

APOLLO GLOBAL MANAGEMENT

Slowdown Watch: Daily and weekly indicators for the US economy

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Unless otherwise noted, information as of September 2022

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Arguments for inflation coming down

Commodity prices are down from their recent peak

Supply chains are normalizing and transportation costs for goods are coming down across truck, train, container, and air freight.

The Manheim used car price index has been declining in recent months, and rising car production is putting downward pressure on new and used vehicle prices

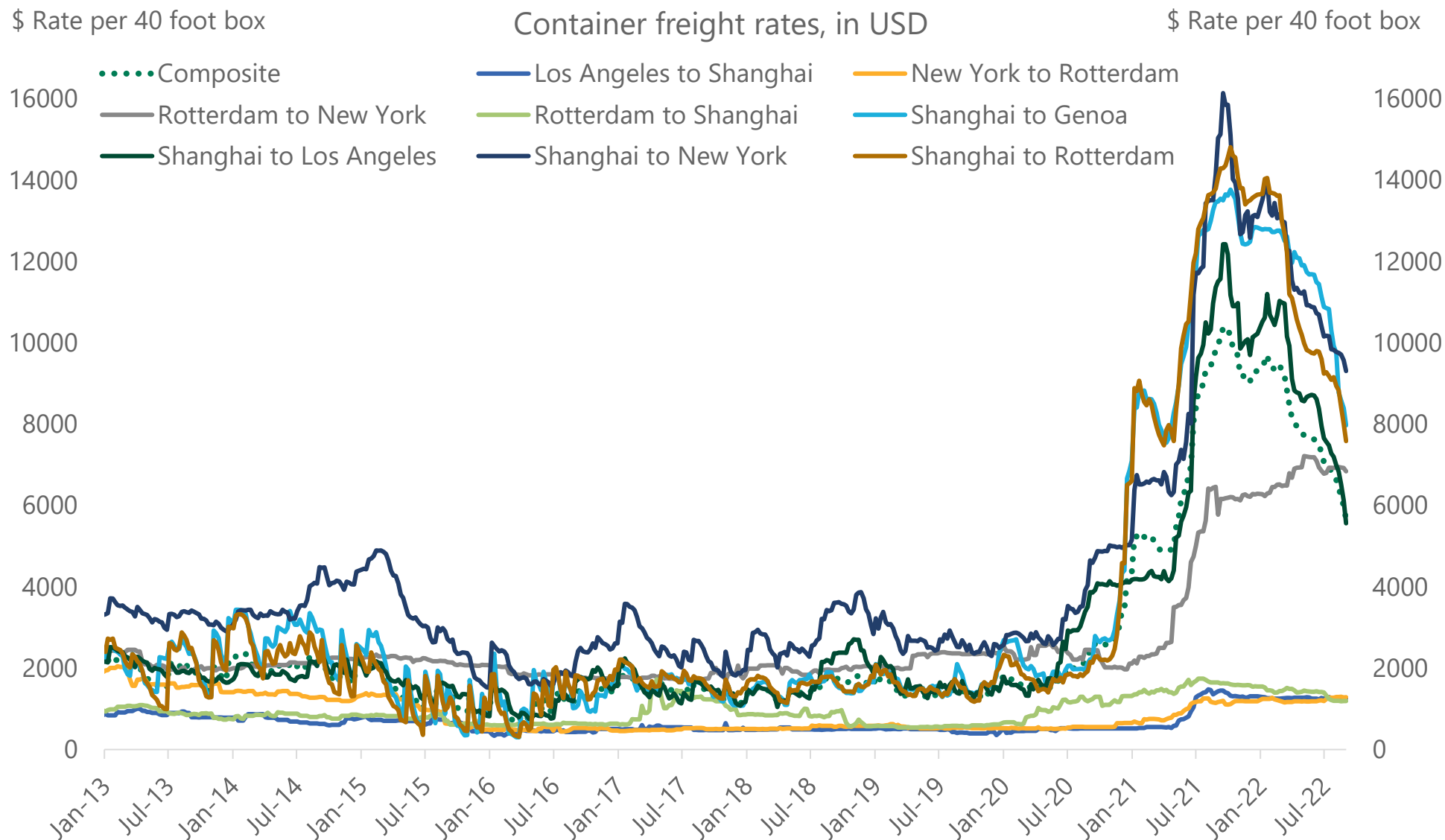
Airline ticket prices have been falling in recent months

Increases in rents and home prices are moderating

Inventories are growing at many retailers, and this is putting downward pressure on goods prices

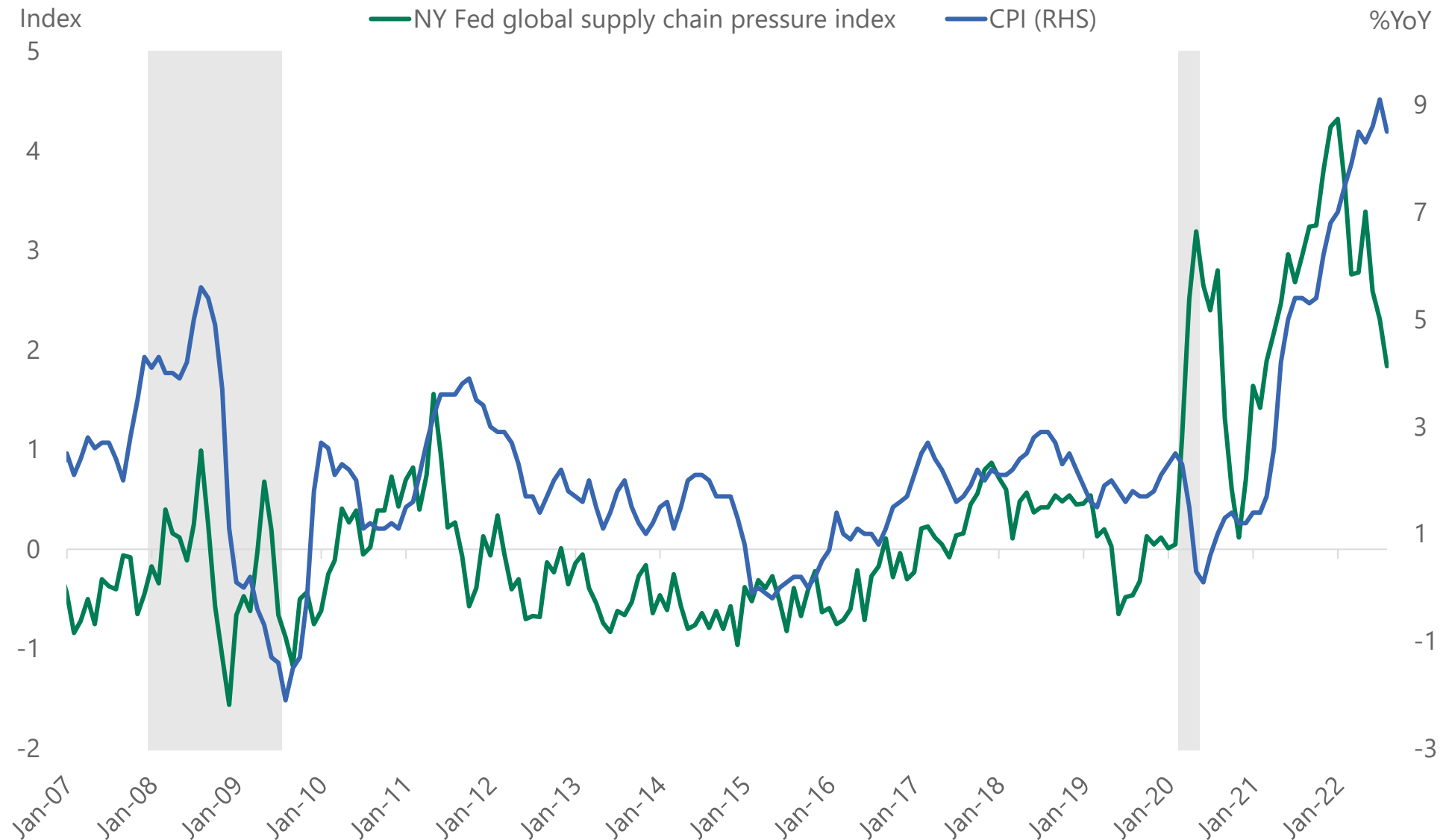
A higher dollar is lowering import prices

Container freight rates falling: Inflation pressures are easing



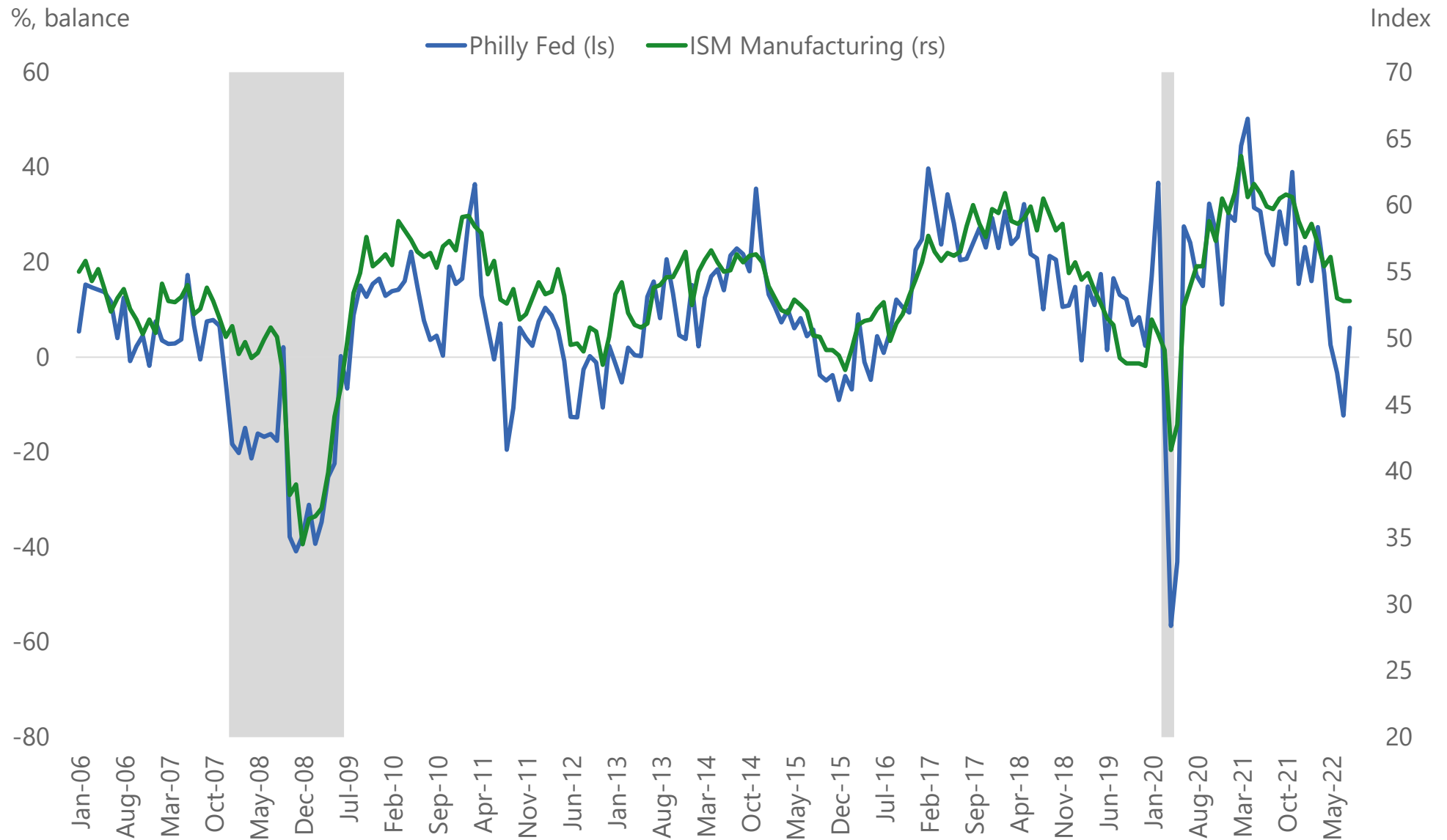
Source: WCI, Bloomberg, Apollo Chief Economist

Supply chain improvements putting downward pressure on inflation



Source: NY Fed, BLS, Haver Analytics, Apollo Chief Economist

Manufacturing sector is cooling down



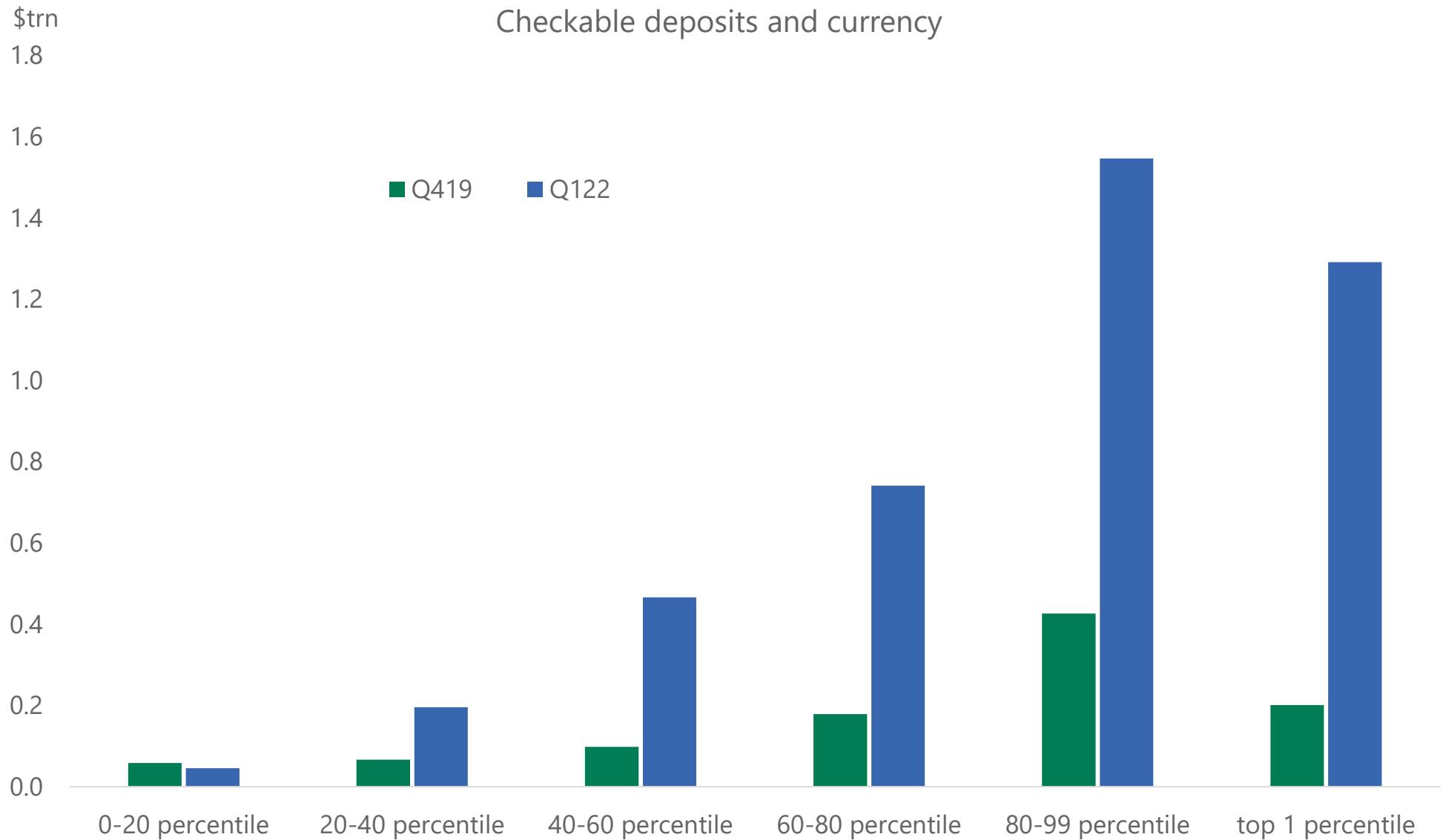
Source: ISM, Haver Analytics, Apollo Chief Economist

Households have \$2.3trn in excess dry powder, saved during the pandemic



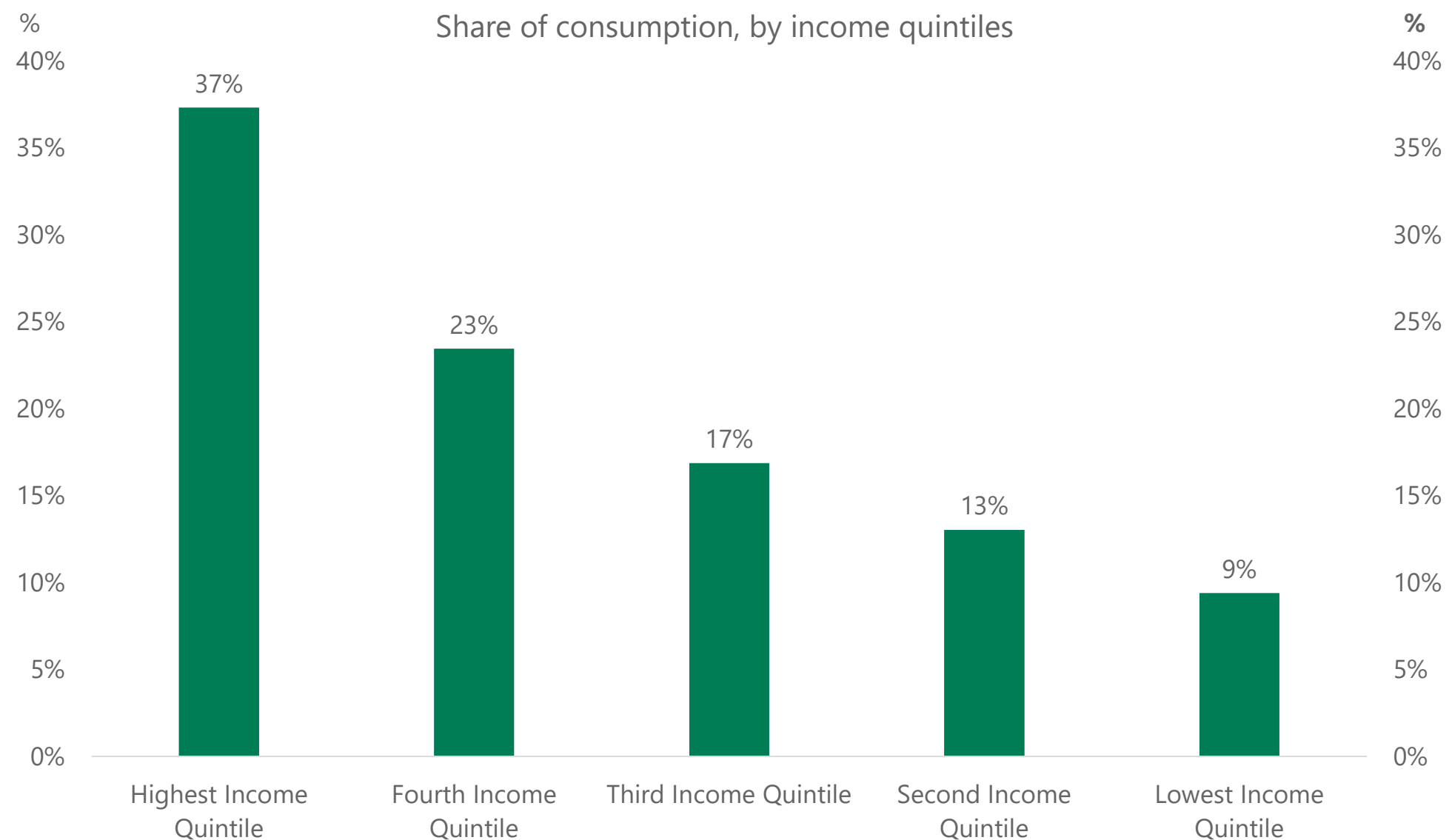
Note: Bloomberg, Apollo Chief Economist

Household savings across different income groups



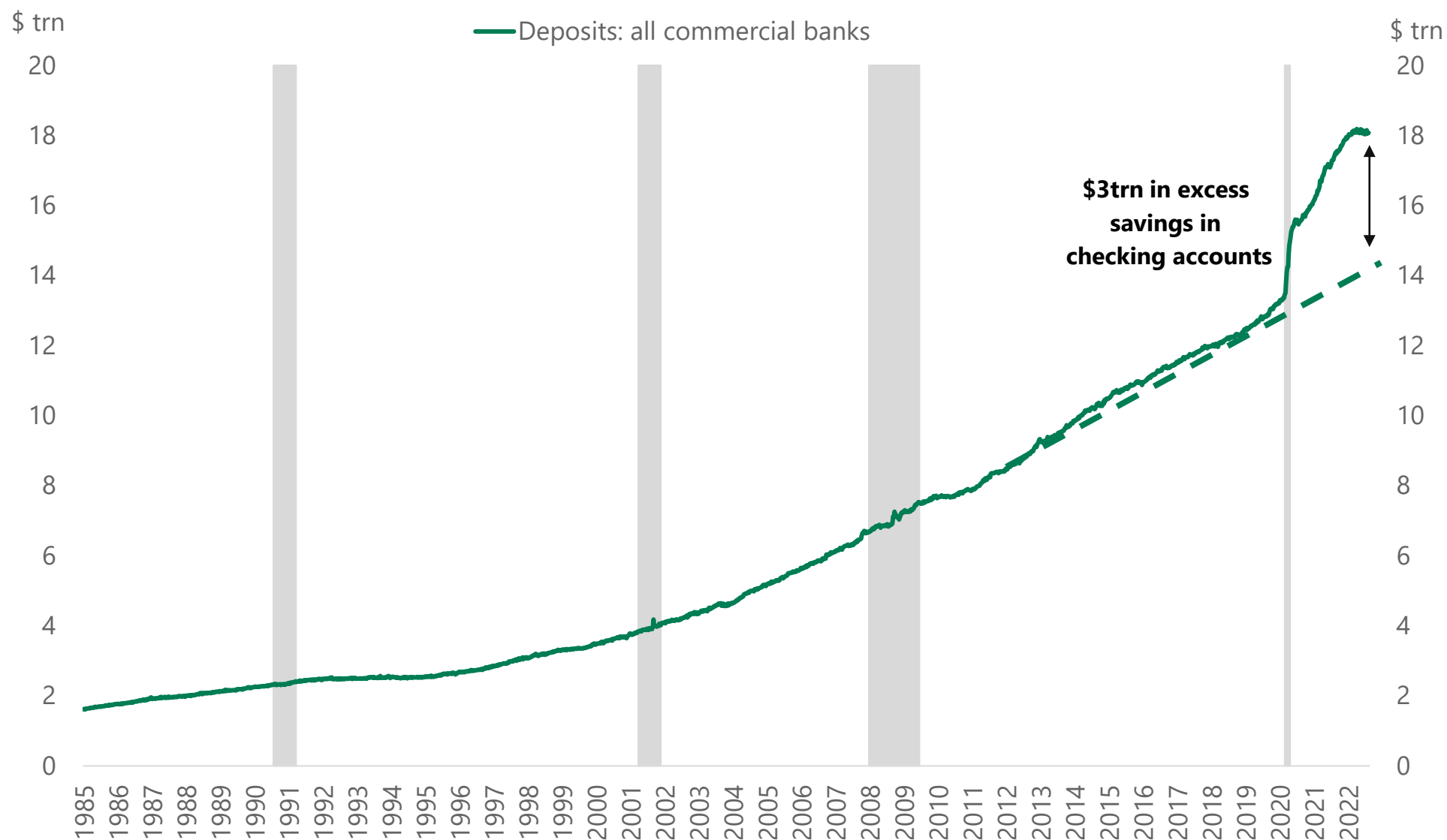
Source: FRB, Haver Analytics, Apollo Chief Economist

