

APOLLO GLOBAL MANAGEMENT

Slowdown Watch: Daily and weekly indicators for the US economy

Torsten Slok, Chief Economist

Jyoti Agarwal, Senior Economist

Rajvi Shah, Economist

October 2022

Unless otherwise noted, information as of October 2022

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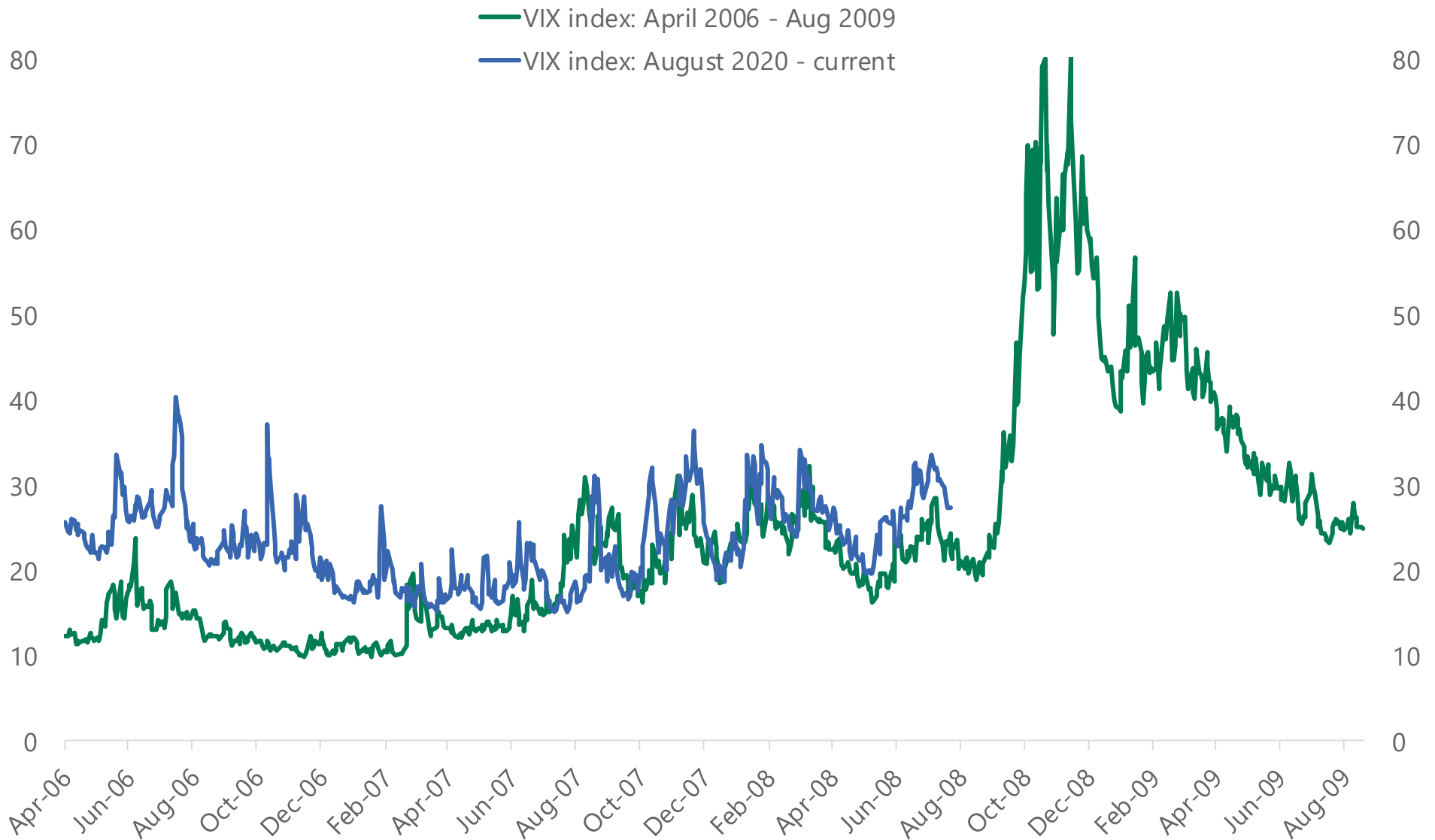
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S&P500 is following a pattern similar to 2007-08



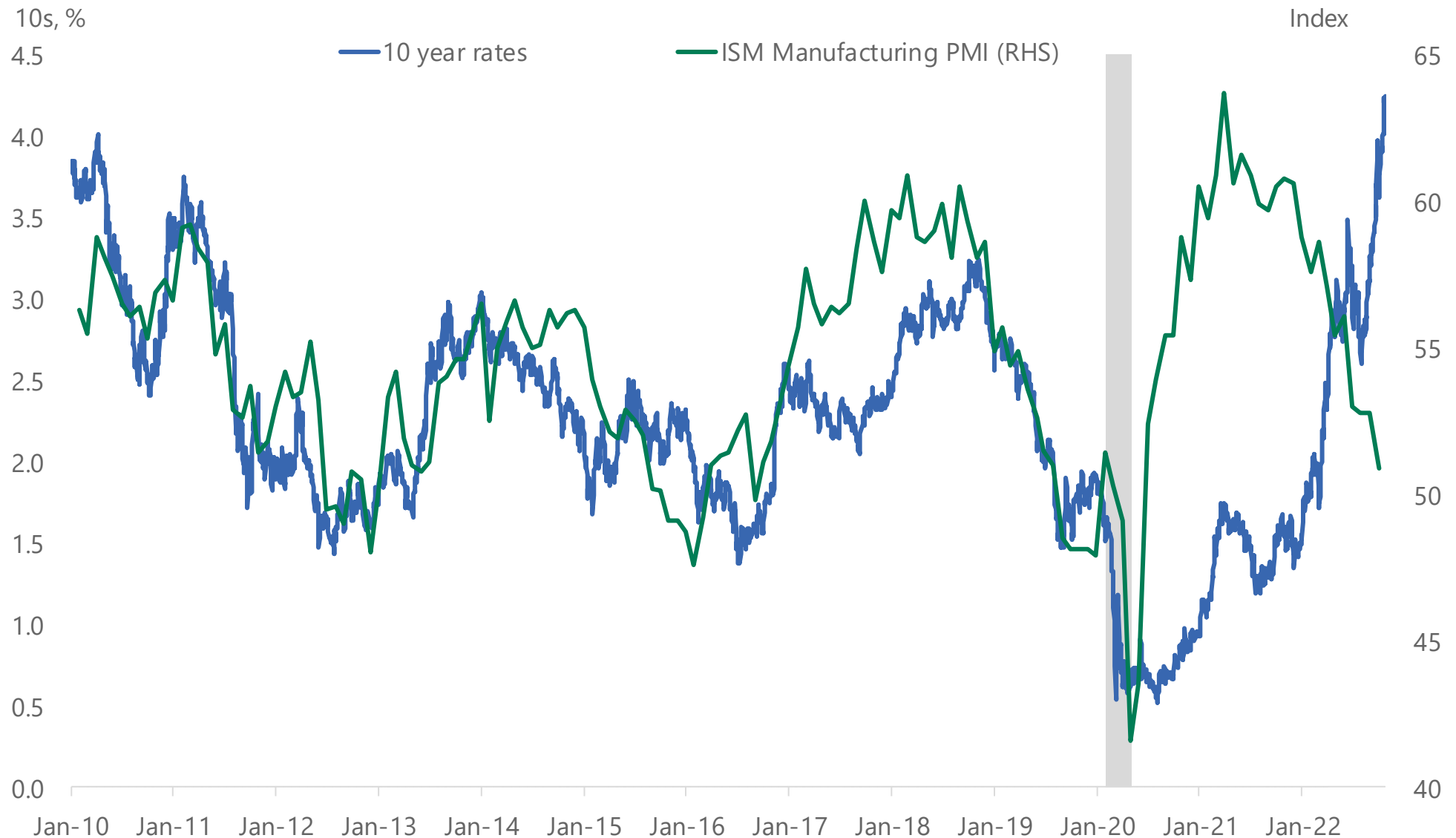
Source: Bloomberg, Apollo Chief Economist

VIX is also following a pattern similar to 2007-08



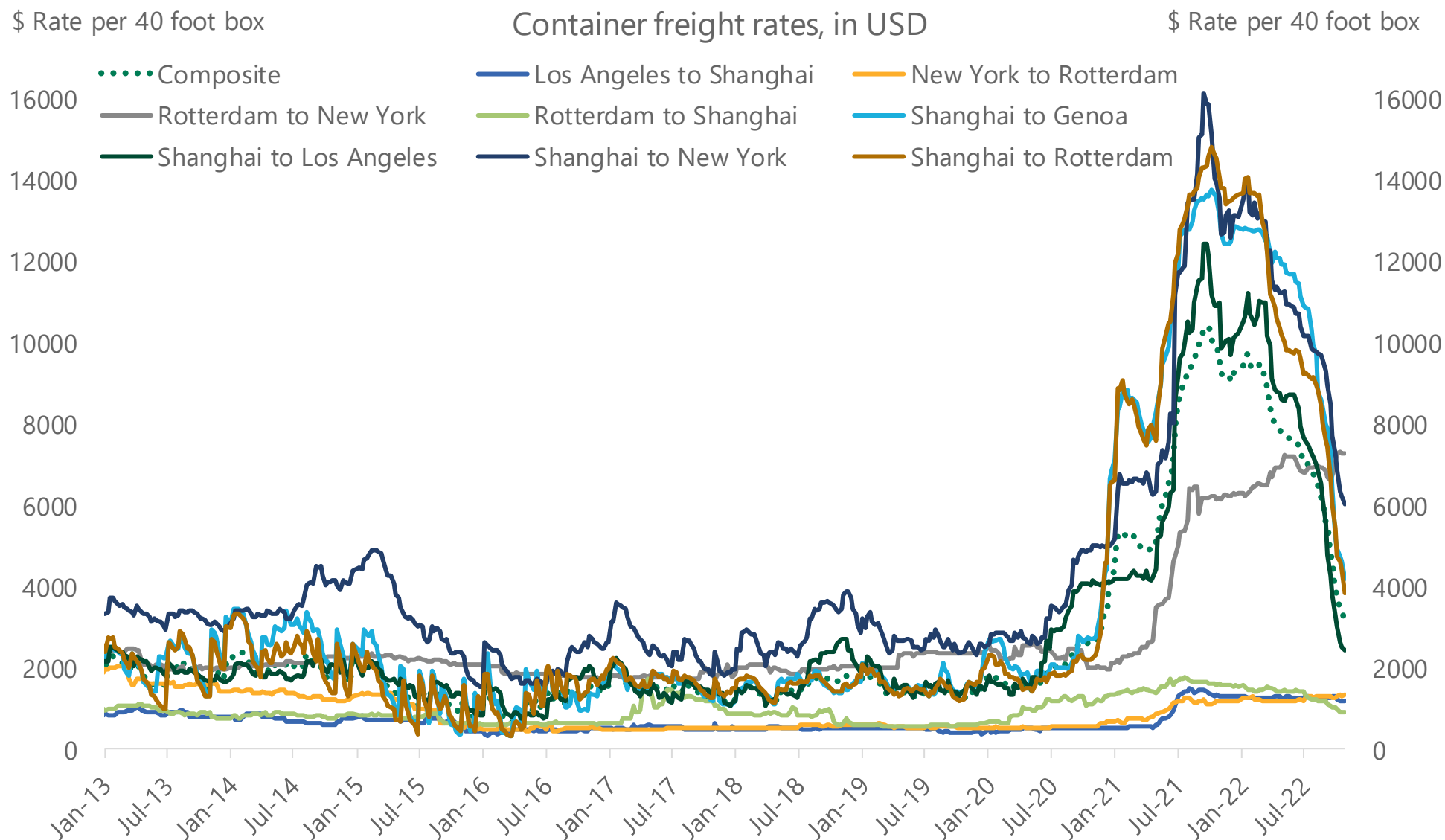
Source: Bloomberg, Apollo Chief Economist

ISM falling and 10-year rates going up?



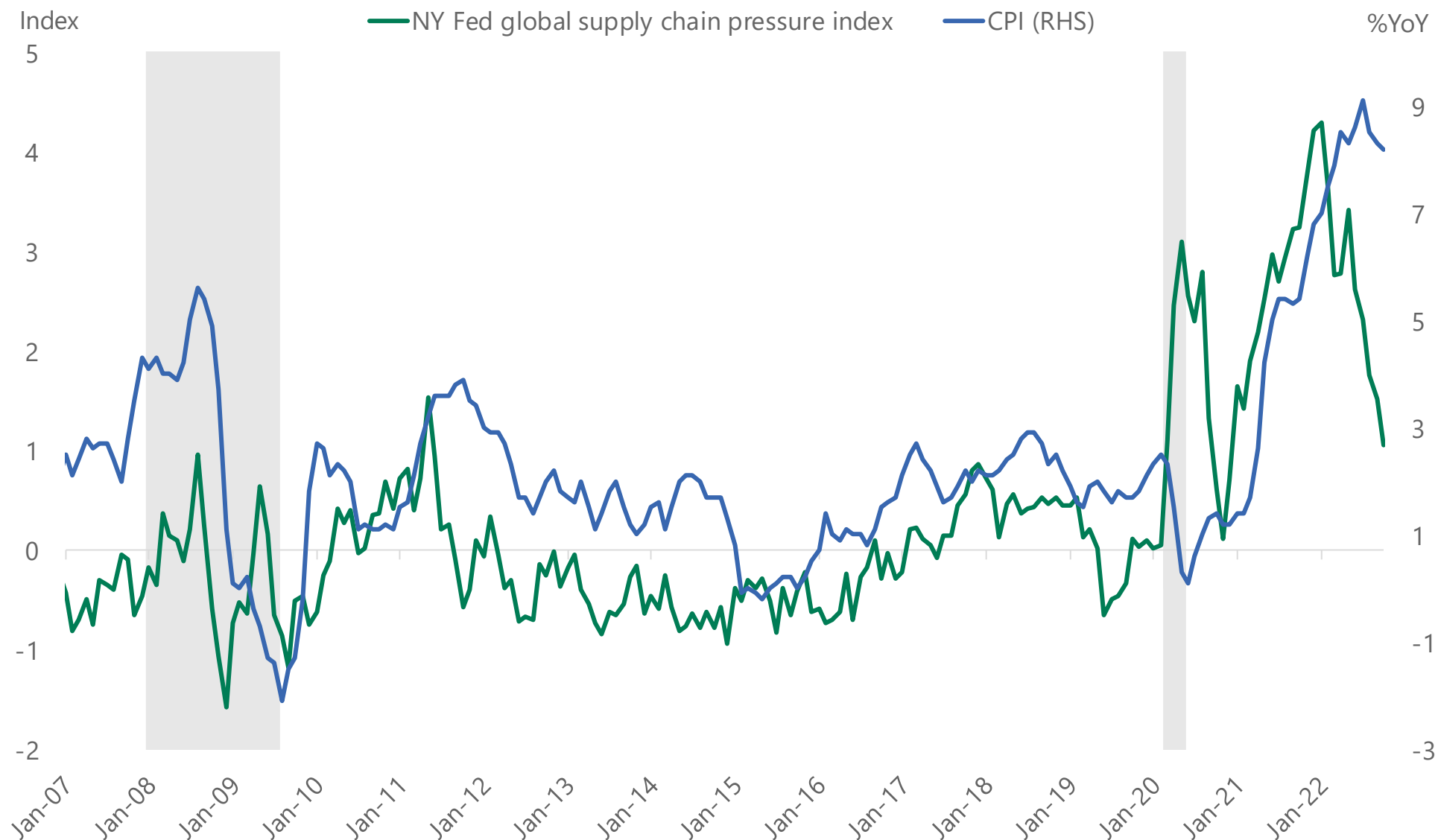
Source: ISM, FRB, Haver Analytics, Apollo Chief Economist

Container freight rates falling; Goods inflation pressures are easing



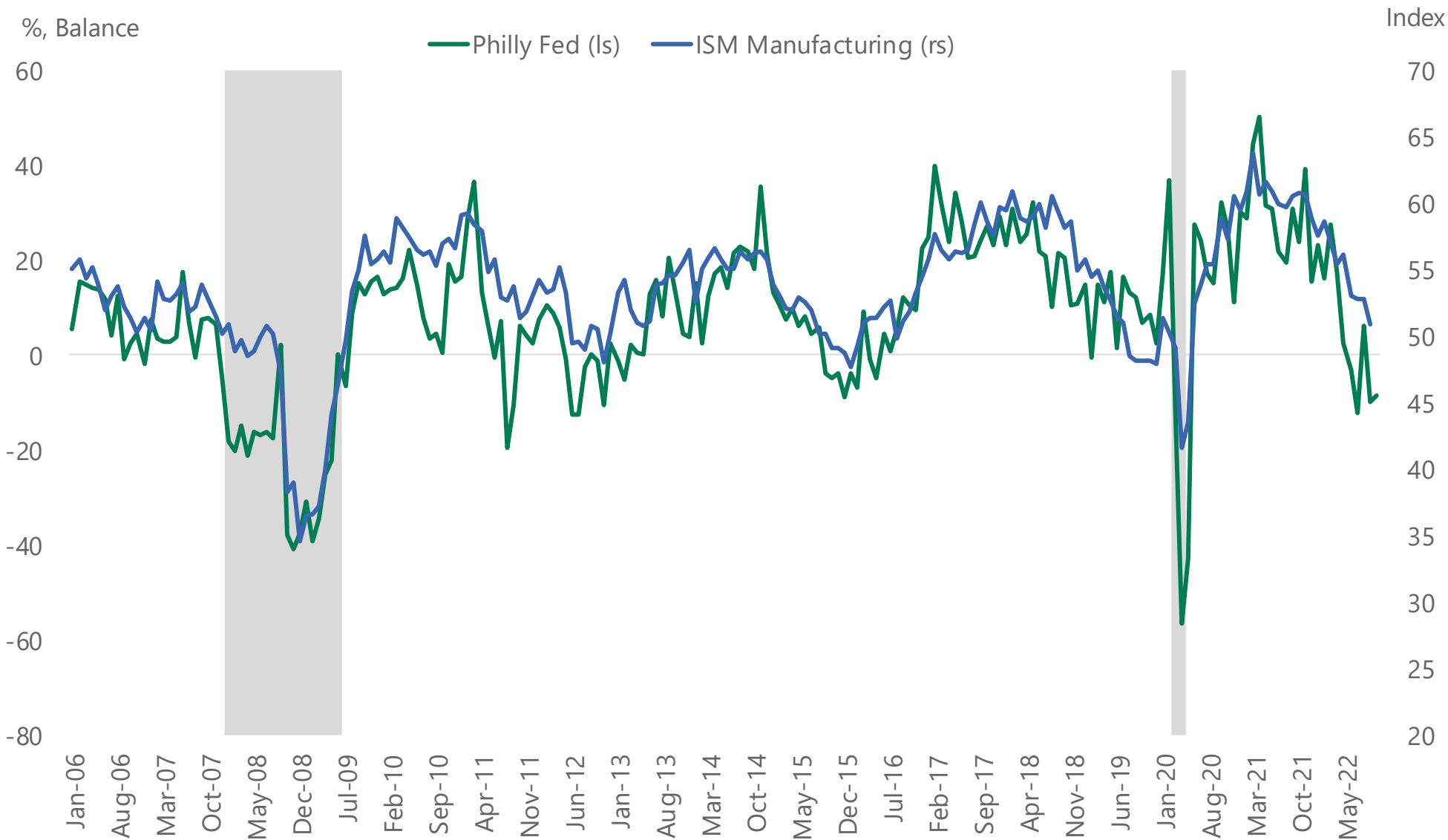
Source: WCI, Bloomberg, Apollo Chief Economist

