

APOLLO GLOBAL MANAGEMENT

Supply chain problems starting to ease

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Unless otherwise noted, information as of May 2022

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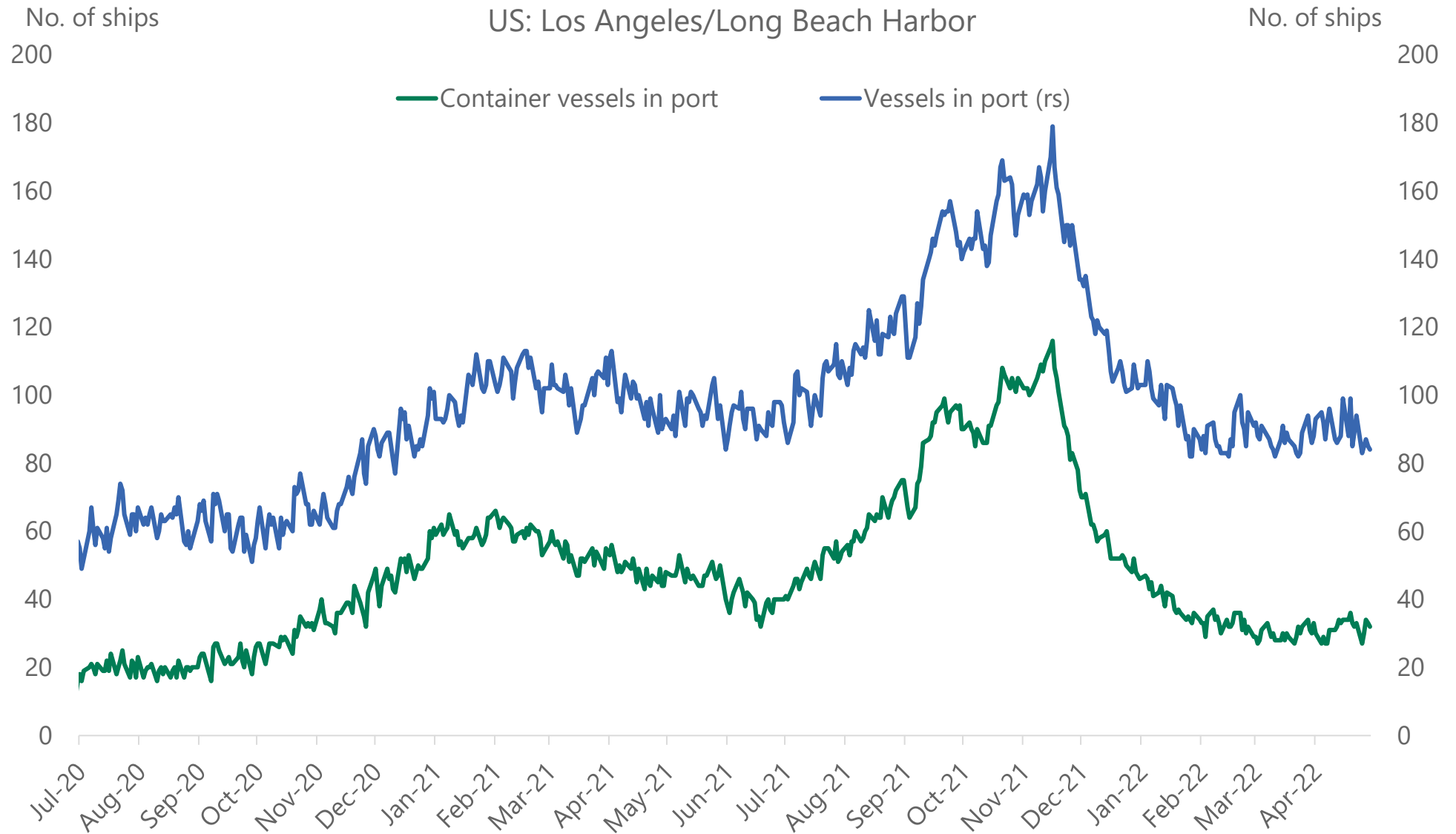
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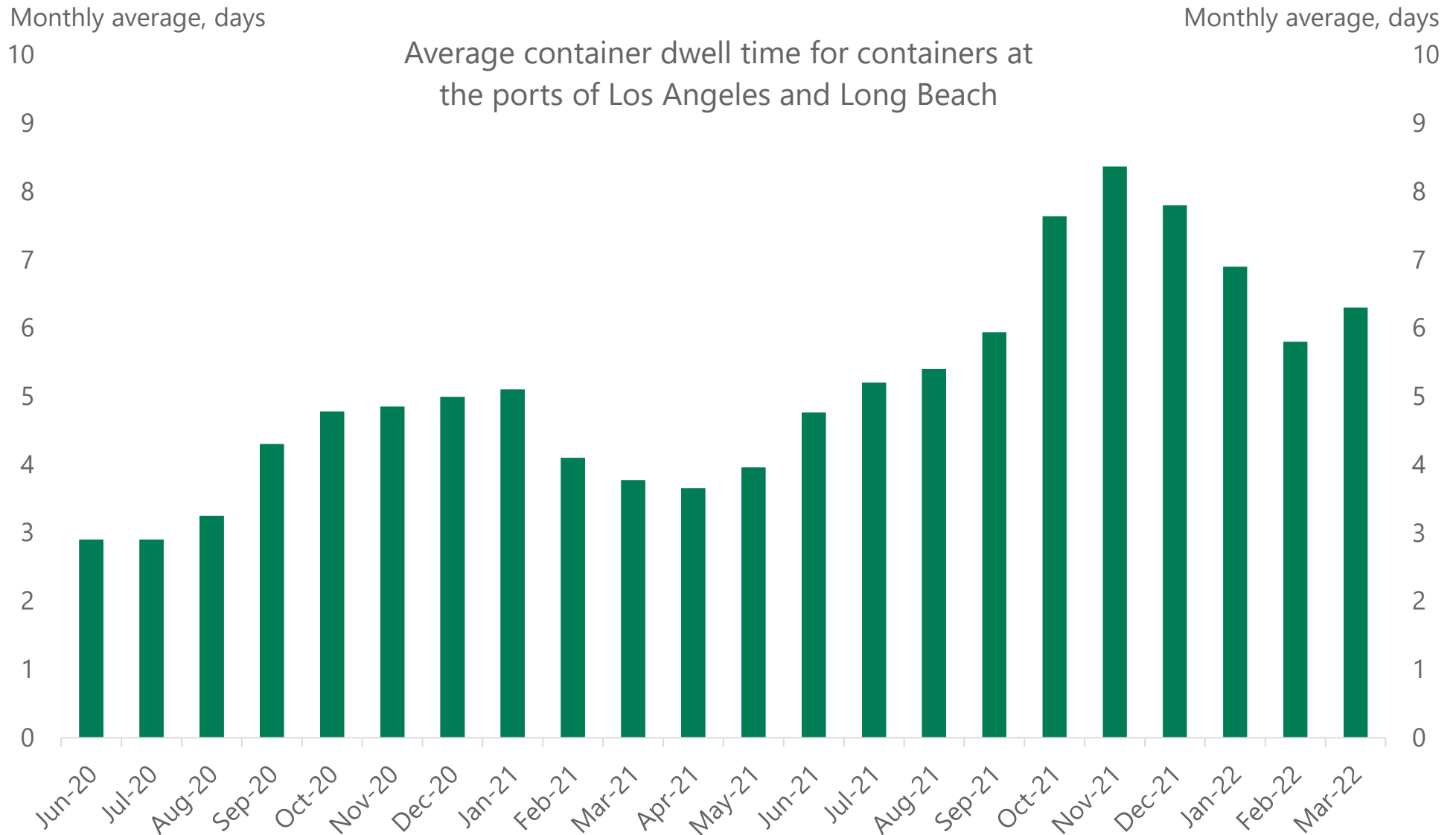
Delivery times for goods

Vessels at LA/Long Beach Harbor



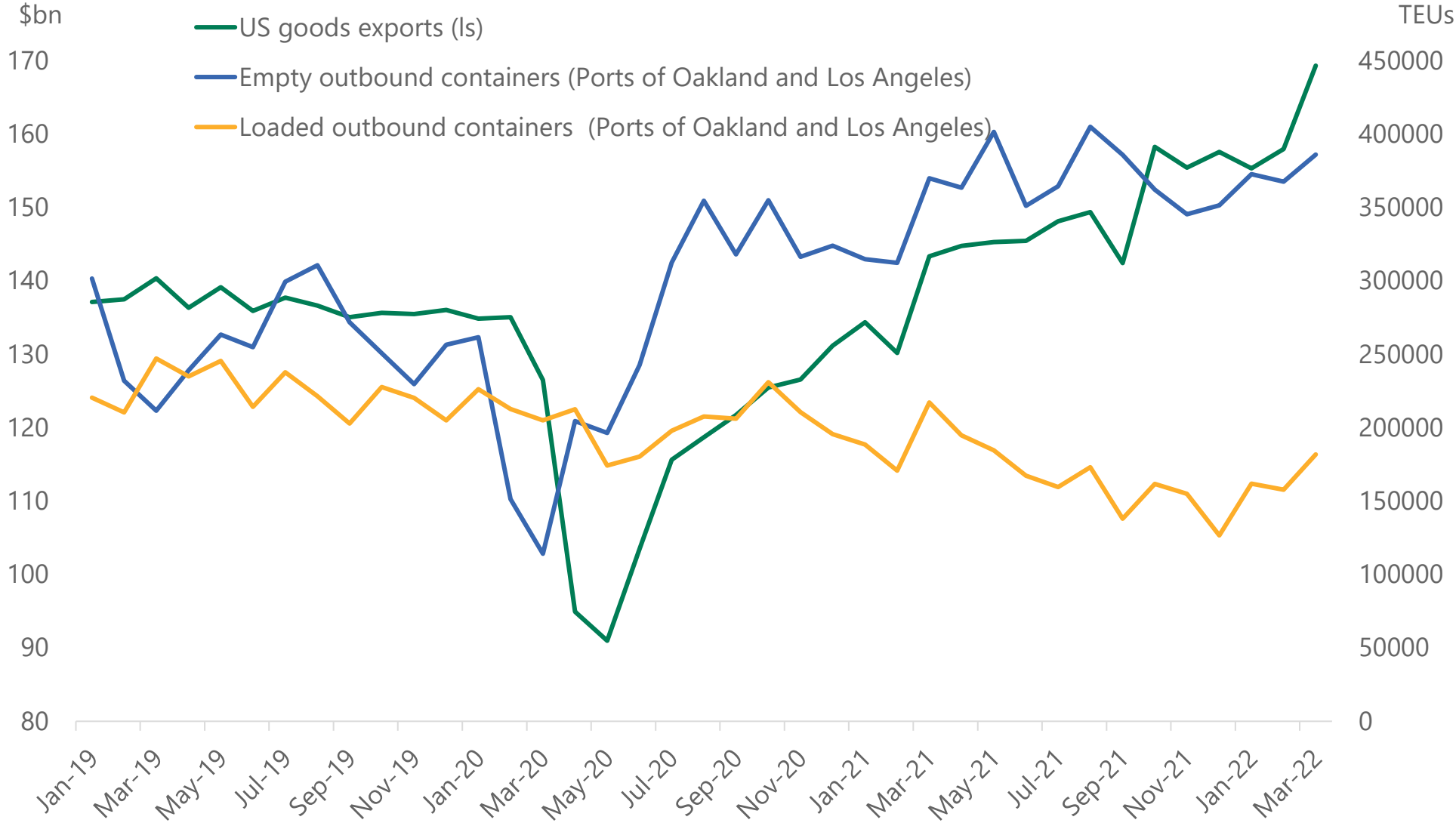
Source: The Marine Exchange of Los Angeles and Long Beach Harbors, Haver, Apollo Chief Economist