Share of US total consumer spending, by income



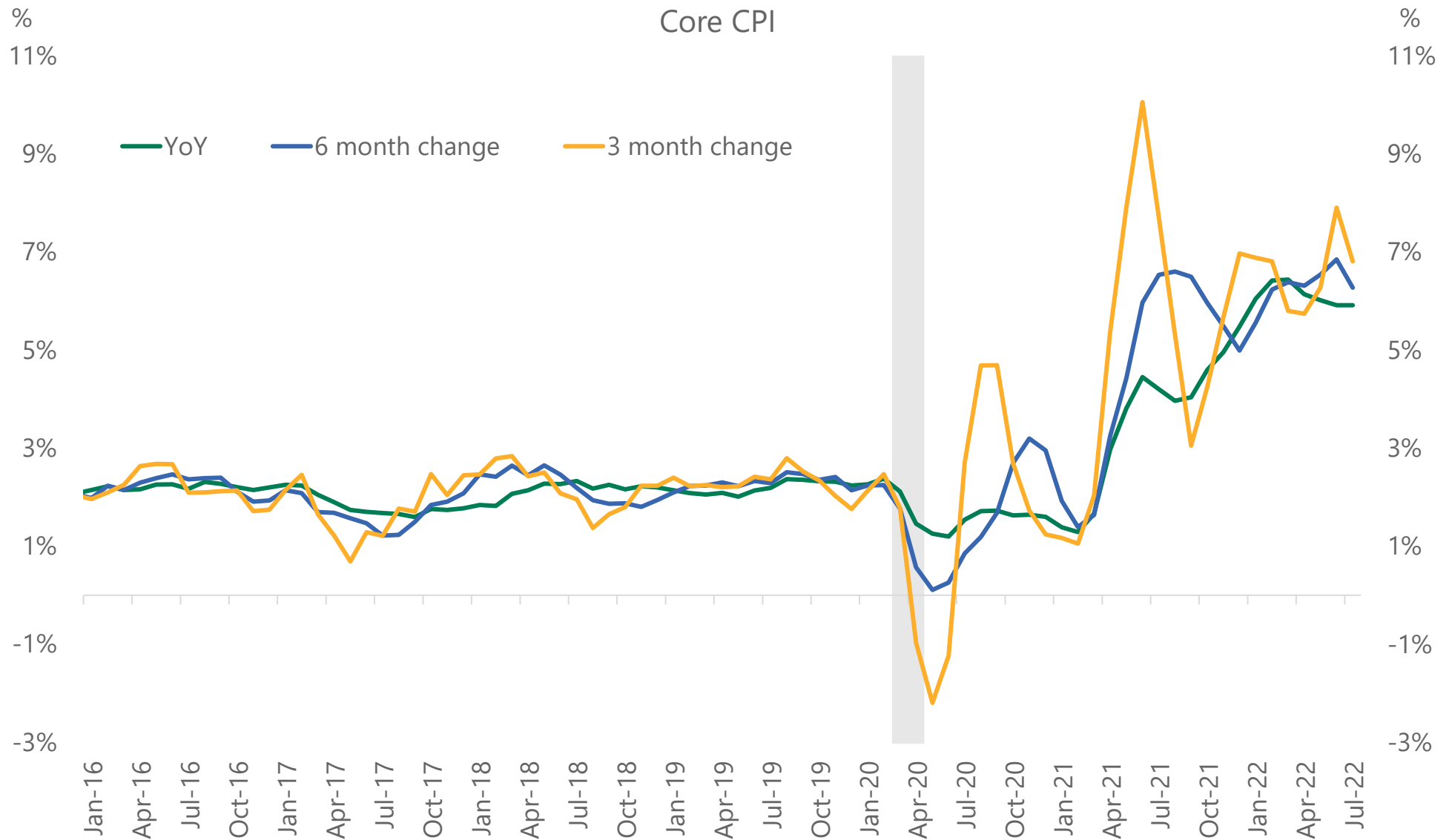
Source: Consumer Expenditure Survey, Haver Analytics, Apollo Chief Economist

Record-high level of deposits at commercial banks



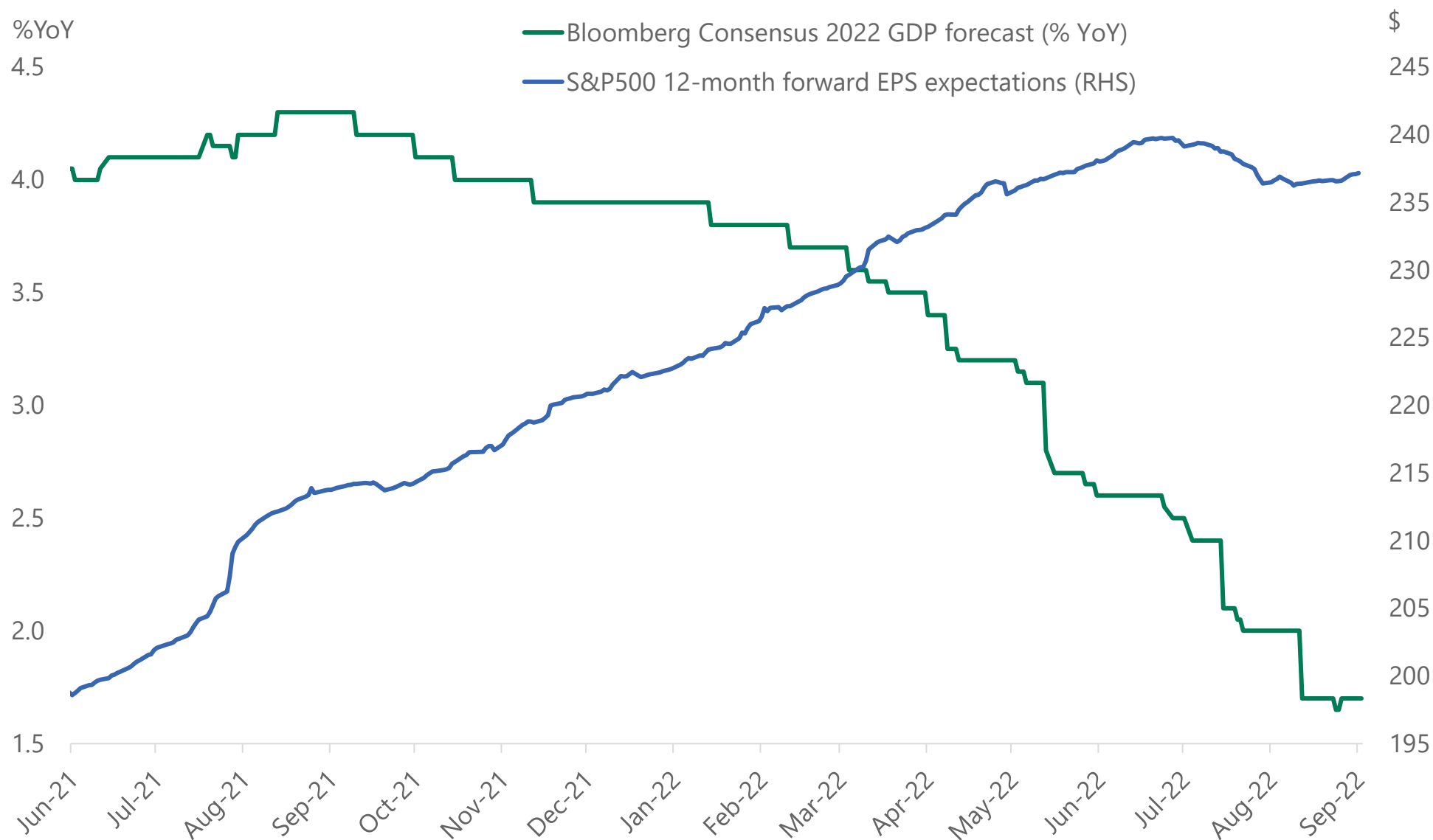
Source: FRB, Haver, Apollo Chief Economist

3- and 6-month change in core inflation still elevated



Source: BLS, Haver Analytics, Apollo Chief Economist

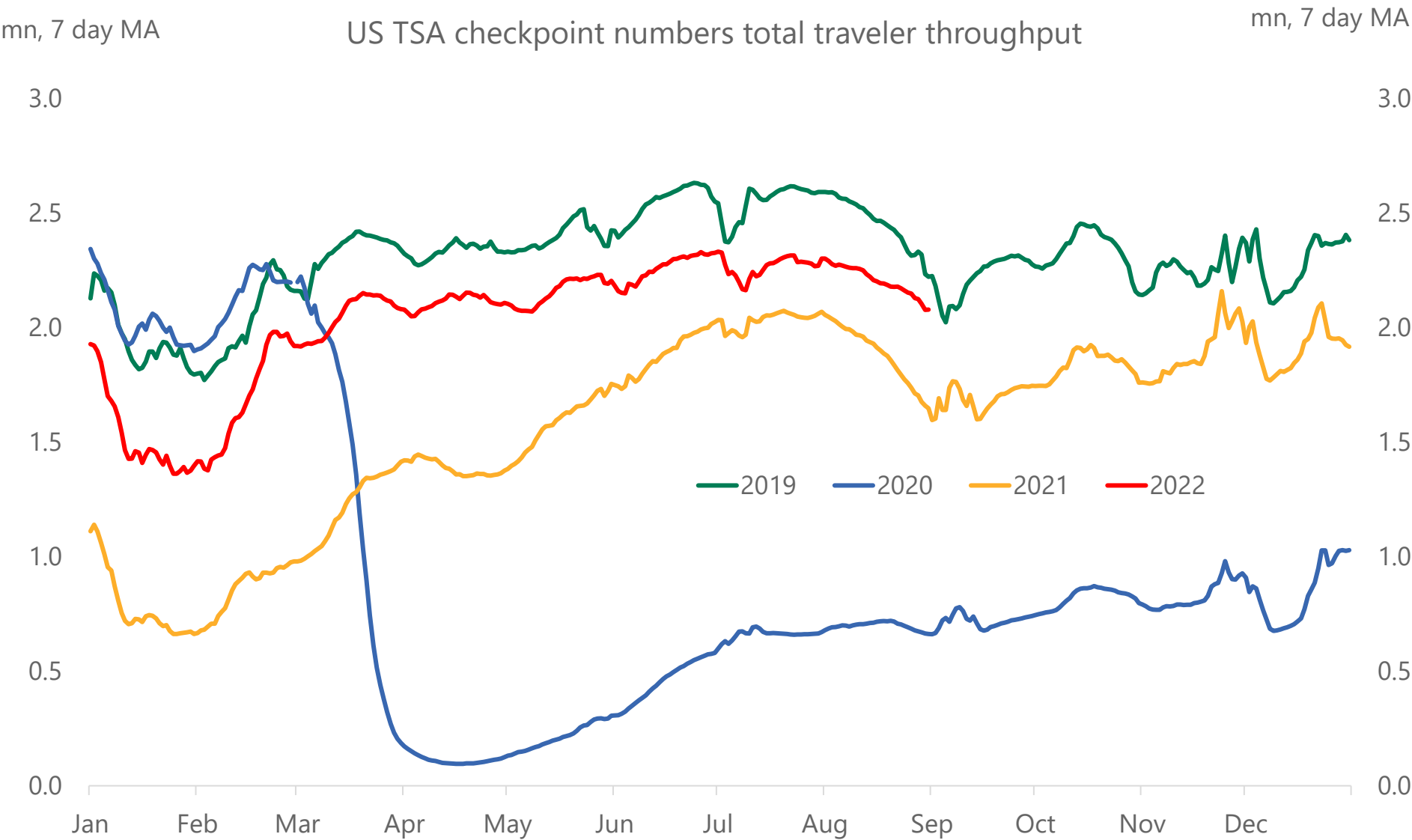
Divergence between S&P500 earnings expectations and GDP growth expectations



Source: Bloomberg, Apollo Chief Economist

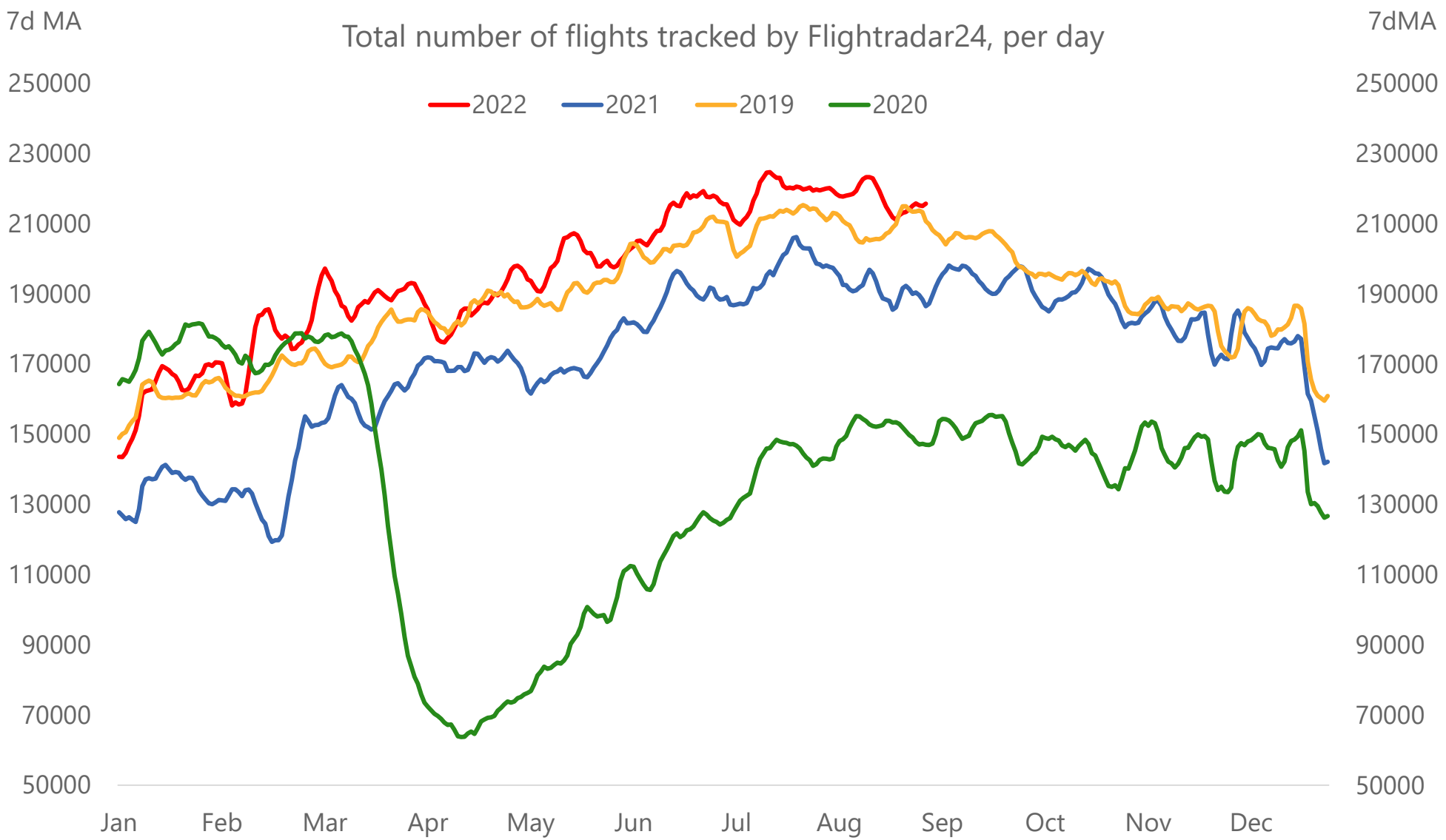
Daily economic indicators

Seasonal slowdown in air travel as the summer ends



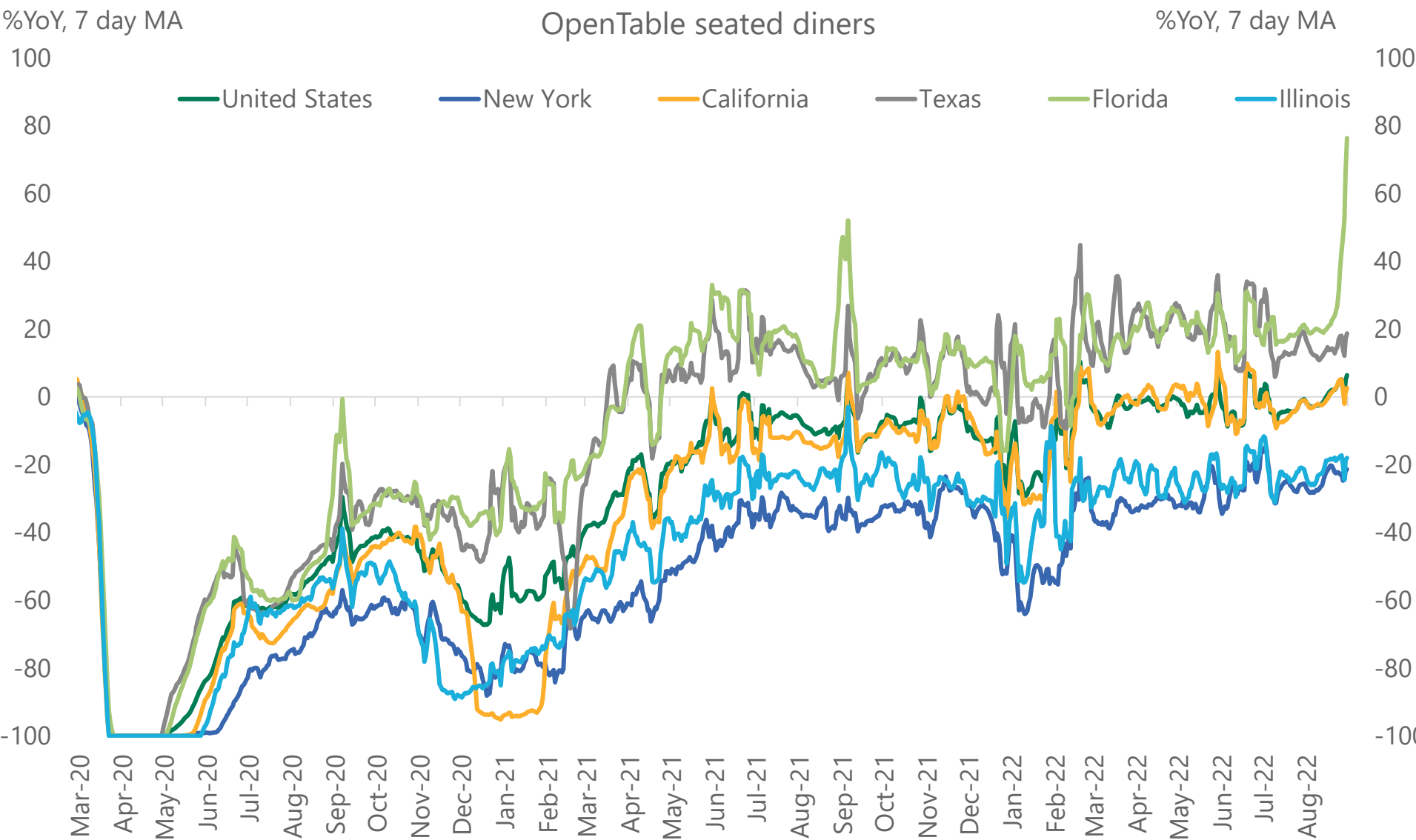
Source: TSA, Bloomberg, Apollo Chief Economist

Global air traffic still high



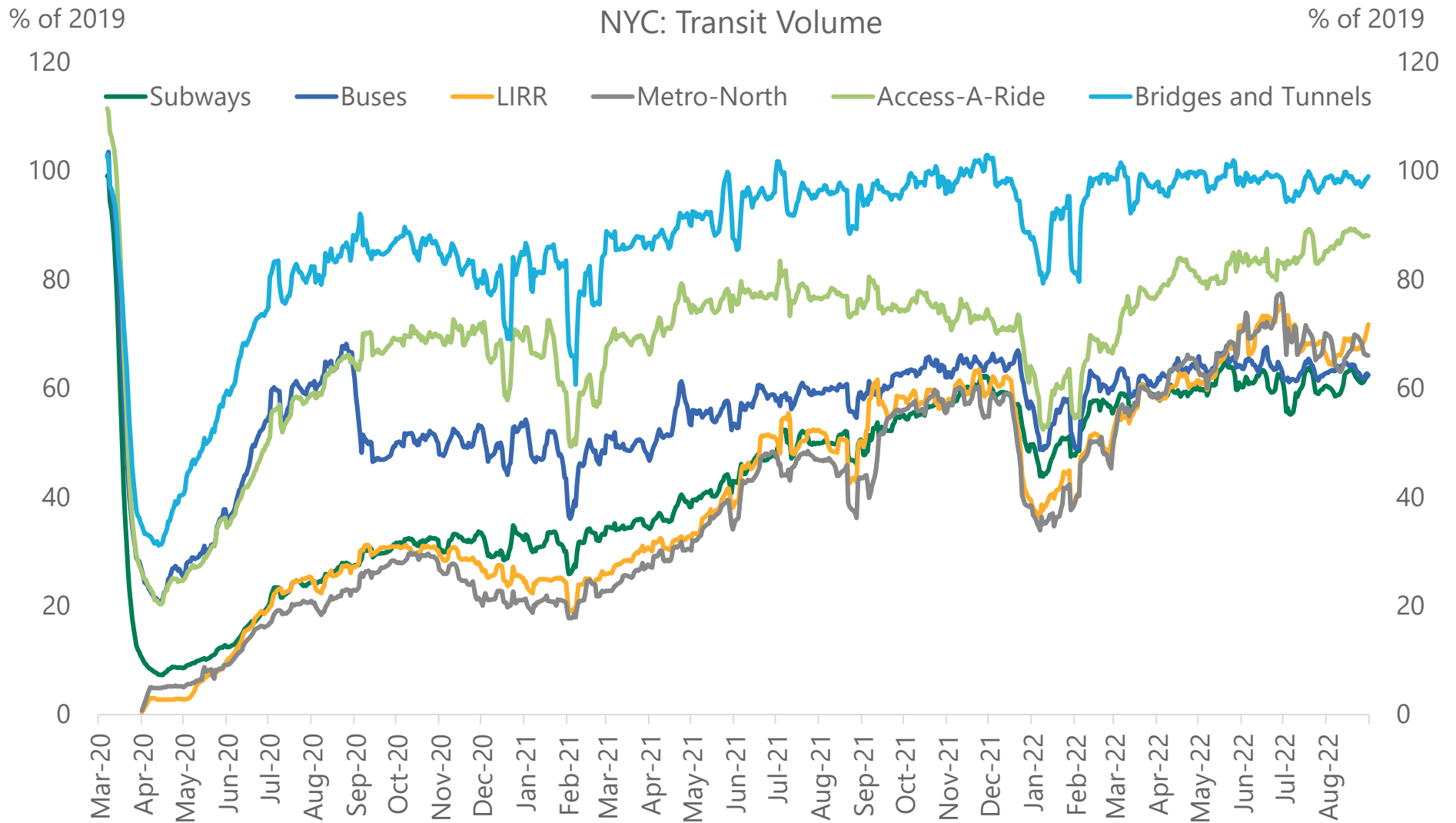
Source: Flightradar24.com, Apollo Chief Economist

