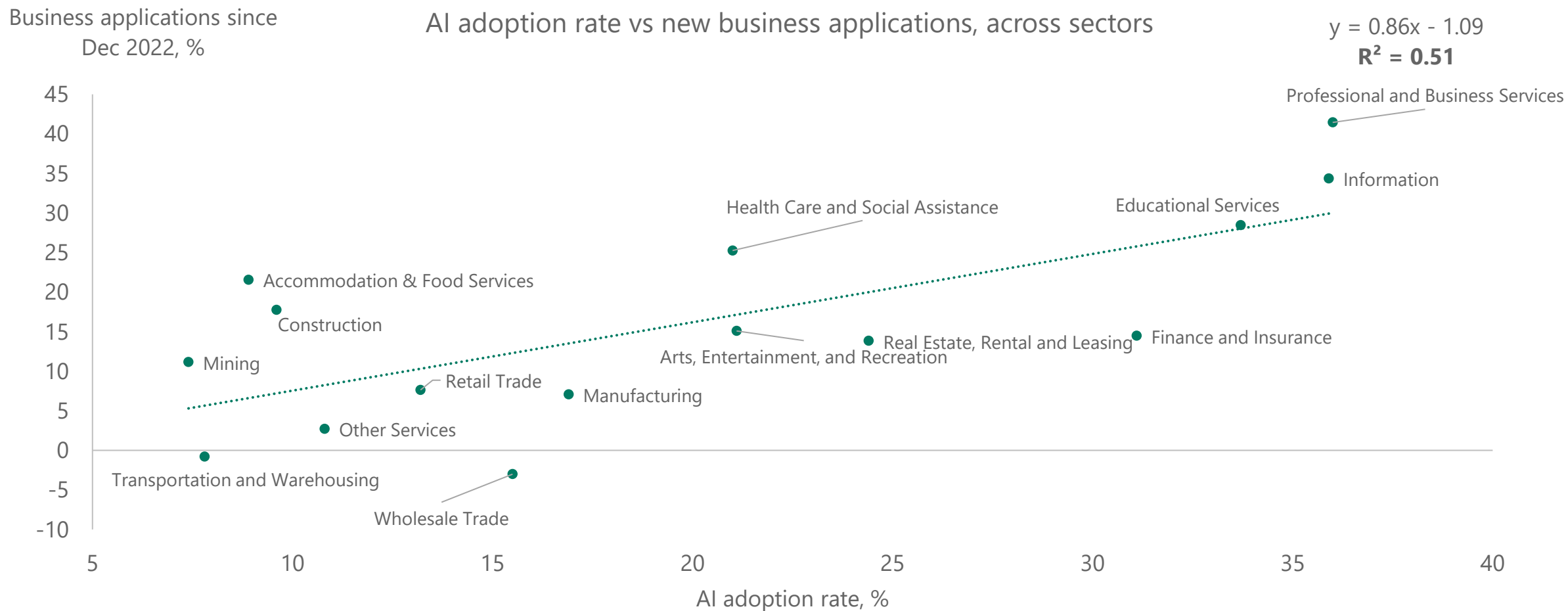
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist. Note: It includes software publishers, computer system design and related services and Data Processing, Hosting & Related Services