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



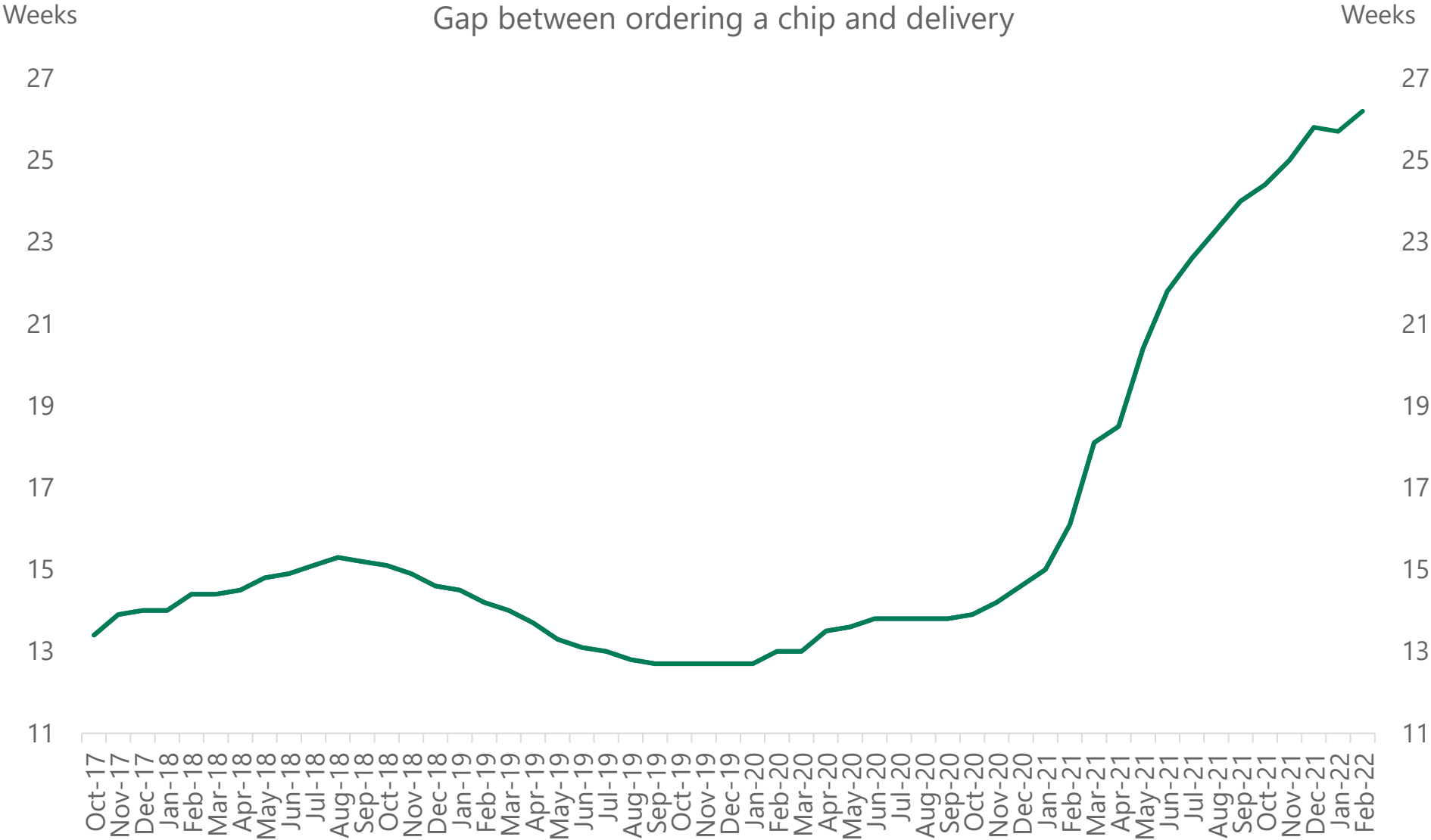
Source: Pacific Merchant Shipping Association, Apollo Chief Economist

Still many empty containers leaving Port of Oakland and Los Angeles



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

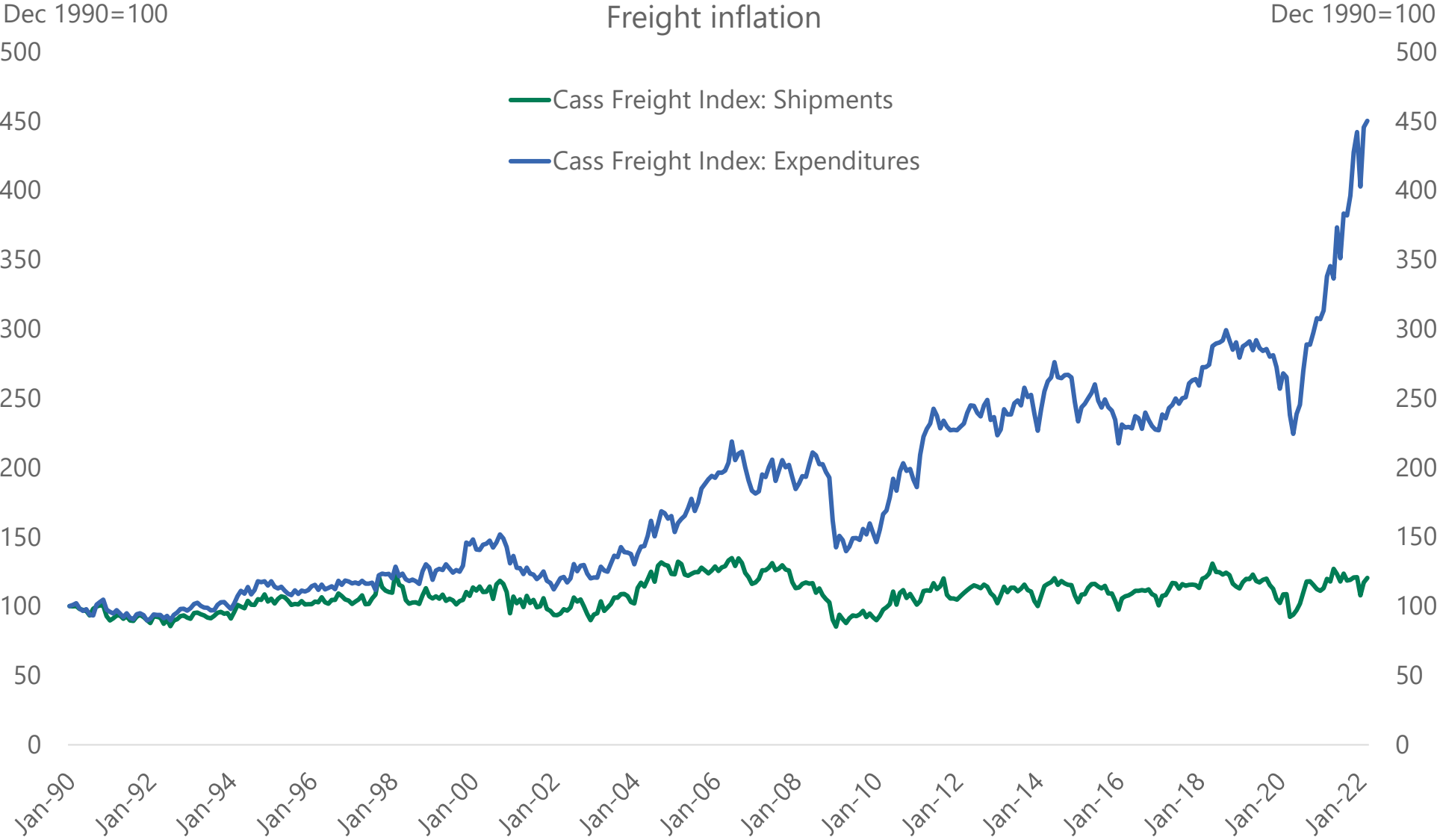
Gap between ordering a chip and delivery at 26 weeks



Source: Susquehanna Financial Group, Bloomberg, Apollo Chief Economist

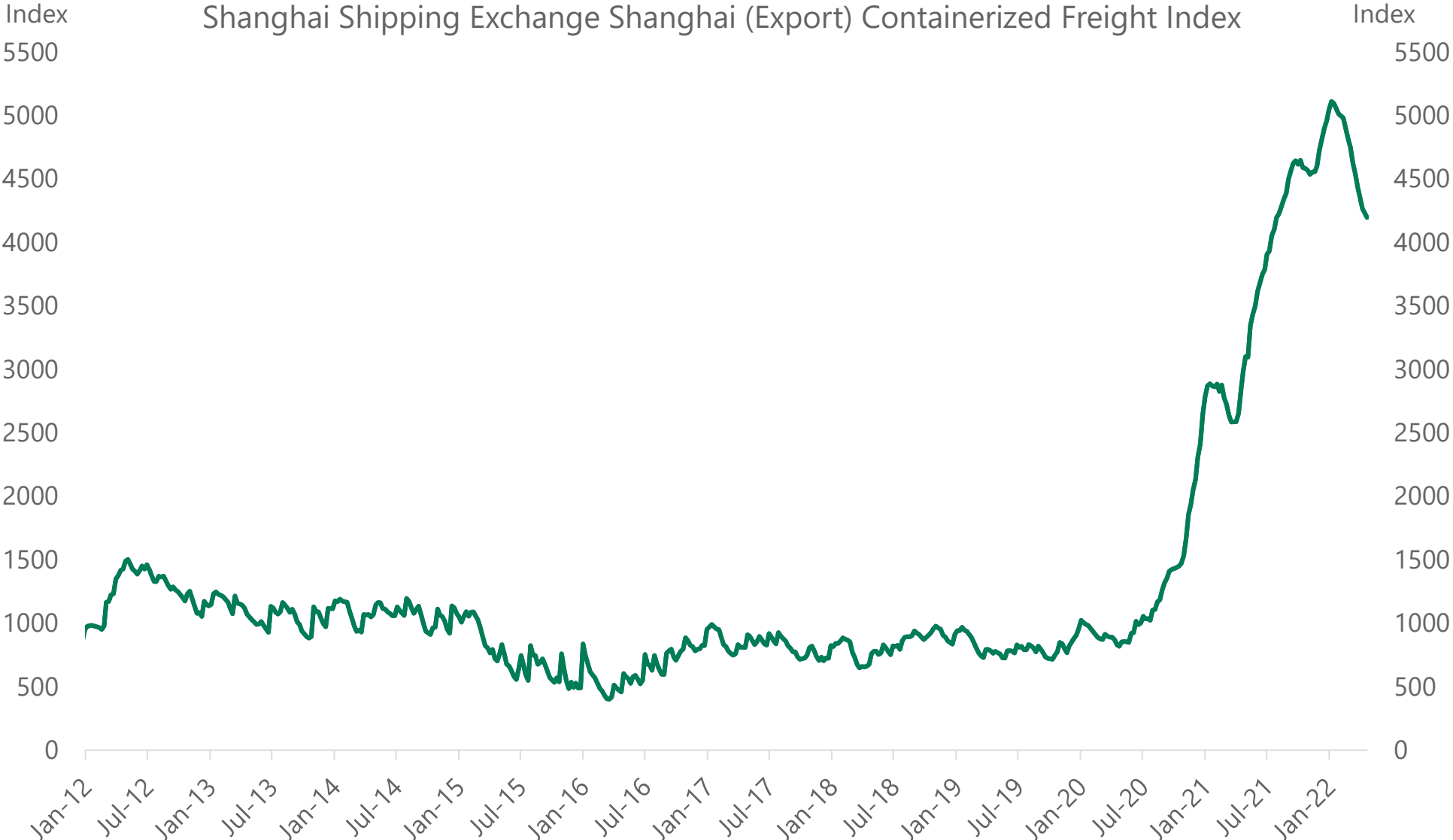
Costs of distribution and logistics still elevated