Restaurant bookings still strong



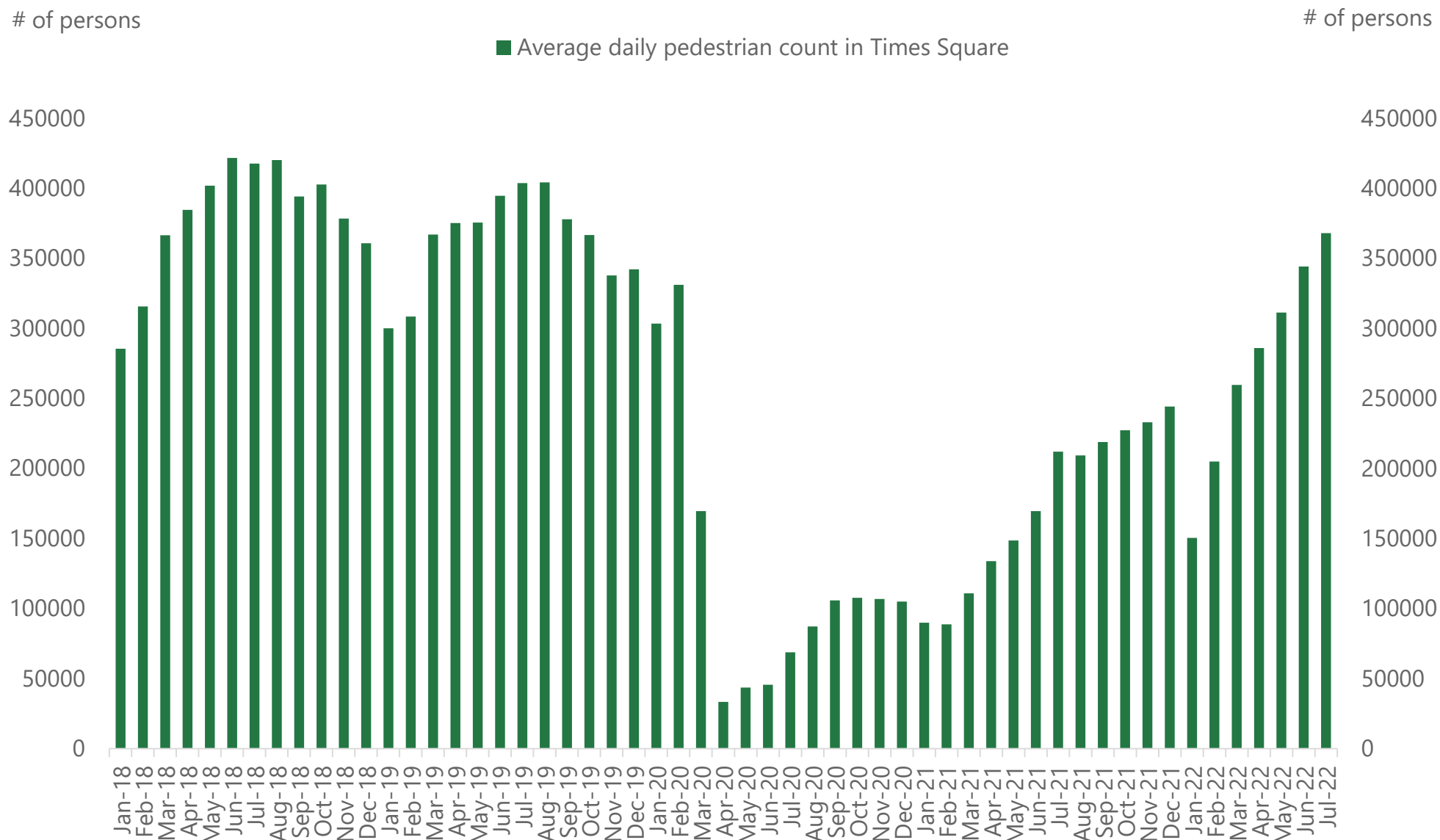
Source: OpenTable, Apollo Chief Economist

NYC mobility indicators improving



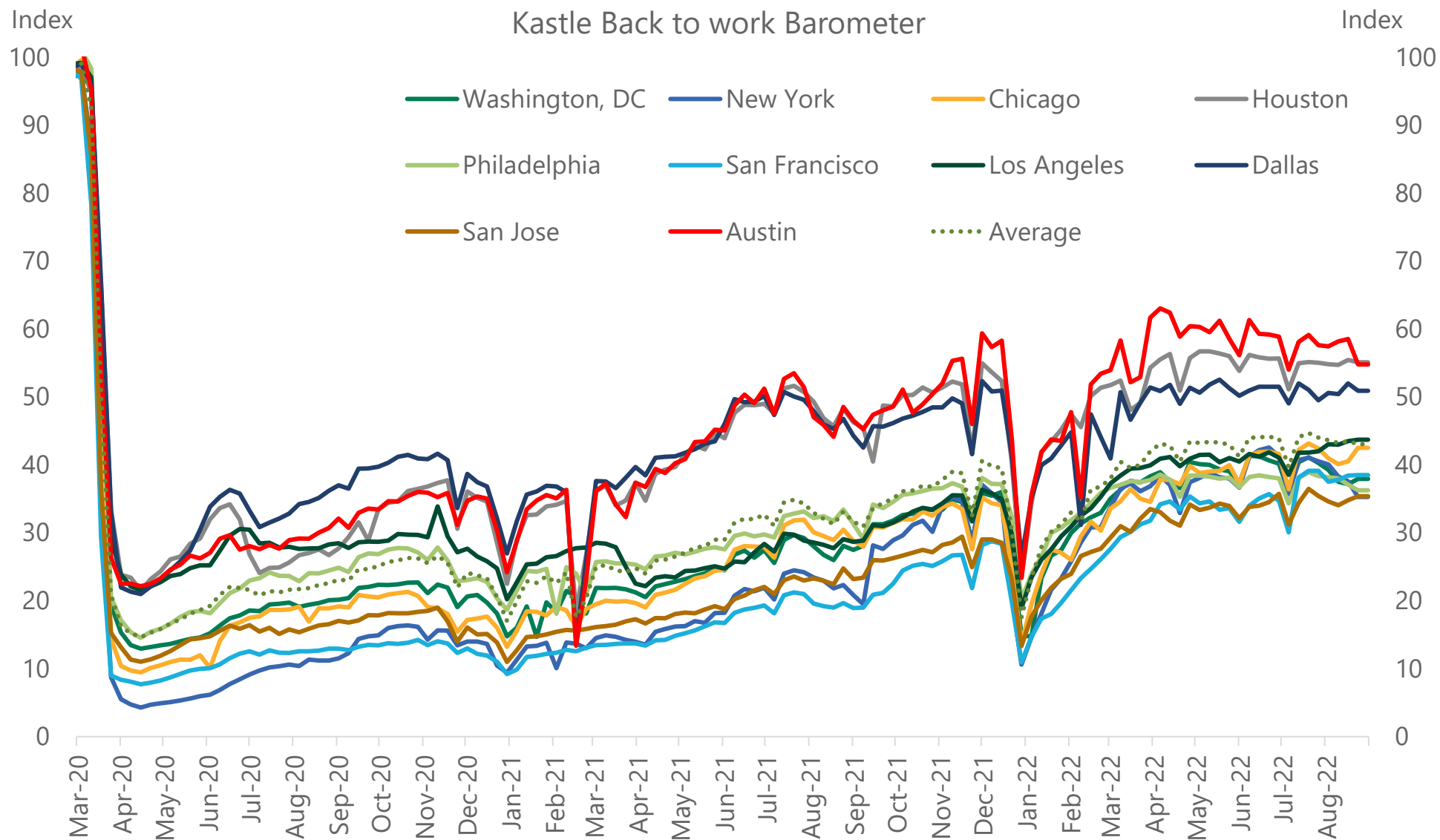
Source: MTA, Apollo Chief Economist

Average daily pedestrian count in Times Square now back at pre-pandemic levels



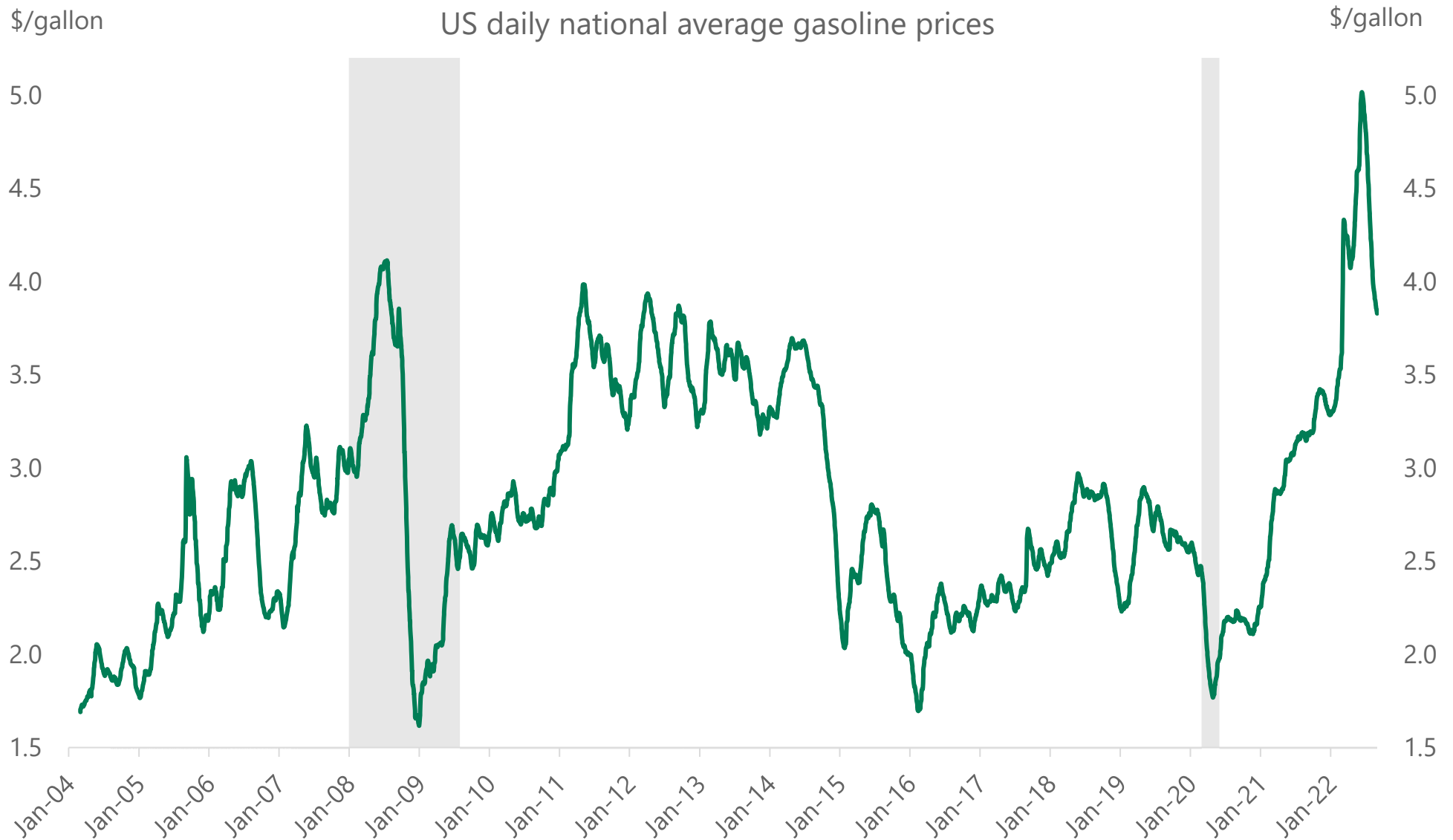
Source: timessquarenyc.com, Apollo Chief Economist

New York City: Office use 35% of capacity



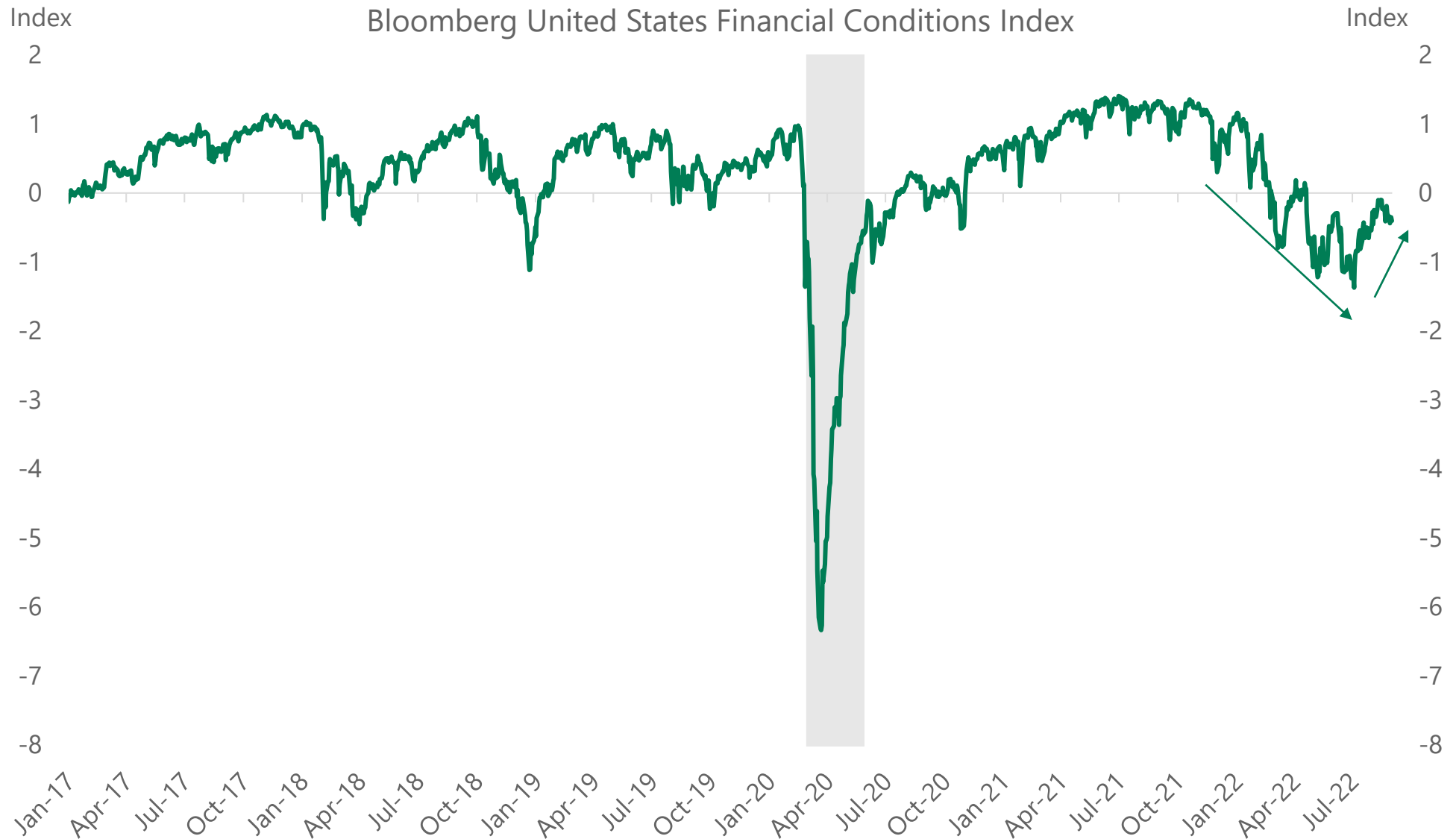
Source: Bloomberg, Apollo Chief Economist

Average US retail gas prices coming down from \$5 to \$3.8 per gallon



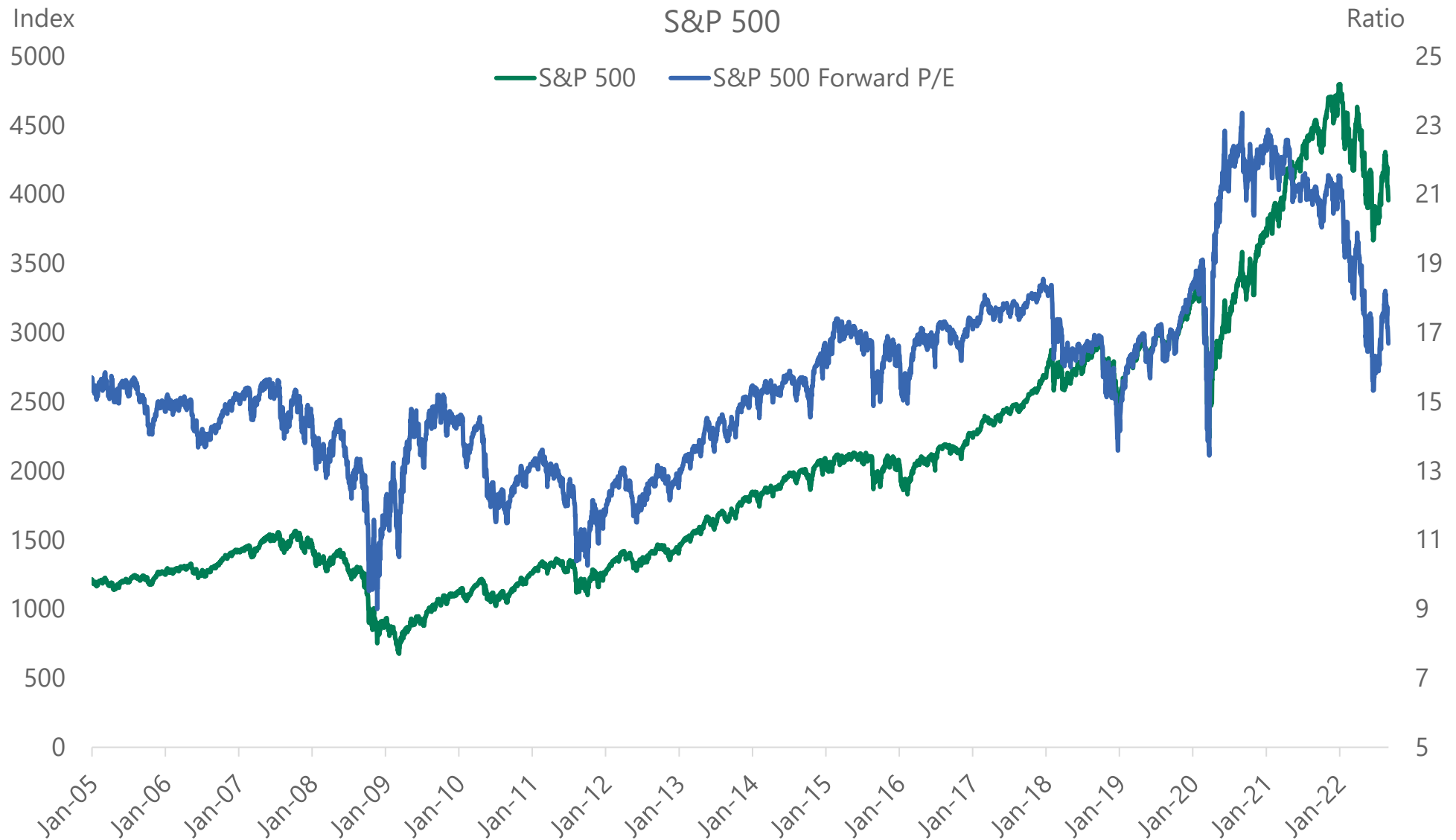
Source: Bloomberg, Apollo Chief Economist

Easing financial conditions is a problem for the Fed



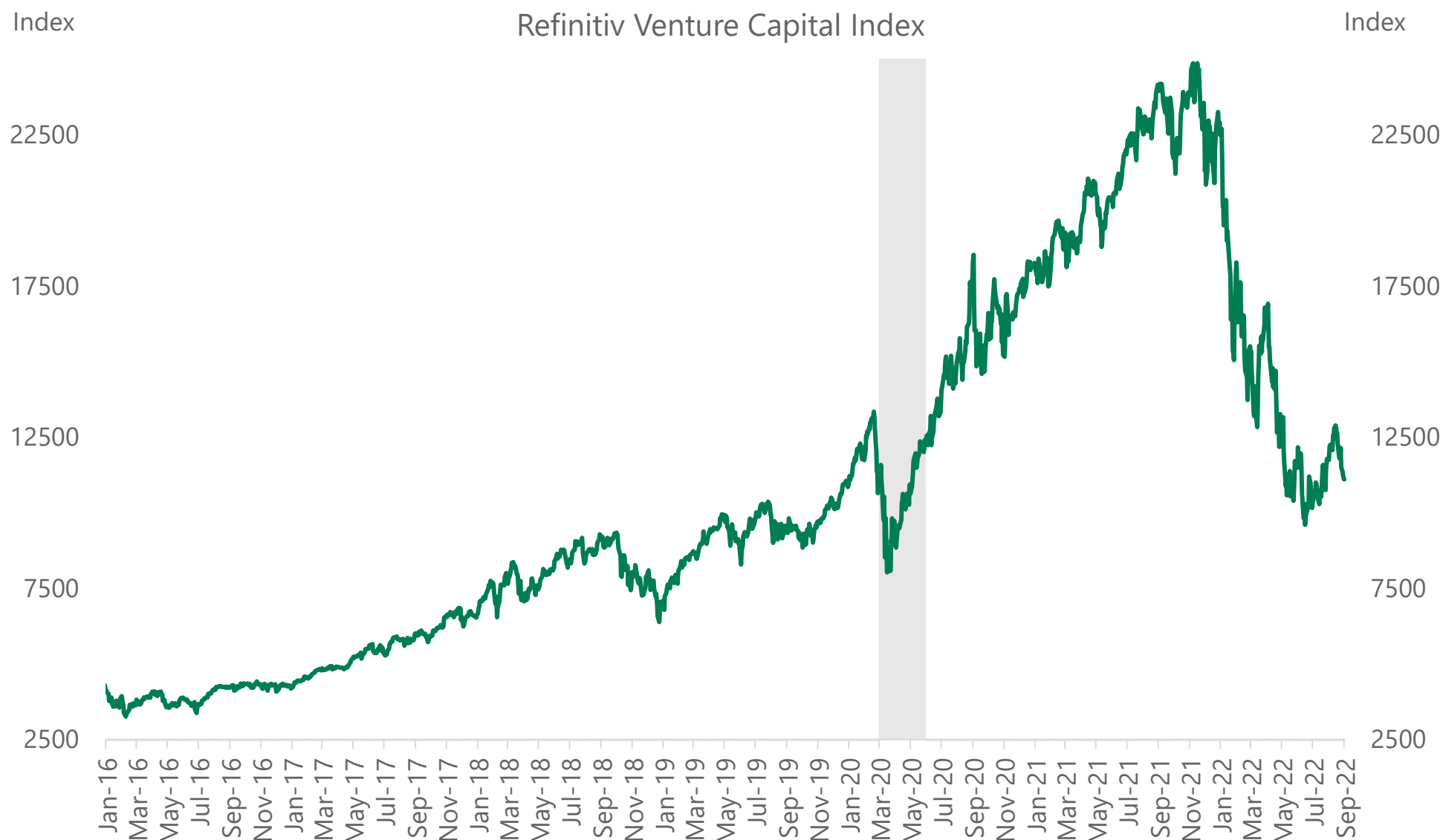
Source: Bloomberg, Apollo Chief Economist