# U.S. labor market flows: hires, quits, and layoffs

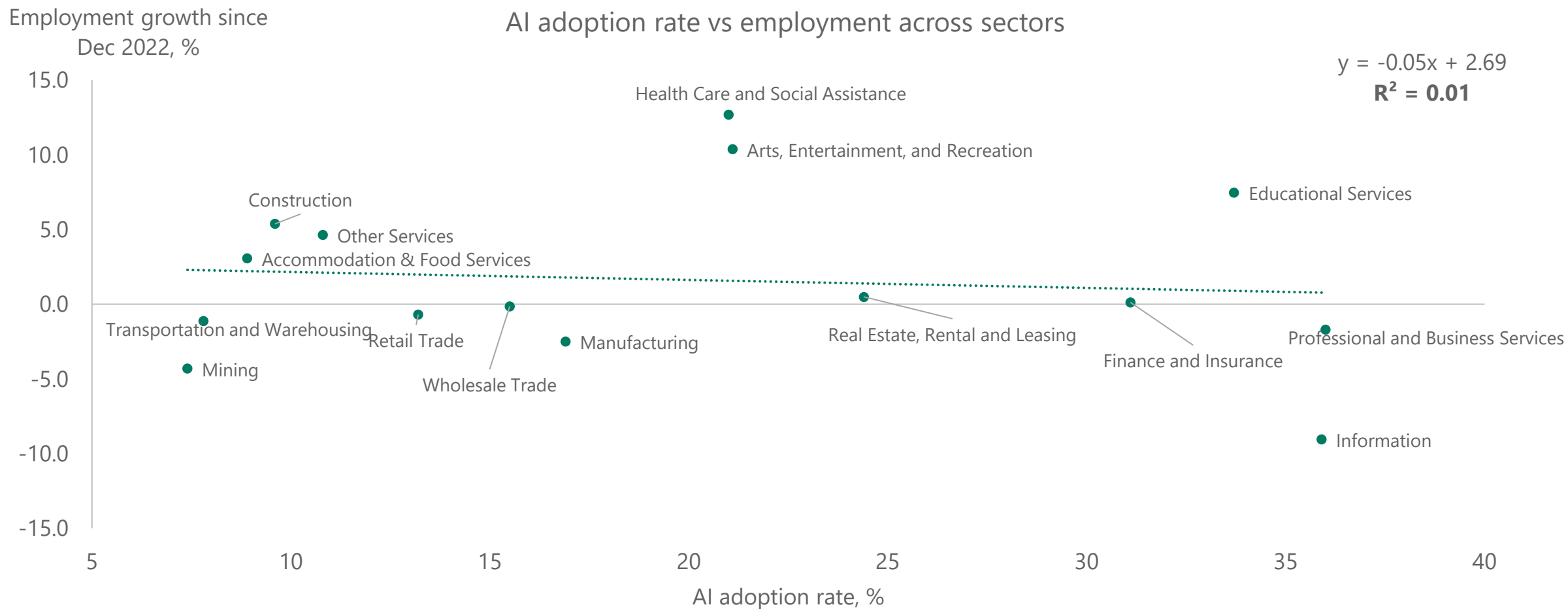


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist. Note: Data as of 2025.

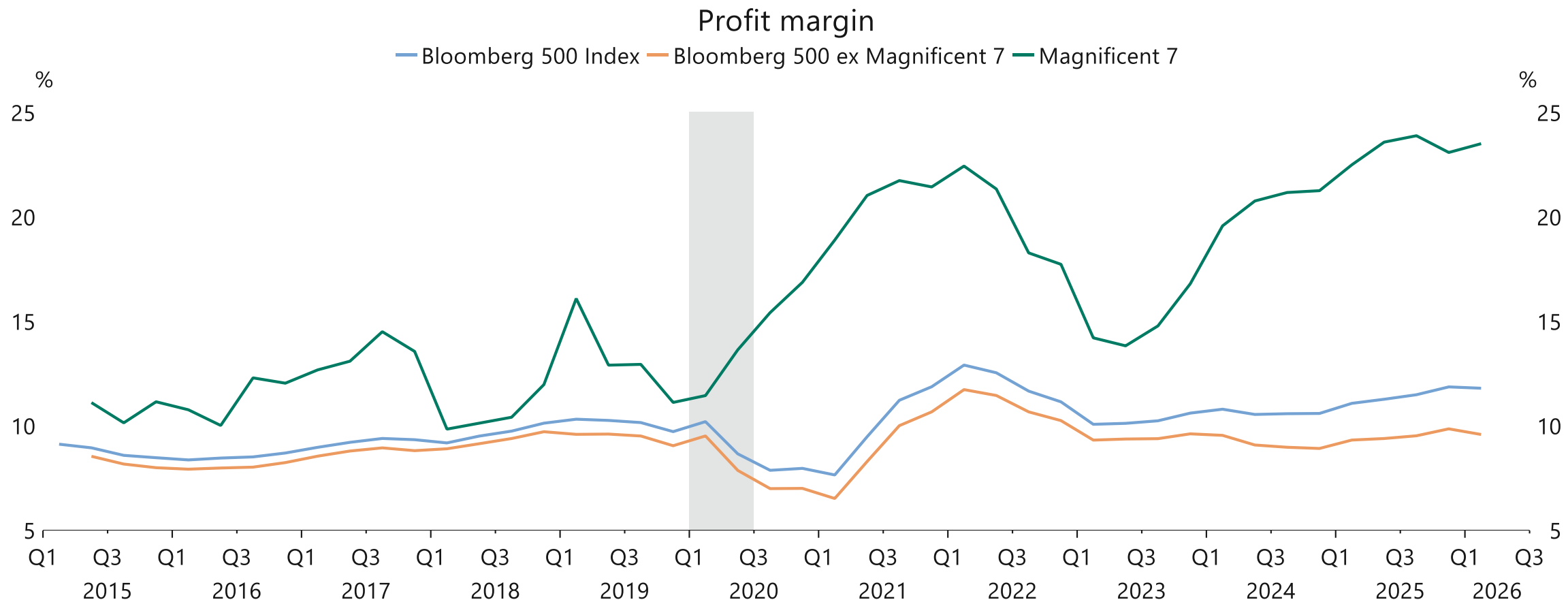
# Relationship between AI adoption and new business applications since December 2022, by sector