Supply chain improvements putting downward pressure on goods inflation



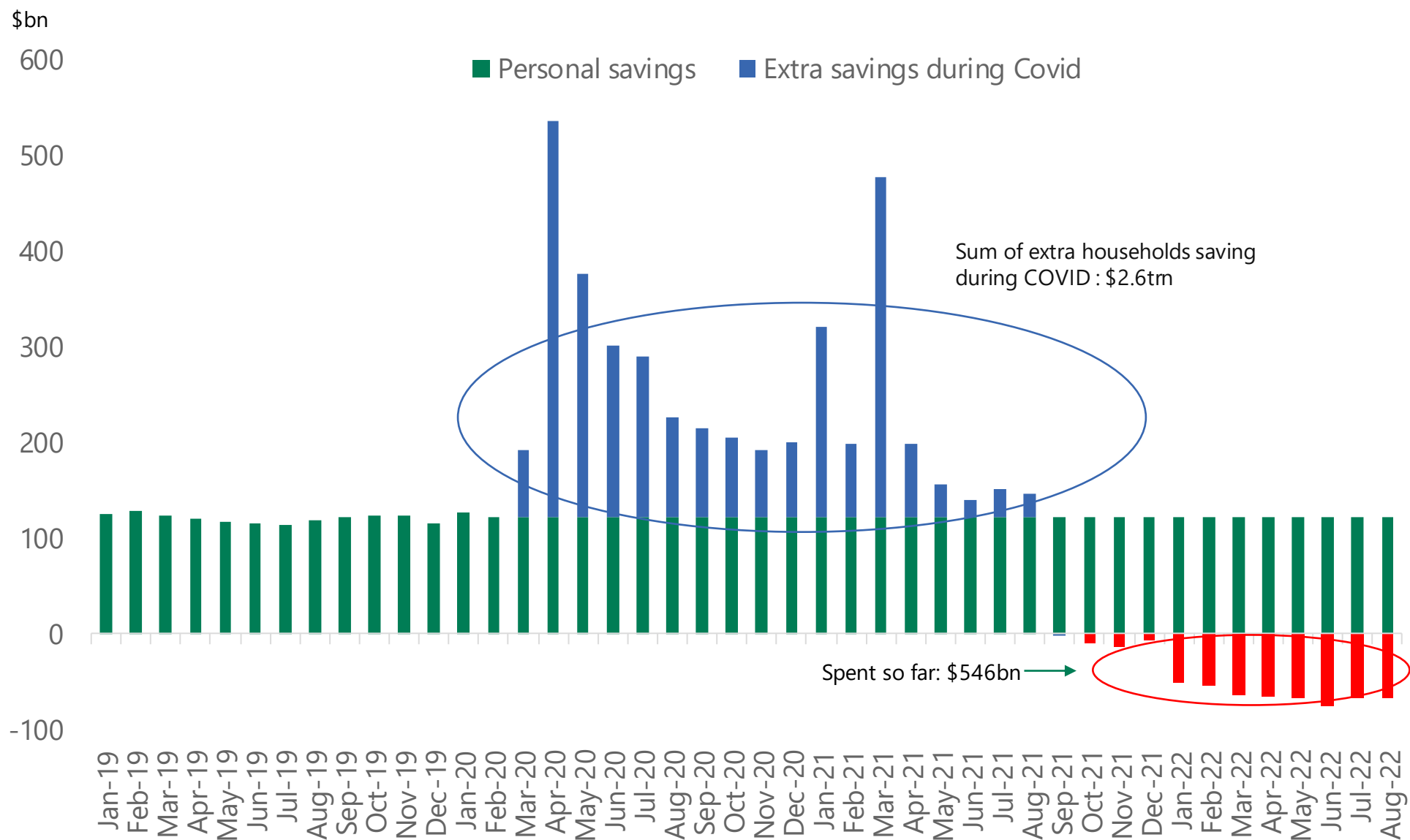
Source: NY Fed, BLS, Haver Analytics, Apollo Chief Economist

Manufacturing/goods sector cooling down



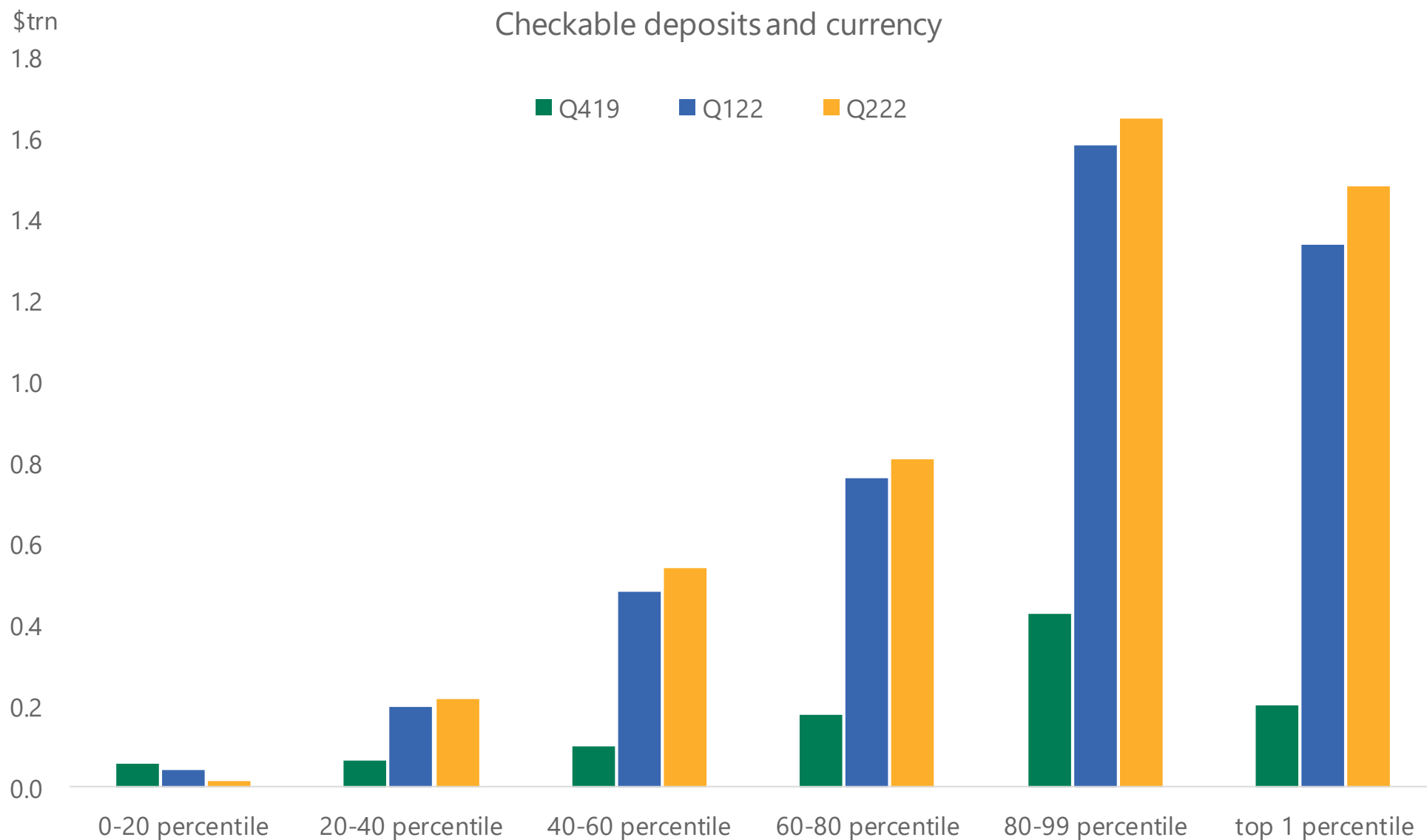
Source: ISM, Haver Analytics, Apollo Chief Economist

Households have \$2trn in excess dry powder, saved during the pandemic



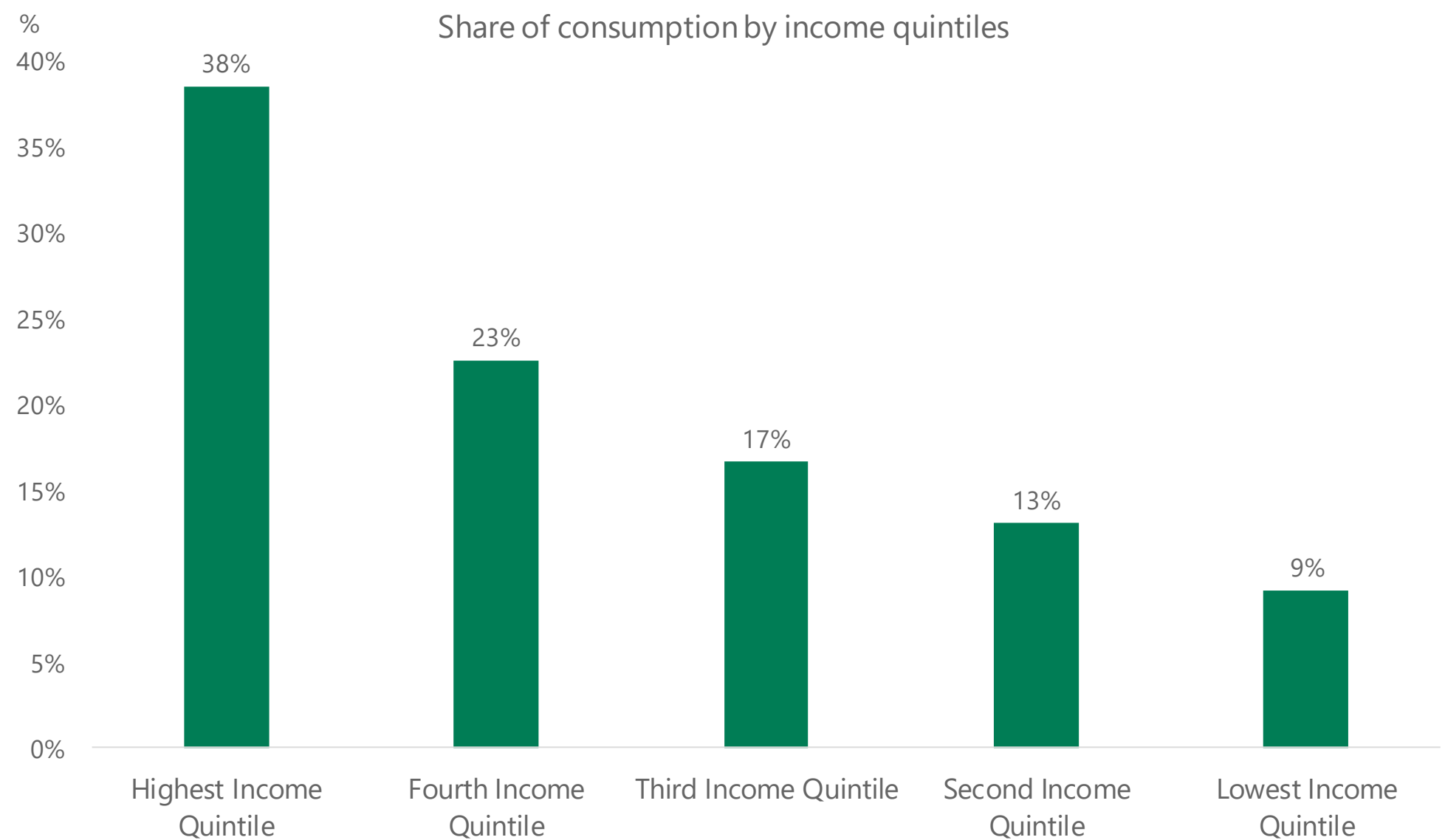
Note: Bloomberg, Apollo Chief Economist

Household savings across different income groups



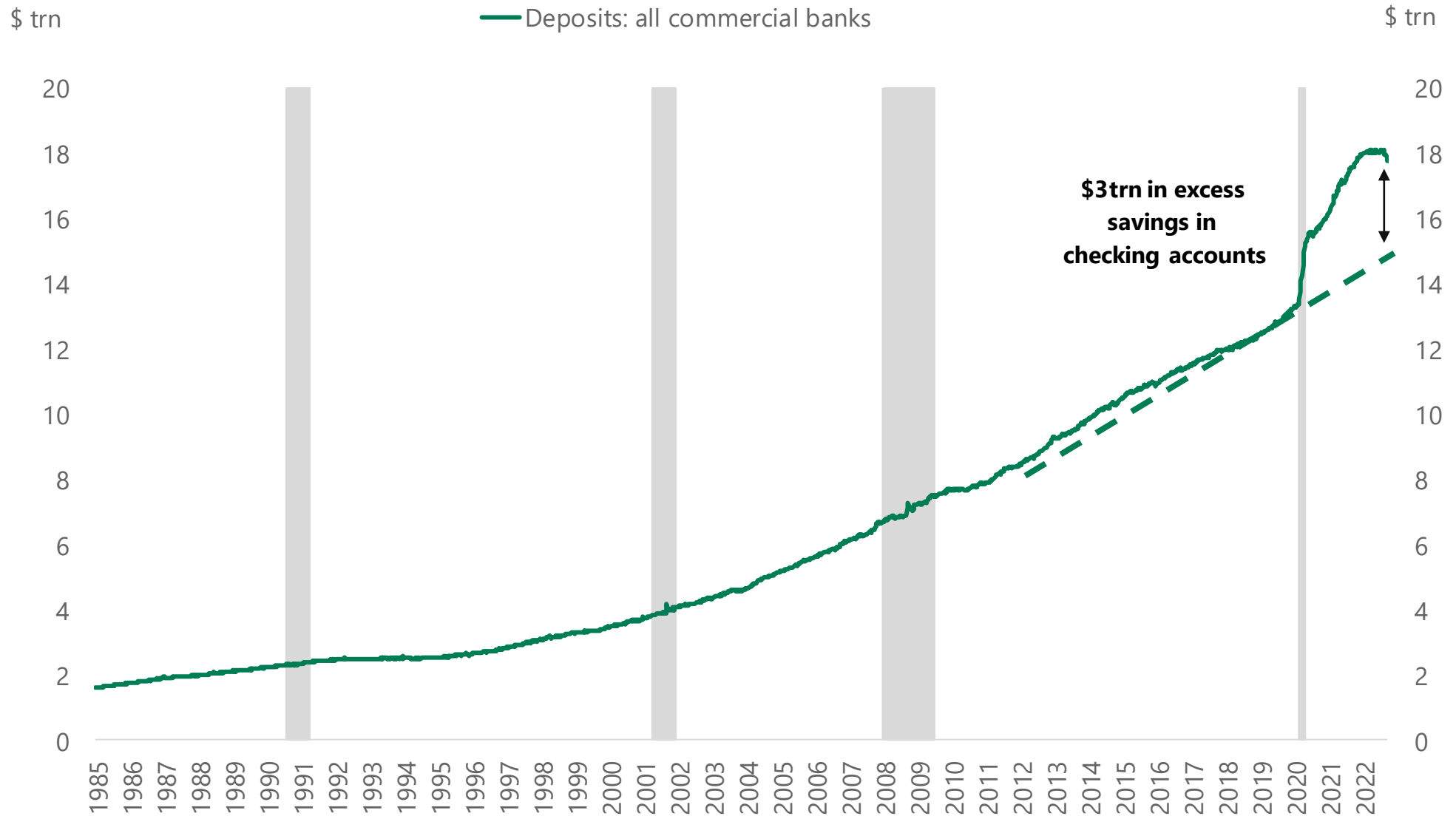
Source: FRB, Haver Analytics, Apollo Chief Economist

Share of US total consumer spending, by income



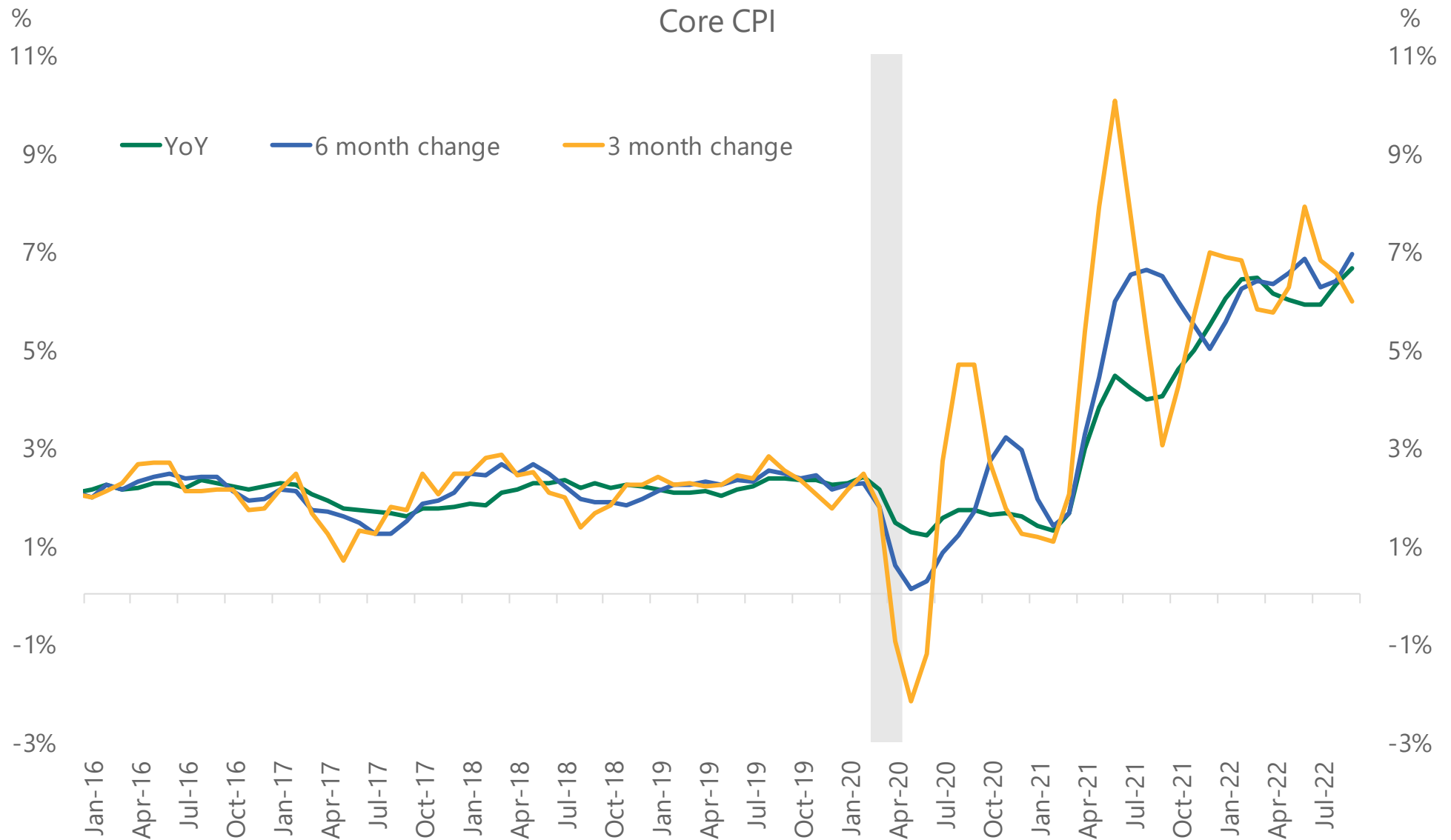
Source: Consumer Expenditure Survey, Haver Analytics, Apollo Chief Economist (latest data includes 2021)

Record-high level of deposits at commercial banks



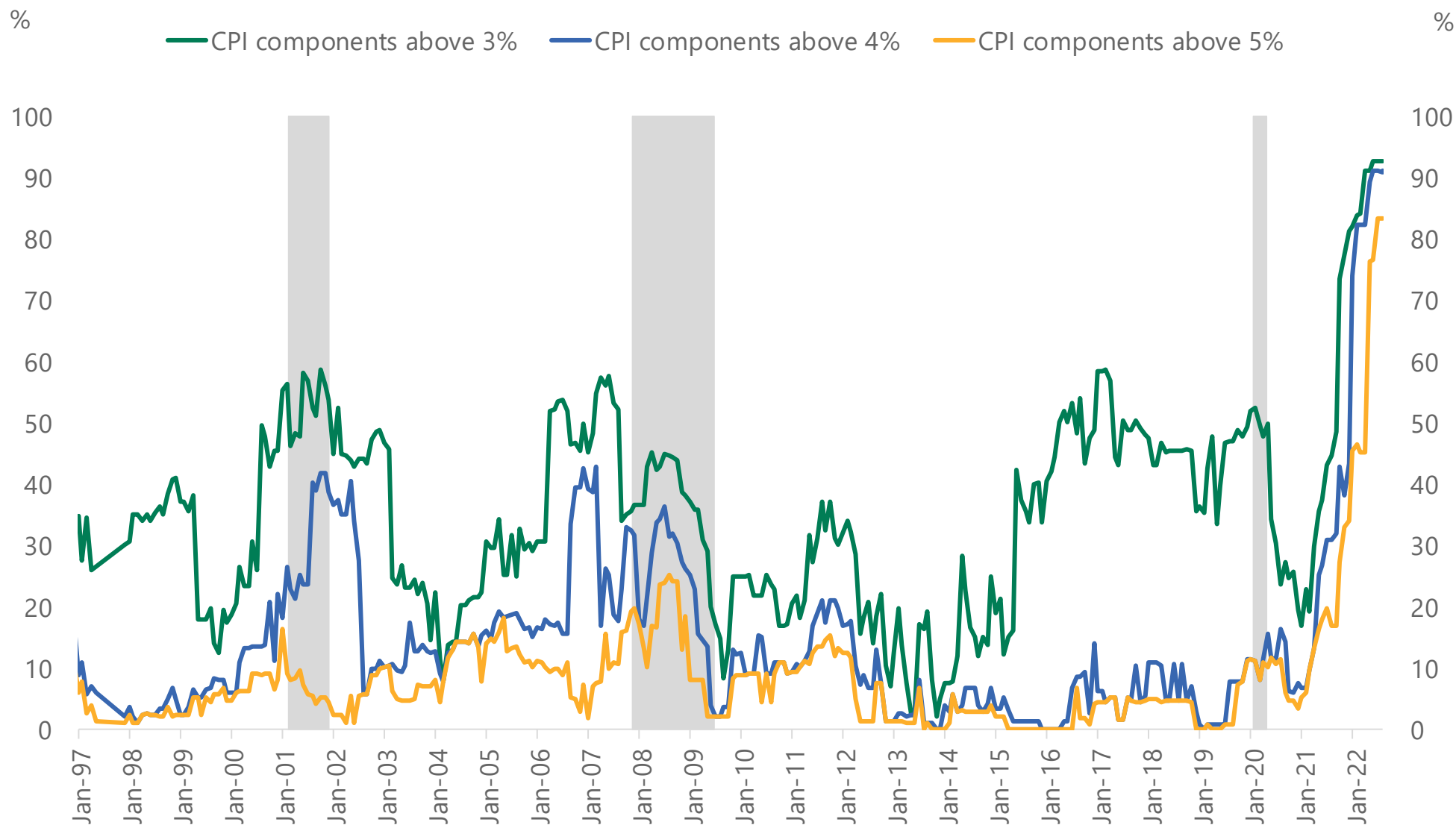
Source: FRB, Haver, Apollo Chief Economist