Cass freight costs at all-time high



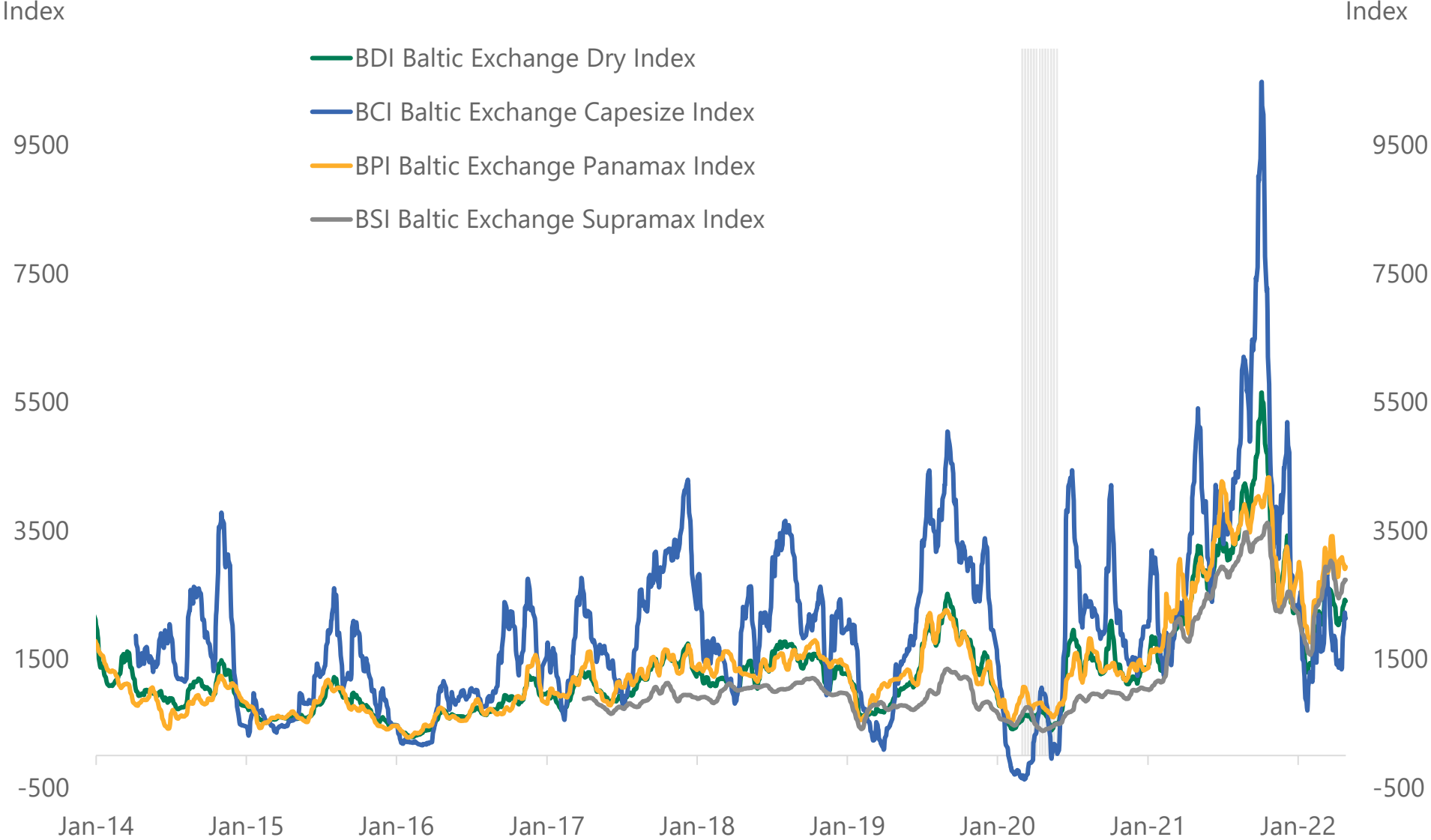
Source: Cass Information Systems, Bloomberg, Apollo Chief Economist (Note: The expenditures component of the Cass Freight Index measures the total amount spent on freight. The Cass shipments index is a measure of the number of intra-continental freight shipments across North America, for everything from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

China: Transportation costs coming down from record highs



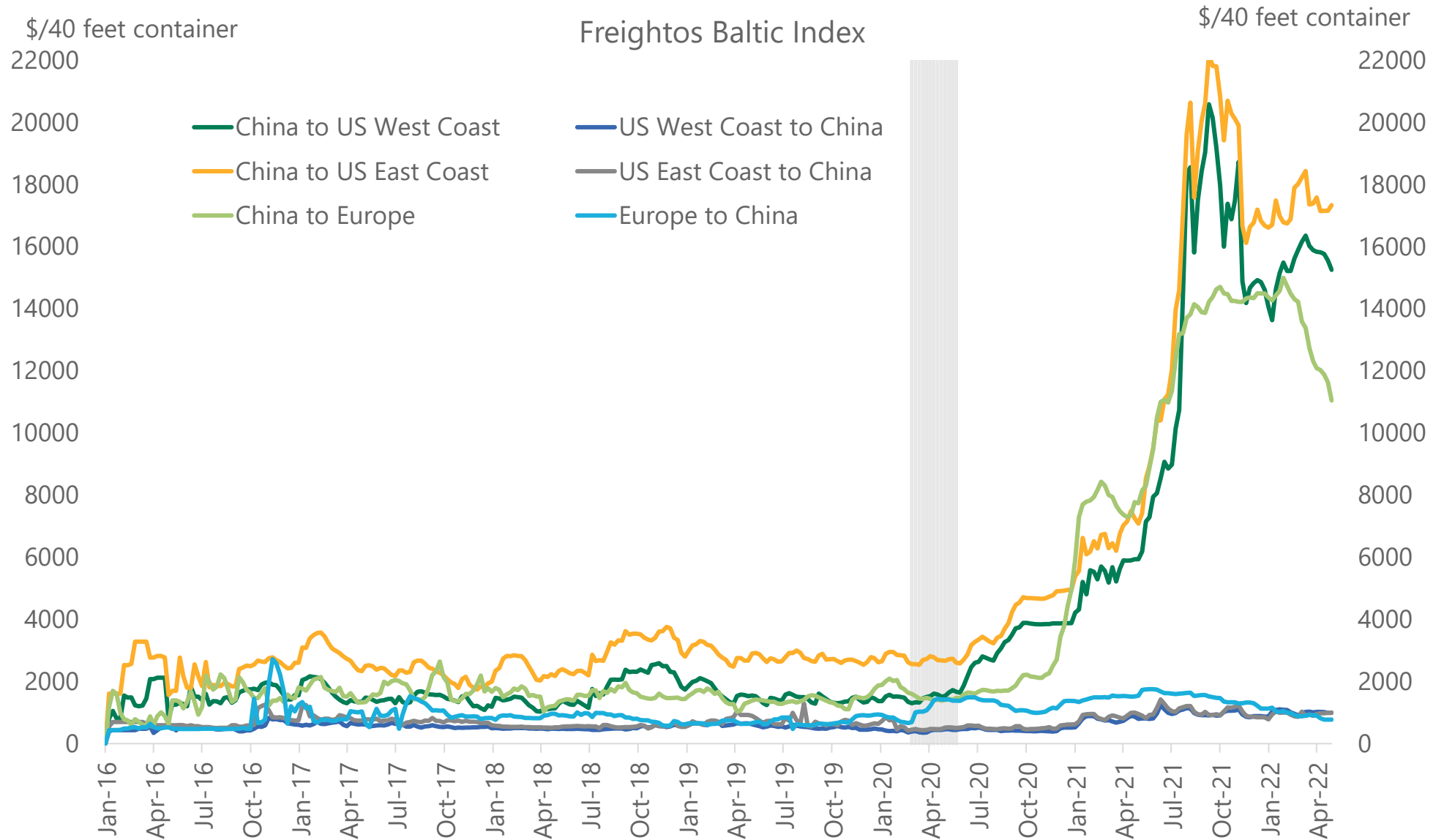
Source: Shanghai Shipping Exchange, Bloomberg, Apollo Chief Economist

Baltic exchange indexes starting to move up again



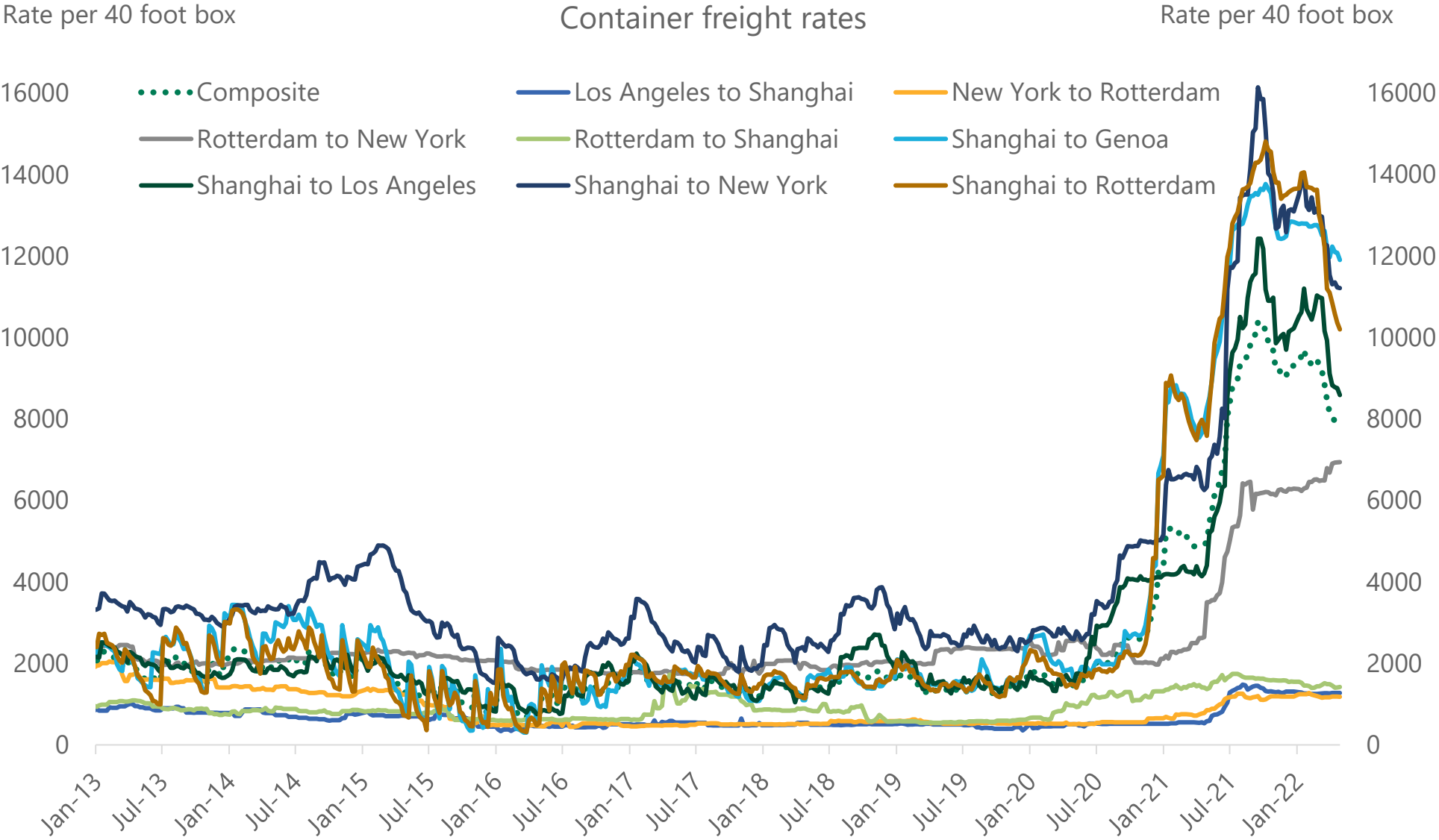
Source: Bloomberg, Apollo Chief Economist

Price of transporting a container from China to the US still significantly above normal