# Relationship between AI adoption and employment growth since December 2022, by sector

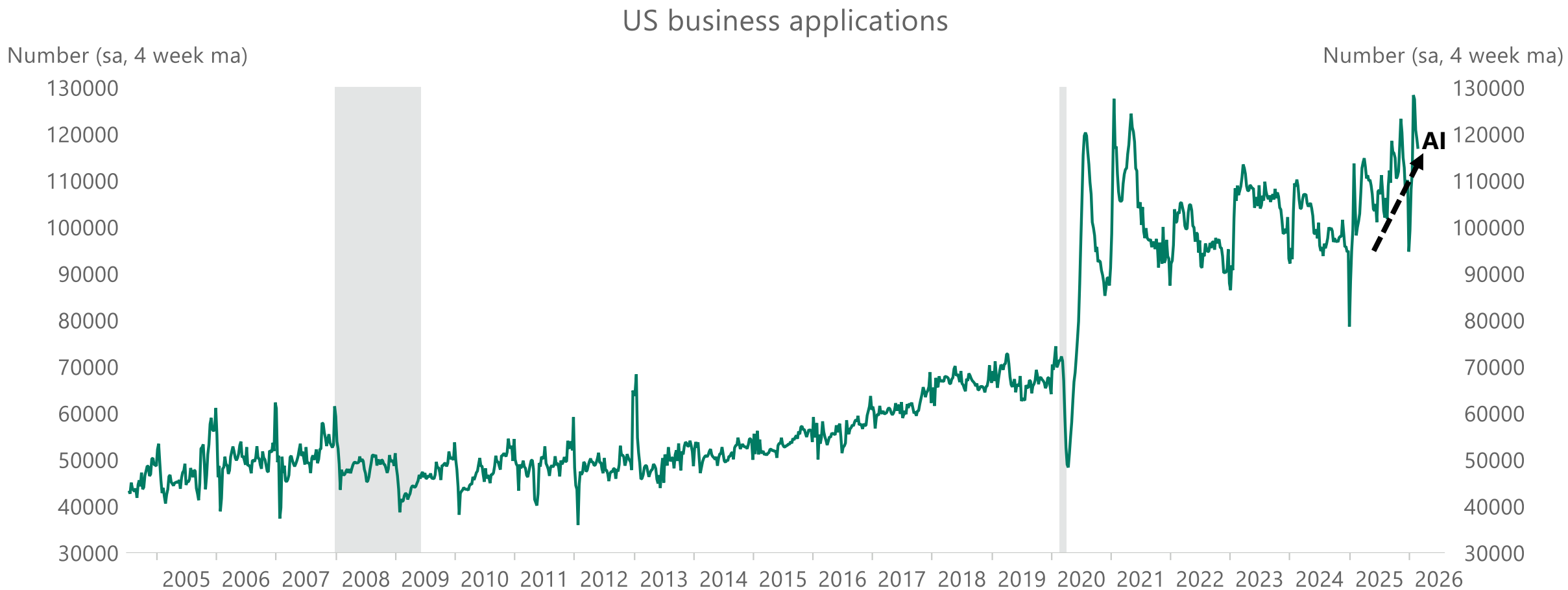


# No signs of profit margins going up outside of the tech sector



Source: Bloomberg, Macrobond, Apollo Chief Economist

# Weekly business formation exploding higher, likely driven by AI

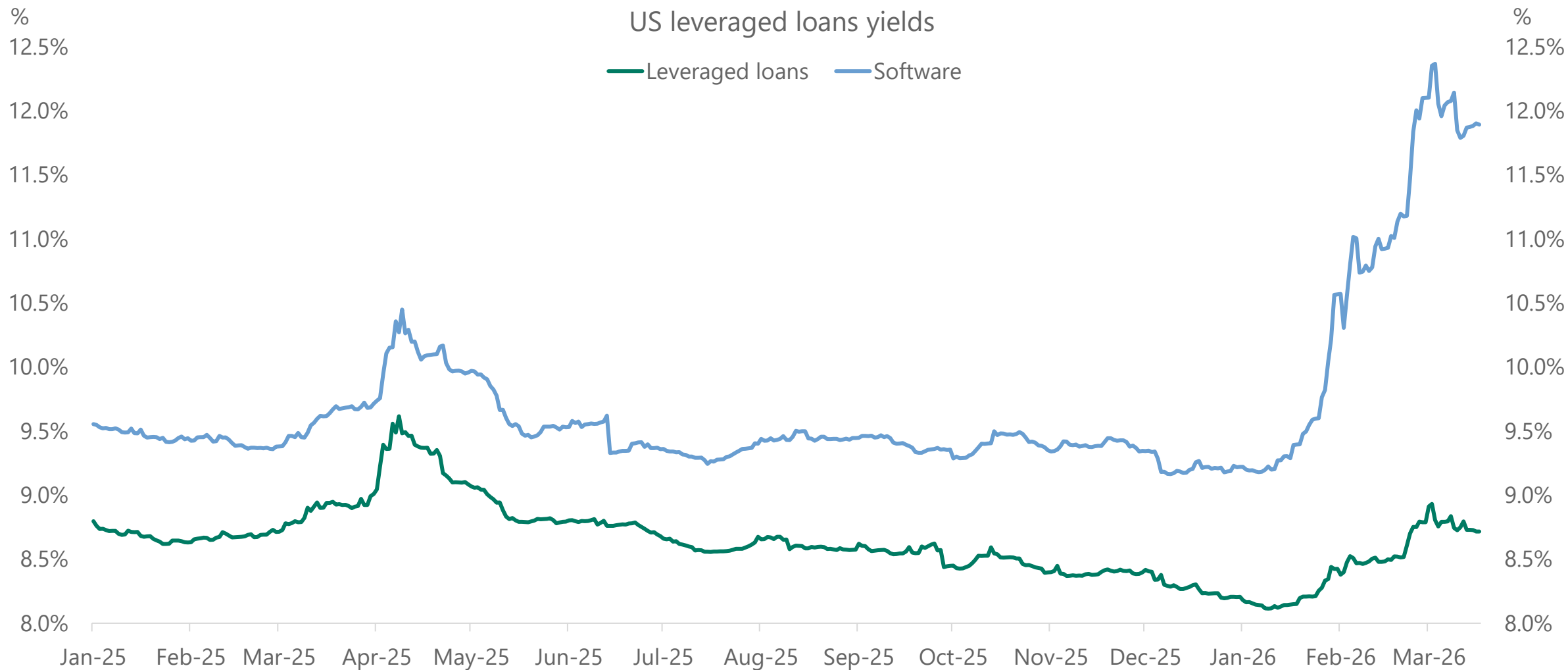


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

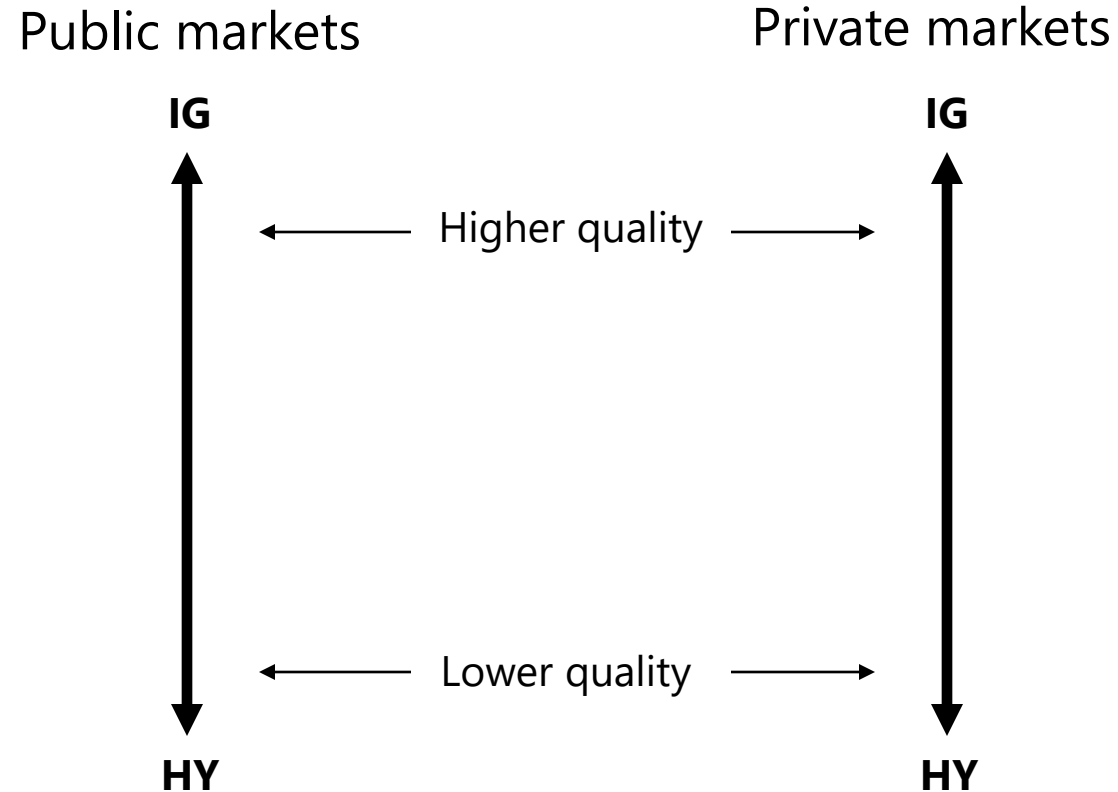
Private credit



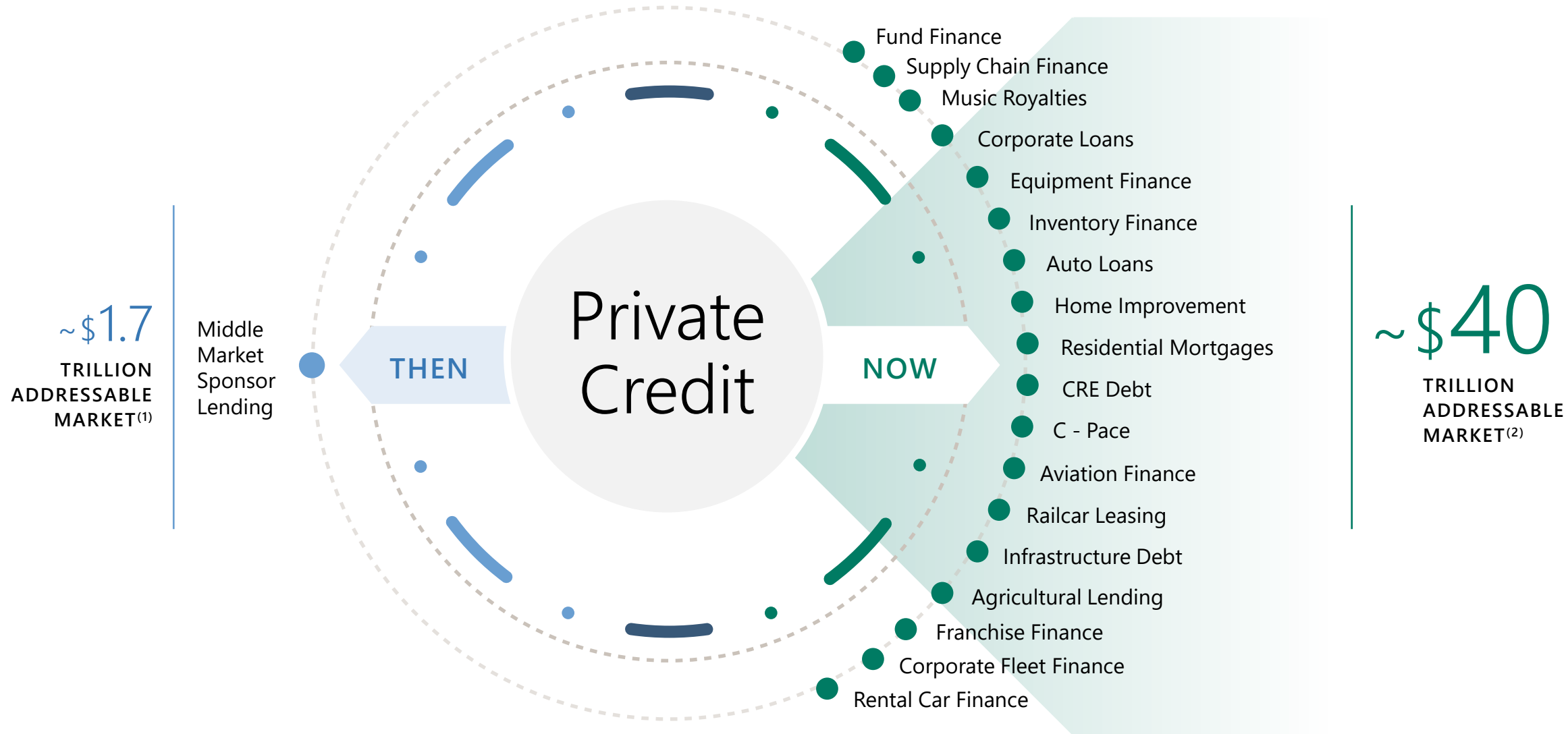