S&P500 P/E ratio has rebounded



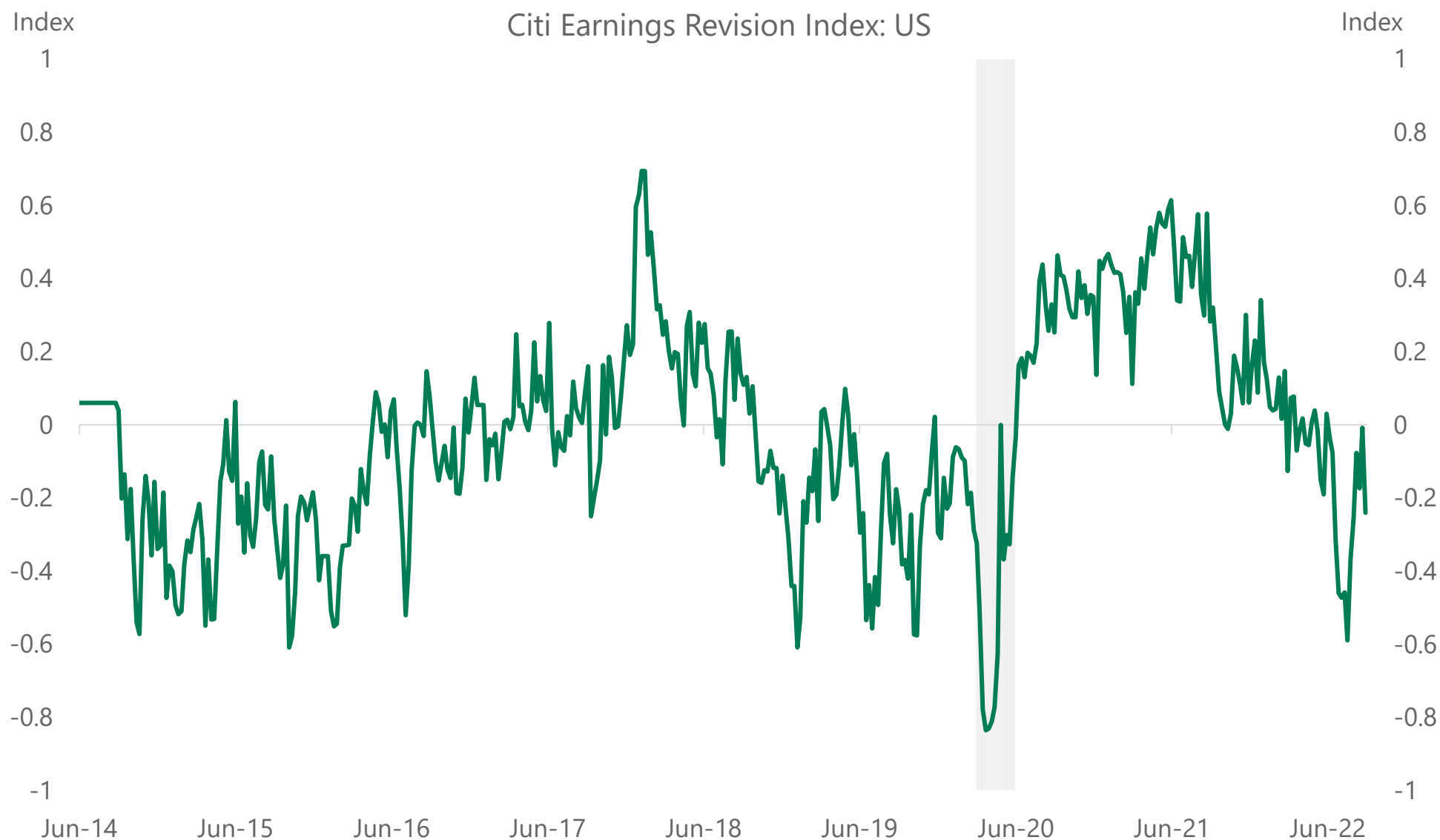
Source: Bloomberg, Apollo Chief Economist

US venture capital valuations down more than 60% from the peak



Source: Bloomberg, Apollo Chief economist. Note: The Thomson Reuters Venture Capital Index is designed to measure the value of the US-based venture capital private company universe in which venture capital funds invest.

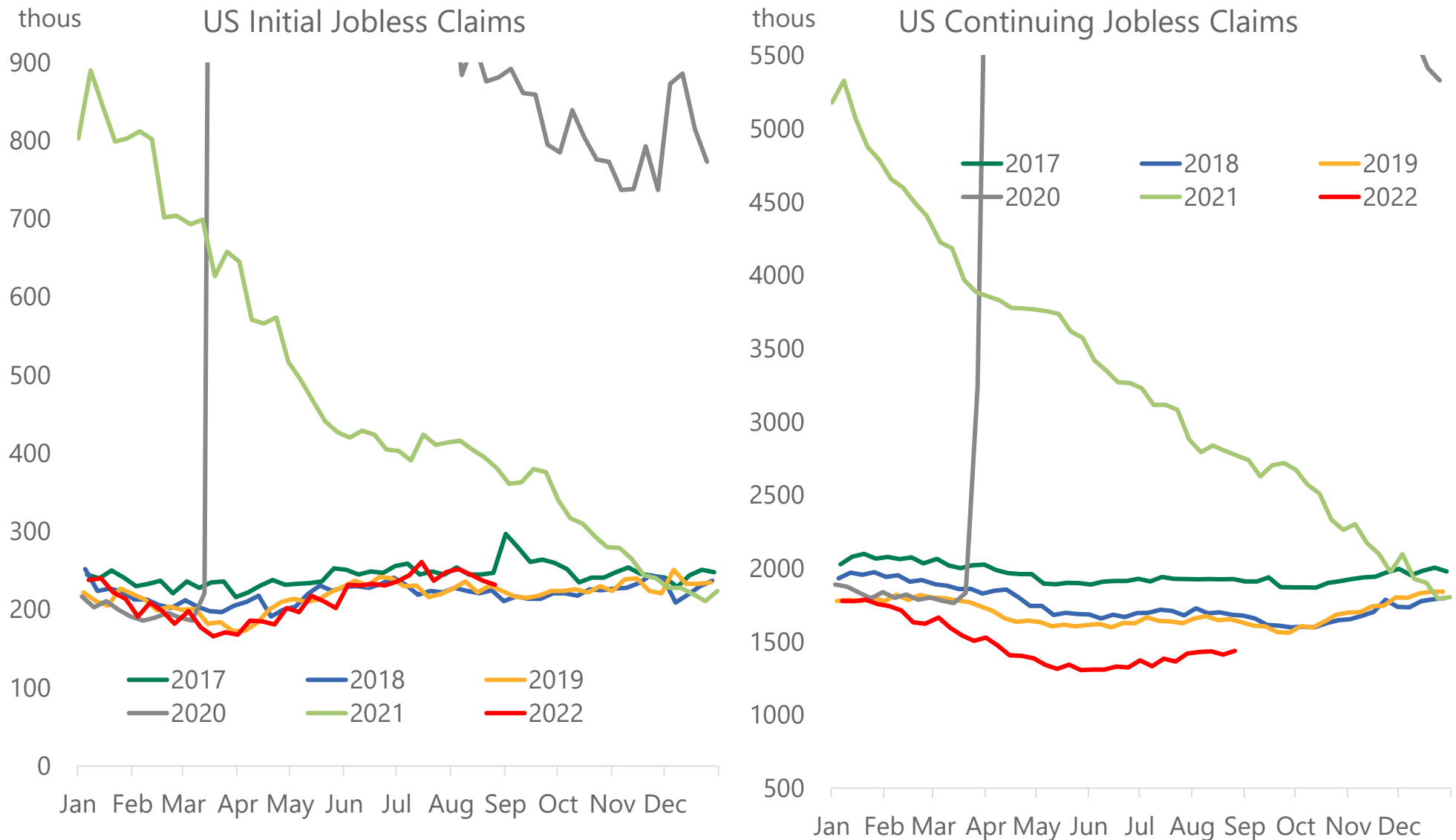
Corporate earnings revisions: Upgrades minus downgrades



Source: Citi Research, Apollo Chief Economist. Note: Citi's Earnings Revision Index is defined as number of upgrades minus downgrades divided by number of upgrades plus downgrades

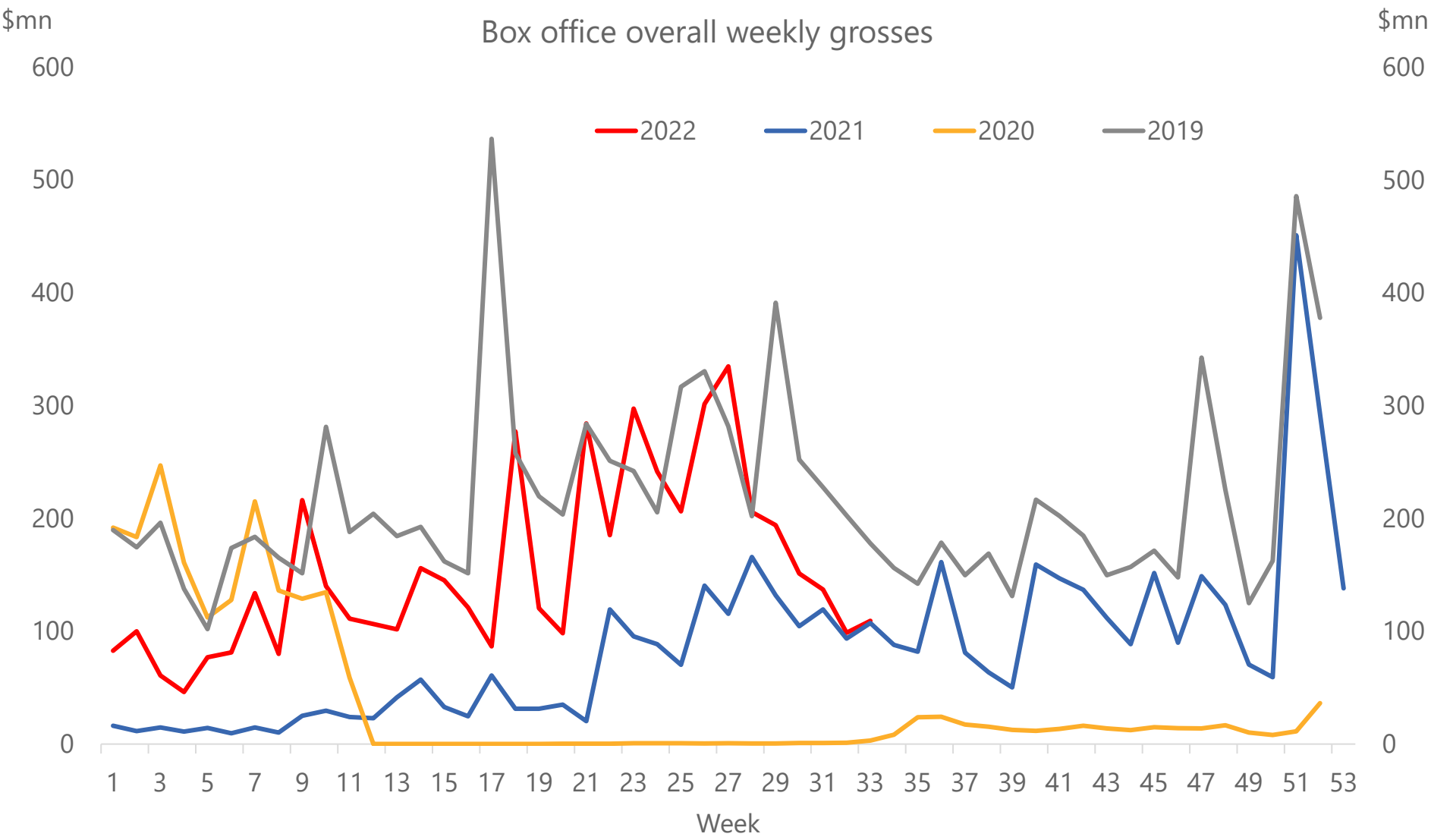
Weekly economic indicators

Jobless claims: No signs of a slowdown in the labor market



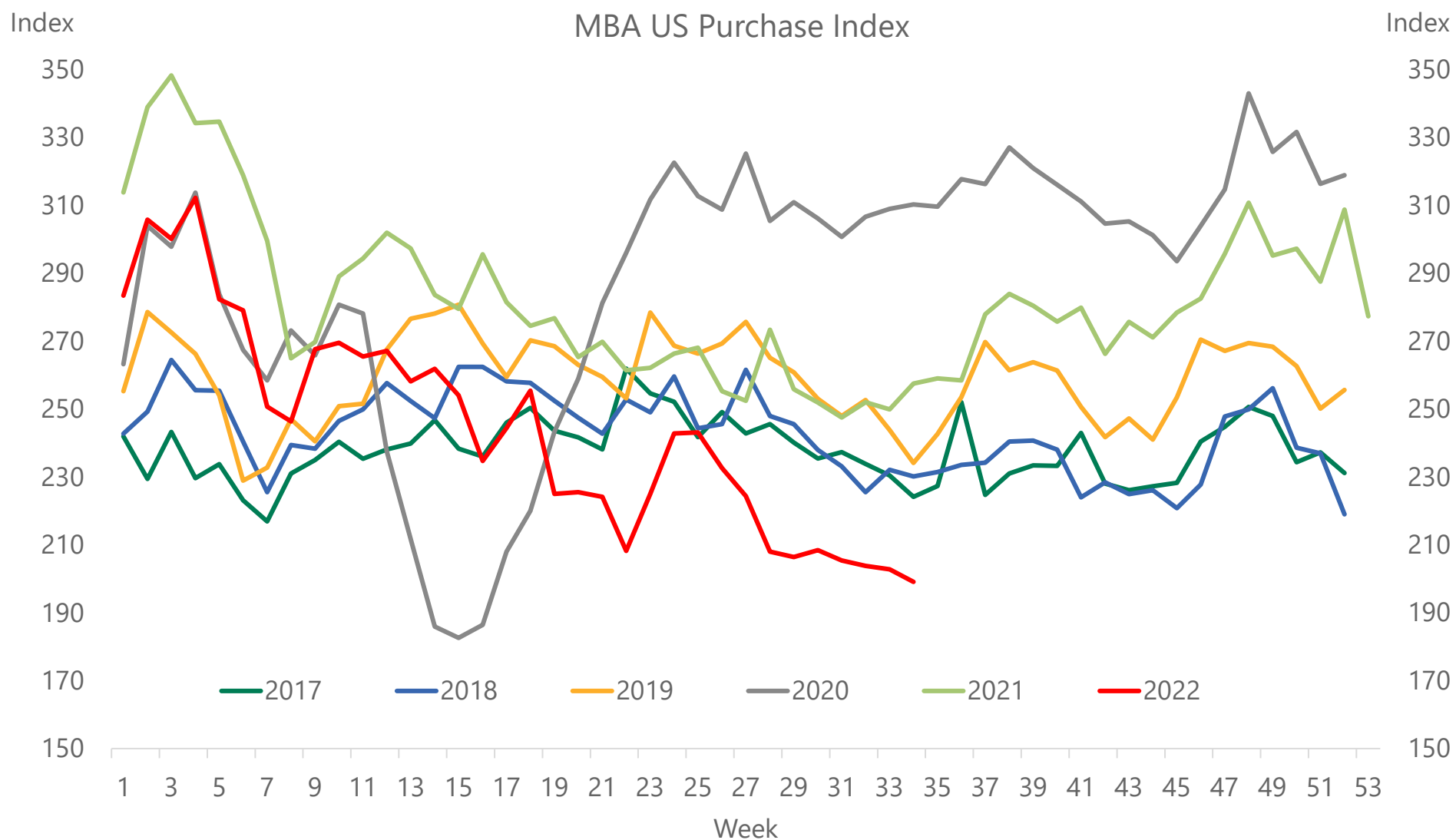
Source: Department of Labor, Bloomberg, Apollo Chief Economist

Slowdown in movie theatre visits



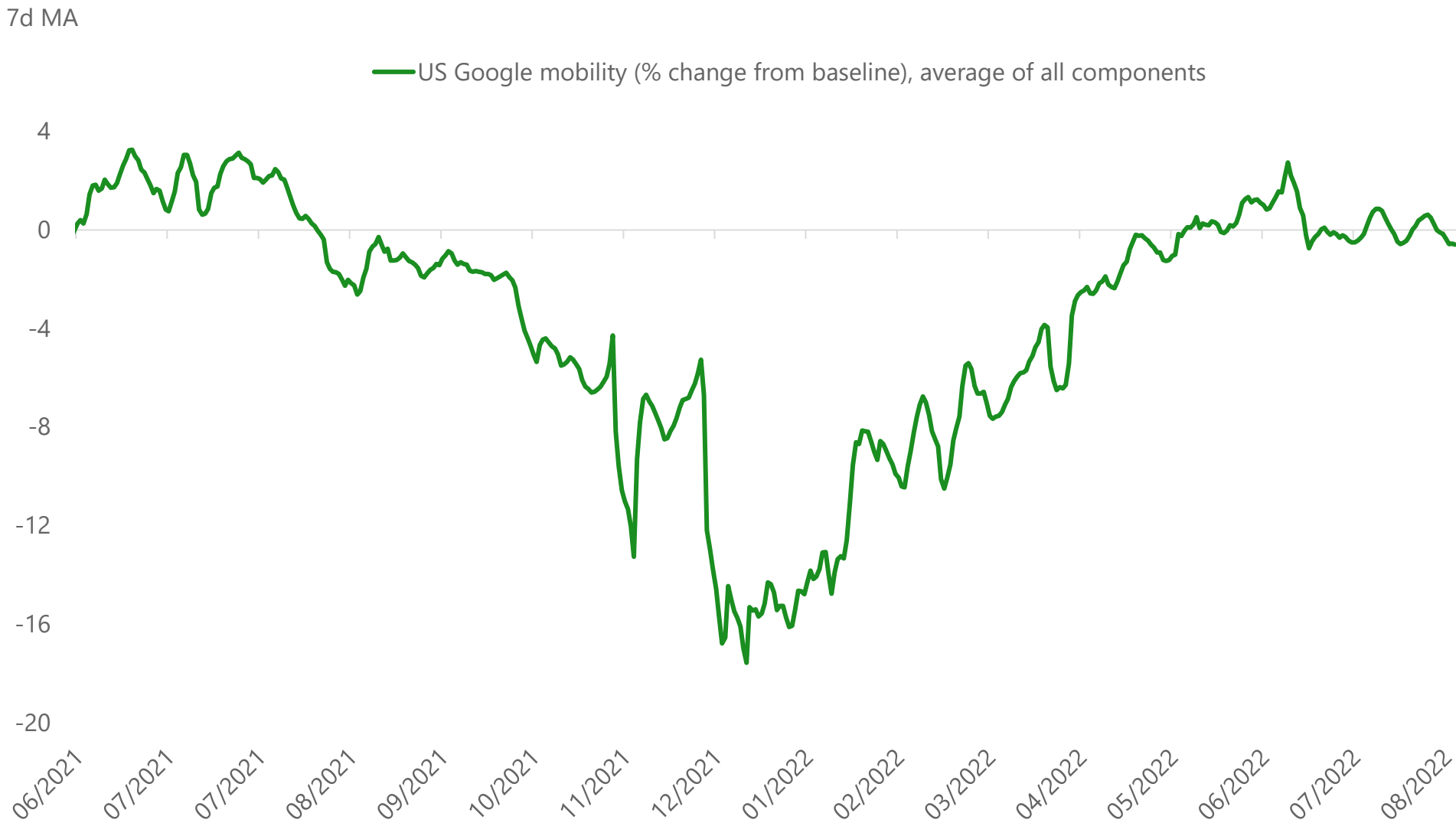
Source: Boxofficemojo.com, Apollo Chief Economist

Weekly mortgage purchase applications softening



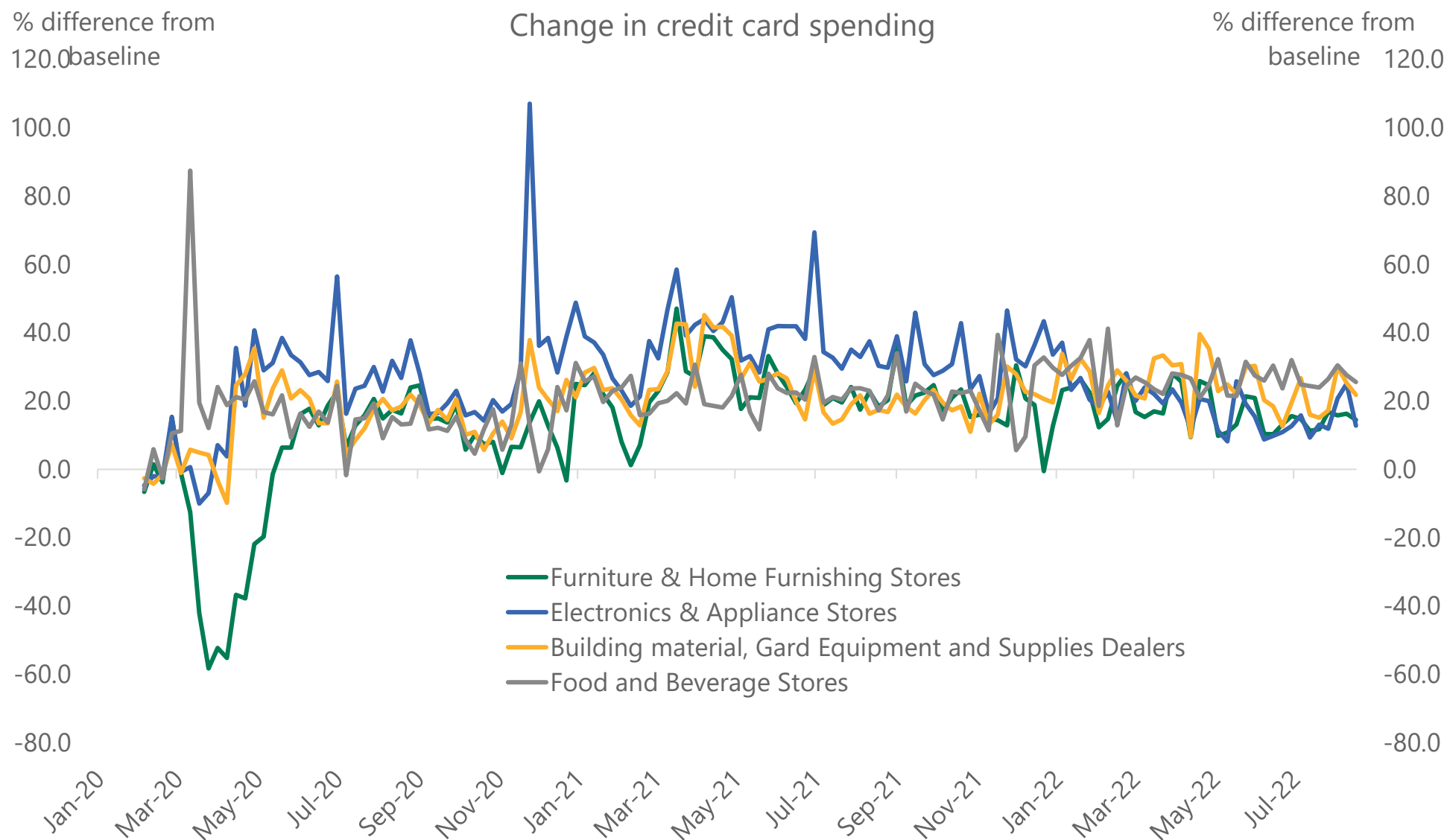
Source: Mortgage Bankers Association, Bloomberg, Apollo Chief Economist