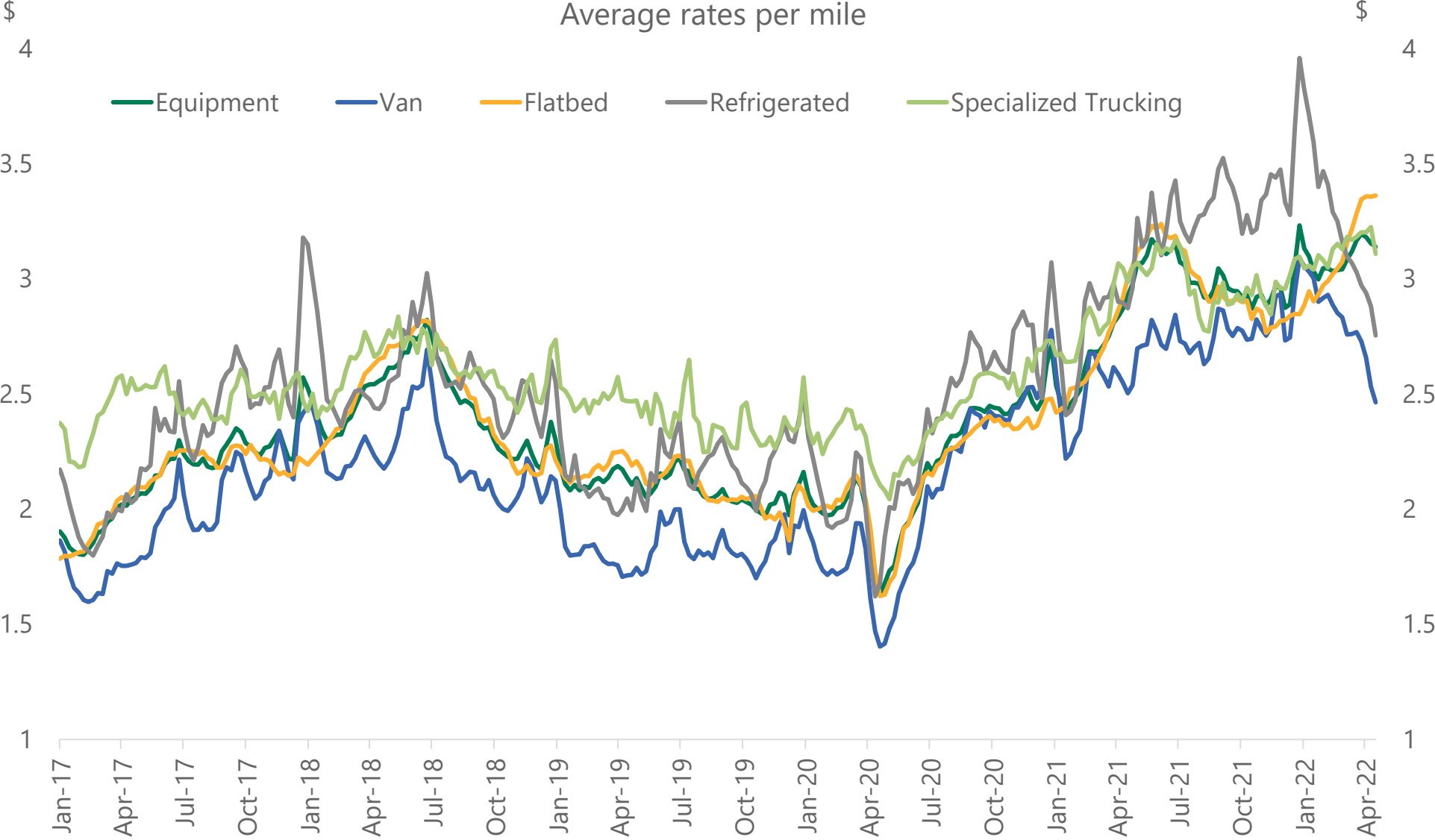
Source: Freightos, Bloomberg, Apollo Chief Economist

Price of transporting a container from China to US and Europe much higher than normal



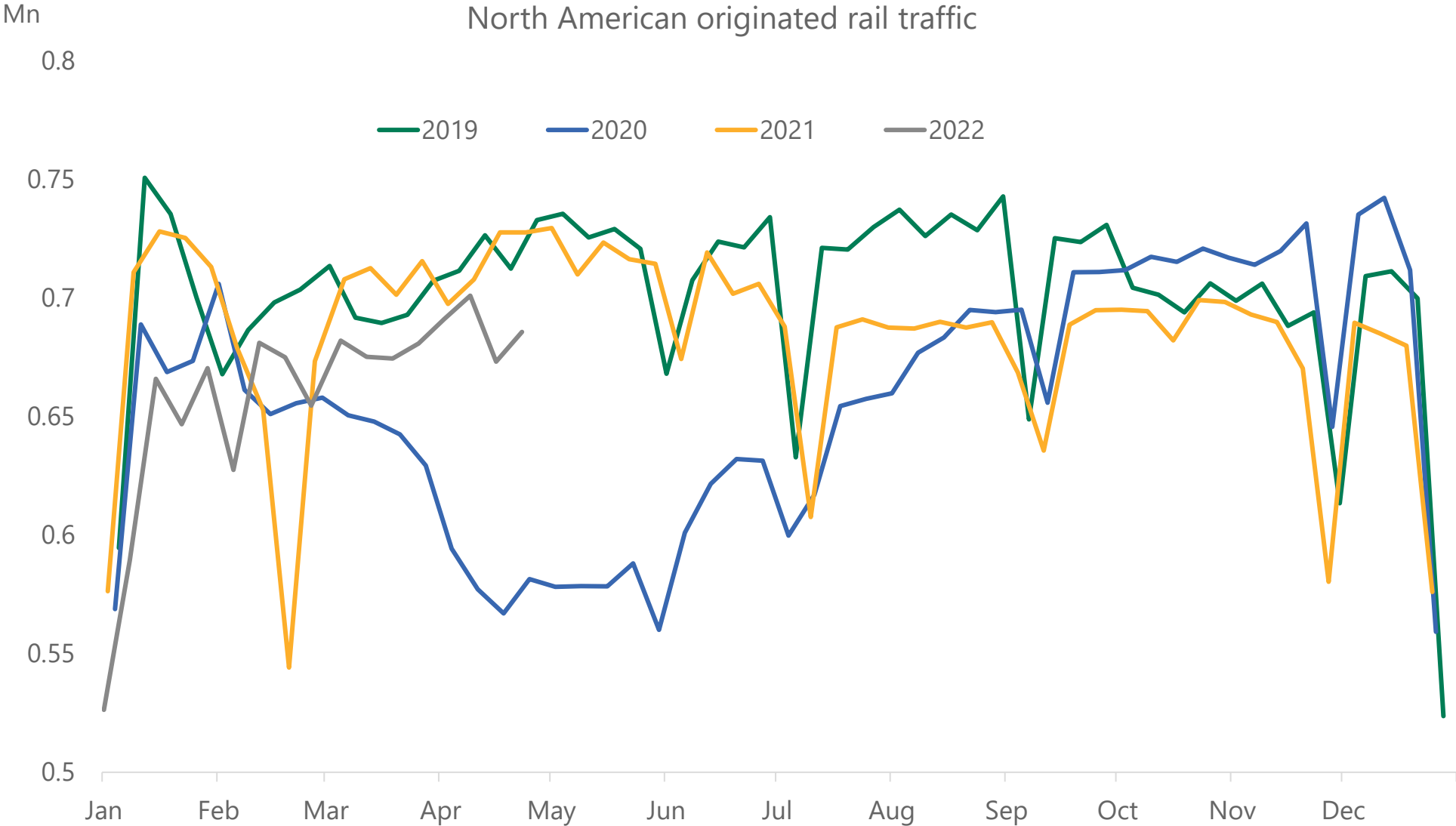
Source: WCI, Bloomberg, Apollo Chief Economist

Prices very elevated across all types of truck transportation



Source: Bloomberg, Apollo Chief Economist

Rail traffic volumes lower in 2022

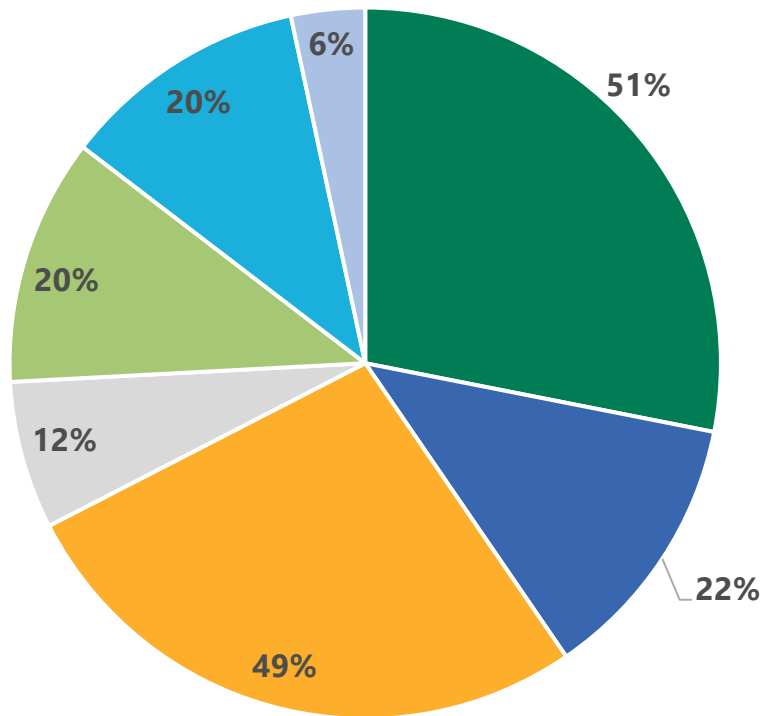


Source: AAR, Bloomberg, Apollo Chief Economist

Supply chain problems and labor shortages weighing on margins

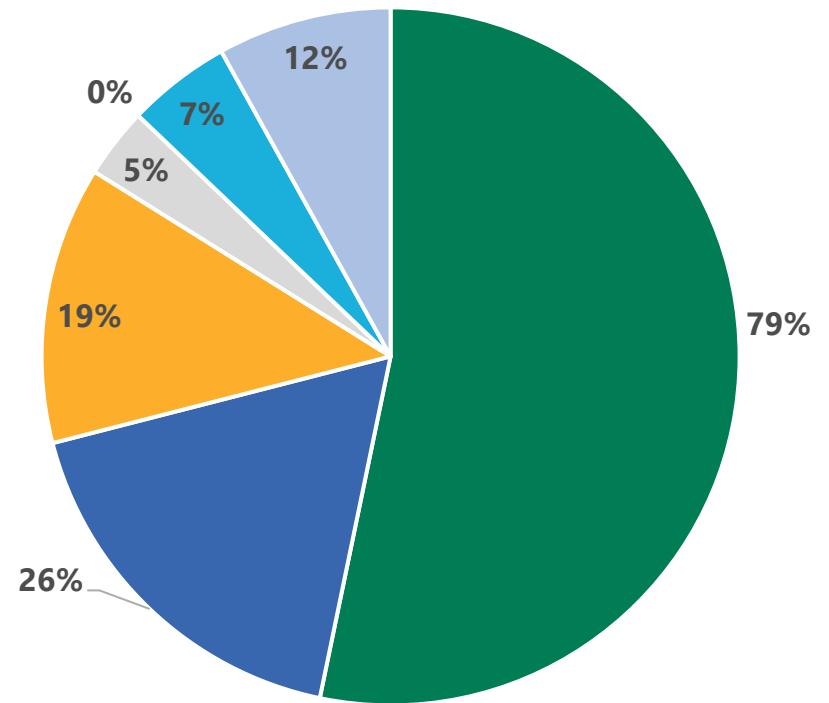
What are the primary factors restraining your firm's revenues, if any? Retail

July '20



- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

Mar. '22

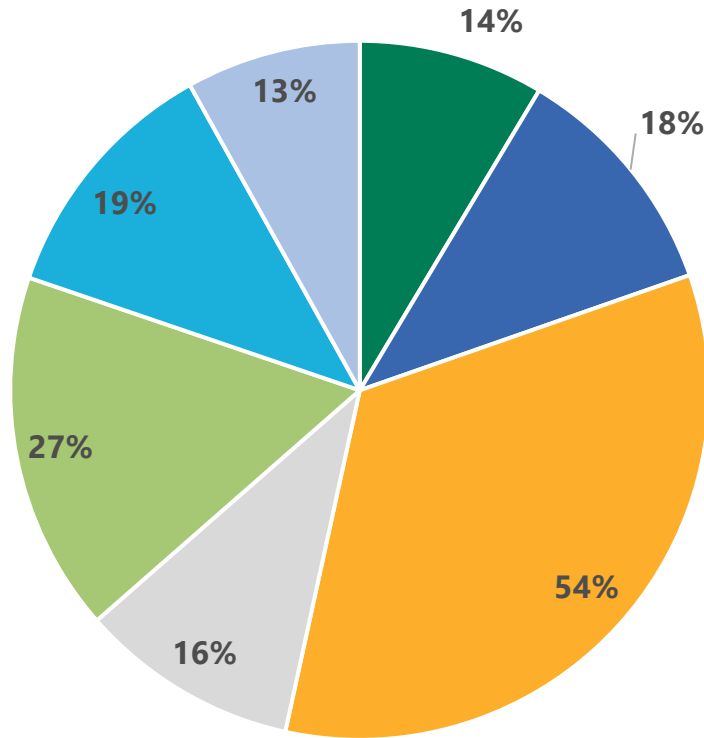


- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

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.)