# Yields on software loans: 12%



In public markets there are safe and risky investments.  
In private markets there are safe and risky investments.



# The definition of private credit



(1) Source: Preqin Global Private Debt Report, January 2024. (2) Fixed-income replacement market based on Apollo Analyst estimates. Sources: Federal Reserve Board, S&P LCD, BofA, Preqin, SIFMA, Haver Analytics, Bloomberg. Represents the views and opinions of Apollo Analysts. Not an exhaustive list. Subject to change at any time without notice. For discussion purposes only.

# The public IG index is changing

Current Largest Investment Grade Issuers

Ticker	Rank	Weight
JPM	1	1.9%
BAC	2	1.7%
MS	3	1.5%
C	4	1.4%
WFC	5	1.3%
GS	6	1.2%
HSBC	7	0.9%
T	8	0.9%
CMCSA	9	0.8%
UNH	10	0.8%
ORCL	11	0.8%
AMZN	28	0.5%
MSFT	64	0.3%
META	72	0.3%
GOOGL	212	0.1%

Hyperscalers' AI capex demand will **redefine** the public investment grade credit market

After Funding 20% AI Capex

Ticker	Rank	Weight
JPM	1	1.9%
AMZN	2	1.8%
BAC	3	1.7%
MS	4	1.5%
META	5	1.3%
C	6	1.3%
WFC	7	1.2%
MSFT	8	1.2%
ORCL	9	1.2%
GS	10	1.2%
GOOGL	11	1.1%
HSBC	12	0.9%
T	13	0.8%
CMCSA	14	0.7%
UNH	15	0.7%


**Rising hyperscaler concentration and correlation risk may create a new “Mag 7” of public credit**

Source: Bloomberg, Apollo Chief Economist. Note: Reflects the views and opinions of Apollo Analysts as of November 2025. Subject to change at any time without notice and not intended to be a forecast of future events or results. Date as of October 22, 2025. "After Funding 20% AI Capex" assumes 20% of AI capex is funded via investment grade issuance for the hyperscalers; no net changes to debt level outside of hyperscalers.