3- and 6-month change in core inflation around 6%



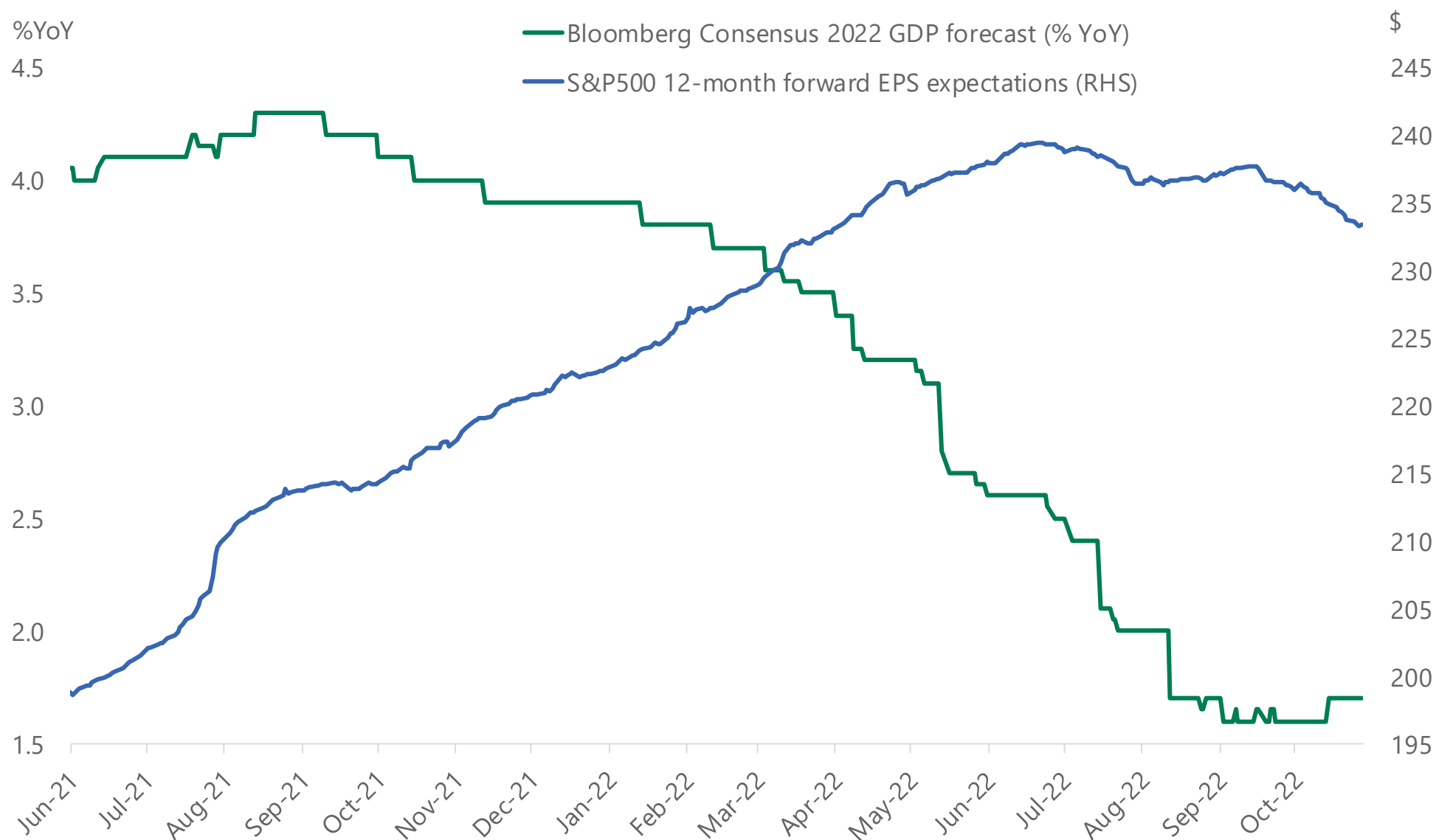
Source: BLS, Haver Analytics, Apollo Chief Economist

83% of the US inflation basket is growing faster than 5%



Note: Year-over-year growth used. Source: BLS, Haver, Apollo Chief Economist.

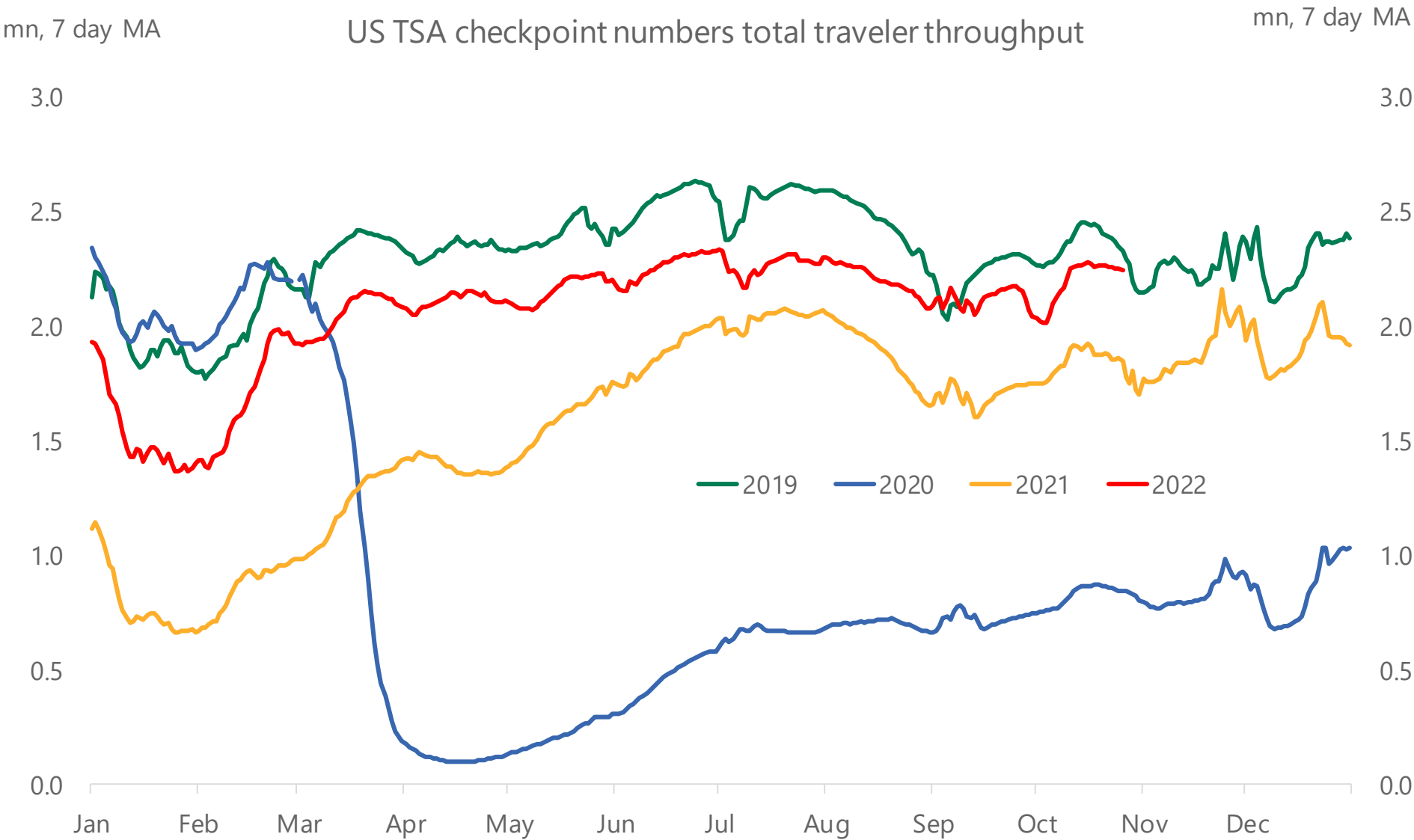
Divergence between S&P500 earnings expectations and GDP growth expectations



Source: Bloomberg, Apollo Chief Economist

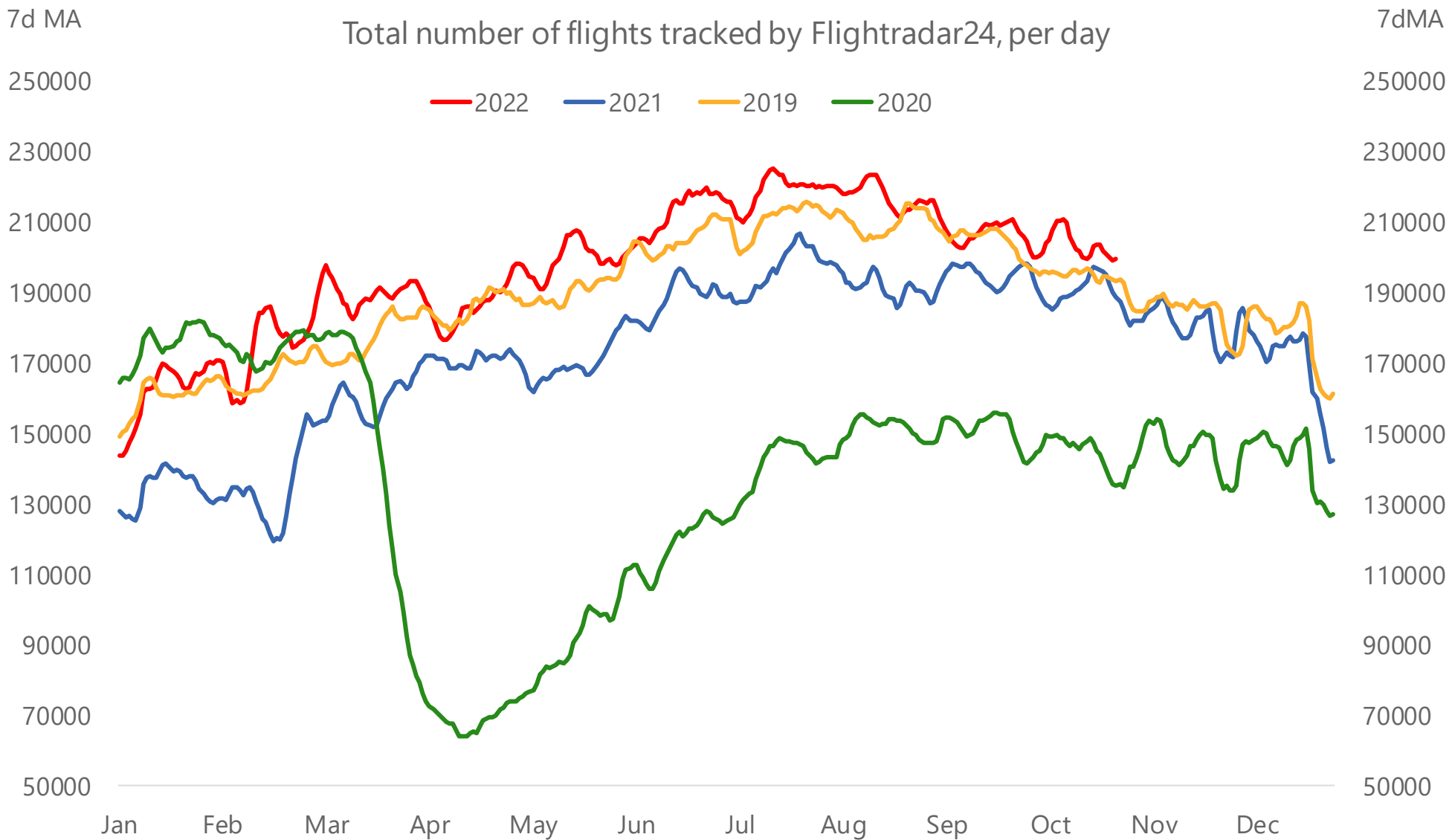
Daily economic indicators

US air travel still strong



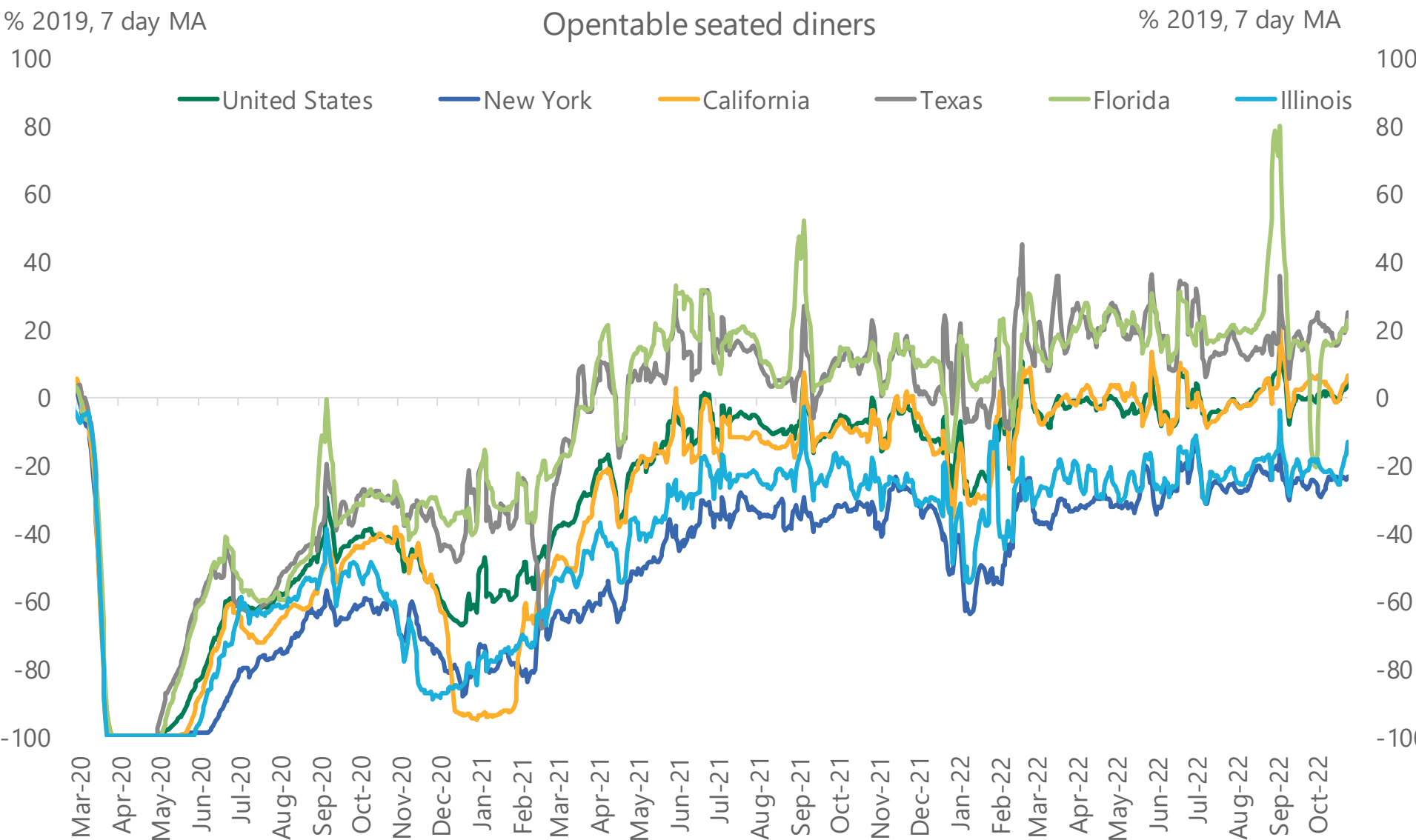
Source: TSA, Bloomberg, Apollo Chief Economist

Global air traffic still high



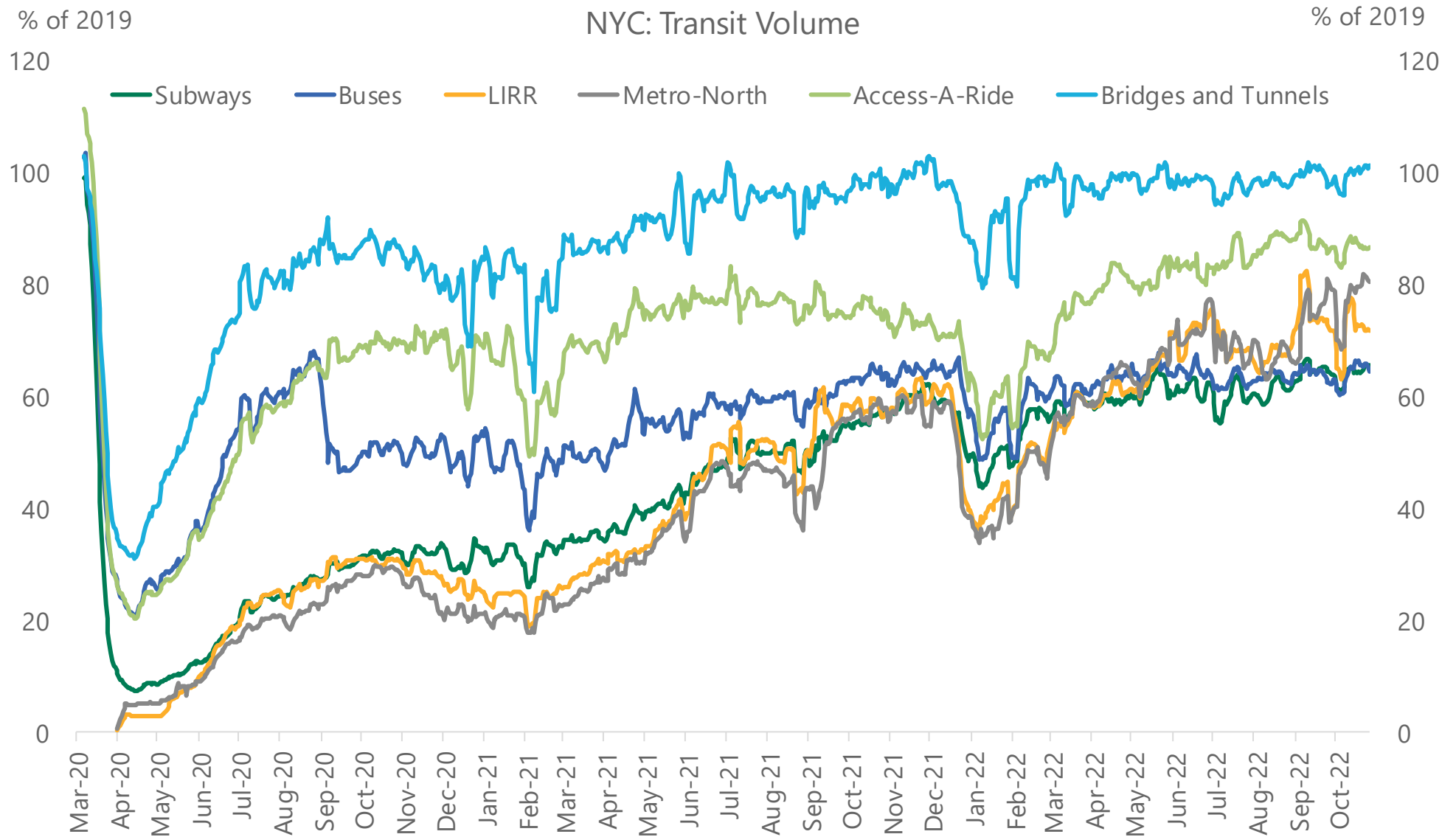
Source: Flightradar24.com, Apollo Chief Economist