US nationwide consumer mobility back at 2019 levels



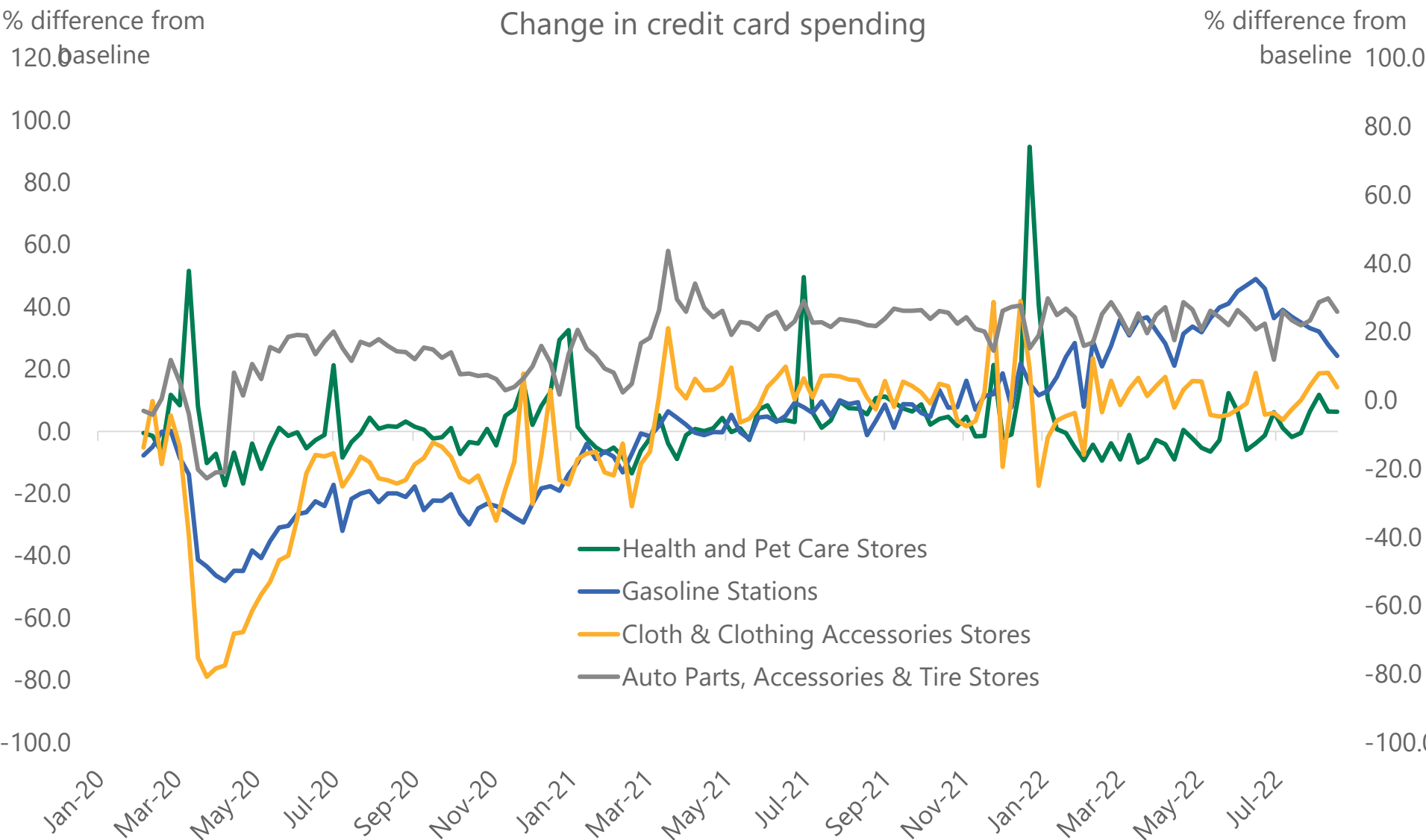
Source: Google mobility reports, Apollo Chief Economist

US consumer still strong



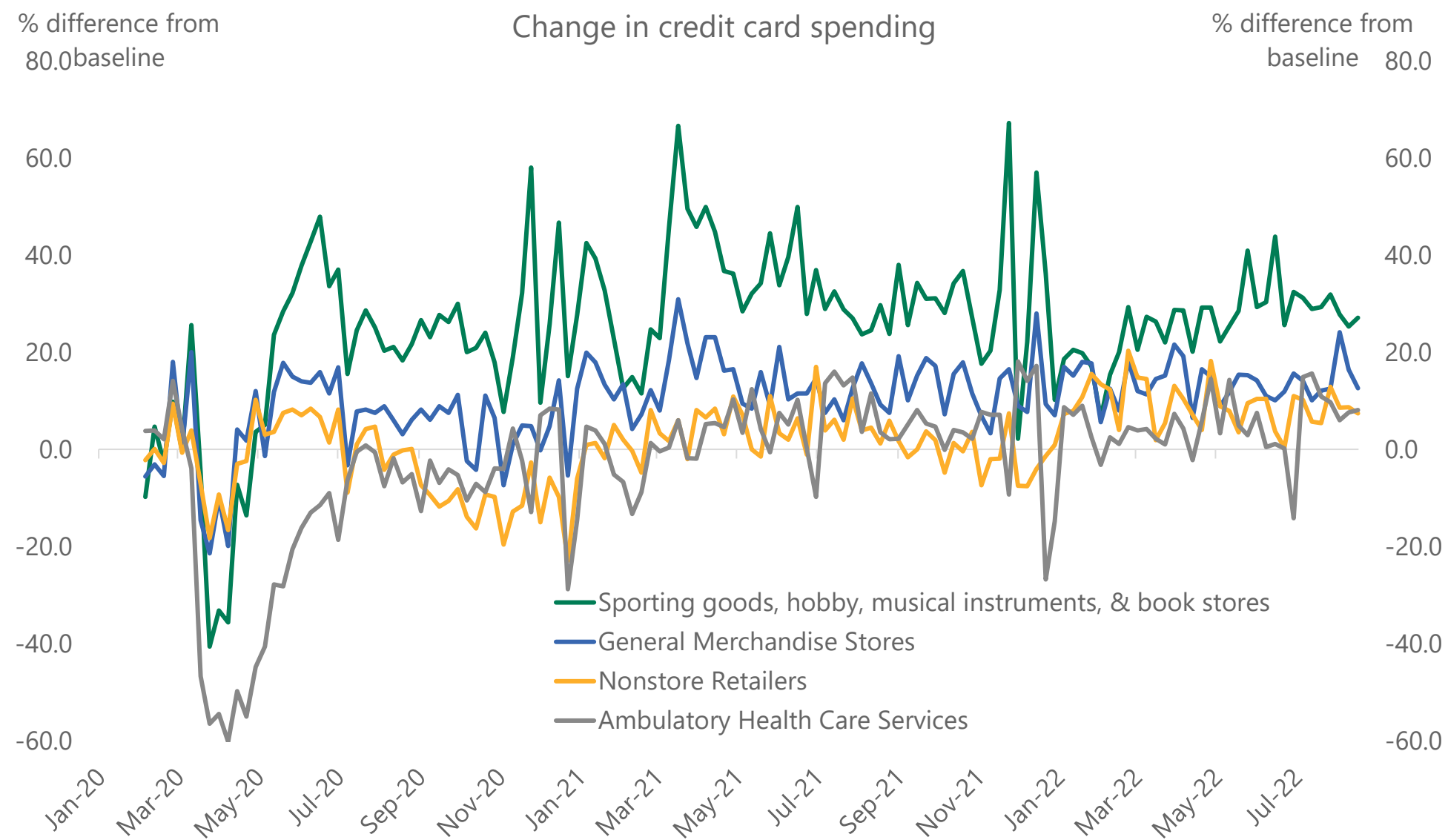
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects, based on daily data. The typical level corresponds to a value of zero.

US consumer still strong



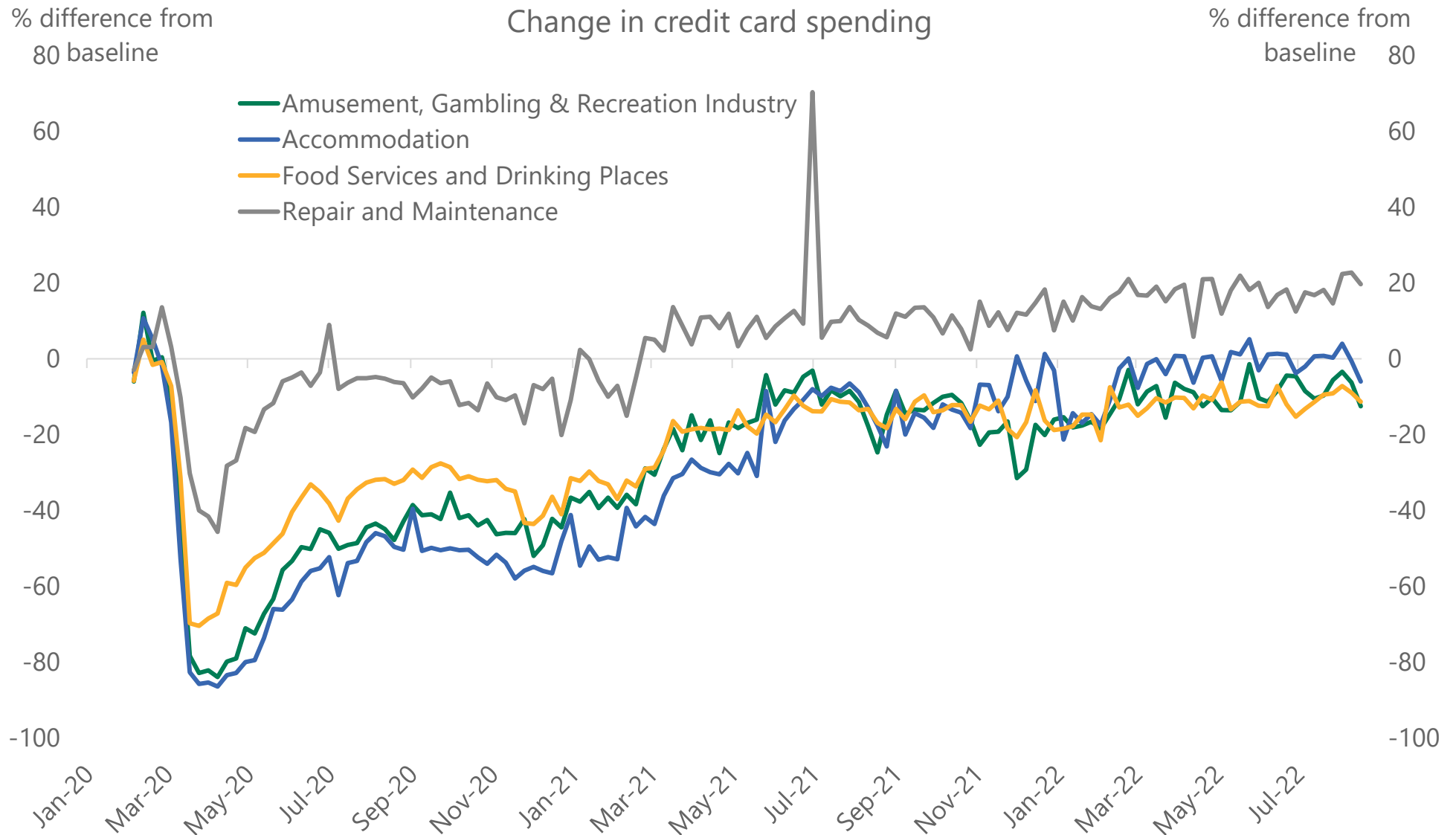
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects, based on daily data. The typical level corresponds to a value of zero.

US consumer still strong



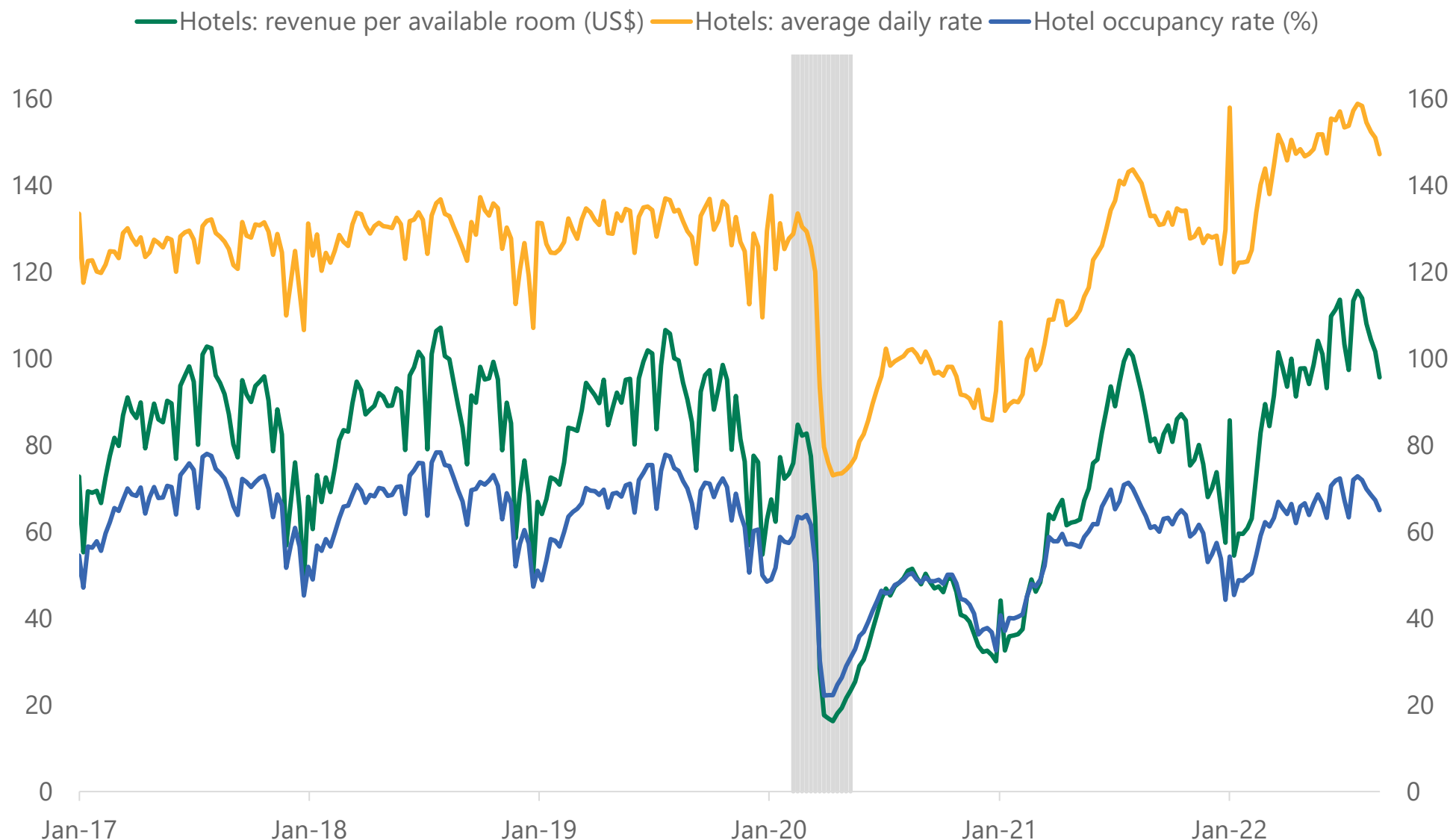
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects, based on daily data. The typical level corresponds to a value of zero.

US consumer still strong



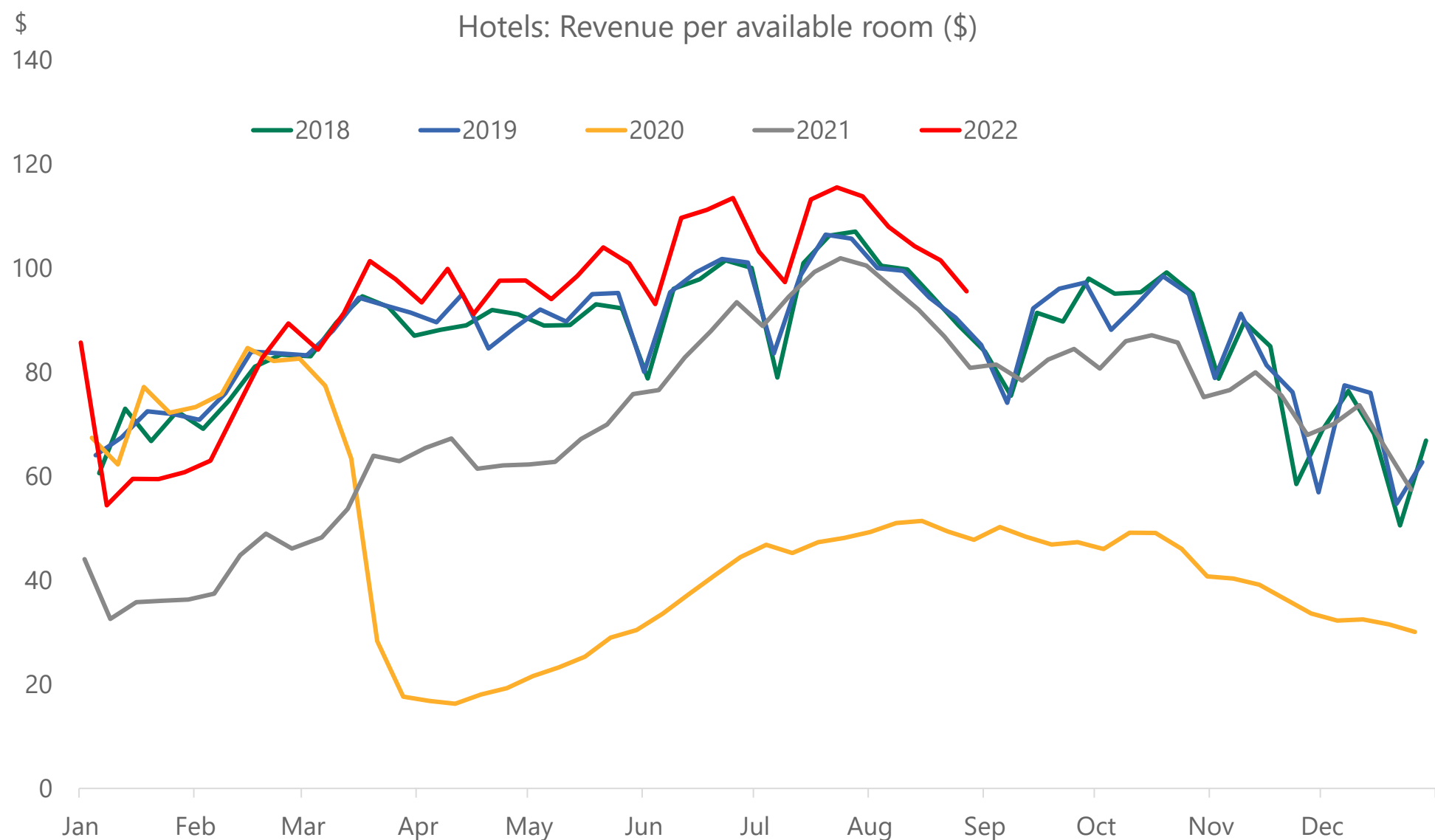
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects, based on daily data. The typical level corresponds to a value of zero.