# Investment implications



# Consensus US economic outlook: Solid growth and high inflation

 <span>United States</span> <span>Browse</span> <span><input checked="" type="radio"/> Private</span> <span><input type="radio"/> Official</span>										
Actual / Forecasts										
Probability of Recession 30.0%										
Indicator	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27
<b>Economic Activity</b>										
Real GDP (YoY%)	2.1	2.3	2.0	2.9	2.4	1.8	2.1	2.0	2.0	2.1
- Real GDP (QoQ% SAAR)	3.8	4.4	0.7	2.4	1.8	1.9	2.0	2.0	2.0	2.0
- Consumer Spending ...	2.5	3.5	2.0	1.7	1.7	1.8	1.9	1.9	1.9	2.0
- Government Spendin...	-0.1	2.2	-5.8	5.6	0.9	0.9	1.0	1.0	1.1	1.0
- Private Investment ...	-13.8	0.0	3.3	4.0	3.5	4.0	3.7	3.5	3.6	3.6
- Exports (QoQ% SAAR)	-1.8	9.6	-3.3	2.0	2.0	2.0	2.1	2.1	2.4	2.4
- Imports (QoQ% SAAR)	-29.3	-4.4	-1.1	4.0	2.5	2.6	2.5	2.4	2.4	2.4
Industrial Production (Yo...	0.5	1.7	1.7	1.7	1.5	1.4	1.8	1.5	1.6	1.8
<b>Price Indices</b>										
CPI (YoY%)	2.4	2.9	2.7	2.7	3.3	3.1	3.1	2.8	2.3	2.3
- PCE Price Index (YoY%)	2.4	2.7	2.8	2.9	3.2	3.0	2.9	2.6	2.2	2.1
- Core PCE (yoy%)	2.7	2.9	2.9	3.0	3.0	2.9	2.7	2.5	2.3	2.3
<b>Labor Market</b>										
Unemployment (%)	4.2	4.3	4.5	4.4	4.5	4.5	4.4	4.4	4.4	4.3
Non Farm Payrolls (000s...	34	23	-39	39	45	54	69	75	80	80
Average Hourly Earnings ...	3.9	3.9	3.9	3.6	3.6	3.5	3.3	3.4	3.2	3.2

# Consensus EU economic outlook

Eurozone		Browse		● Private		● Official		Probability of Recession 17.5%		
		Actual / Forecasts								
Indicator	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27
<b>Economic Activity</b>										
Real GDP (QoQ%)	0.1	0.3	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.3
Real GDP (YoY%)	1.6	1.4	1.2	0.9	1.1	1.2	1.2	1.4	1.5	1.5
Household Consumpt...	1.7	1.4	1.3	1.2	1.2	1.3	1.2	1.2	1.3	1.5
Government Consum...	1.4	1.5	1.4	1.8	1.8	1.5	1.4	1.3	1.3	1.3
Gross Fixed Investm...	3.6	3.3	3.1	0.5	2.5	1.9	2.1	2.3	2.2	2.4
Exports (YoY%)	0.7	2.9	2.4	0.6	1.5	1.2	1.7	1.9	2.0	2.1
Imports (YoY%)	2.8	4.2	3.9	2.0	2.5	1.7	2.3	2.3	2.2	2.4
Industrial Production (Yo...)	1.3	1.6	2.1	-0.3	0.4	0.6	0.8	1.7	1.6	1.7
<b>Price Indices</b>										
CPI (YoY%)	2.0	2.1	2.1	1.9	2.5	2.3	2.2	2.0	1.8	1.8
Core CPI (YoY%)	2.4	2.3	2.4	2.3	2.2	2.1	2.0	2.0	2.0	2.0
<b>Labor Market</b>										
Unemployment (%)	6.3	6.3	6.3	6.3	6.2	6.2	6.2	6.2	6.1	6.1



# Torsten Slok, Ph.D.

## 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.