Restaurant bookings still strong



Source: OpenTable, Apollo Chief Economist

NYC mobility indicators improving



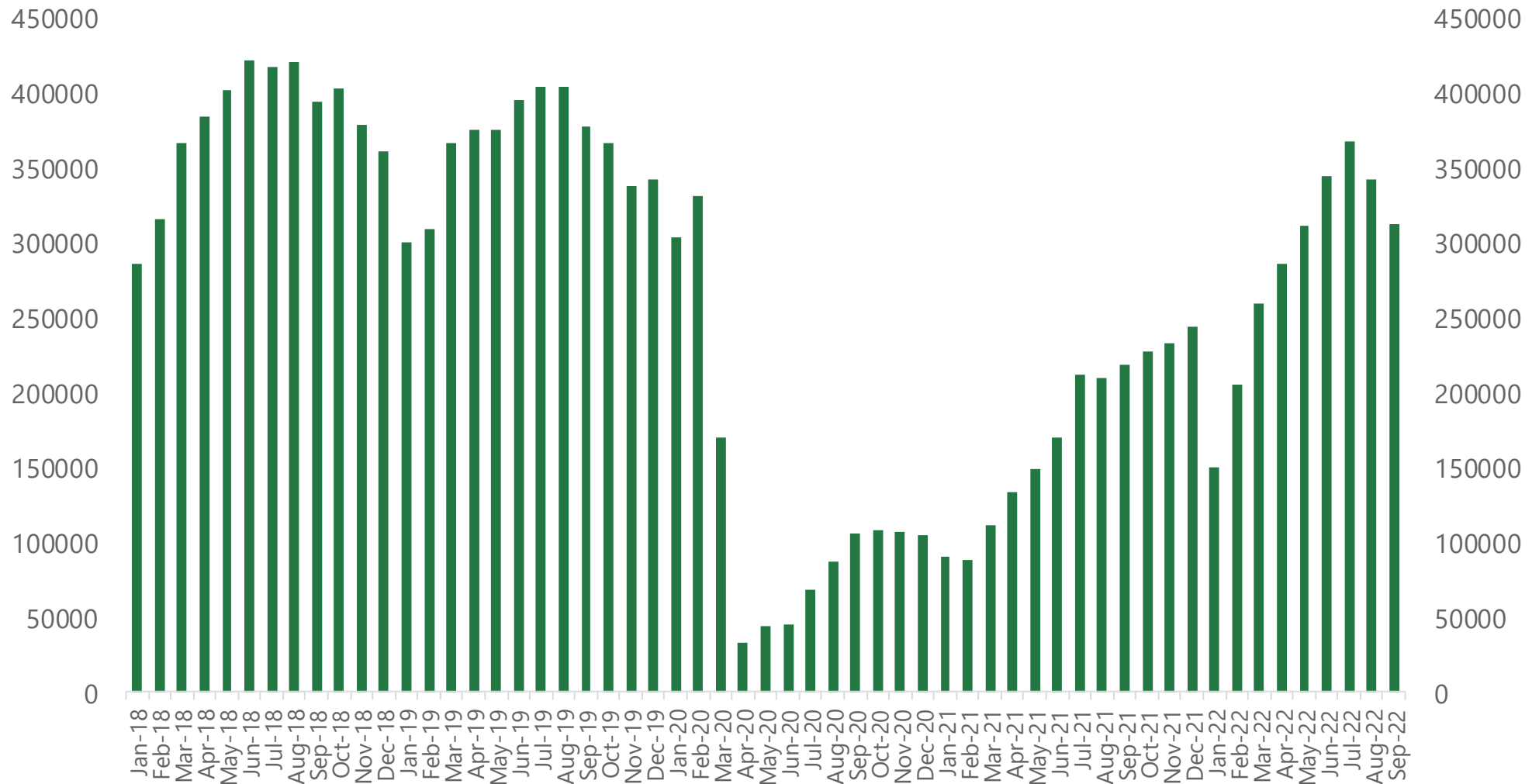
Source: MTA, Apollo Chief Economist

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

of persons

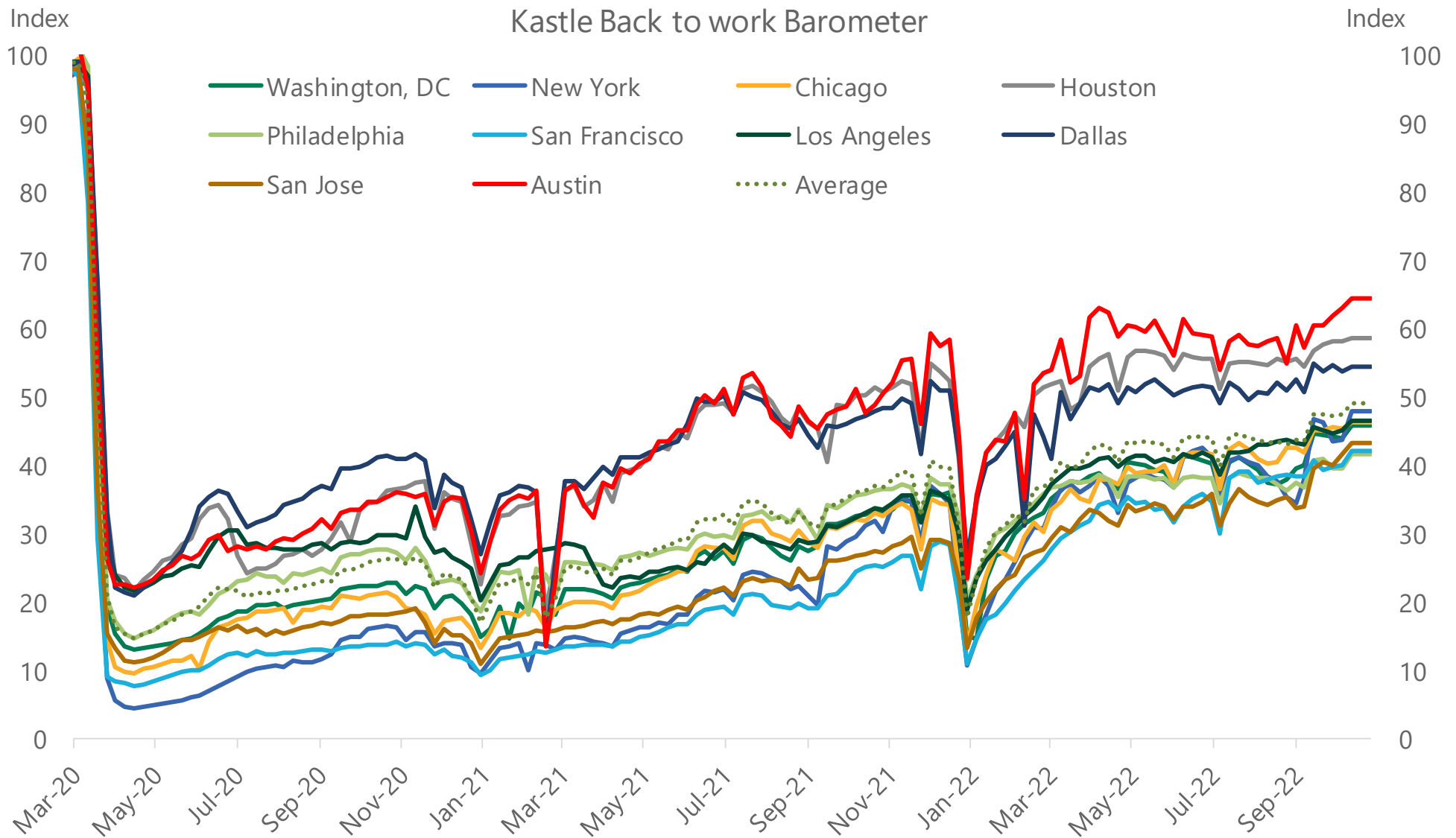
of persons

■ Average daily pedestrian count in Times Square



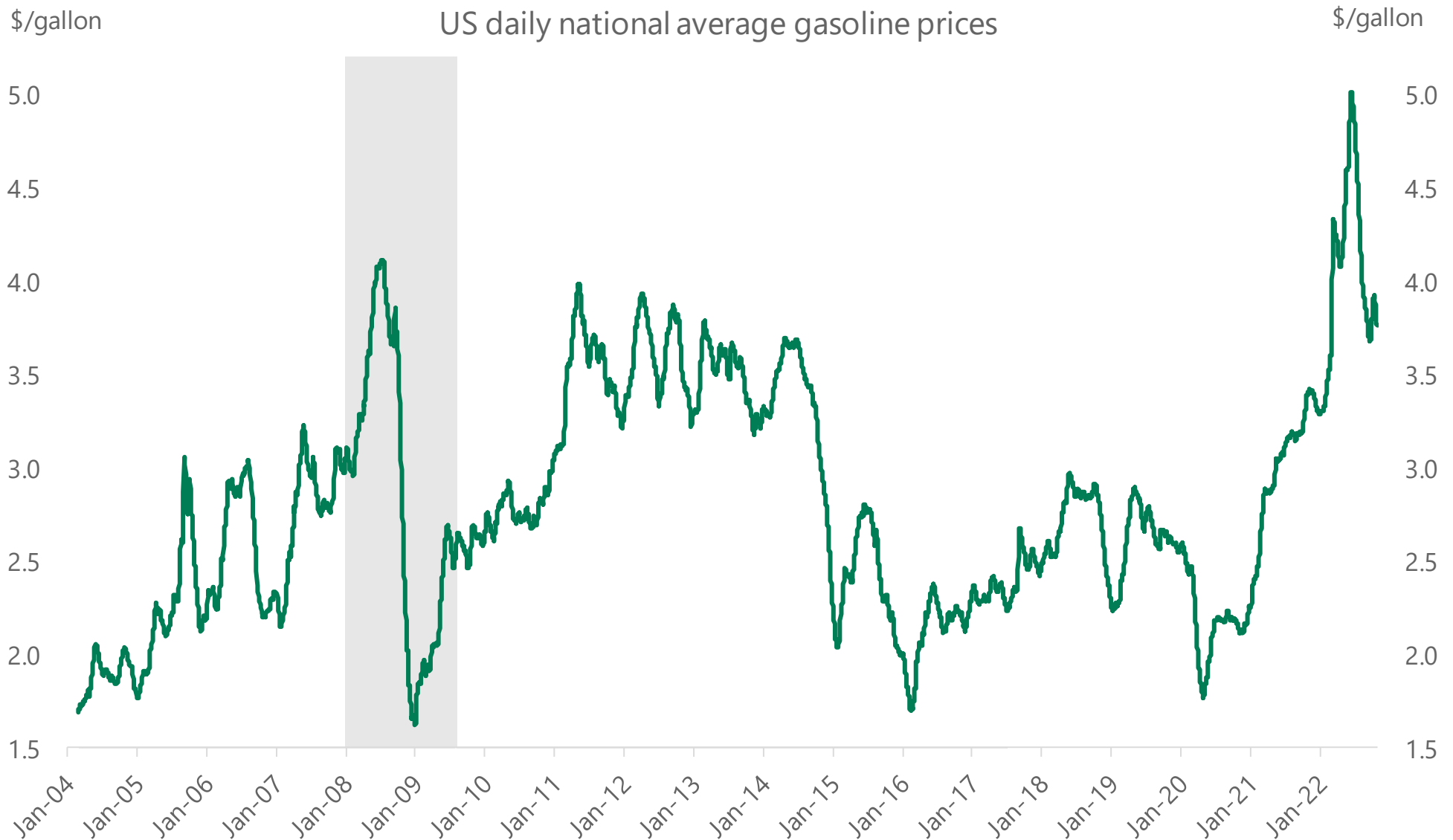
Source: Timesquare.com, Apollo Chief Economist

New York City: Office use 48% of capacity



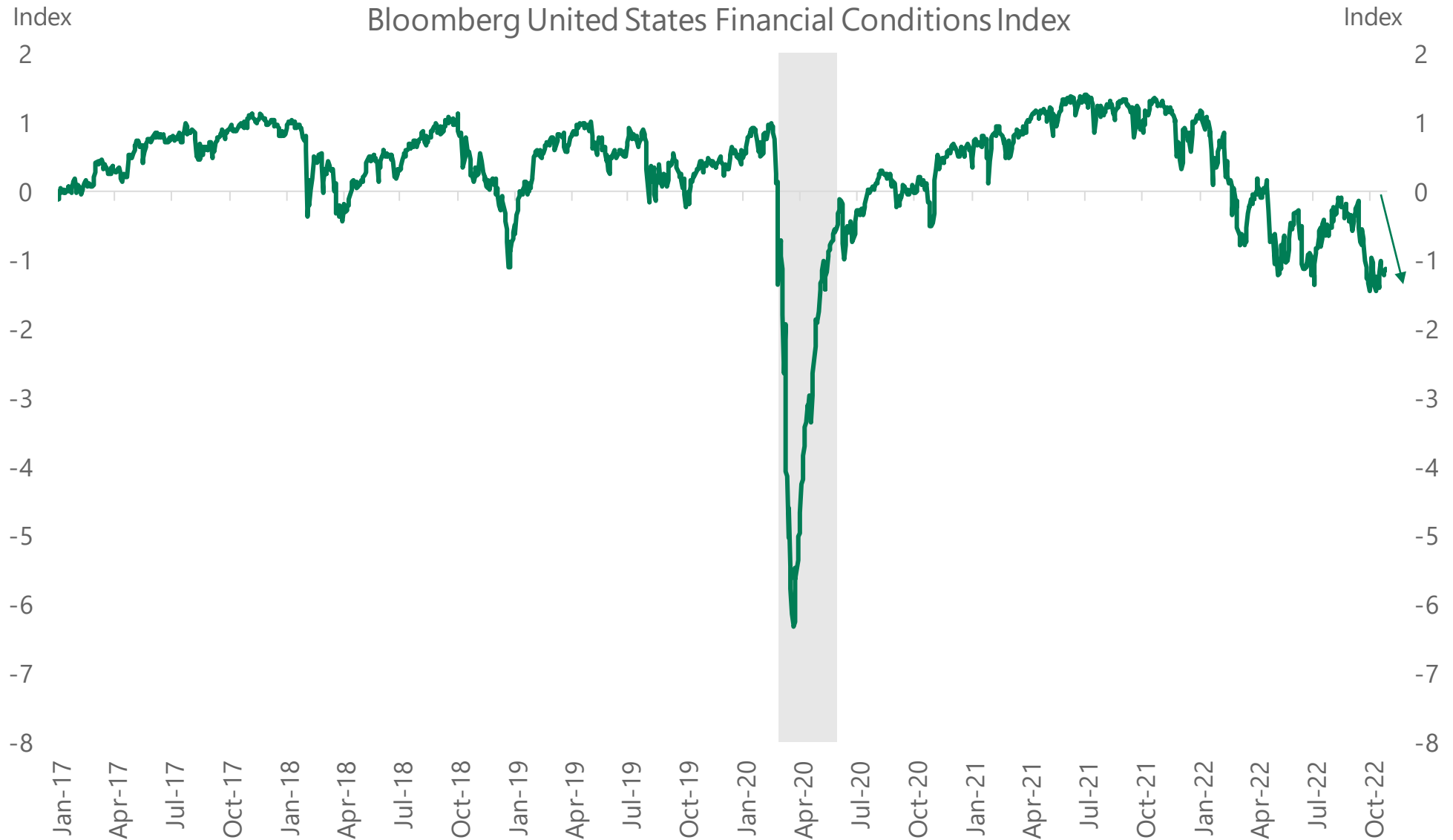
Source: Bloomberg, Apollo Chief Economist

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



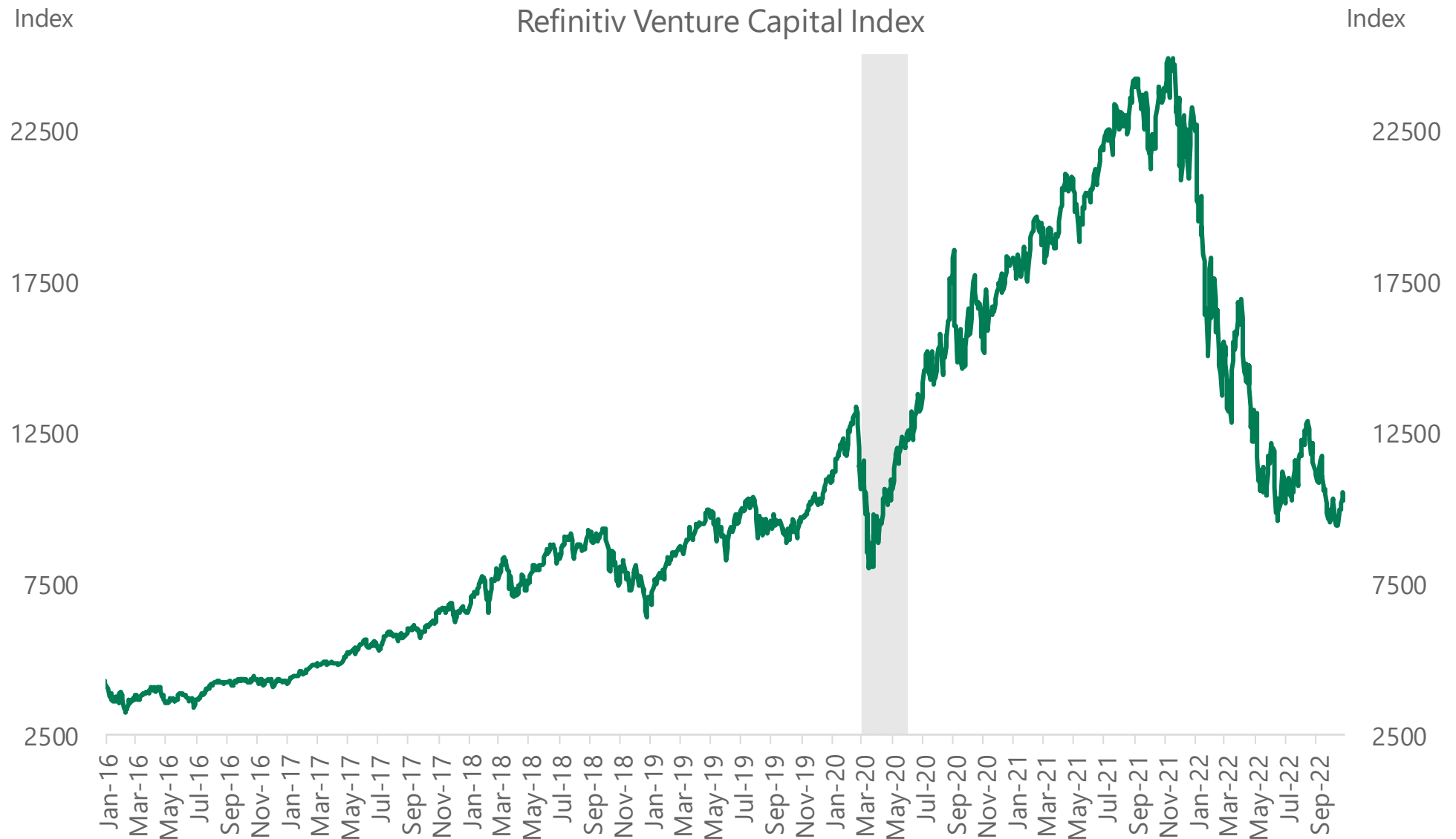
Source: Bloomberg, Apollo Chief Economist

Financial conditions tightening



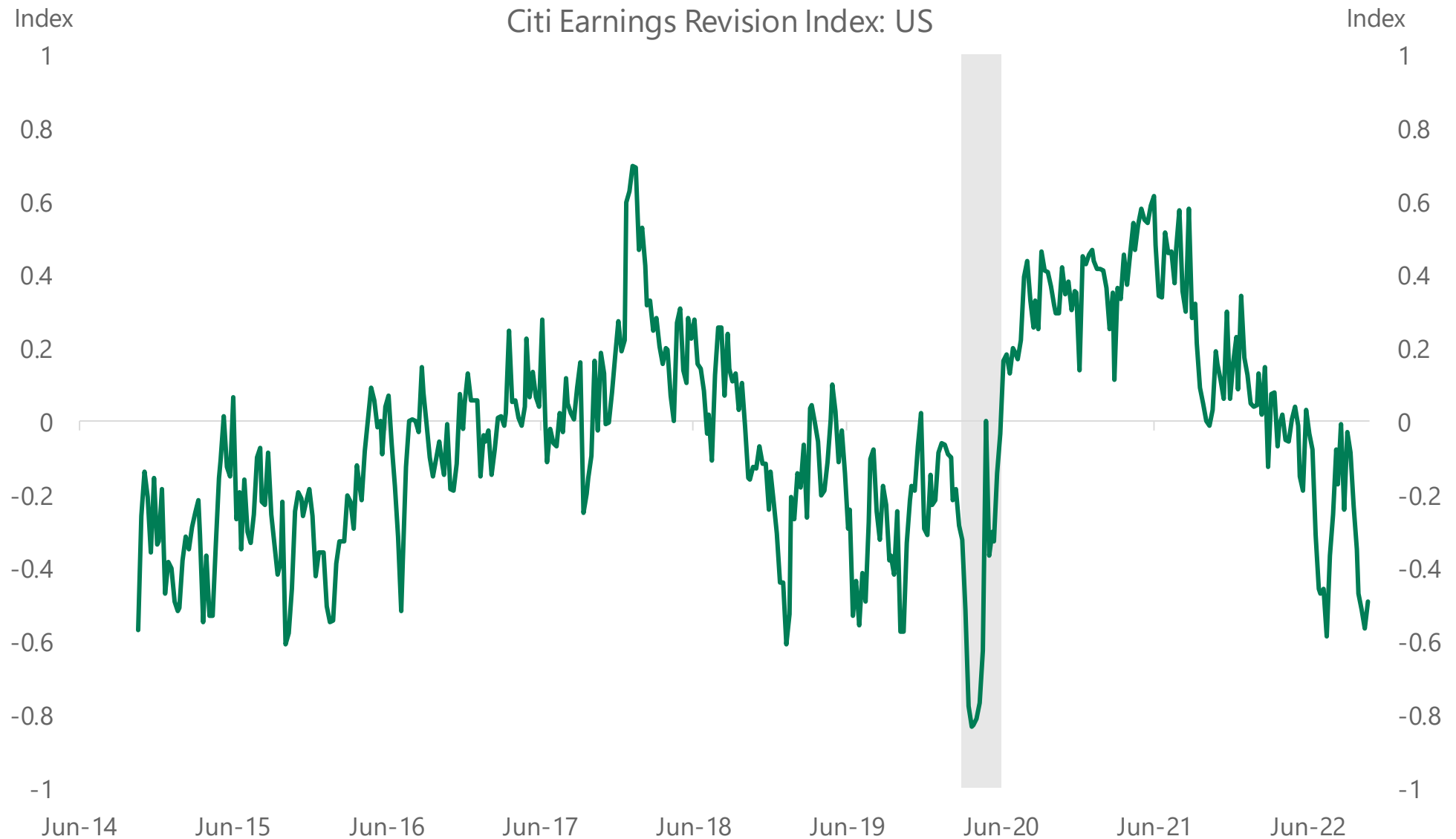
Source: Bloomberg, Apollo Chief Economist

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.