Weekly data for hotel demand softening for seasonal reasons



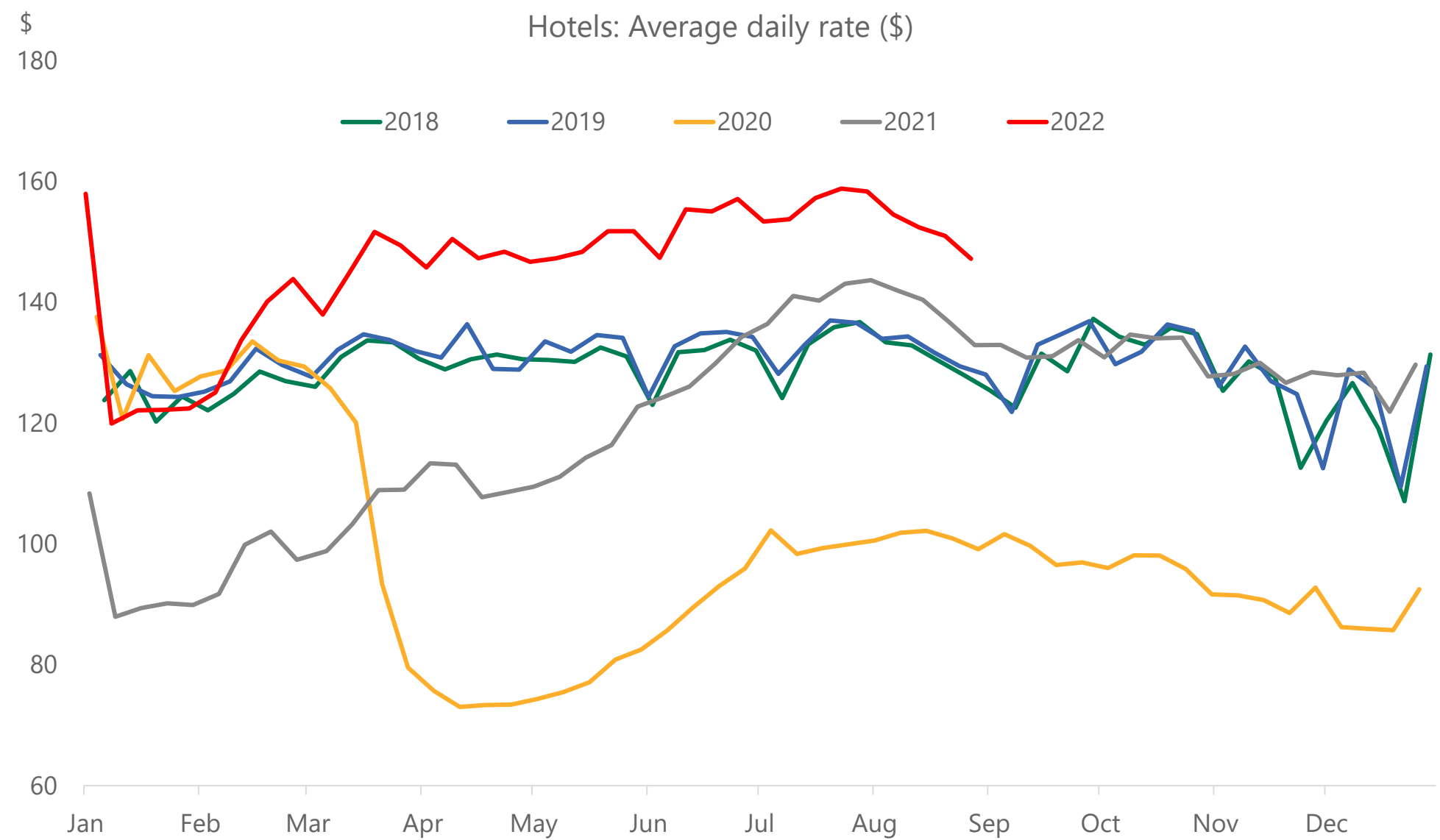
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand



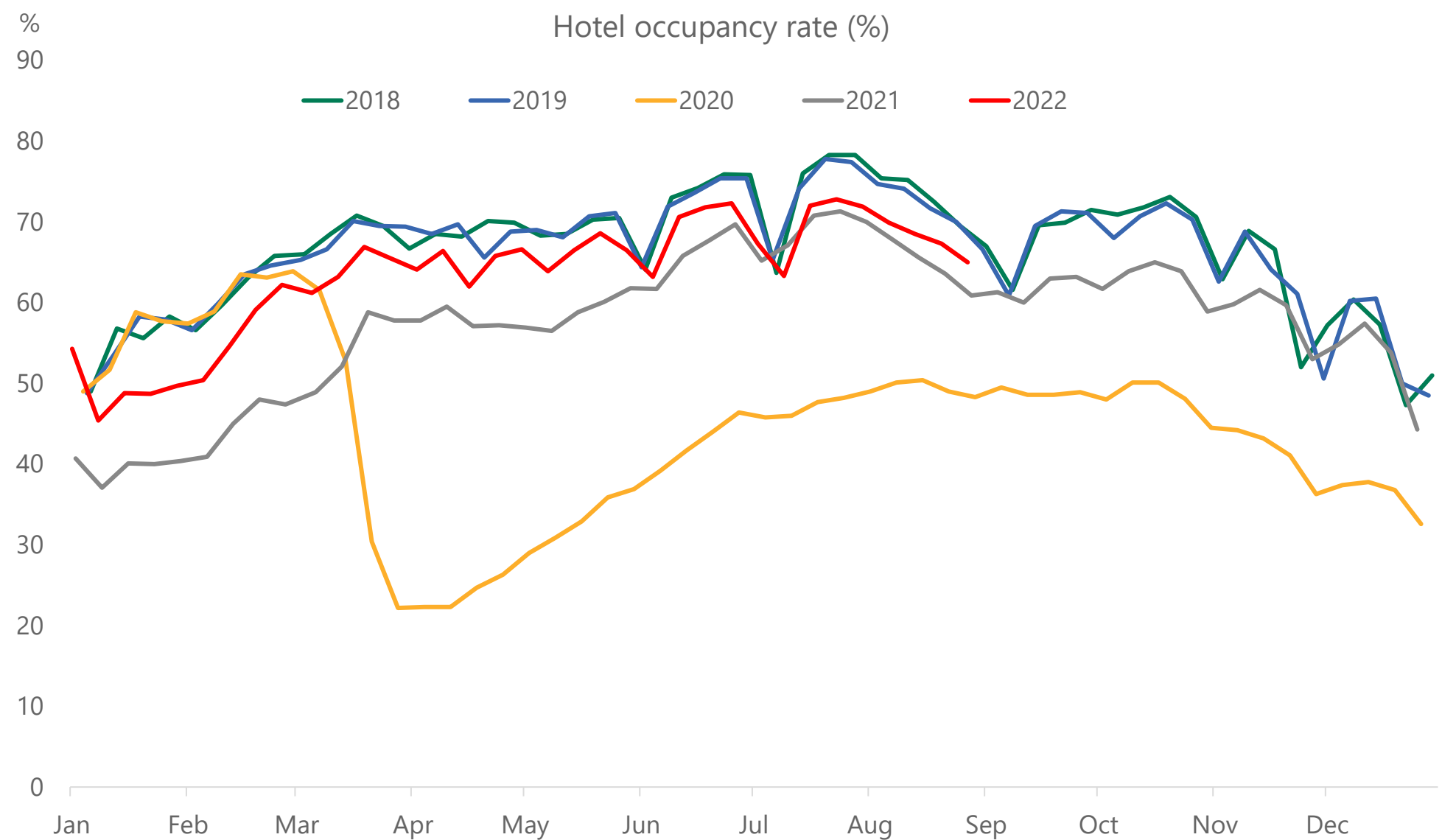
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand



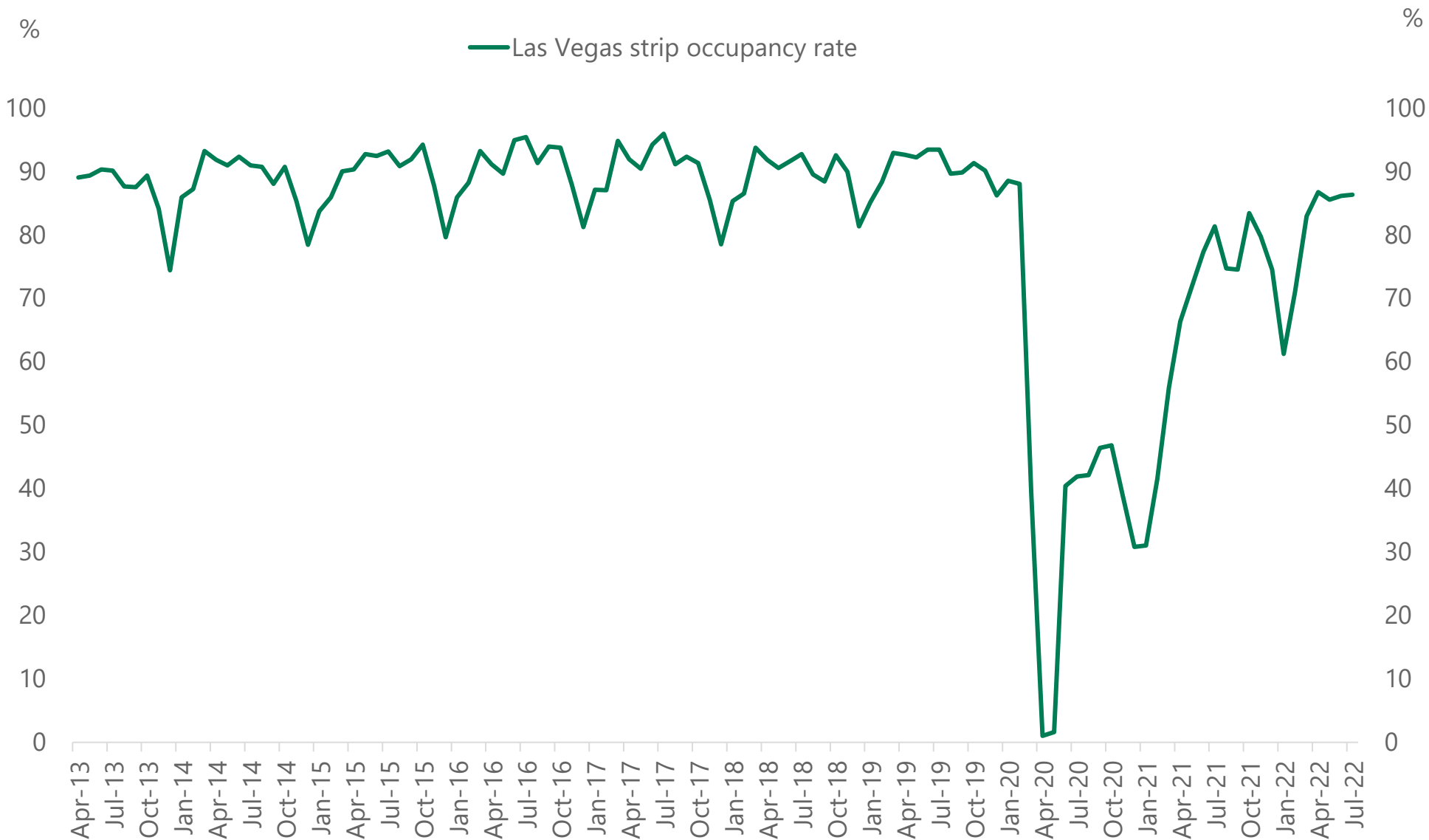
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand



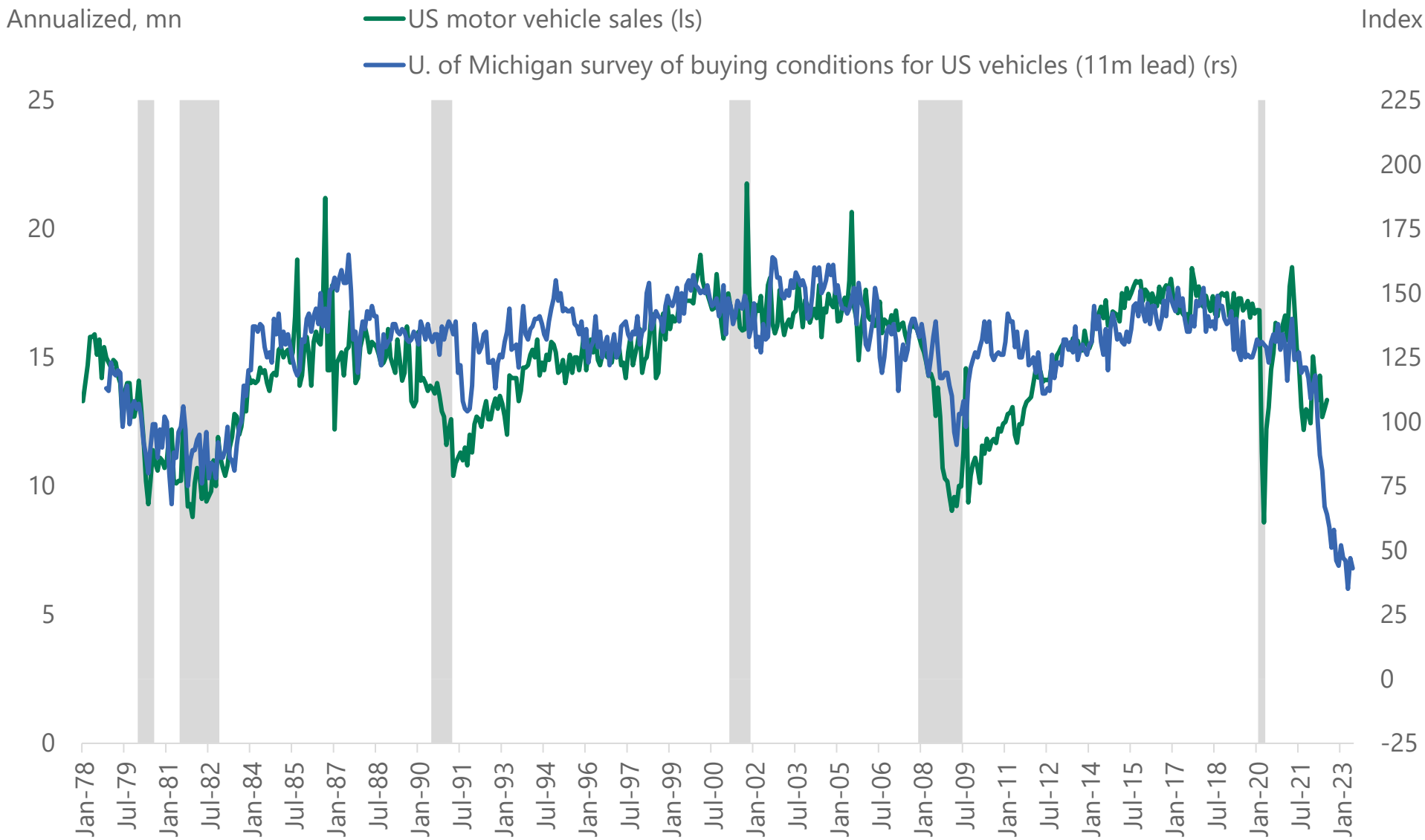
Source: STR, Haver Analytics, Apollo Chief Economist

Las Vegas occupancy rate at pre-pandemic level



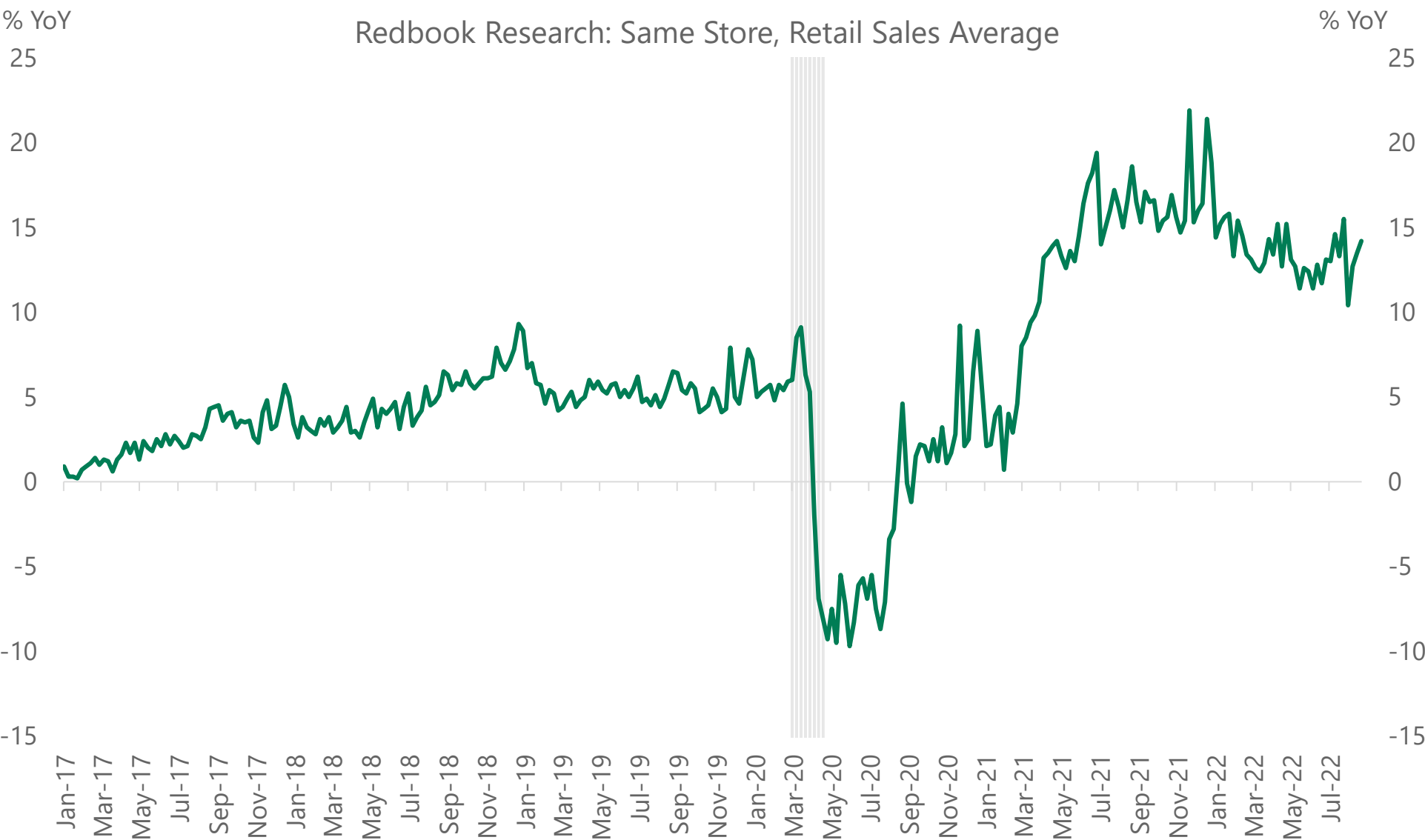
Source: Bloomberg, Apollo Chief Economist

Significant downside risks to US car sales



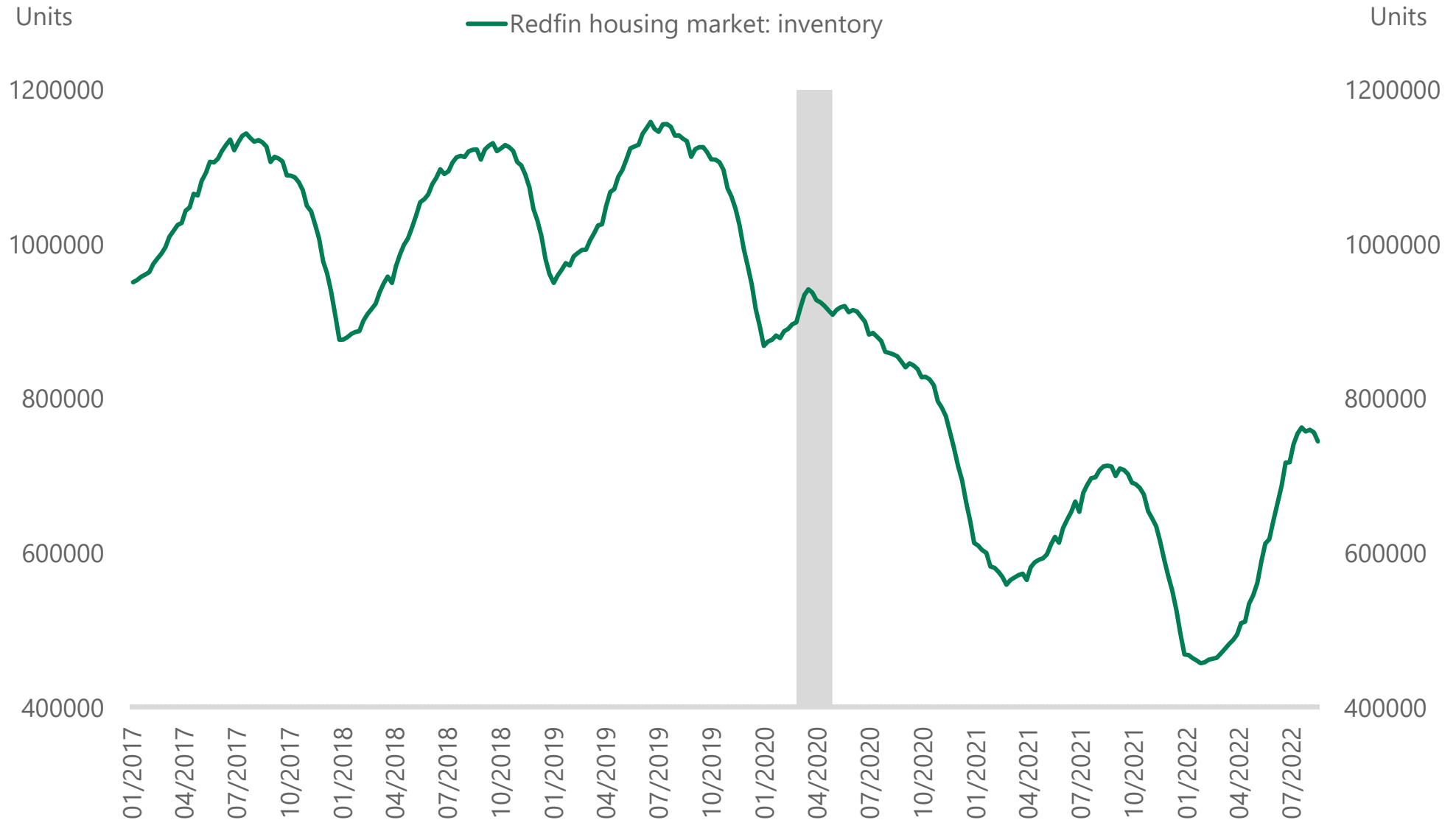
Source: Bloomberg, Apollo Chief Economist

Same-store retail sales picked up recently



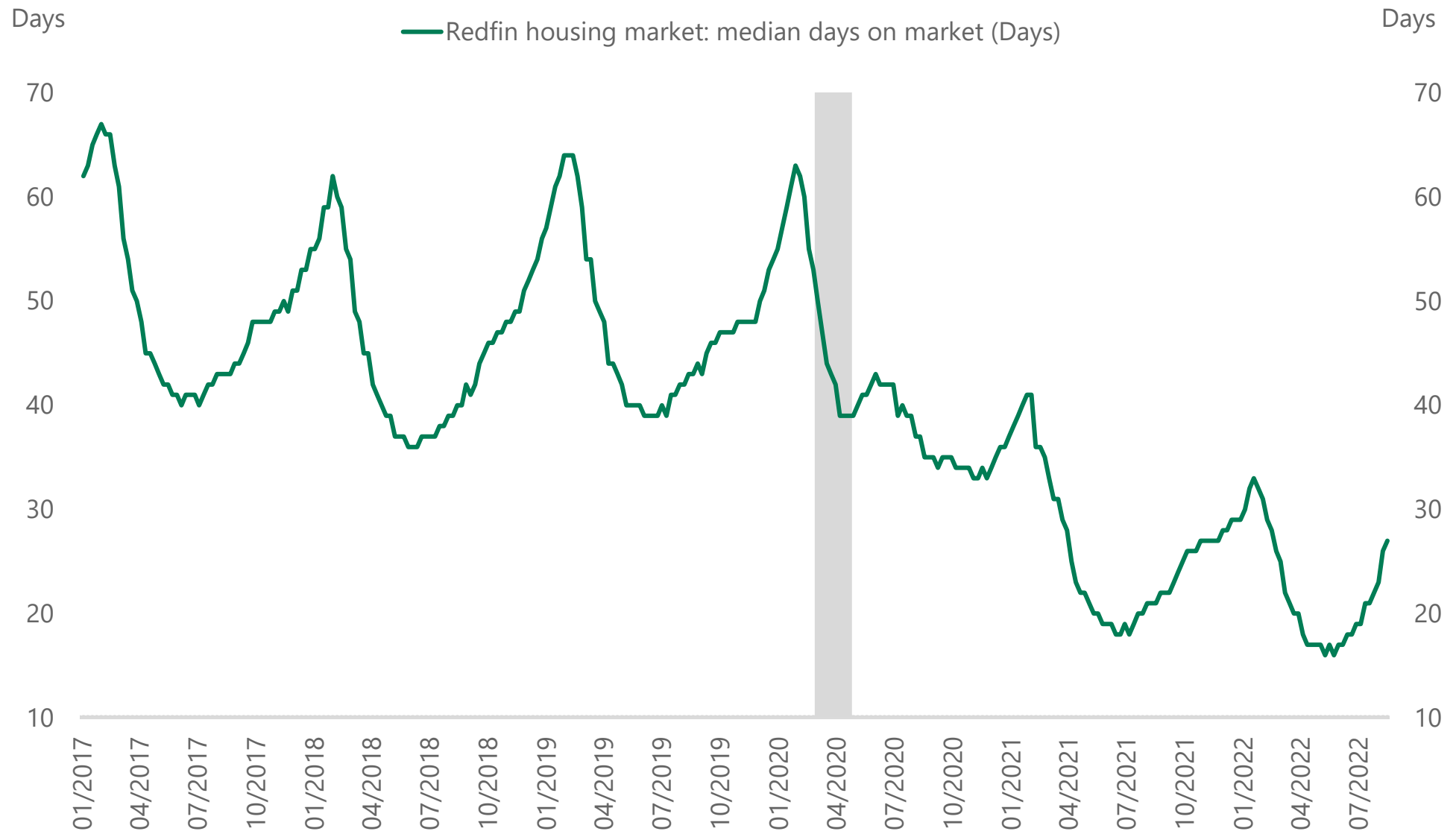
Source: Redbook, Haver Analytics, Apollo Chief Economist

Weekly housing inventory starting to roll over?