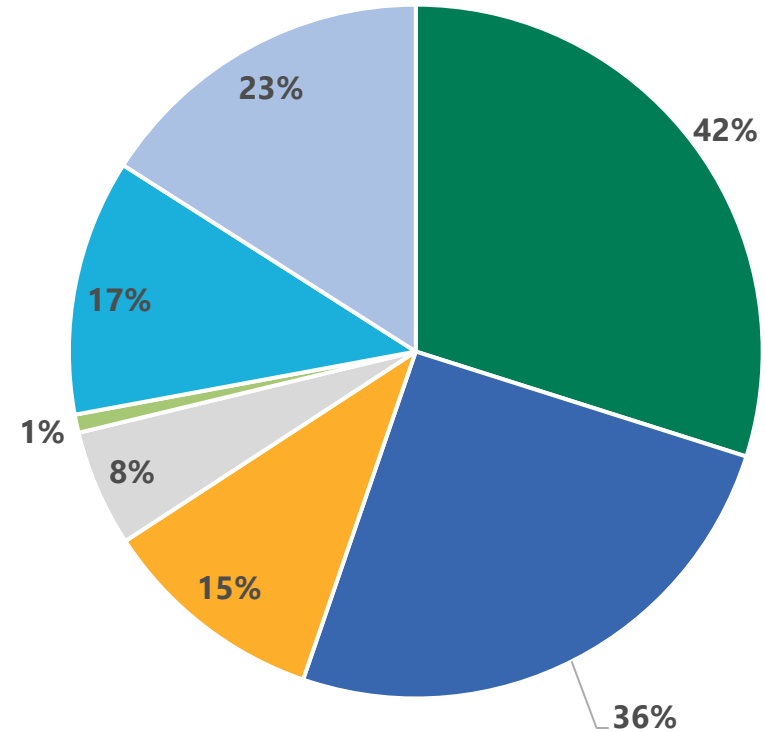
What are the primary factors restraining your firm's revenues, if any? Services

July '20



- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

Mar. '22

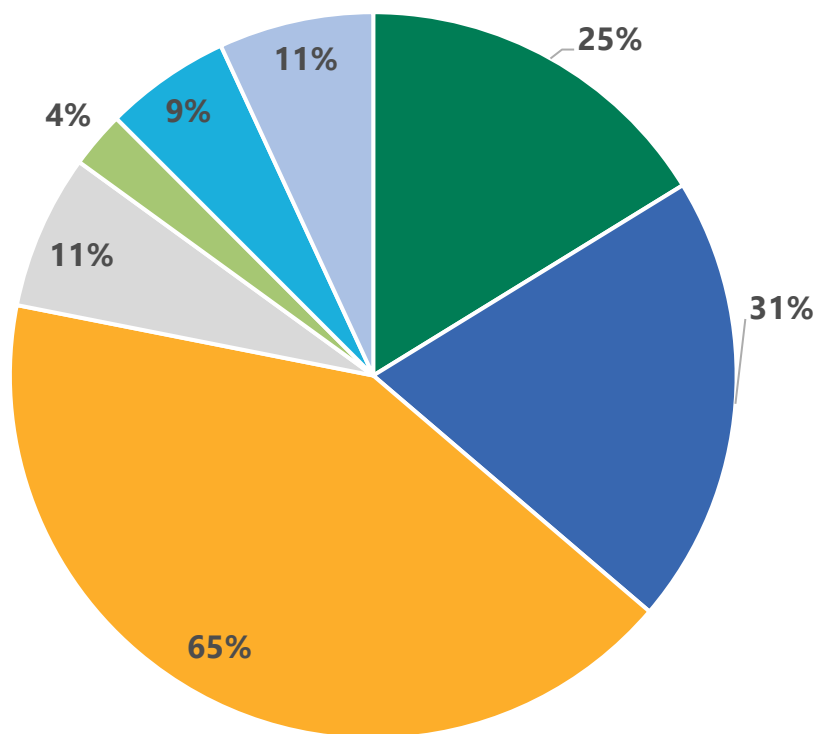


- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

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.)

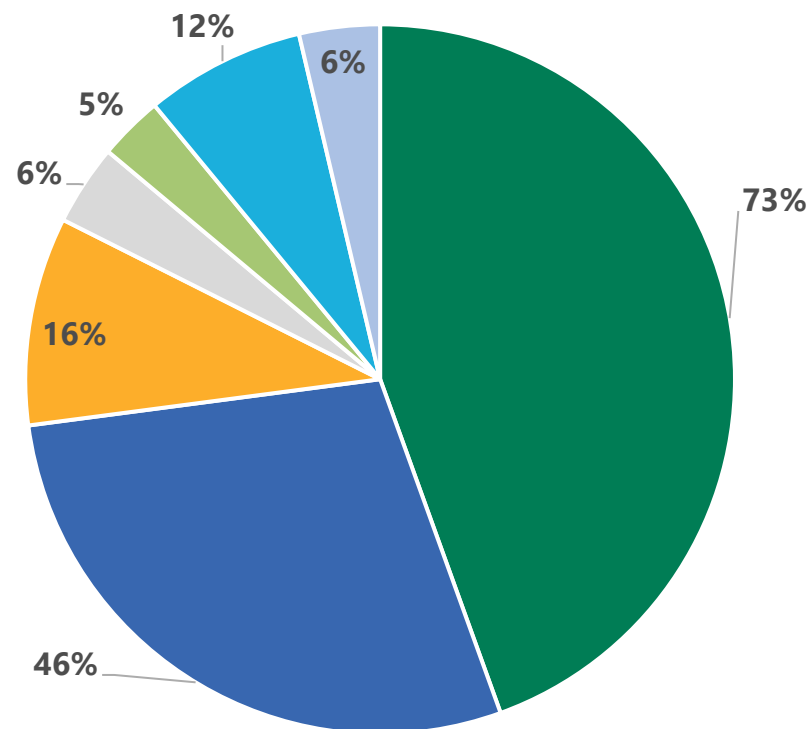
What are the primary factors restraining your firm's revenues, if any? Manufacturing

July '20



- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

Mar. '22

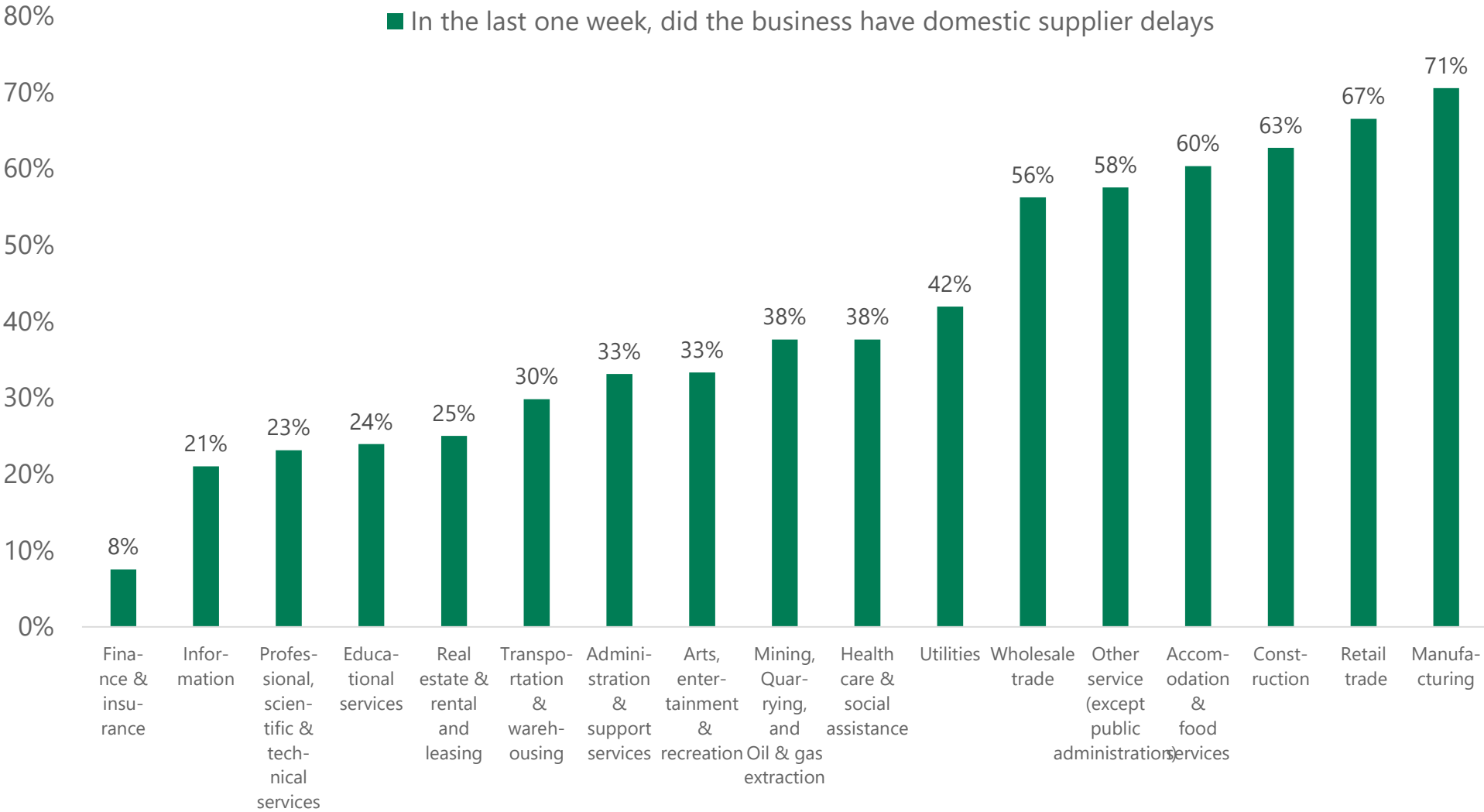


- Supply-chain disruptions
- Limited operating capacity due to staffing shortages
- Weak demand
- Reduced productivity due to alternative work arrangements
- Limited operating capacity due to state/local restrictions
- Other
- None/not applicable

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.)