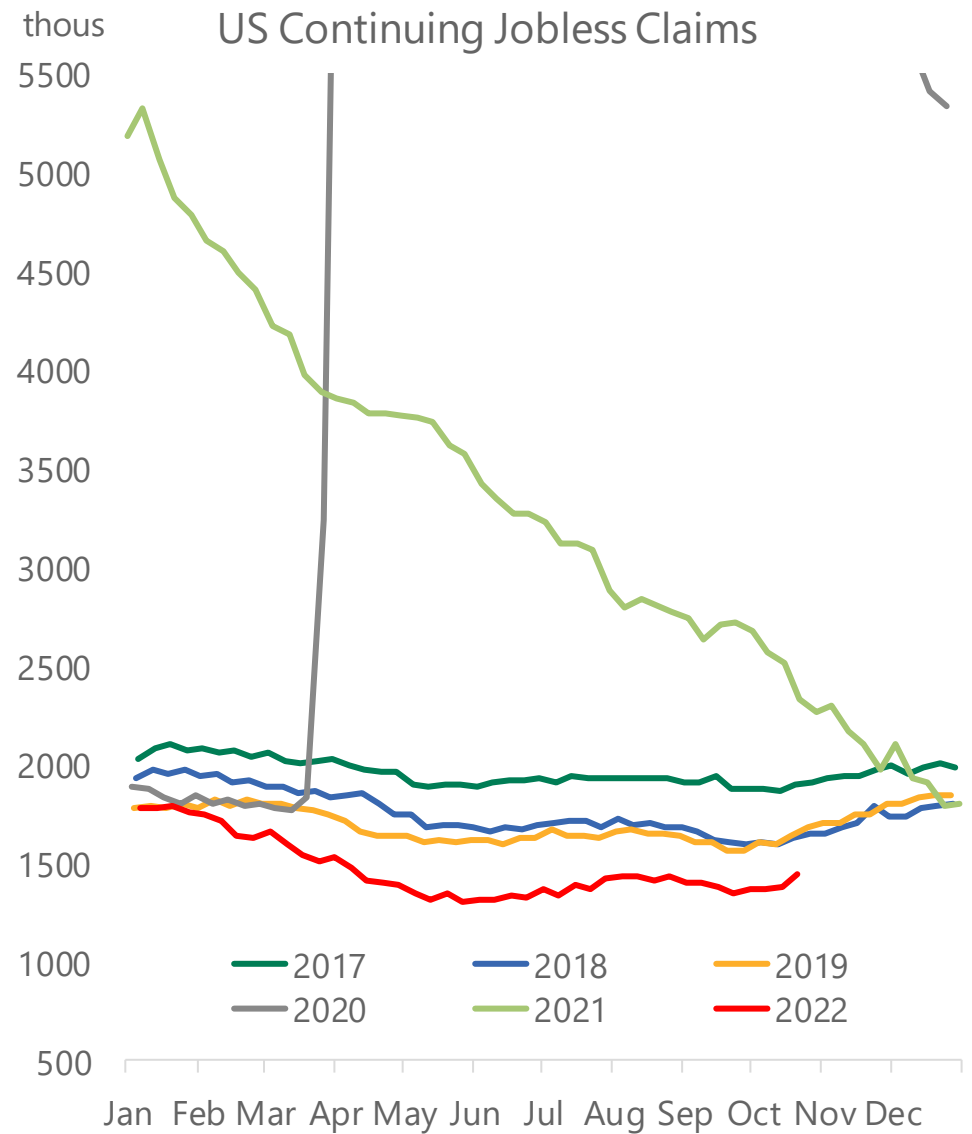
Corporate earnings revisions: Upgrades minus downgrades



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

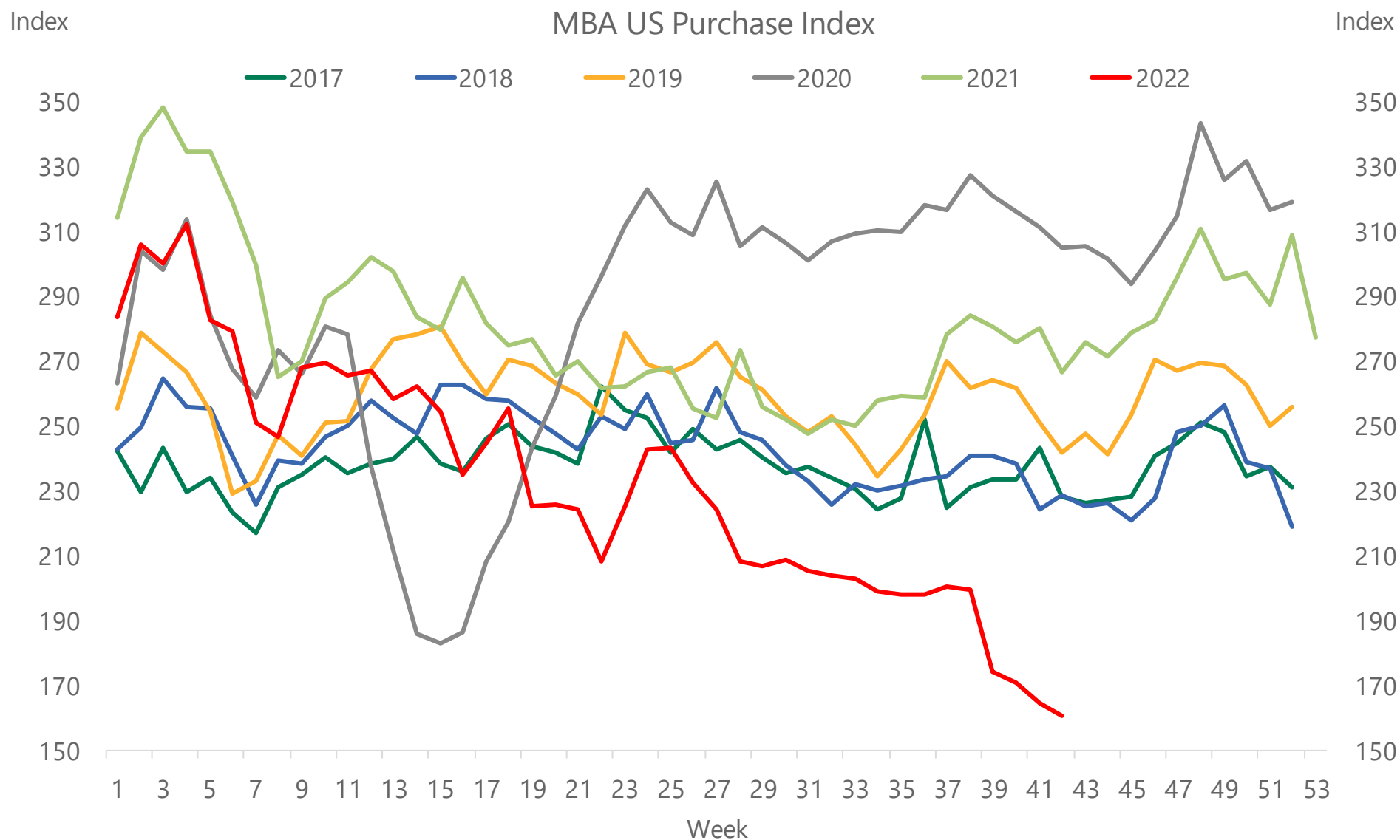
Weekly economic indicators

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



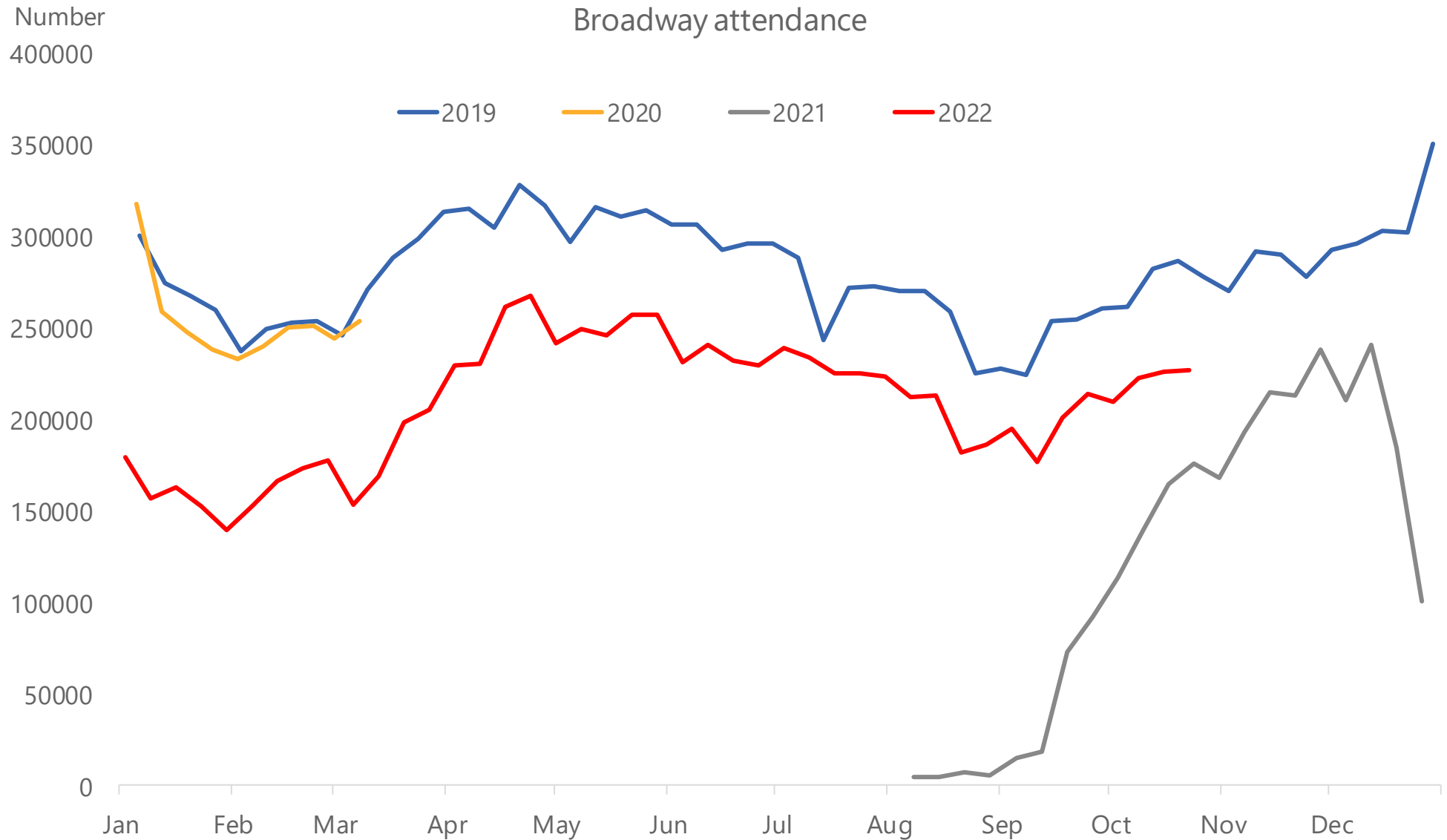
Source: Department of Labor, Bloomberg, Apollo Chief Economist

Weekly mortgage purchase applications softening



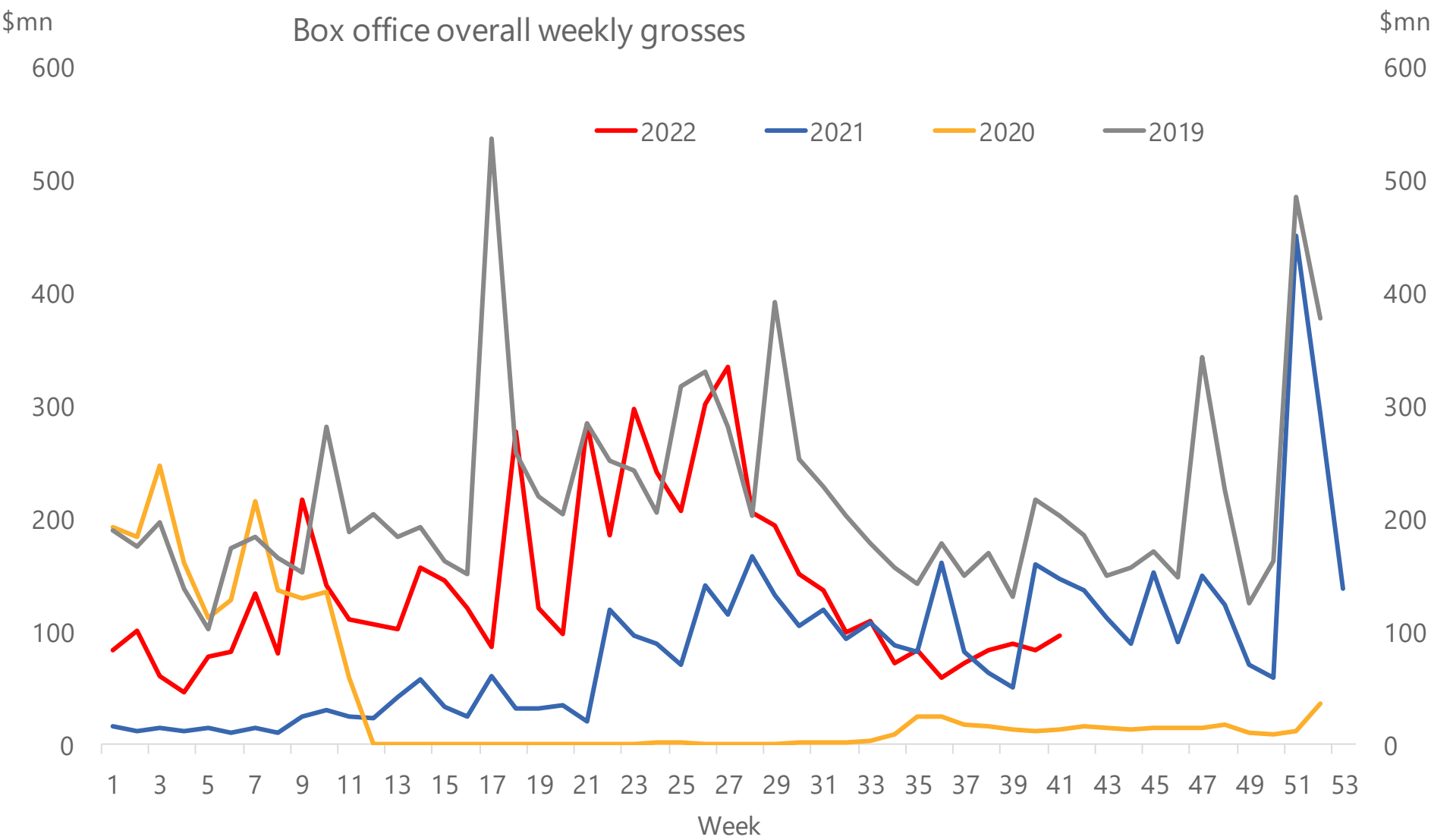
Source: Mortgage Bankers Association, Bloomberg, Apollo Chief Economist

A lot of people are going to Broadway shows



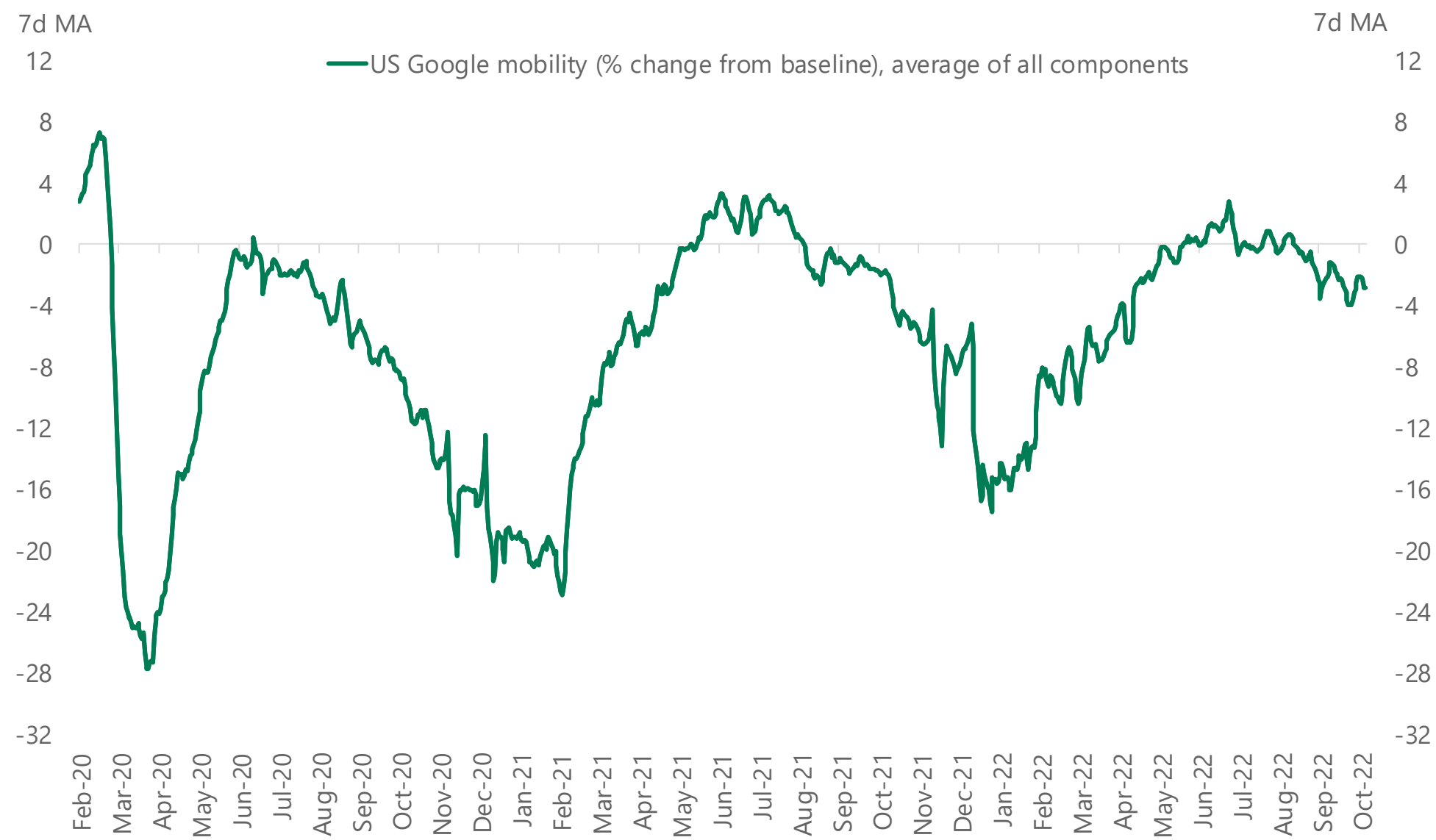
Source: Internet Broadway Database, Apollo Chief Economist