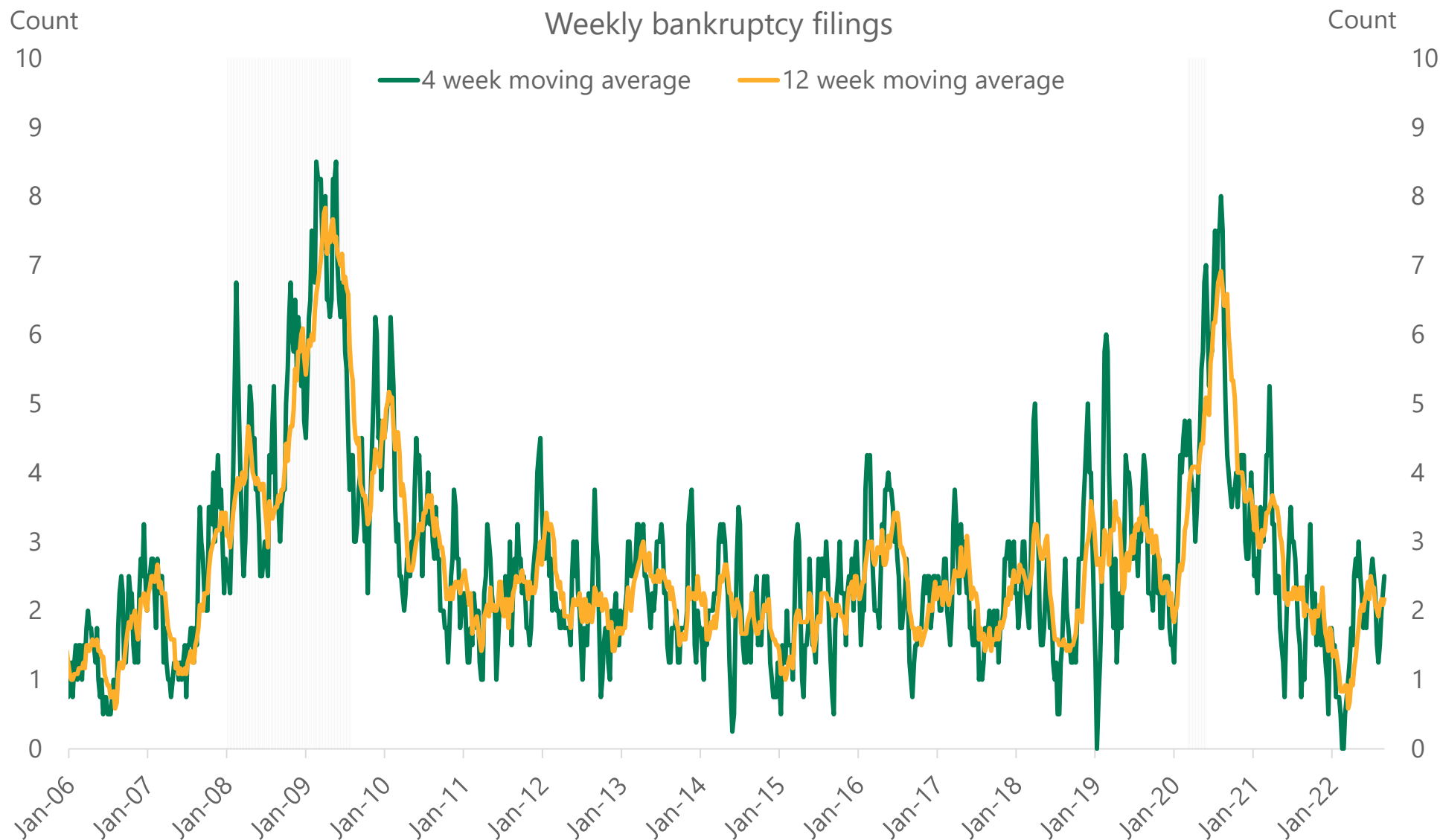
Source: Redfin, Haver, Apollo Chief Economist

Homes typically sold in 27 days compared to 61 days before pandemic



Source: Redfin, Haver, Apollo Chief Economist

Weekly bankruptcy filings still at normal levels



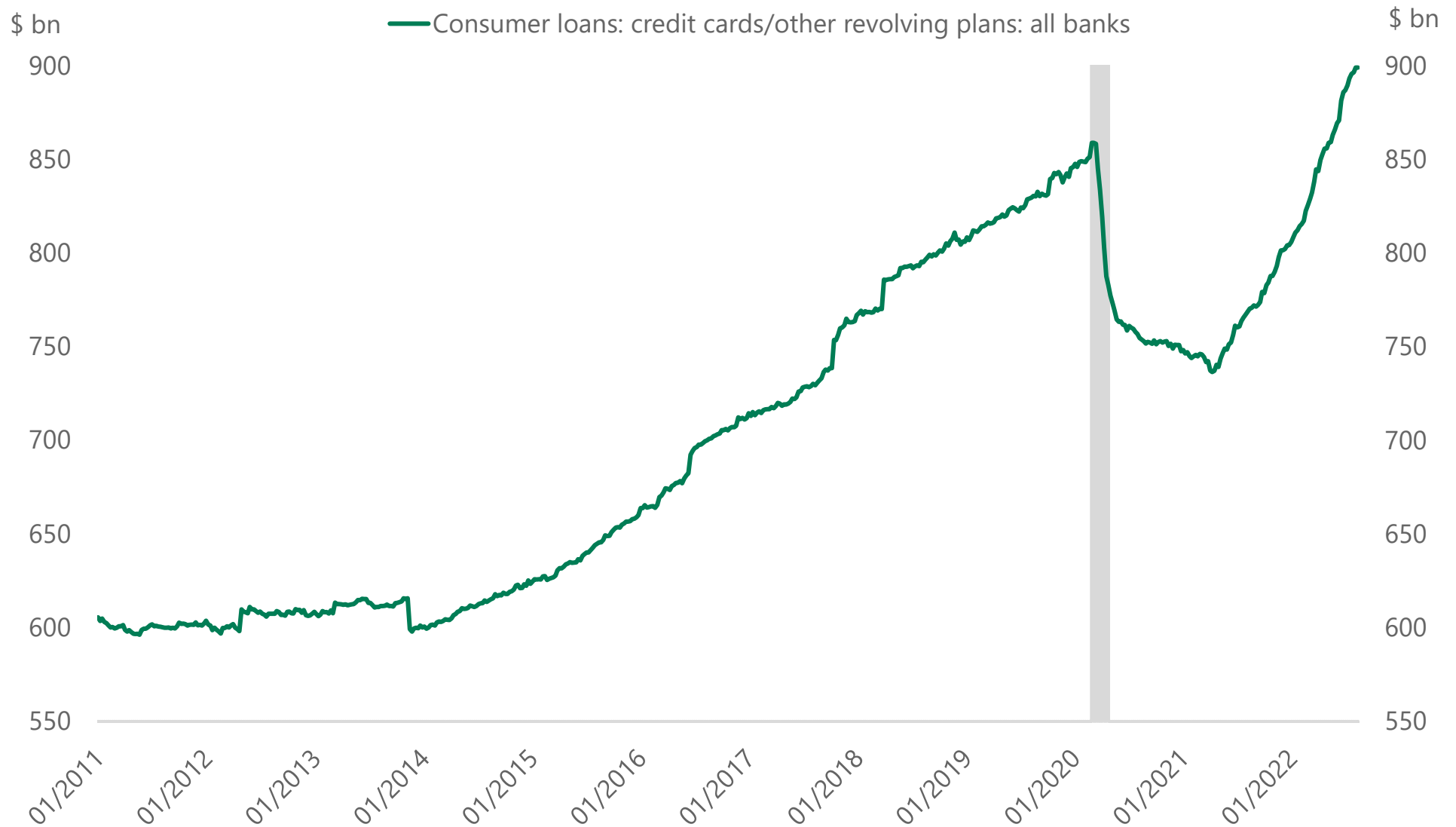
Source: Bloomberg, Apollo Chief Economist. Note: Filings are for companies with more than \$50mn in liabilities. For week ending on Thursday

Banks' loan growth still strong



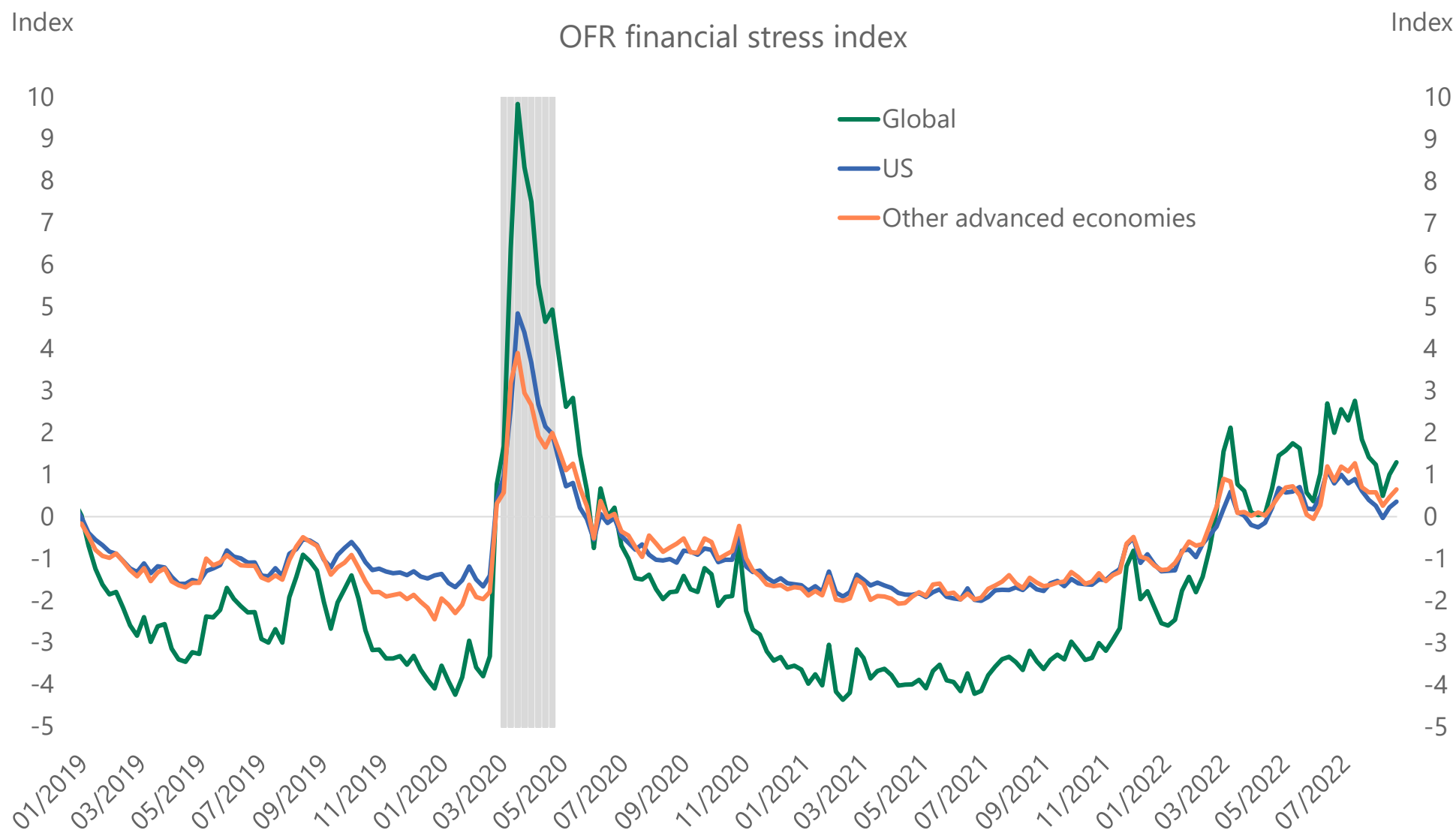
Source: FRB, Haver, Apollo Chief Economist

Weekly credit card debt is rising as the economy re-opens



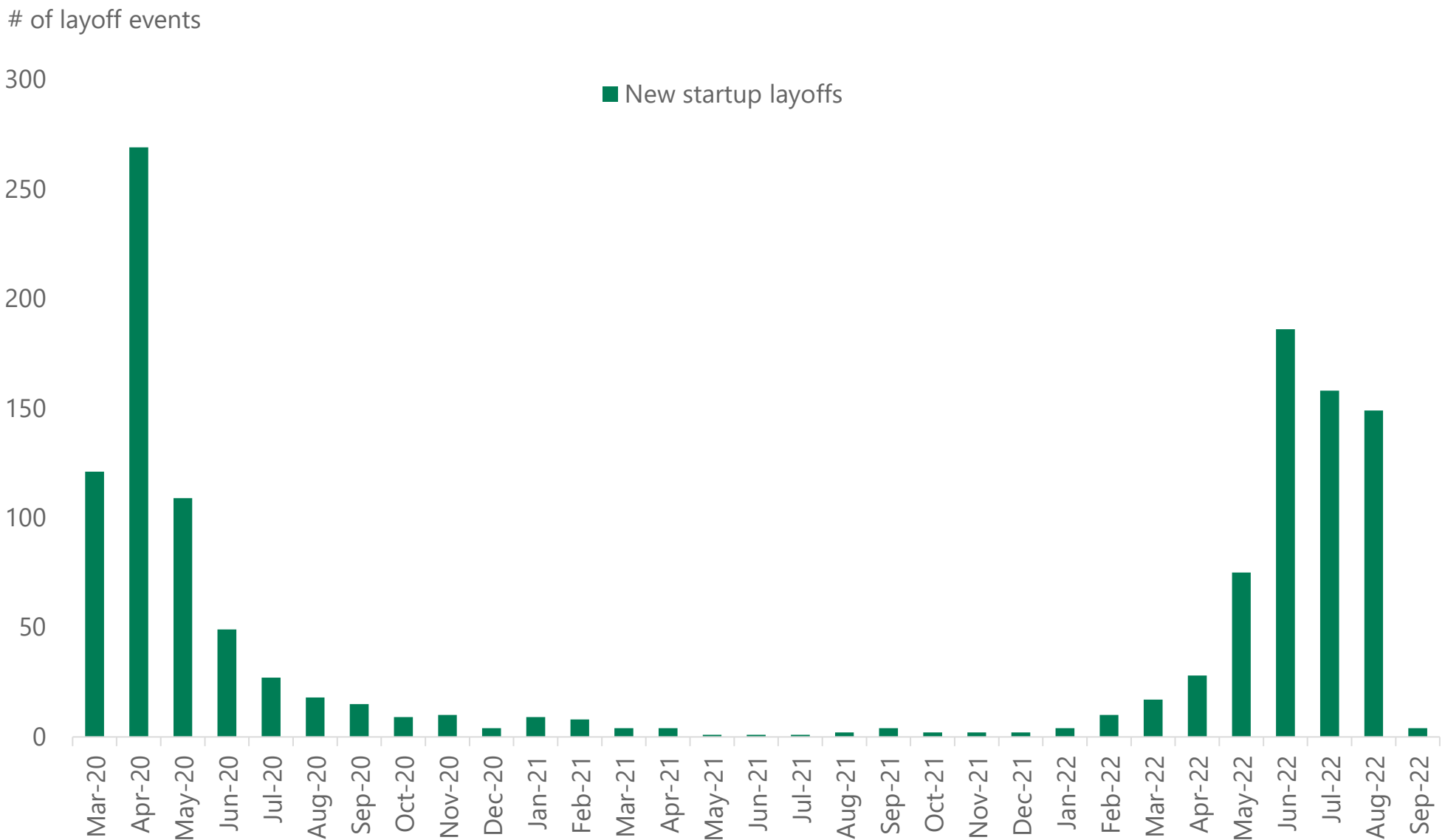
Source: FRB, Haver, Apollo Chief Economist

Stress in financial markets still relatively limited in Fed measures



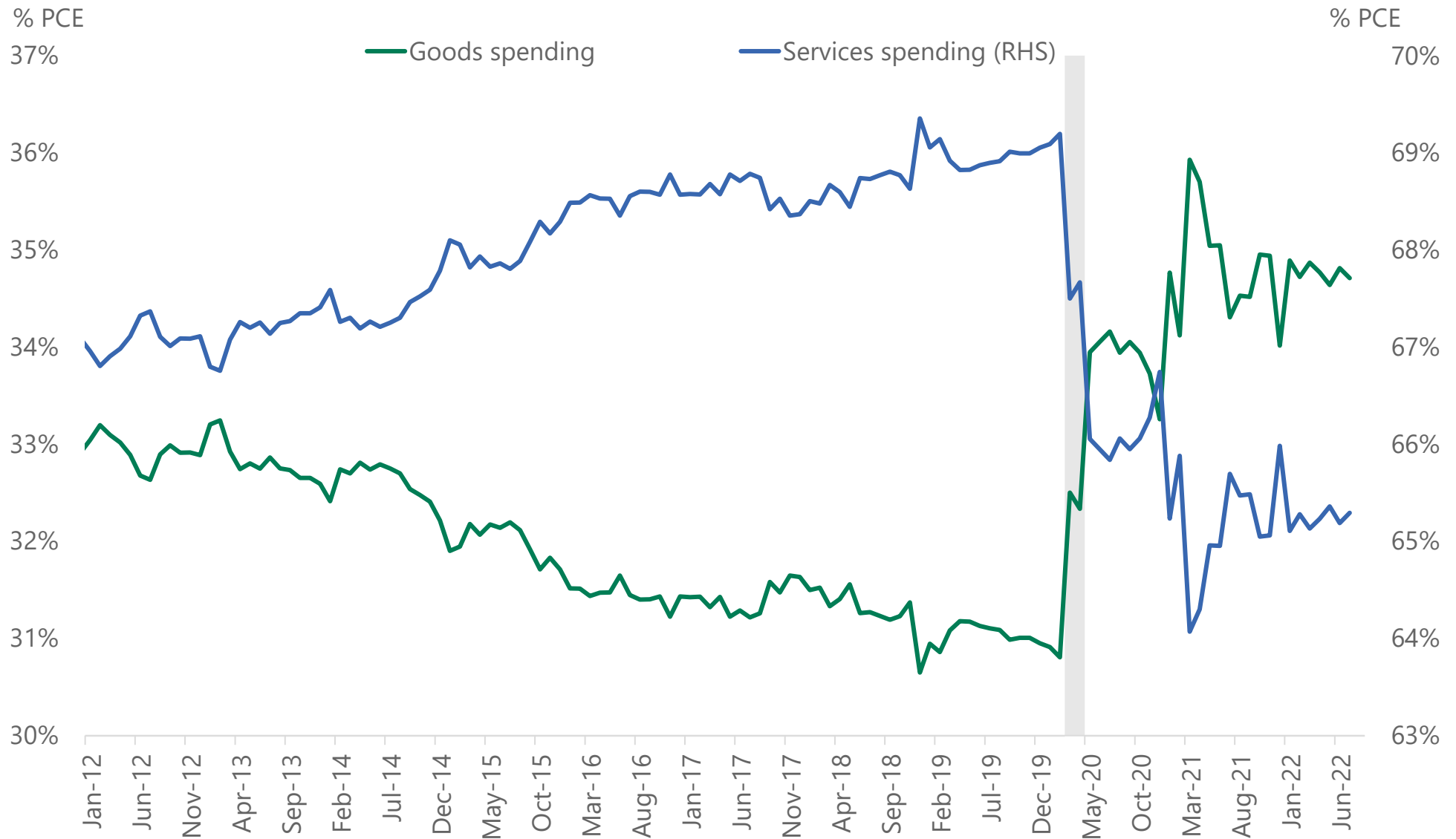
Source: Office for Financial Research, Haver, Apollo Chief Economist (Note: The OFR Financial Stress Index (OFR FSI) is a daily market-based snapshot of stress in global financial markets. It is constructed from 33 financial market variables, such as yield spreads, valuation measures, and interest rates. The OFR FSI is positive when stress levels are above average, and negative when stress levels are below average.)