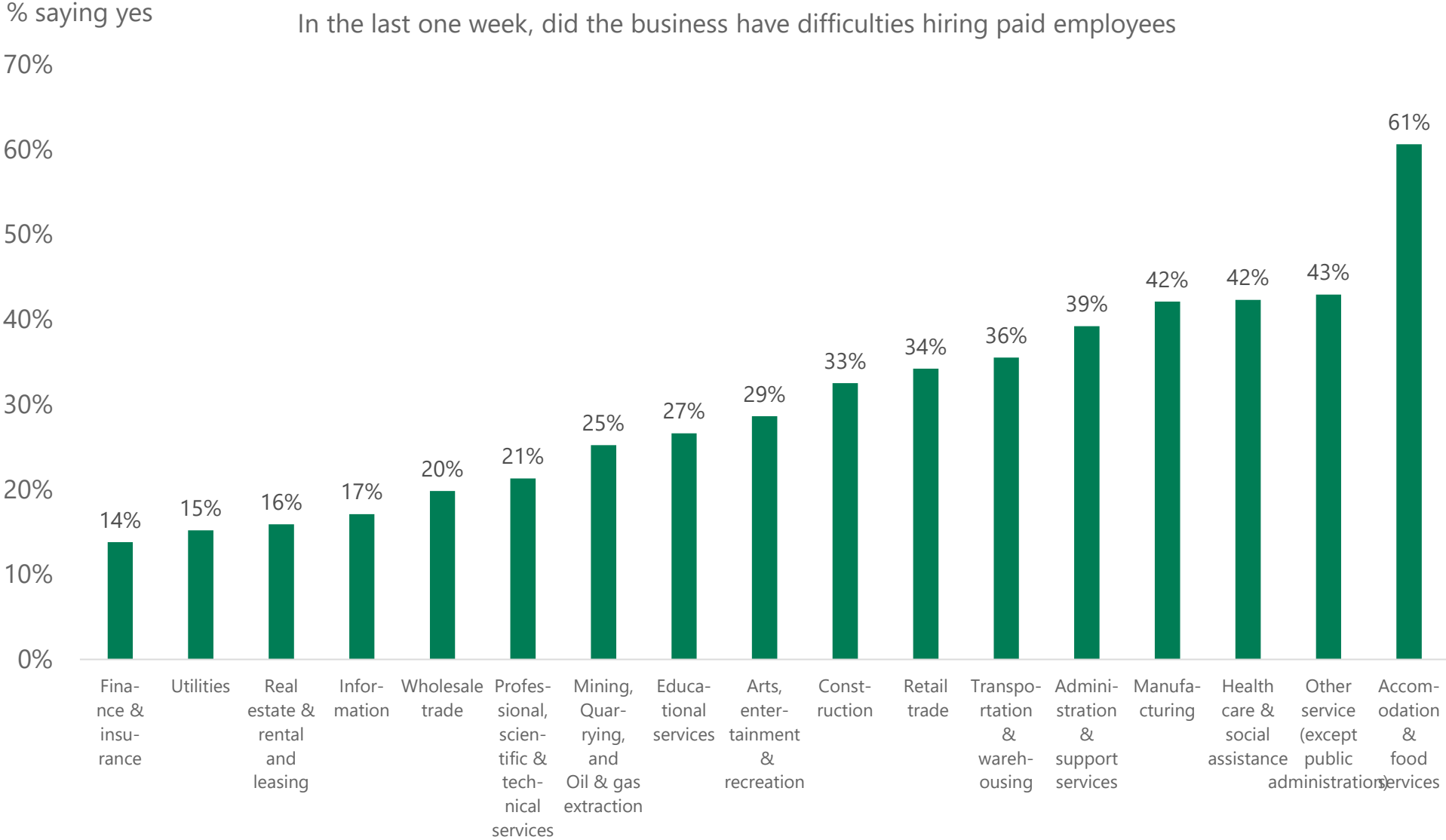
Supply chain disruptions, by sector

% saying yes



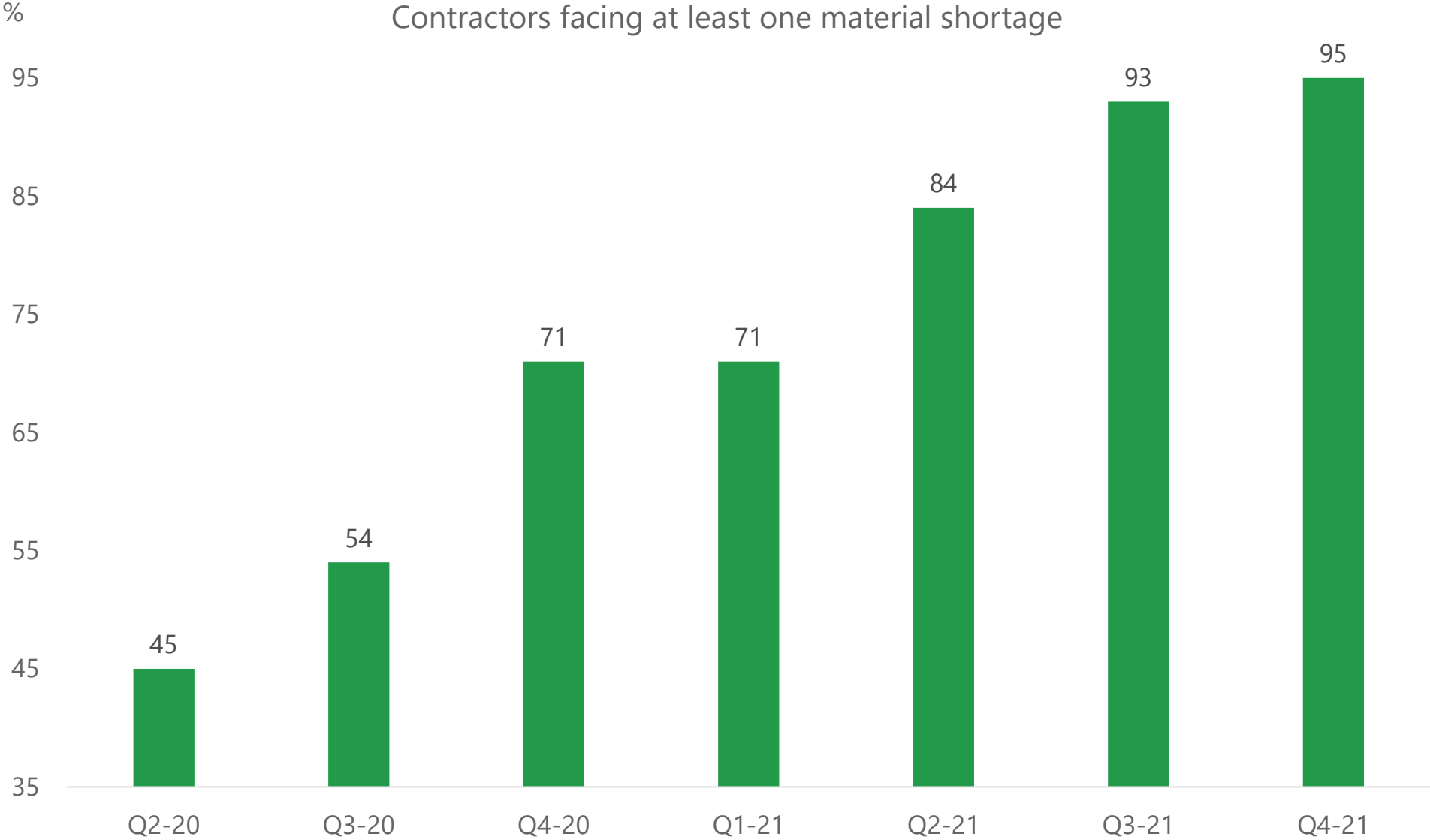
Source: Census Bureau, Apollo Chief Economist (Note: the survey dates: 11 April – 17 April)

Businesses are struggling to find workers



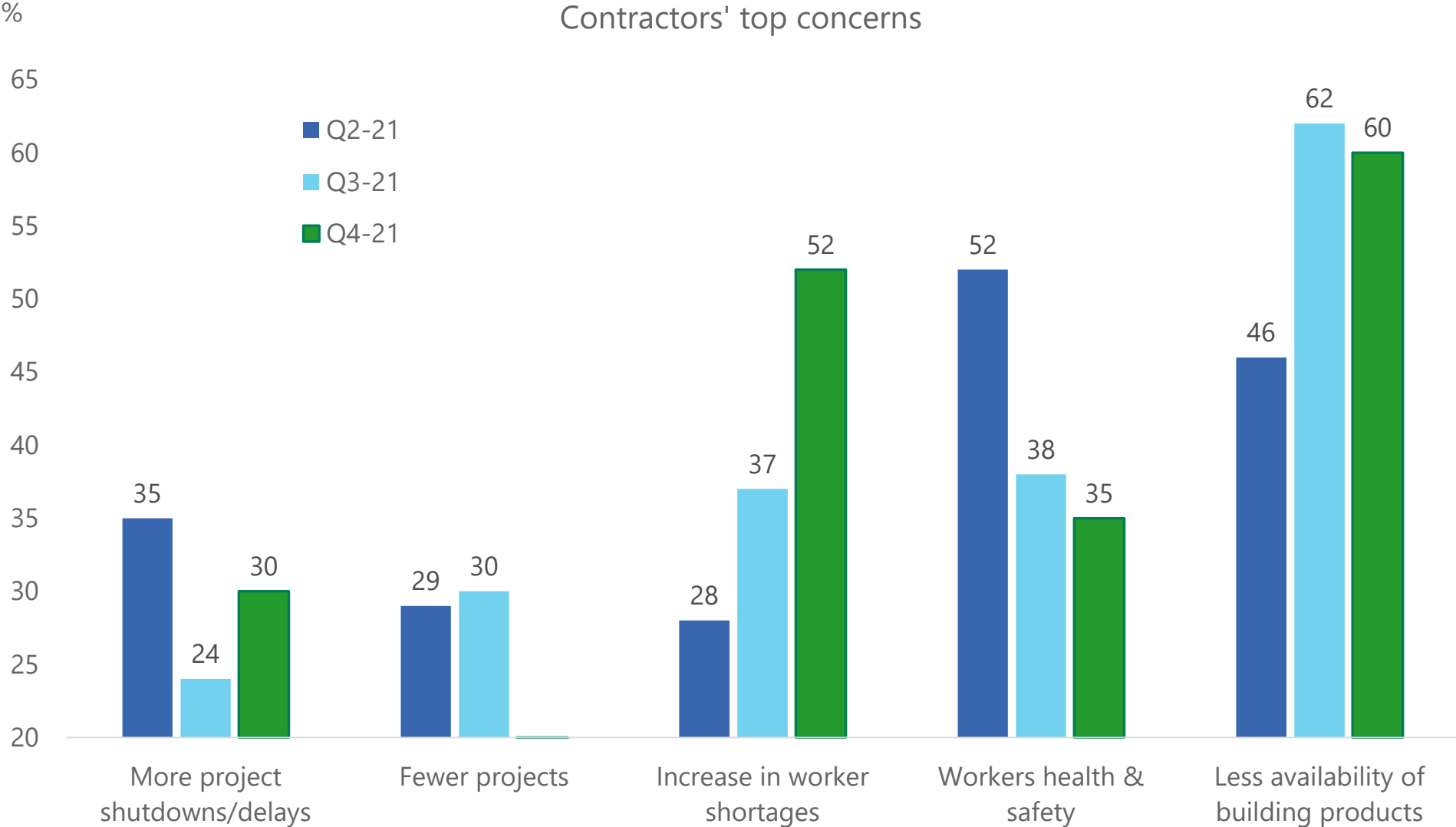
Source: Census Bureau, Apollo Chief Economist (Note: the survey dates: 11 April – 17 April)