Modest increase in movie theatre visits



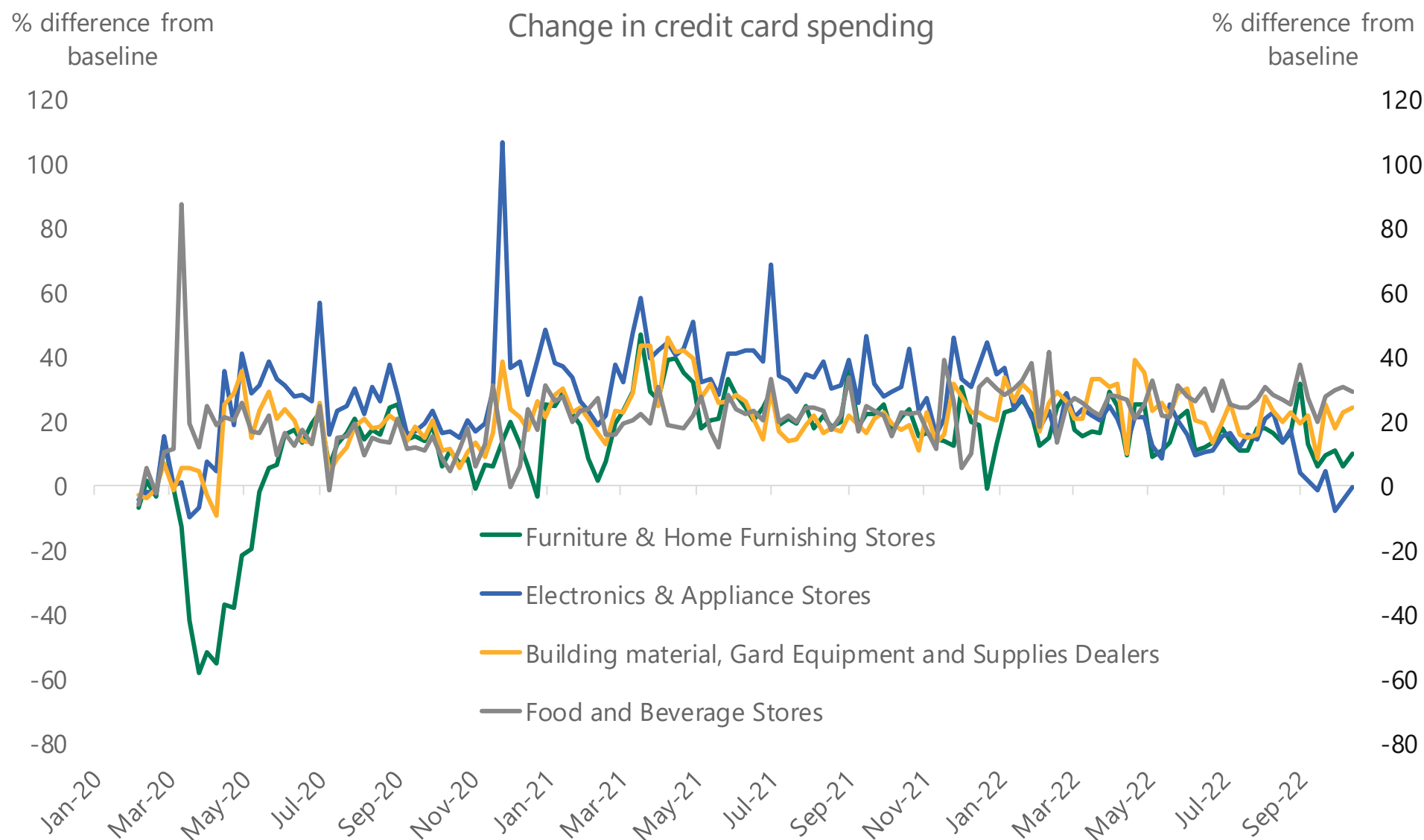
Source: Boxofficemojo.com, Apollo Chief Economist

US nationwide consumer mobility



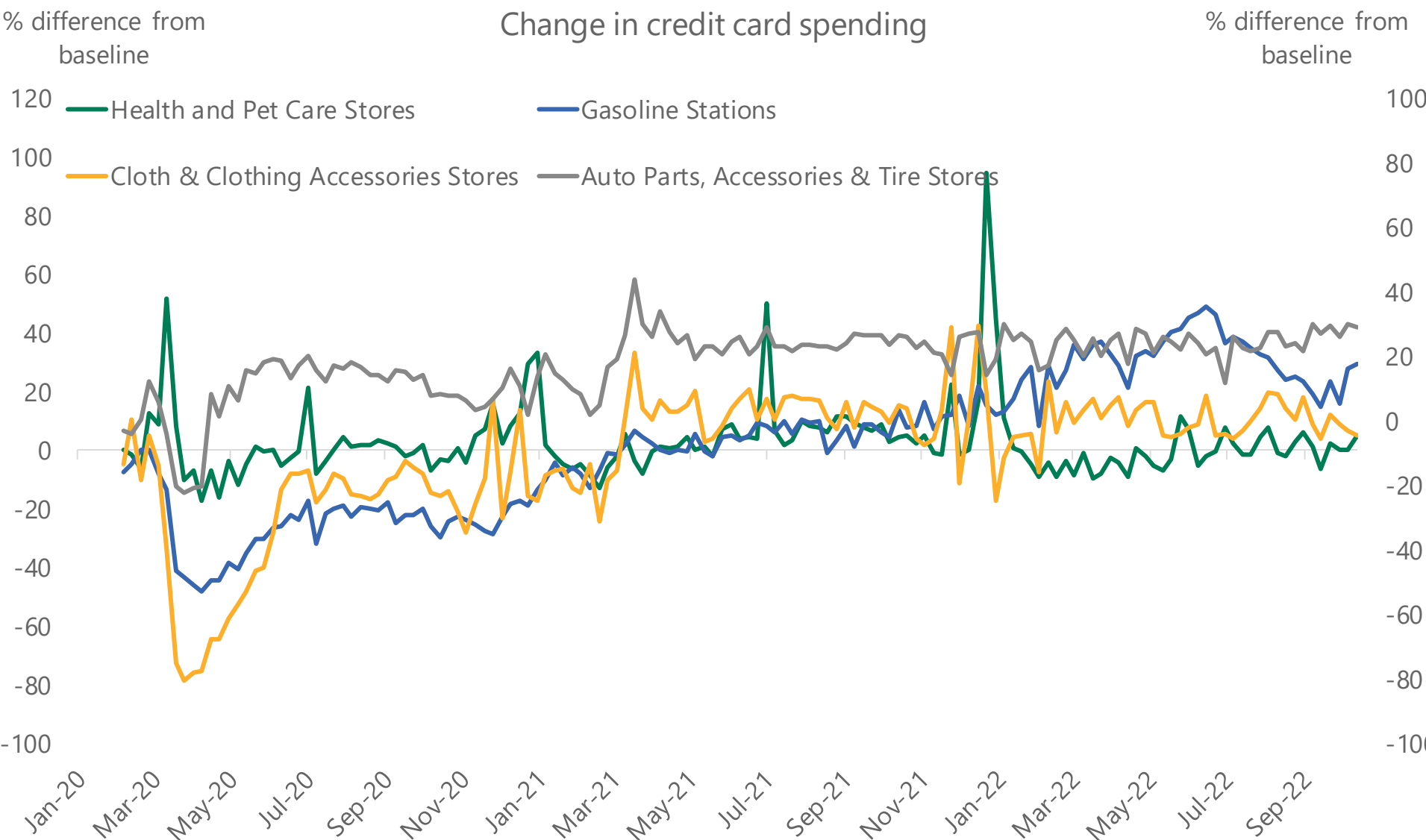
Source: Google mobility reports, Apollo Chief Economist

US consumer still strong, some weakness emerging in furniture sales



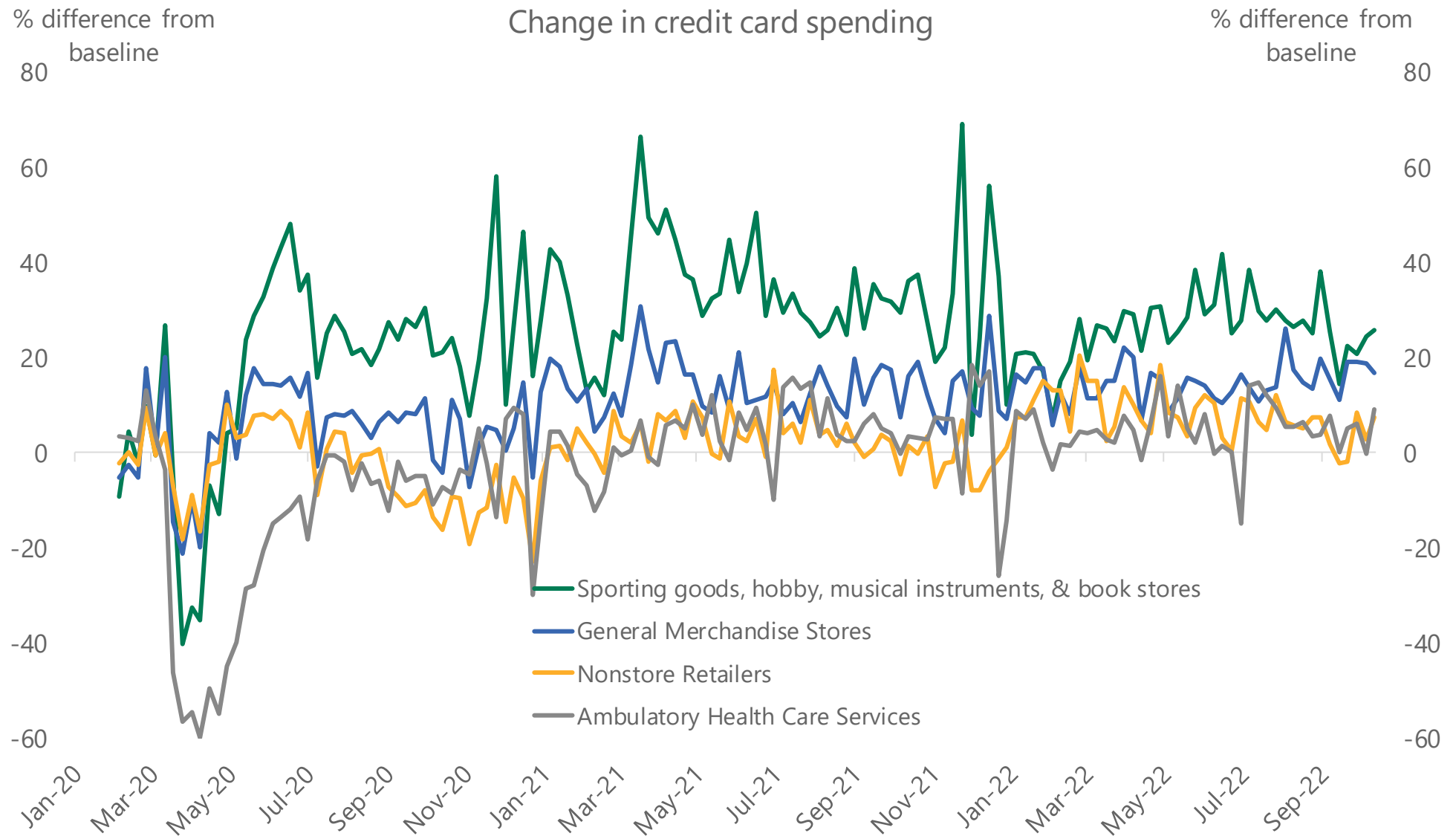
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects,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

US consumer still strong



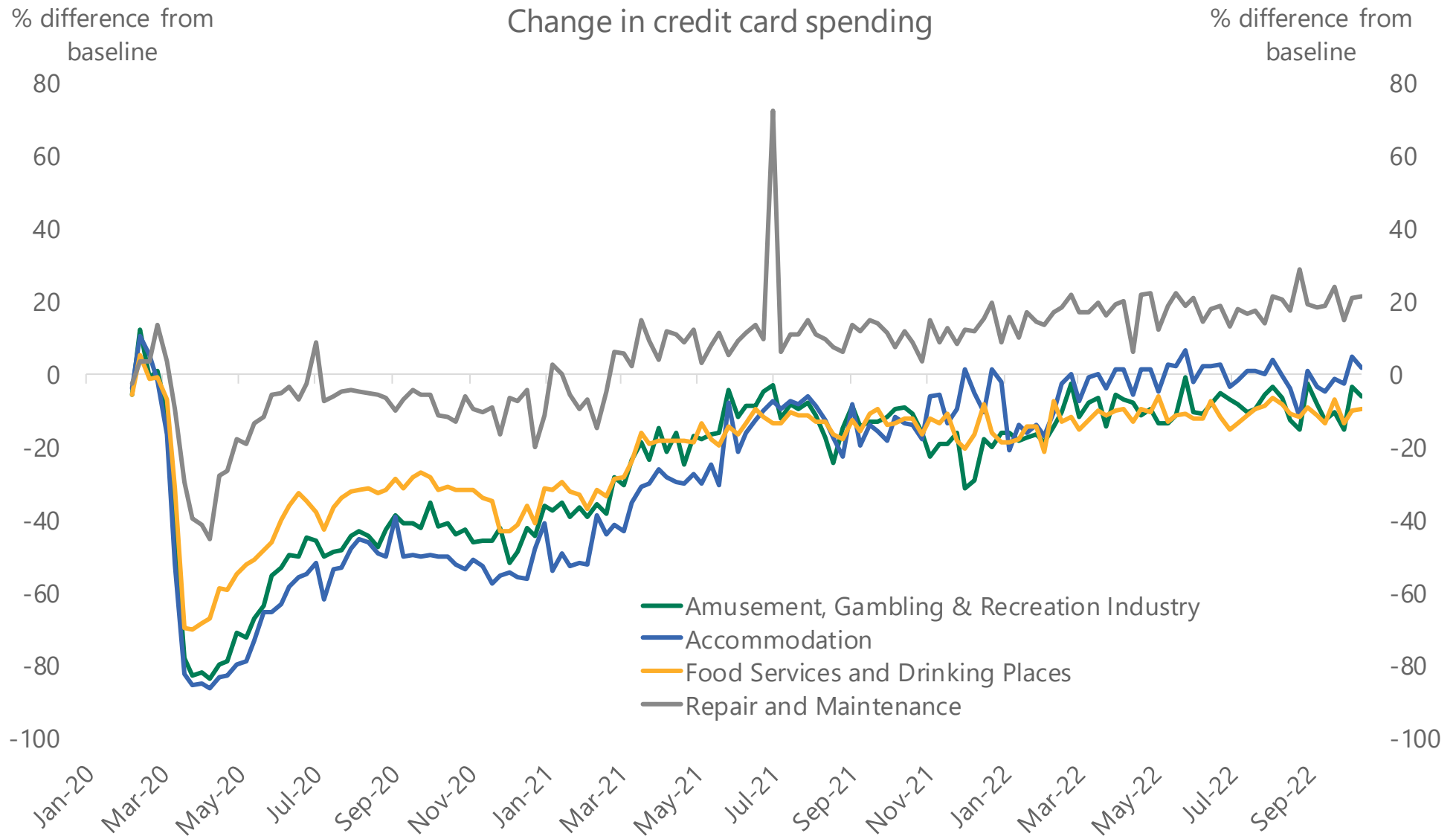
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects,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

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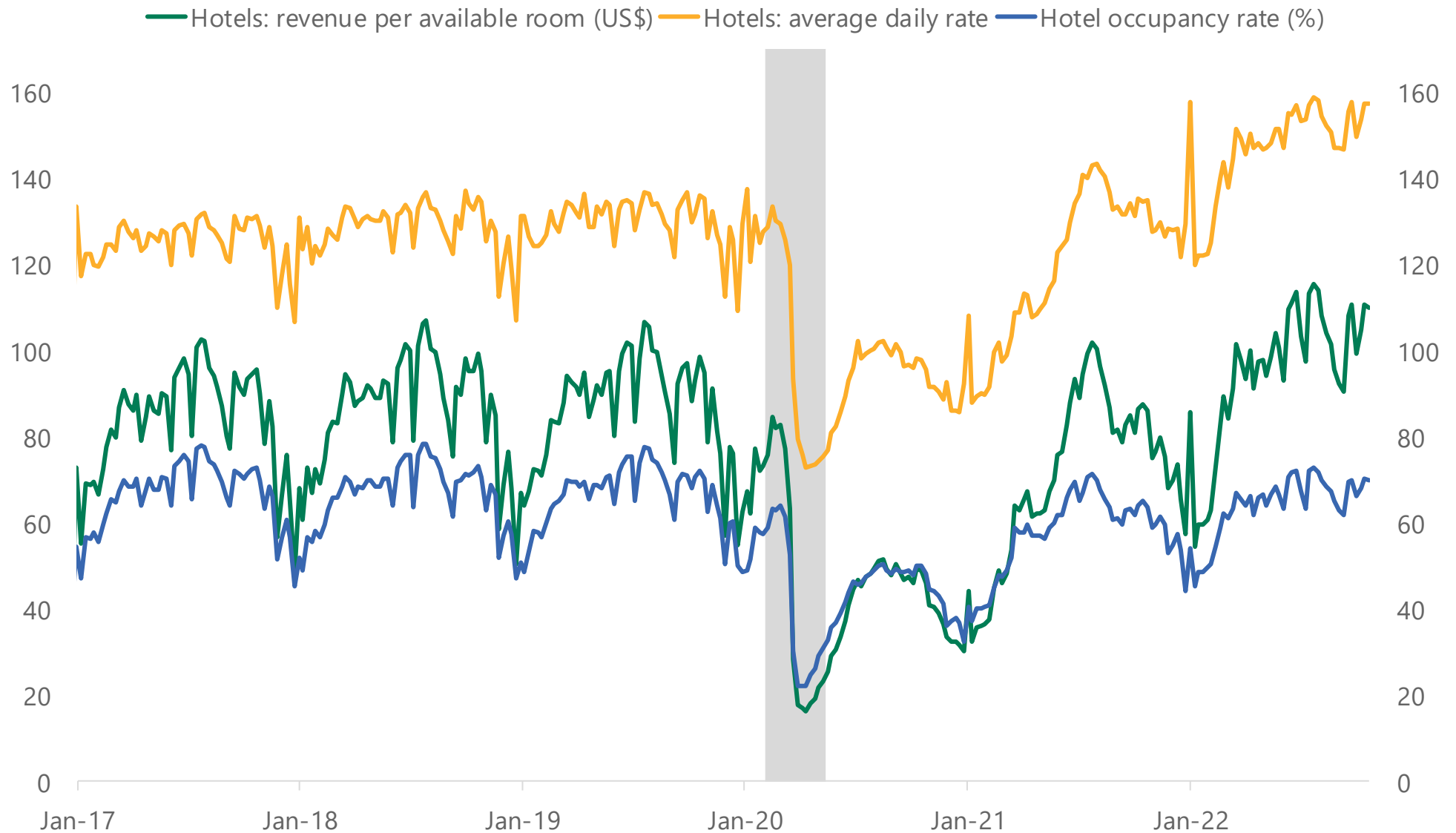
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US consumer still strong