Number of layoffs at tech startups slowing down



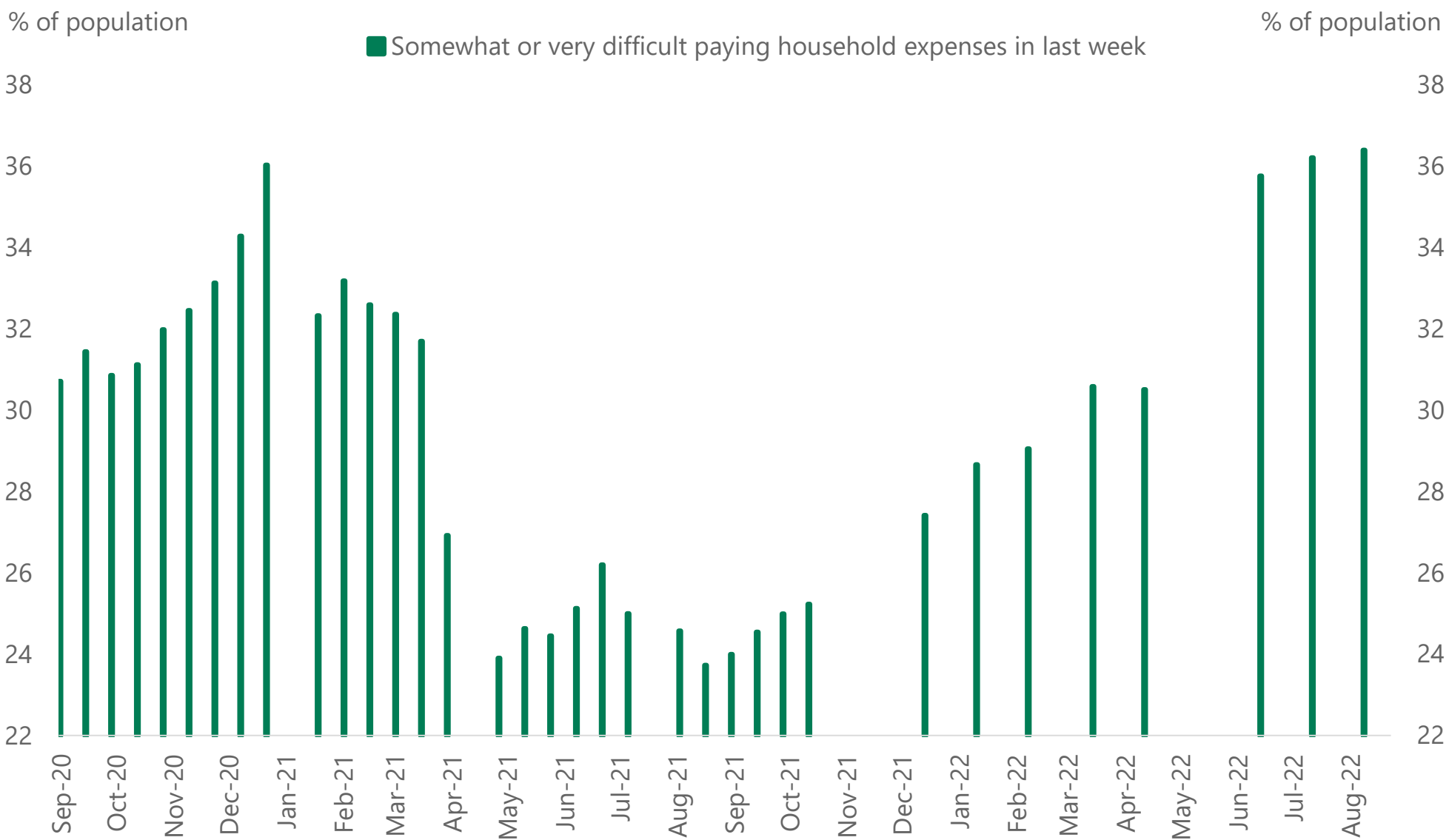
Source: Layoffs.fyi, Apollo Chief Economist. Note: Top 5 sectors that account for layoffs in May 2022: Transportation, Food, Travel, Finance, and Real Estate. (Sep as of 01.09.2022)

Shift from goods to services coming in US consumer spending



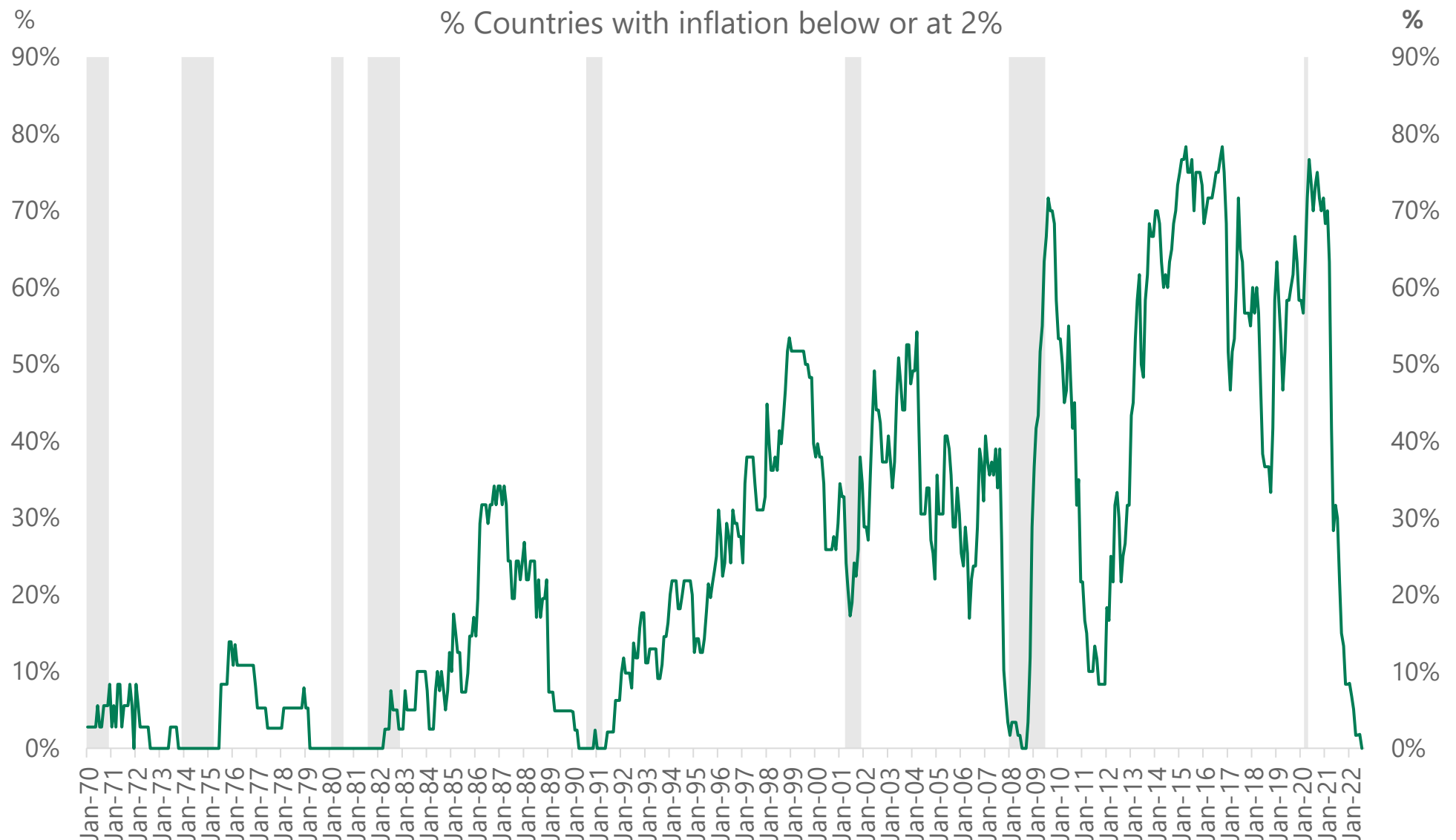
Source: BEA, Haver Analytics, Apollo Chief Economist

More households having difficulties paying expenses



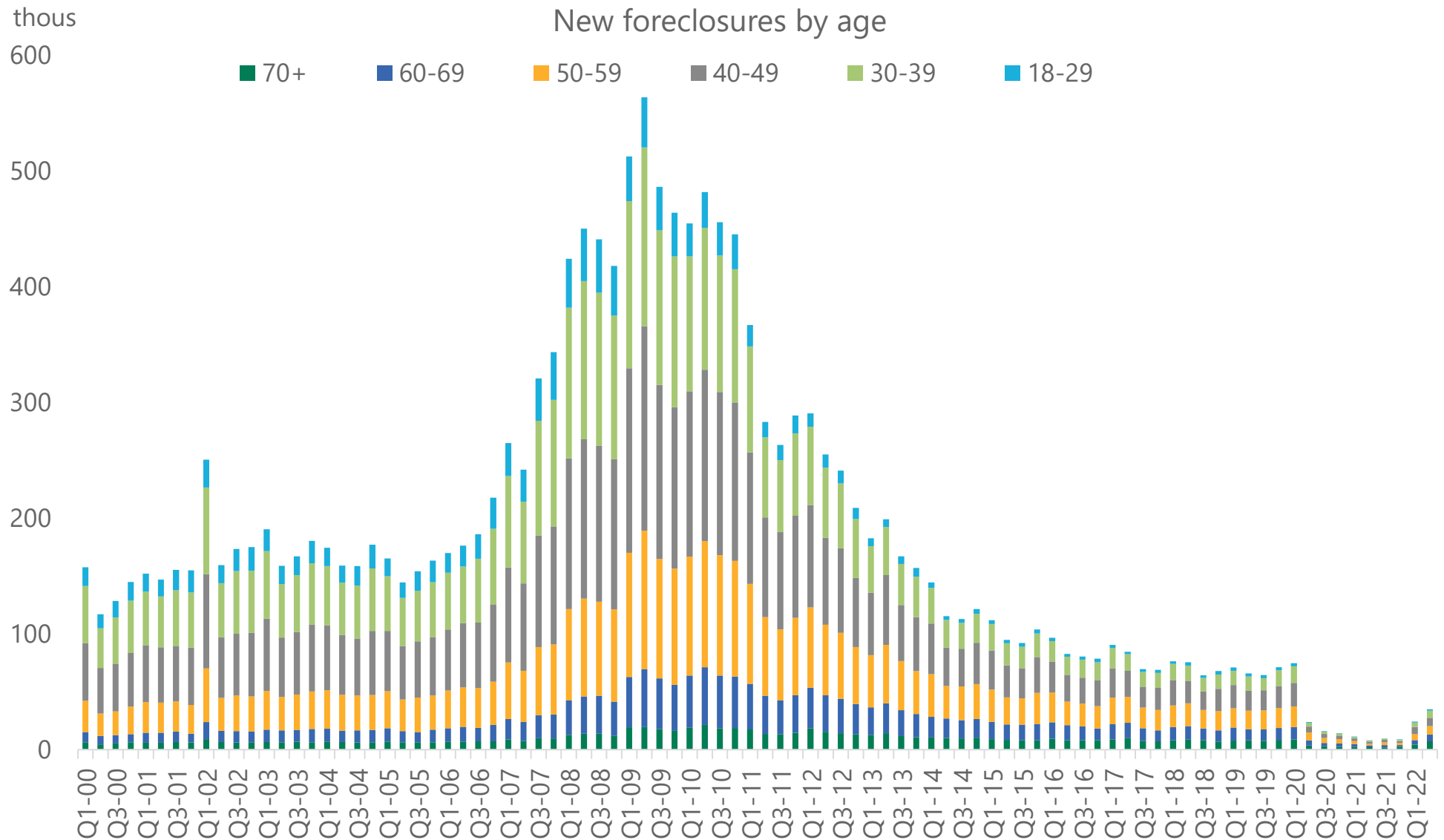
Source: Census Bureau, Apollo Chief Economist (Note: Household Pulse Survey)

Share of countries in the world with inflation at or below 2%



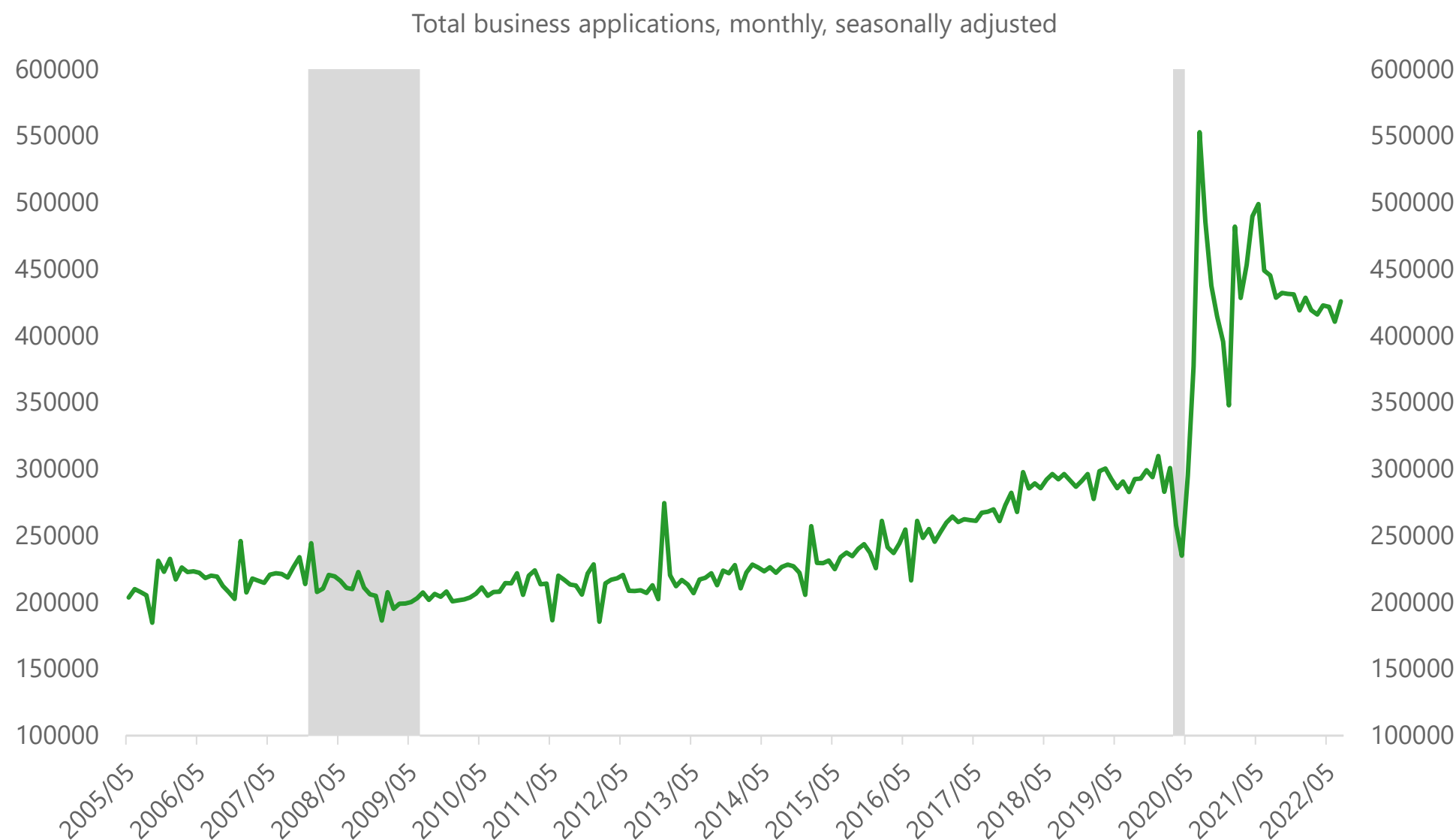
Source: BIS, Haver Analytics, Apollo Chief Economist. Note: Data till July 2022(36 countries reported). The dataset includes the following 60 countries Euro Area, United States, United Kingdom, Austria, Belgium, Denmark, France, Germany, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, Canada, Japan, Finland, Greece, Iceland, Ireland, Malta, Portugal, Spain, Turkey, Australia, New Zealand, South Africa, Argentina, Brazil, Chile, Mexico, Peru, Cyprus, Israel, Saudi Arabia, United Arab Emirates, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Thailand, Algeria, Bulgaria, Russia, China, Czech Republic, Slovakia, Estonia, Latvia, Serbia, Hungary, Lithuania, Croatia, Slovenia, Macedonia, Poland, and Romania

New foreclosures starting to move up



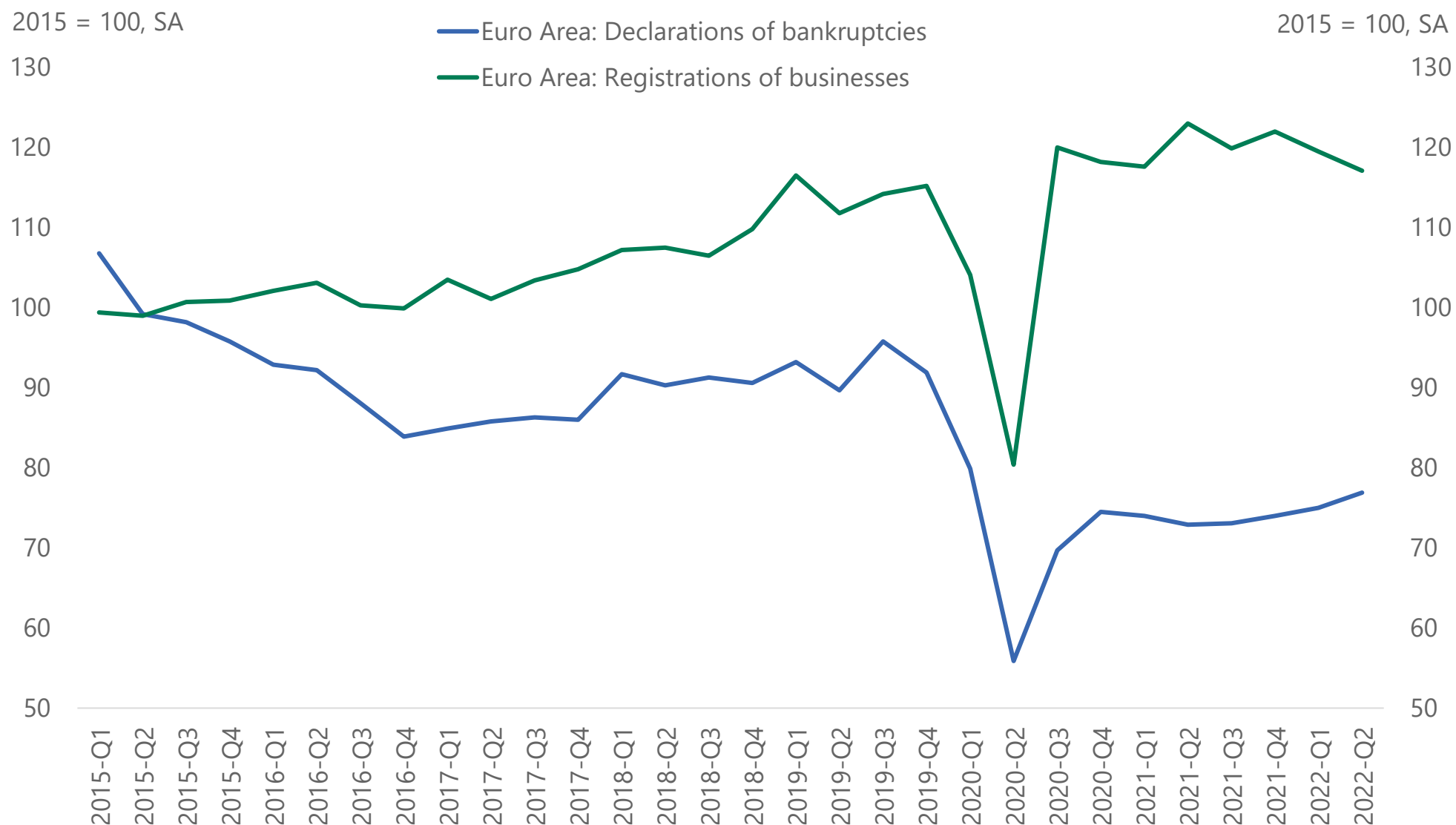
Source: FRBNY Consumer Credit Panel, Equifax, Haver Analytics, Apollo Chief Economist

US: Total business applications



Source: Census Bureau, Apollo Chief Economist

Euro Area: Business registration and bankruptcy index



Source: Eurostat, Apollo Chief Economist

Heathrow air traffic back at pre-pandemic levels



Source: Bloomberg, Apollo Chief Economist

Heatmap for the US economy and US financial markets

		Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Latest
ECONOMIC CYCLE	Inflation (% YoY)	2.3	1.5	0.6	1.4	1.4	2.6	5.4	5.4	7.0	8.5	9.1	8.5
	Core Inflation (% YoY)	2.3	2.1	1.2	1.7	1.6	1.6	4.5	4.0	5.5	6.5	5.9	5.9
	Economic Growth (% YoY)	2.6	0.6	-9.1	-2.9	-2.3	0.5	12.2	4.9	5.5	3.5	1.7	1.7
	New Home sales (000s)	688.0	610.0	922.0	991.0	871.0	881.0	714.0	732.0	839.0	707.0	585.0	511.0
	Consumer Sentiment	99.3	89.1	78.1	80.4	80.7	84.9	85.5	72.8	70.6	59.4	50.0	58.2
	Inventory to sales ratio (retailers)	1.4	1.5	1.2	1.2	1.3	1.1	1.1	1.1	1.2	1.2	1.2	1.2
	ISM Manufacturing PMI	47.9	49.1	52.4	55.4	60.5	63.7	60.9	60.5	58.8	57.1	53.0	52.8
	Homebuilder sentiment	76	72	58	83	86	82	81	76	84	79	67	49
	Unemployment rate (%)	3.6	4.4	11.0	7.9	6.7	6.0	5.9	4.7	3.9	3.6	3.6	3.7
	Average hourly wage (% YoY)	2.9	3.6	5.1	4.8	5.5	4.4	4.0	4.8	4.9	5.6	5.2	5.2
	JOLTS Quits rate (%)	2.3	2.0	1.9	2.2	2.4	2.6	2.8	2.9	3.0	2.9	2.8	2.7
	Jobless claims	238.0	2316.8	1490.3	851.8	836.8	669.3	419.5	370.0	221.8	178.0	231.8	241.5
MARKET CYCLE	S&P 500 Forward P/E ratio	18.3	16.3	21.7	21.5	22.7	21.9	21.3	20.1	21.4	19.4	15.8	16.7
	IG Spread (bps)	101	305	160	144	103	97	86	89	98	122	164	150
	HY Spread (bps)	360	877	644.0	541	386	336.0	304	315	310	343	587	508
	Yield curve (bps)	31	22	65	59	84	154	144	129	139	193	193	122
	10 year yield	1.92	0.67	0.66	0.69	0.92	1.74	1.47	1.49	1.51	2.34	3.02	3.25
	VIX	13.8	53.5	30.4	26.4	22.8	19.4	15.8	23.1	17.2	20.6	28.7	25.2
	MOVE Index	58.3	83.9	54.1	39.2	49.0	71.3	57.3	61.1	77.1	106.9	135.5	126.6
	M&A Transaction value (\$bn)	483.2	365.0	155.9	557.8	762.8	716.0	929.7	859.7	850.1	714.6	685.6	685.6
	S&P 500 buybacks (\$bn)	181.6	198.7	88.7	101.8	130.6	178.1	198.8	234.6	270.1	281.0	281.0	281.0
	IPO volume (\$bn, 3 month sum)	12.2	23.0	29.3	65.5	65.7	152.5	48.7	39.7	53.8	6.9	3.2	1.3
	SPAC volume (\$bn, 3 month sum)	3.8	5.9	11.9	40.4	39.3	111.0	14.0	14.1	22.4	4.7	2.7	1.2

Source: Apollo Chief Economist. Colours based on deviation from mean. Green = mean +/- 0.5 stdev; Yellow = +/- 0.5 to 1 stdev; Red = +/- 1 stdev. For PMI>50 is red and less than 50 is green. Consumer sentiment and MOVE > mean is red and < mean is green and for jobless claims vice-versa. Data starts in 2010.

Biography



Torsten Slok, Ph.D.

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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, 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.