Material shortages getting worse



Source: US Chamber, Apollo Chief Economist

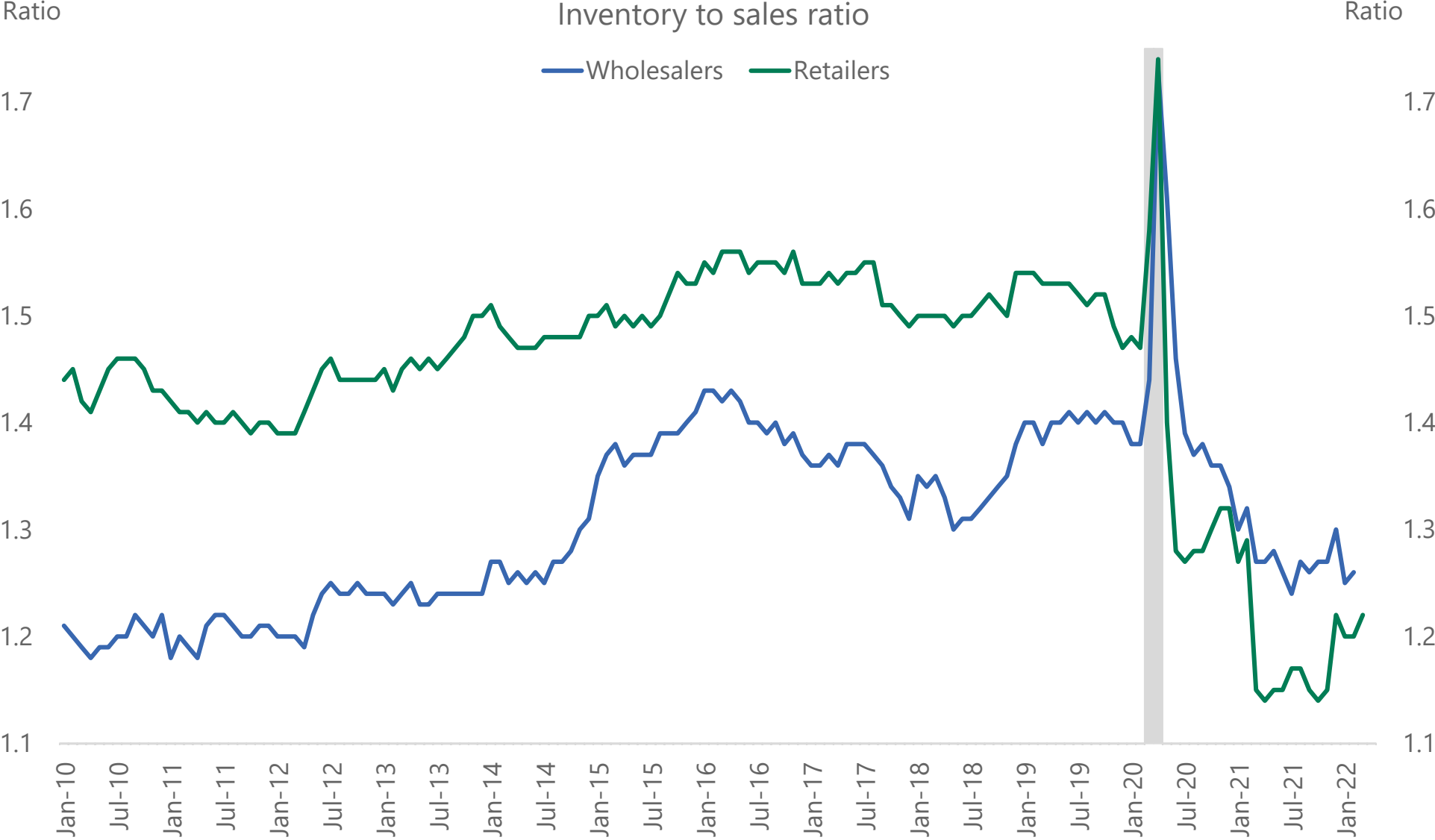
Contractors' top concerns



Source: US Chamber, Apollo Chief Economist

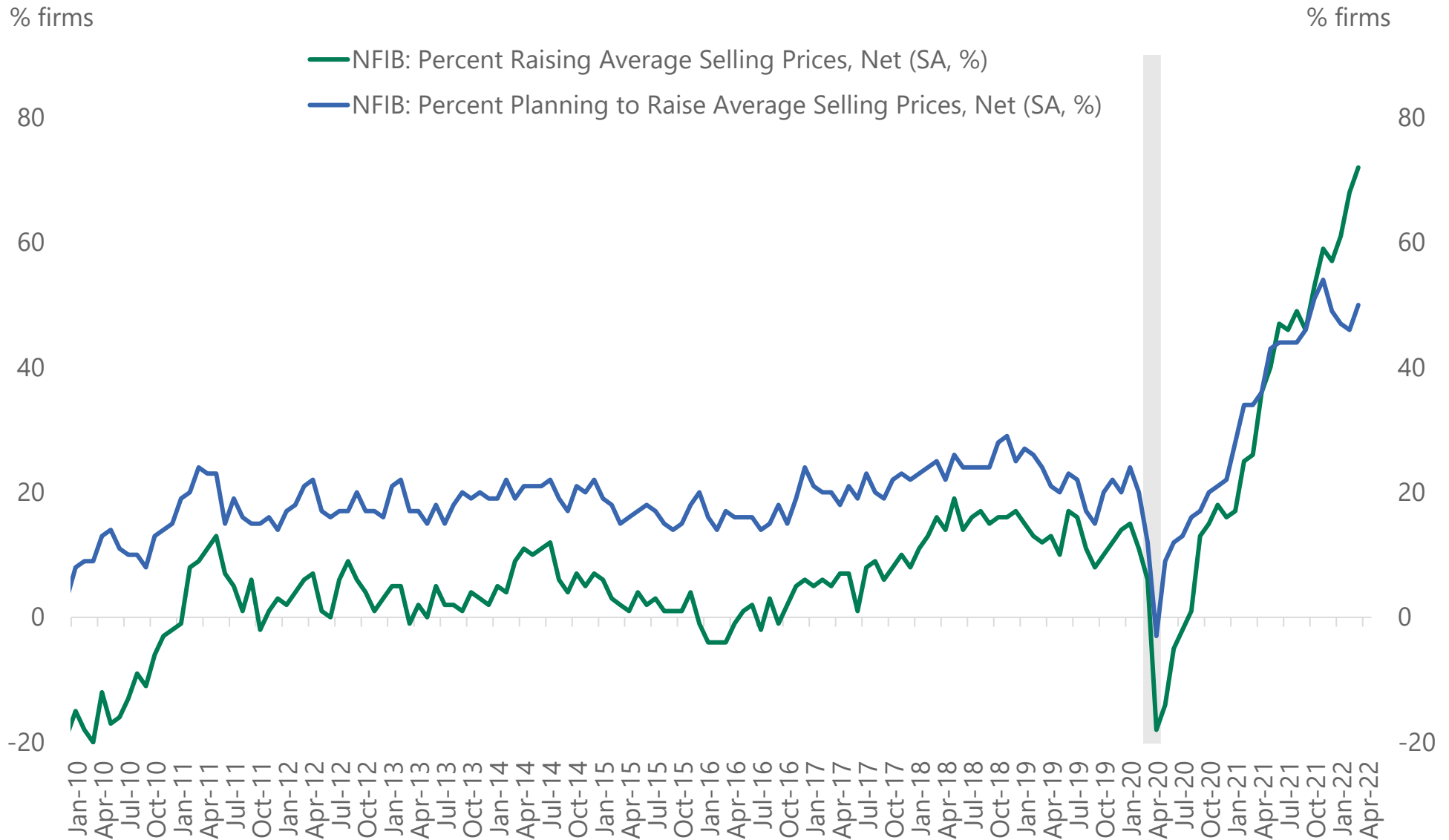
Supply chain problems lowering margins. For consumers, the outcome is higher inflation

Inventory to sales ratio near all-time low



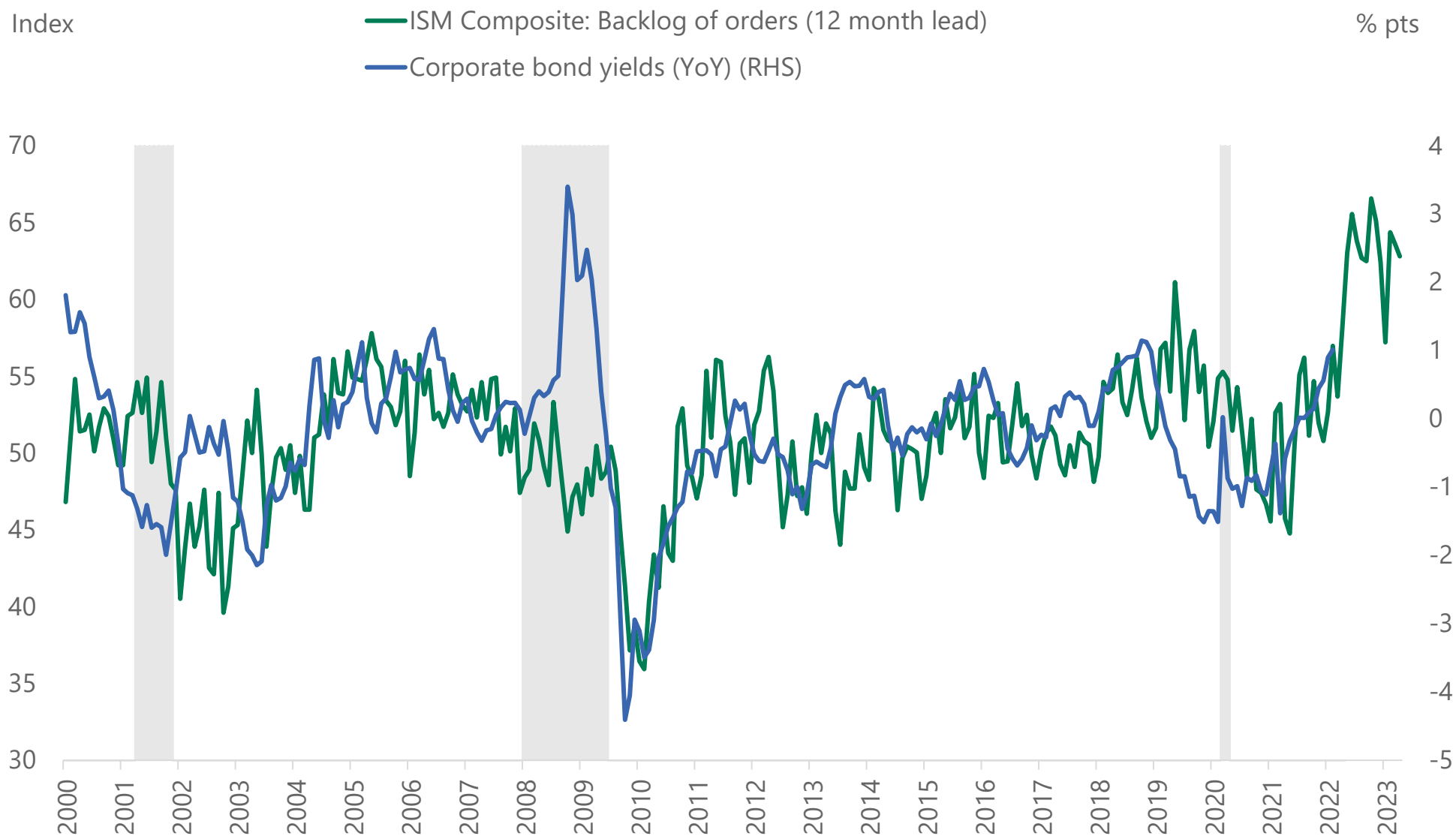
Source: Census, Haver Analytics, Apollo Chief Economist

A record-high share of businesses are raising prices and planning to increase prices further



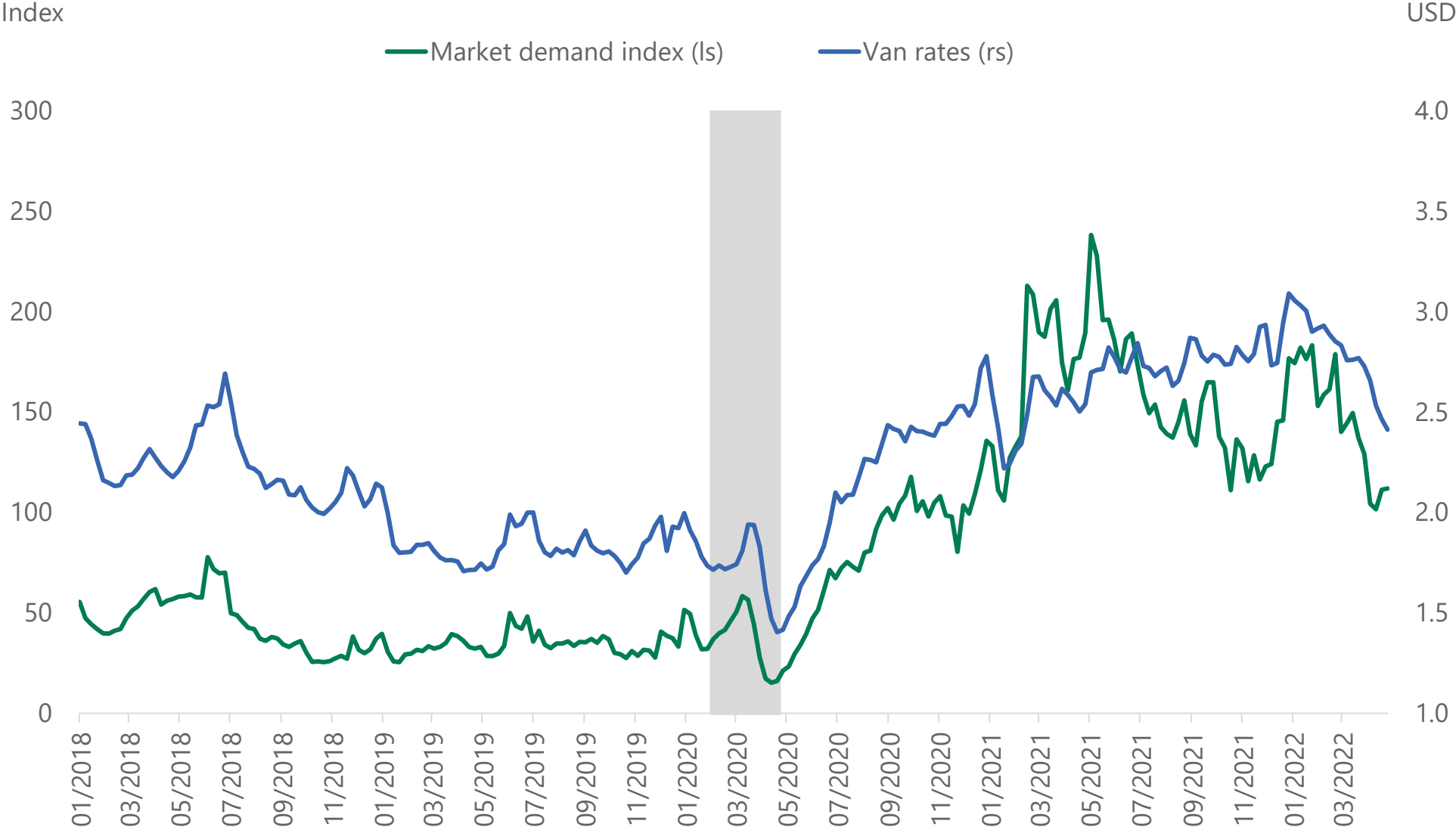
Source: NFIB, Haver Analytics, Apollo Chief Economist