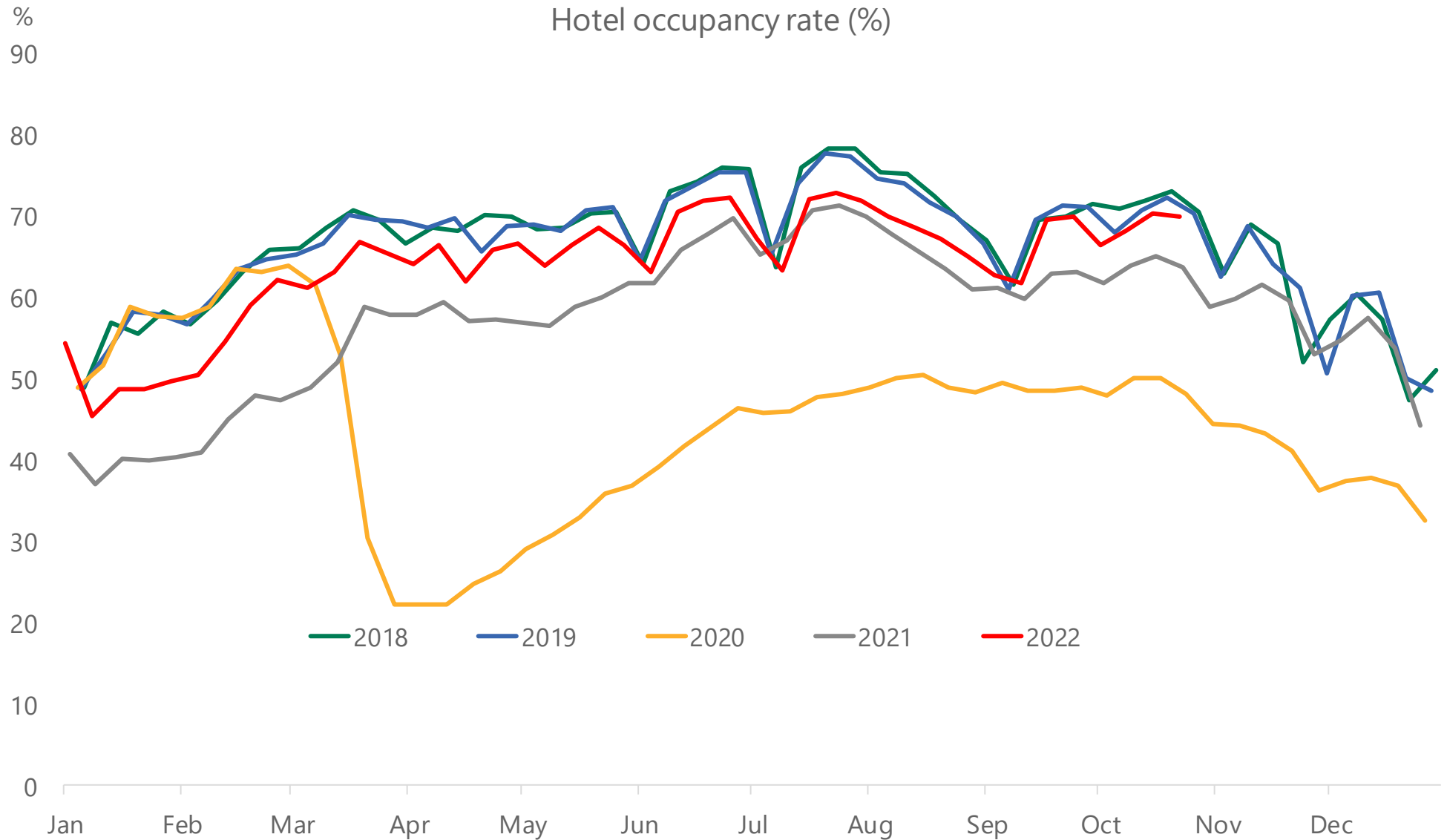
Source: BEA, Haver analytics, Apollo Chief Economist. Note: The weekly values represent the predicted percentage difference from the typical level of spending (prior to the pandemic declared by the World Health Organization on March 11, 2020) after adjusting for day-of-week, month, and year effects,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

Weekly data for hotel demand still strong



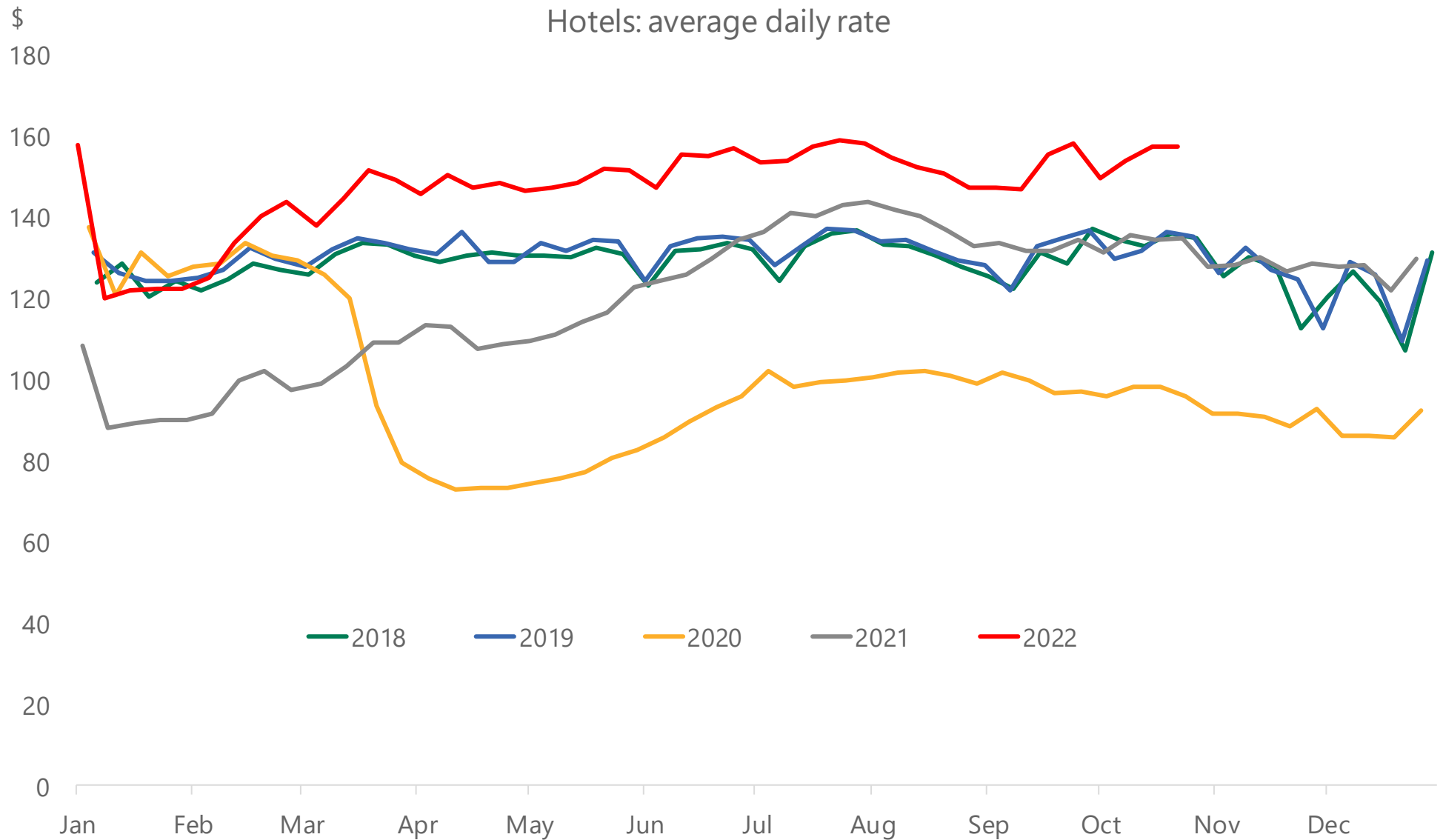
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand still strong



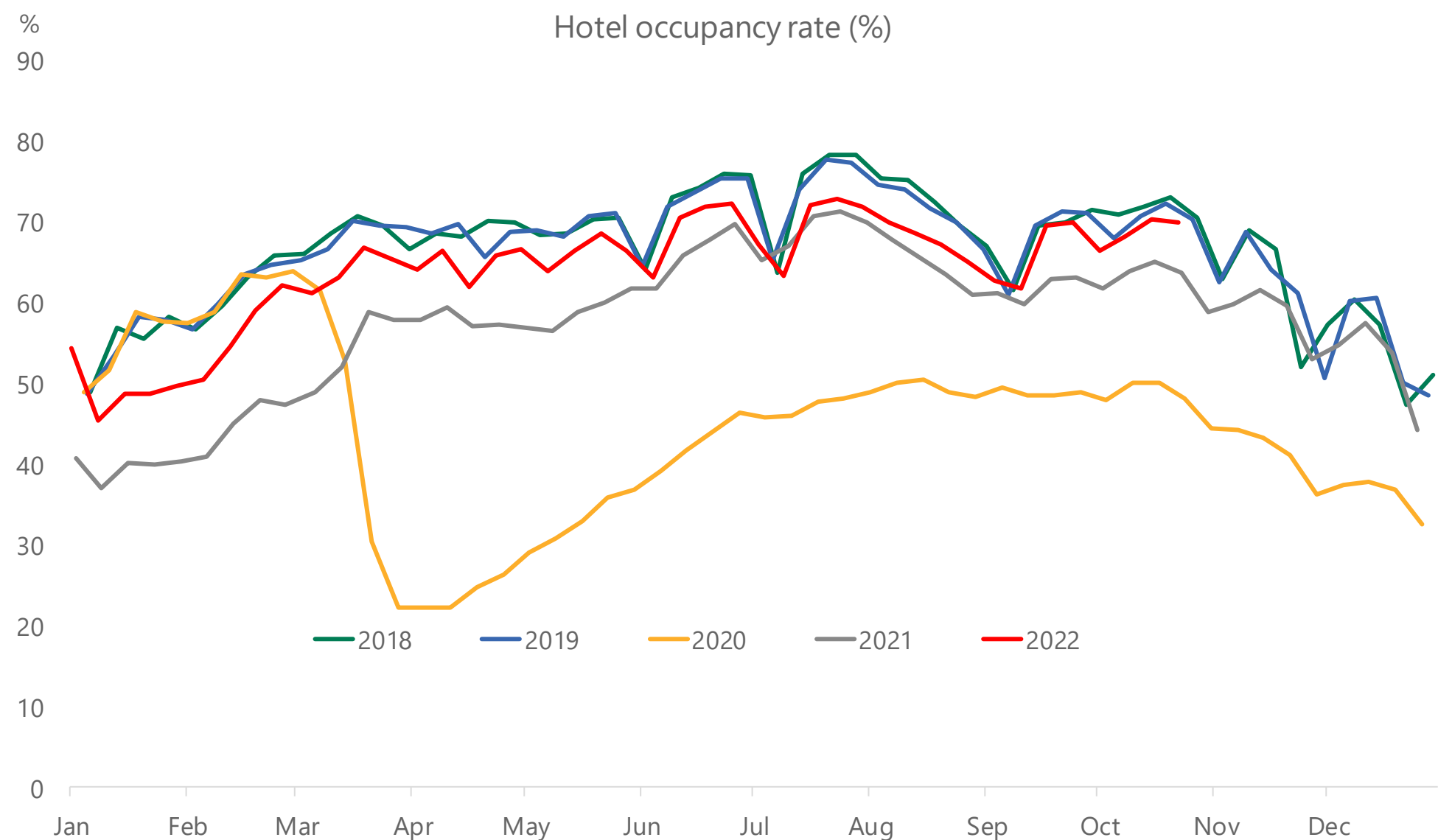
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand



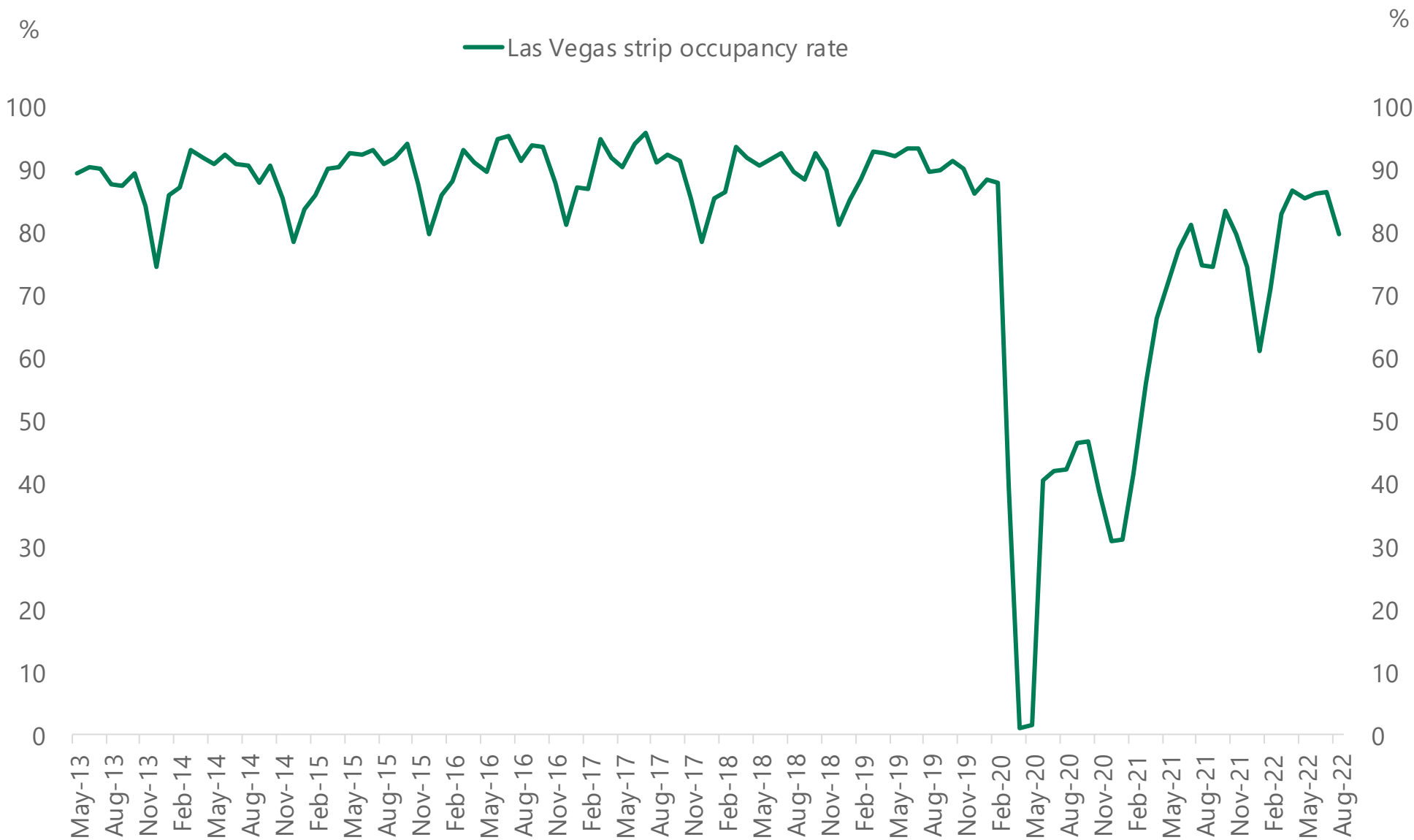
Source: STR, Haver Analytics, Apollo Chief Economist

Weekly data for hotel demand



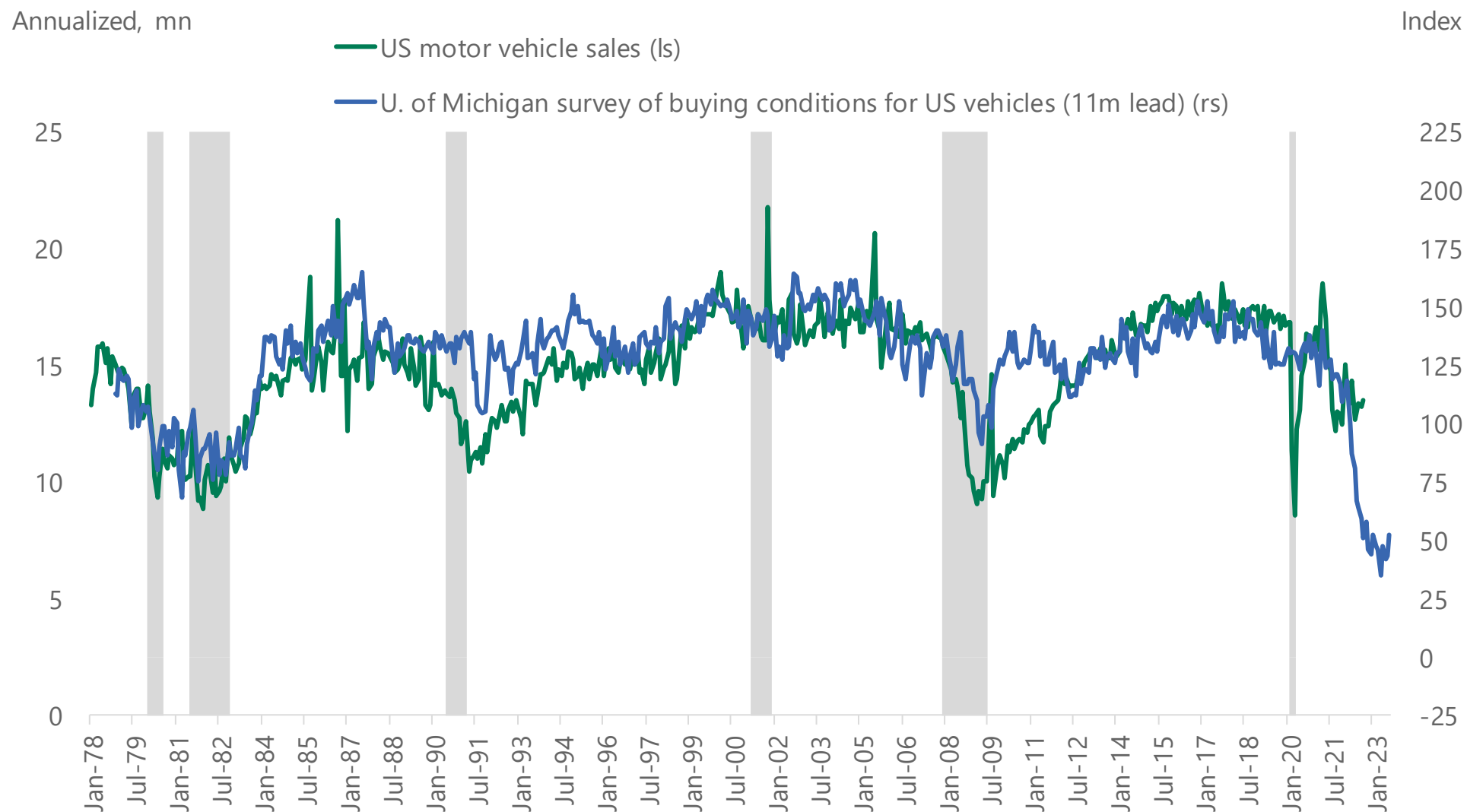
Source: STR, Haver Analytics, Apollo Chief Economist

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 still solid



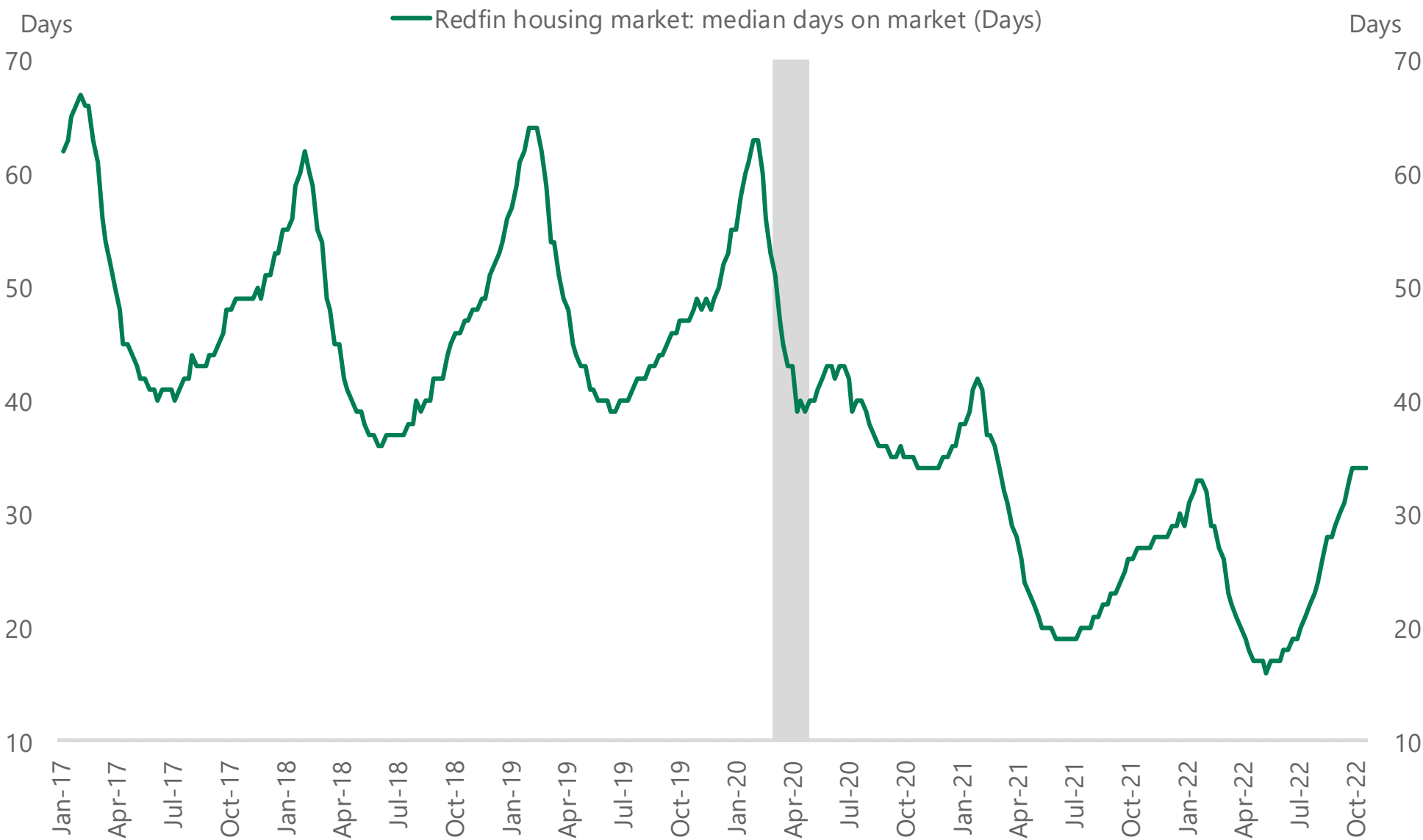
Source: Redbook, Haver Analytics, Apollo Chief Economist