Supply chain bottlenecks could put upward pressure on 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

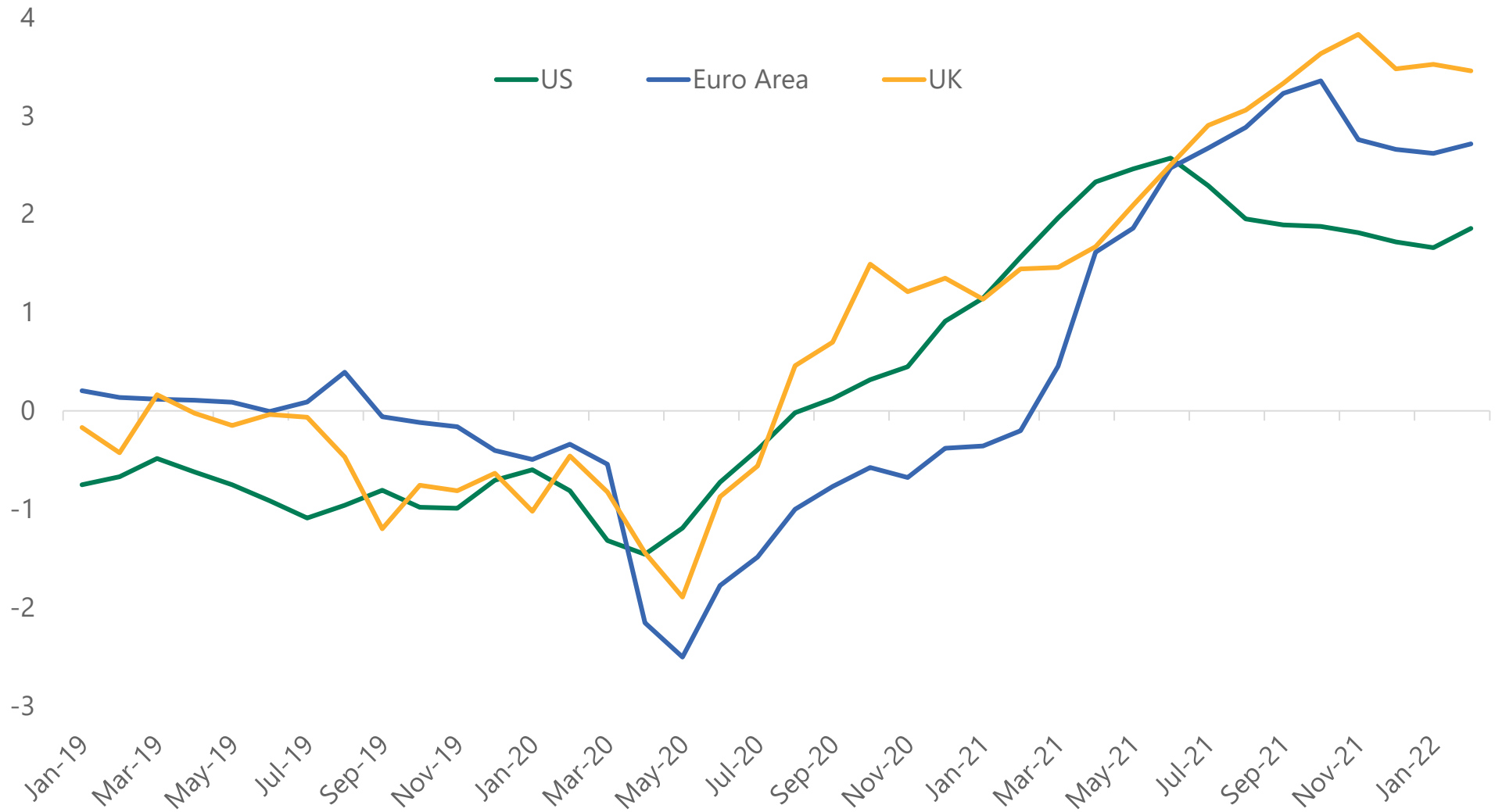
— NY Fed global supply chain pressure index



Source: FRBNY, Bloomberg, Apollo Chief Economist

Supply chain pressures elevated in US, UK, and Europe

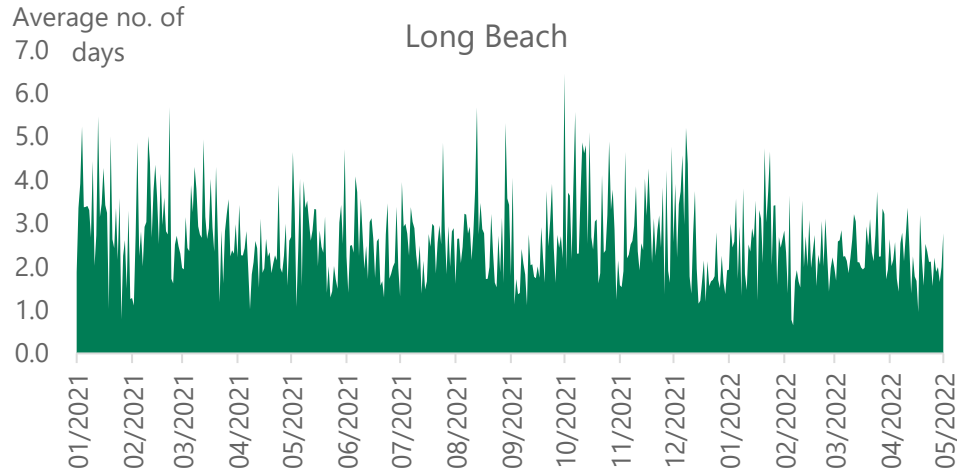
Bloomberg economics' supply indicators



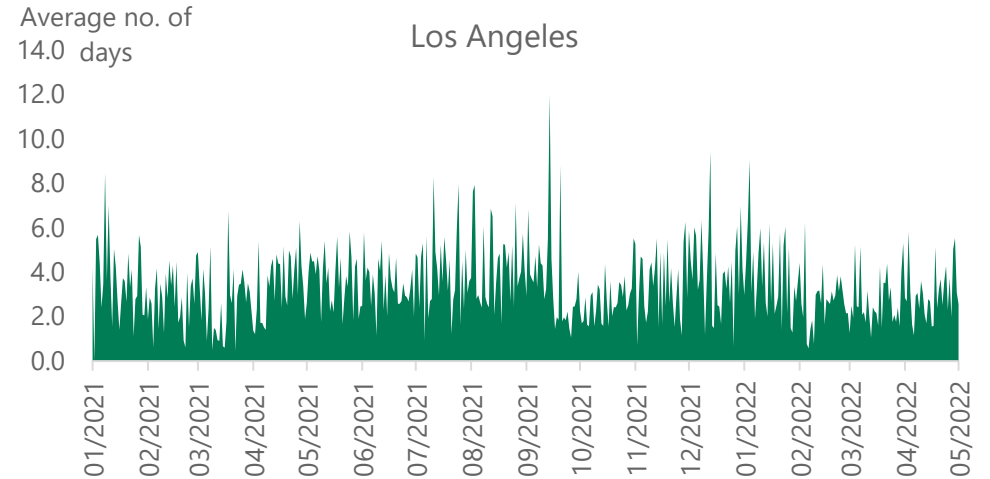
Source: Bloomberg, Apollo Chief Economist (Note: Positive readings point to constraints, negative ones mean supply is abundant.)

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

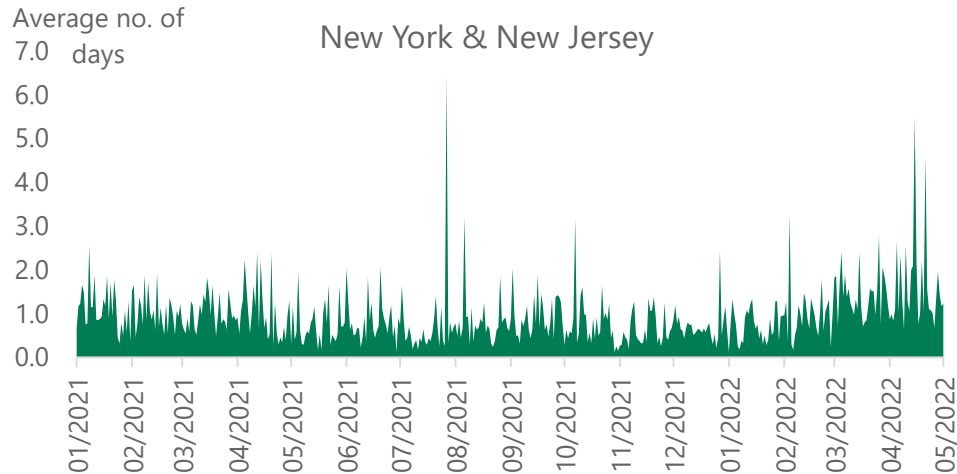
Port of Long Beach



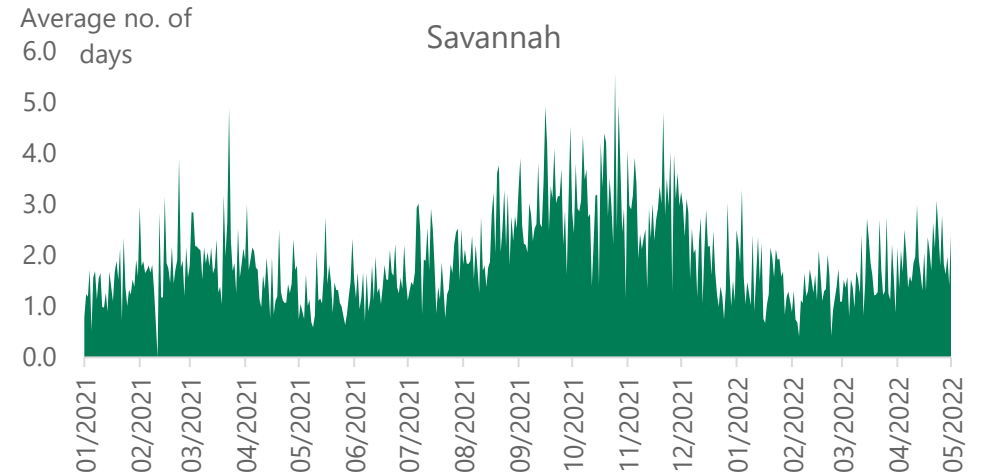
Port of Los Angeles



Port of New York & New Jersey



Port of Savannah



Source: Bloomberg, Apollo Chief Economist

Biography



Torsten Slok, Ph.D.

Chief Economist

Apollo Global Management

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Torsten Slok joined Apollo in 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.