Weekly housing inventory starting to roll over



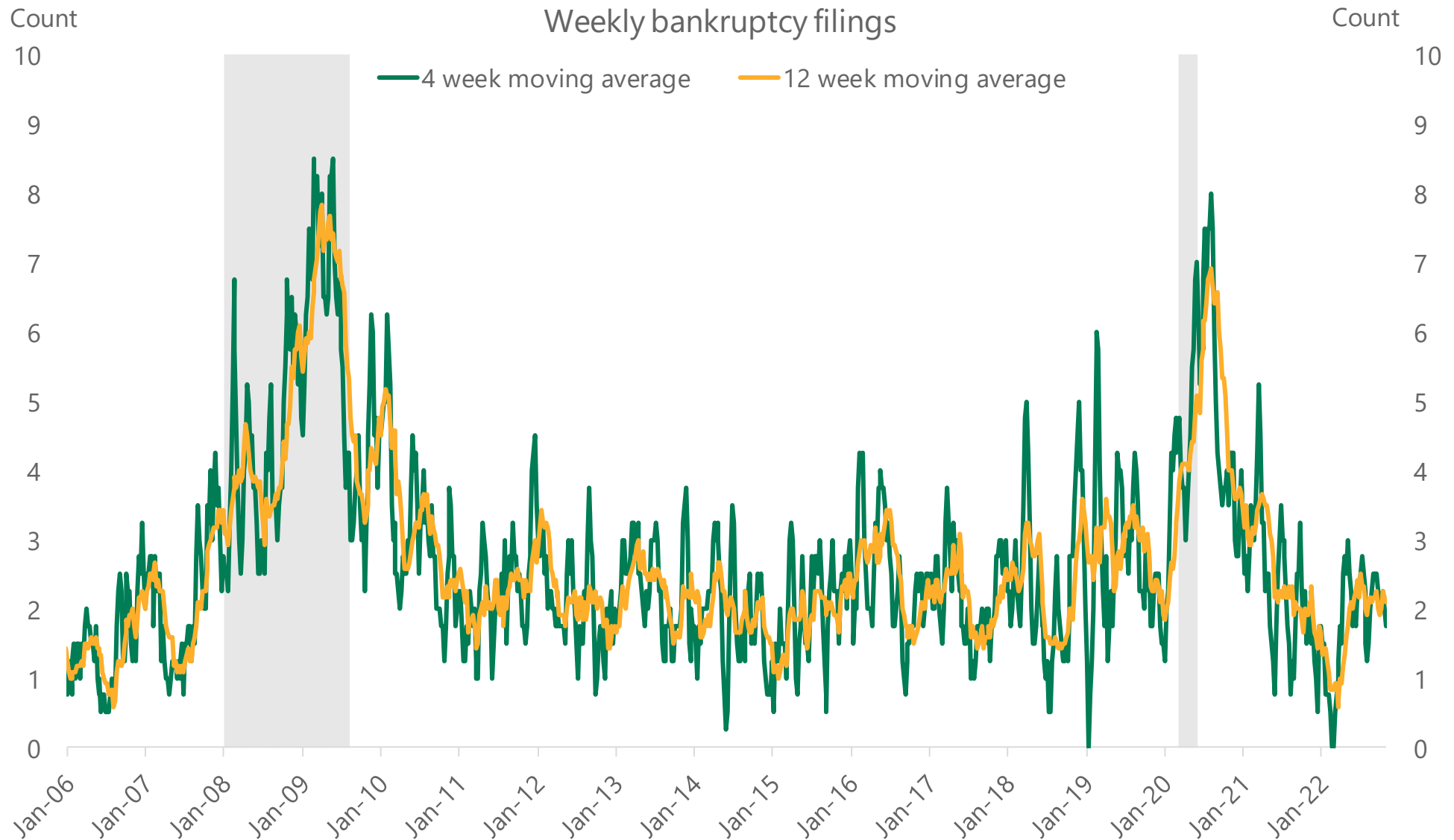
Source: Redfin, Haver, Apollo Chief Economist

Homes typically sold in 34 days compared to 61 days before pandemic



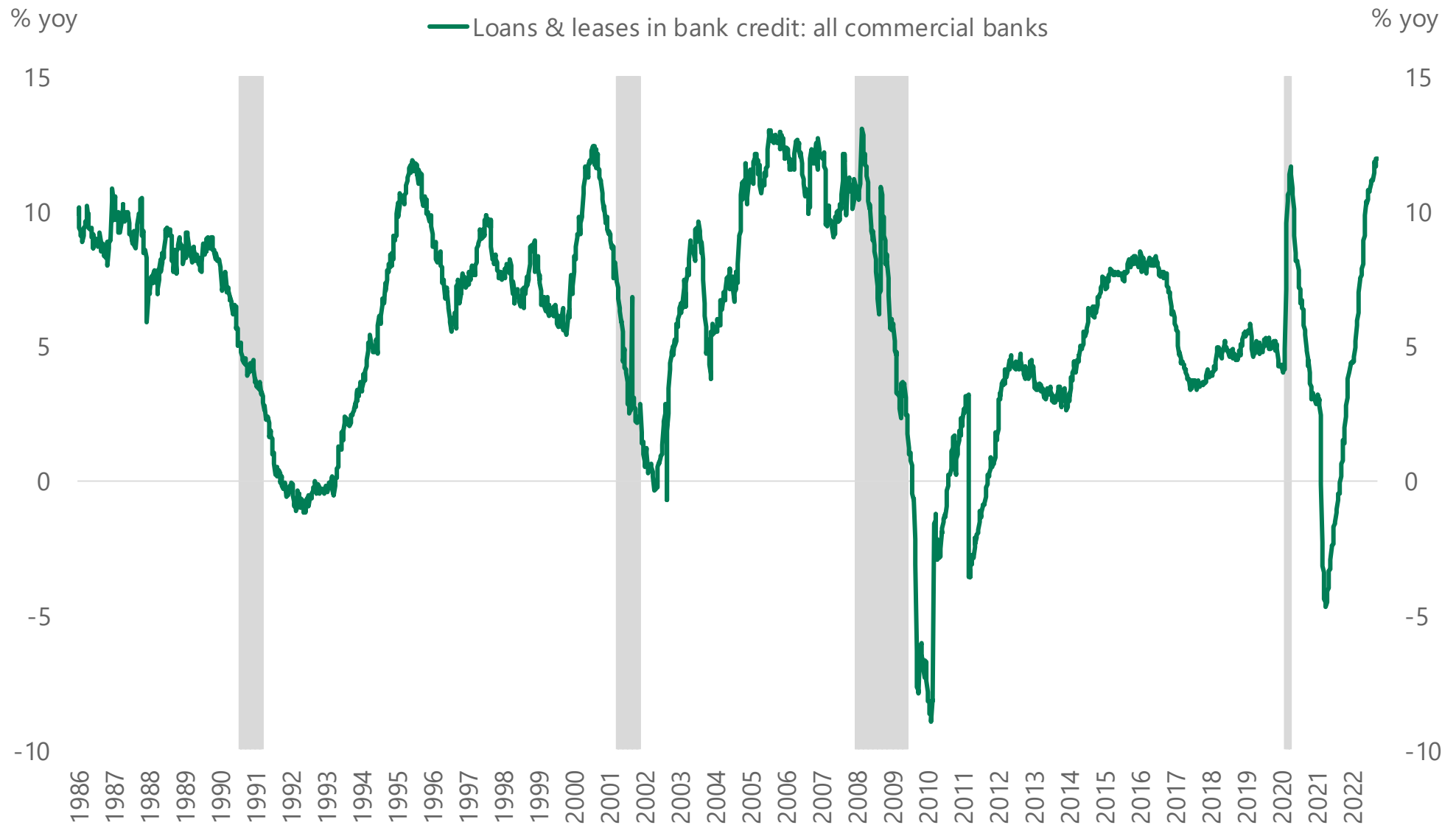
Source: Redfin, Haver, Apollo Chief Economist

Weekly bankruptcy filings still at normal levels



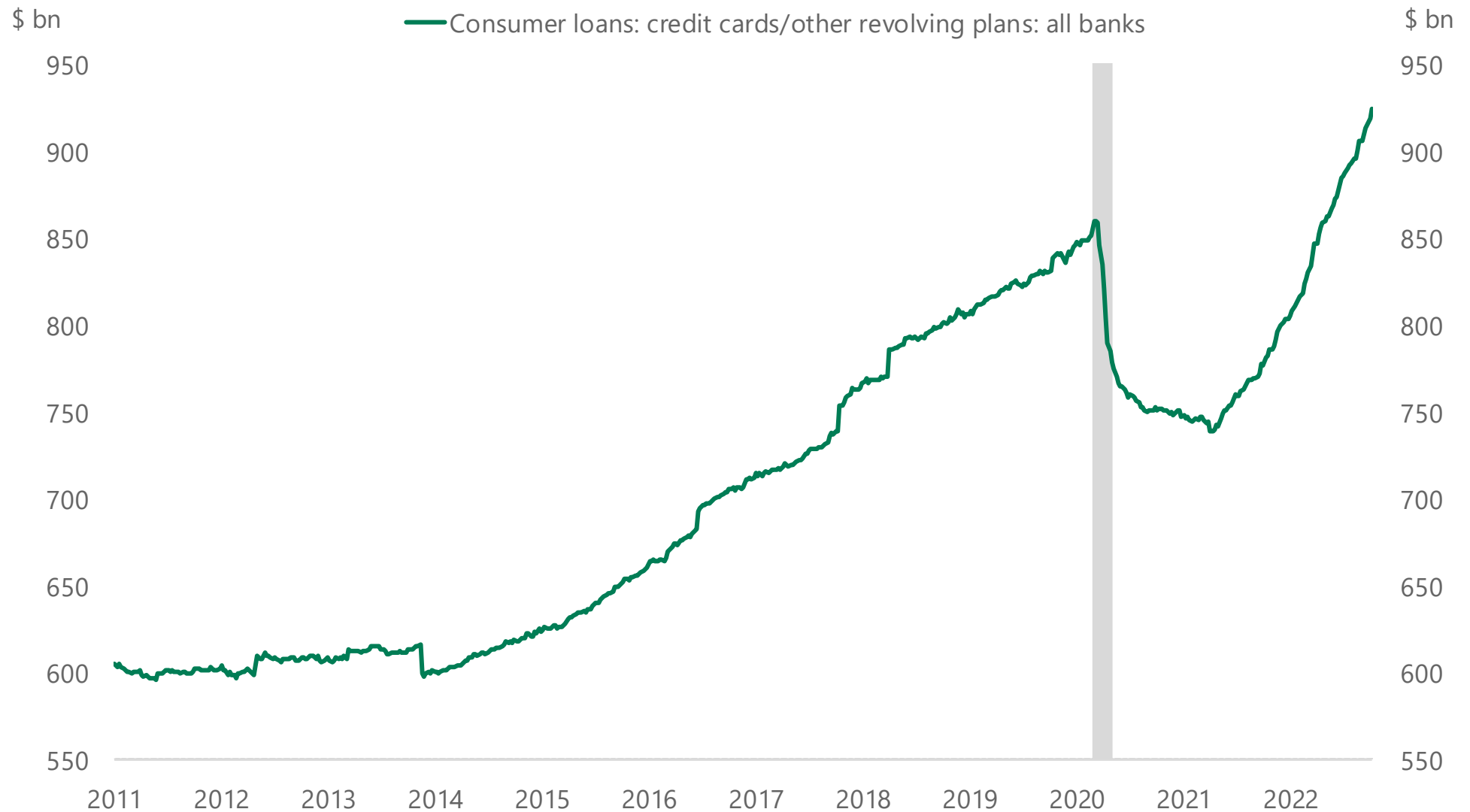
Source: Bloomberg, Apollo Chief Economist. Note: Filings are for companies with more than \$50mn in liabilities. For week ending on Thursday

Banks' weekly loan growth still strong



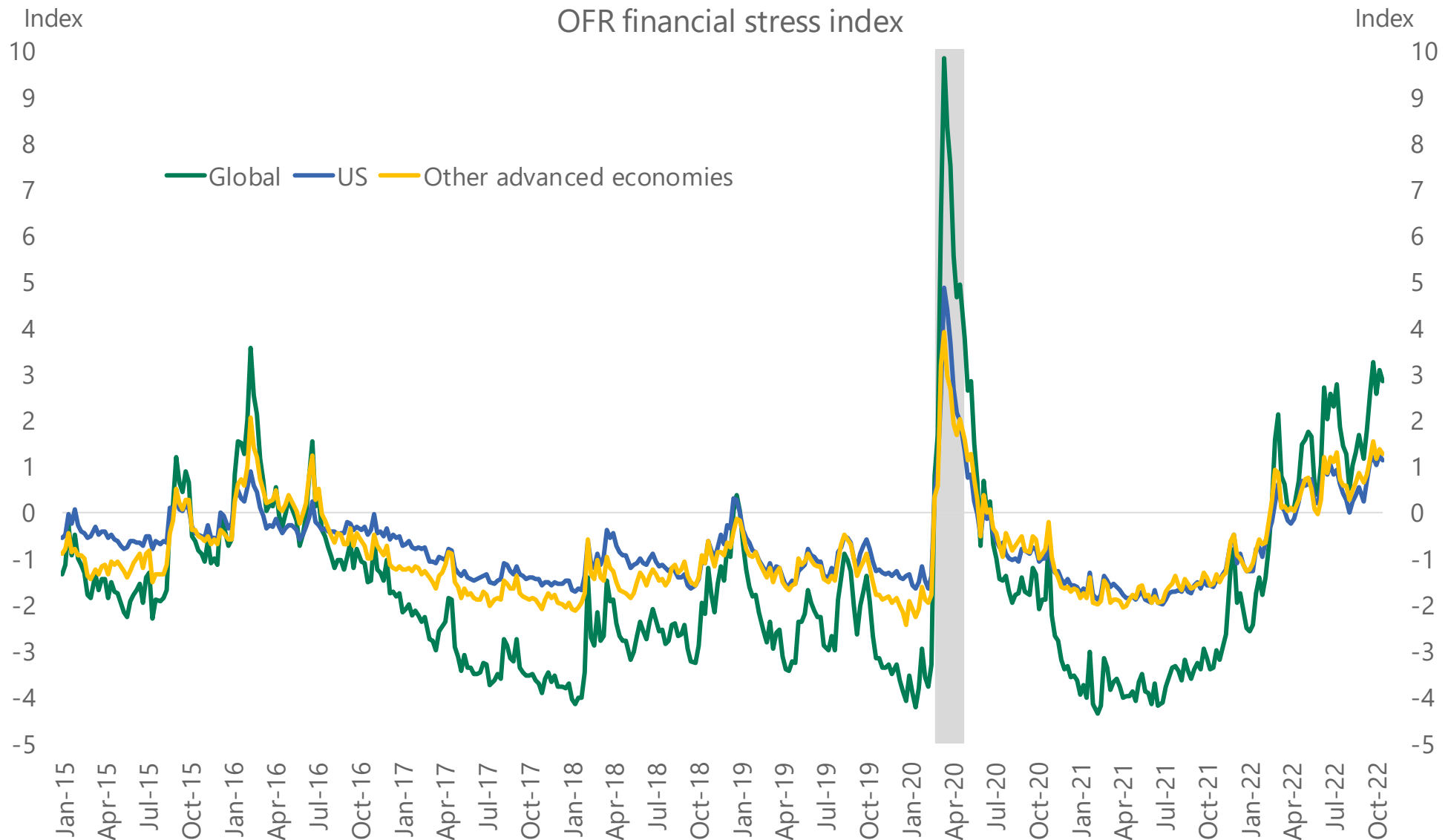
Source: FRB, Haver, Apollo Chief Economist

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



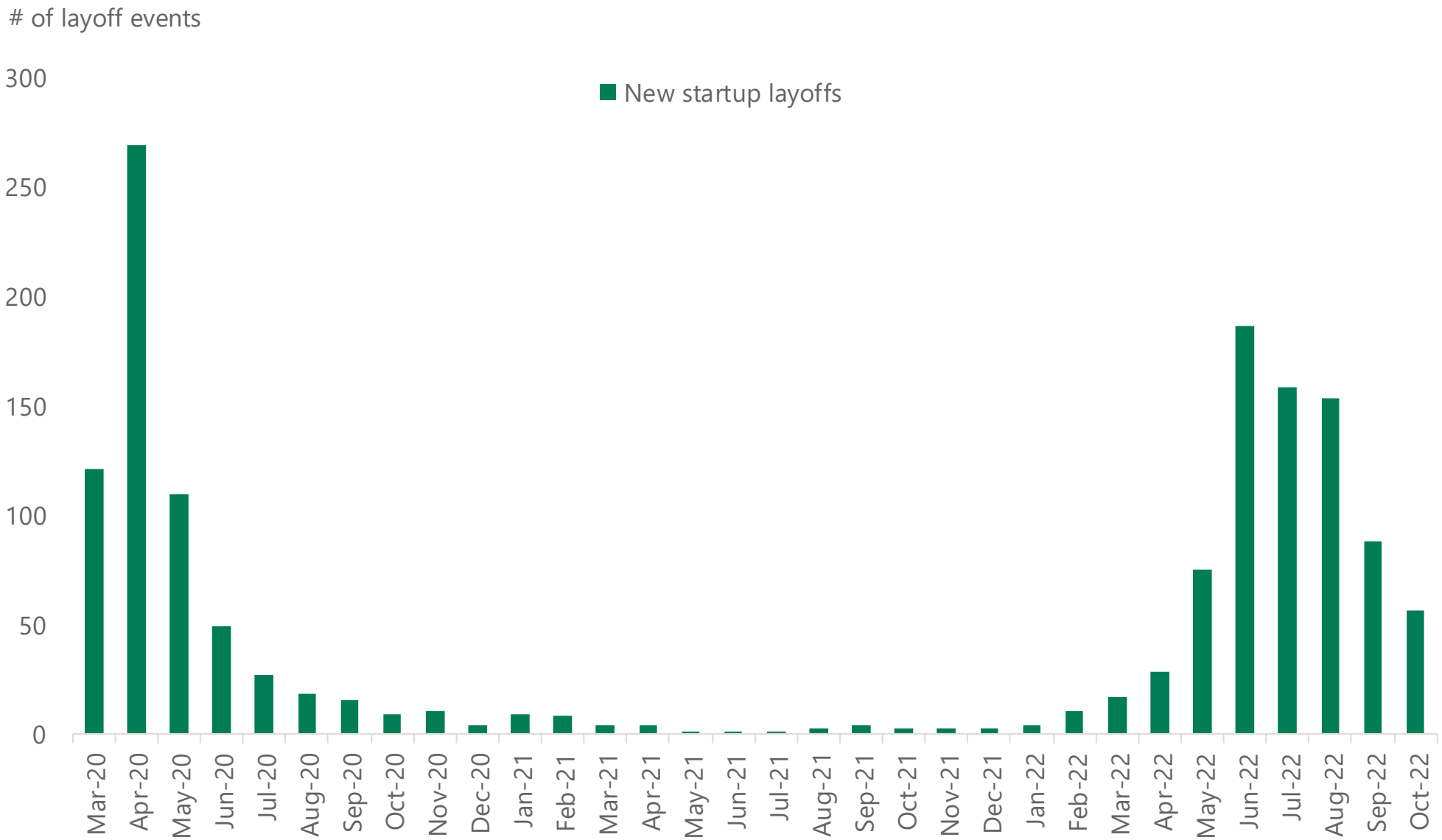
Source: FRB, Haver, Apollo Chief Economist

Stress in financial markets still relatively limited in Fed measures



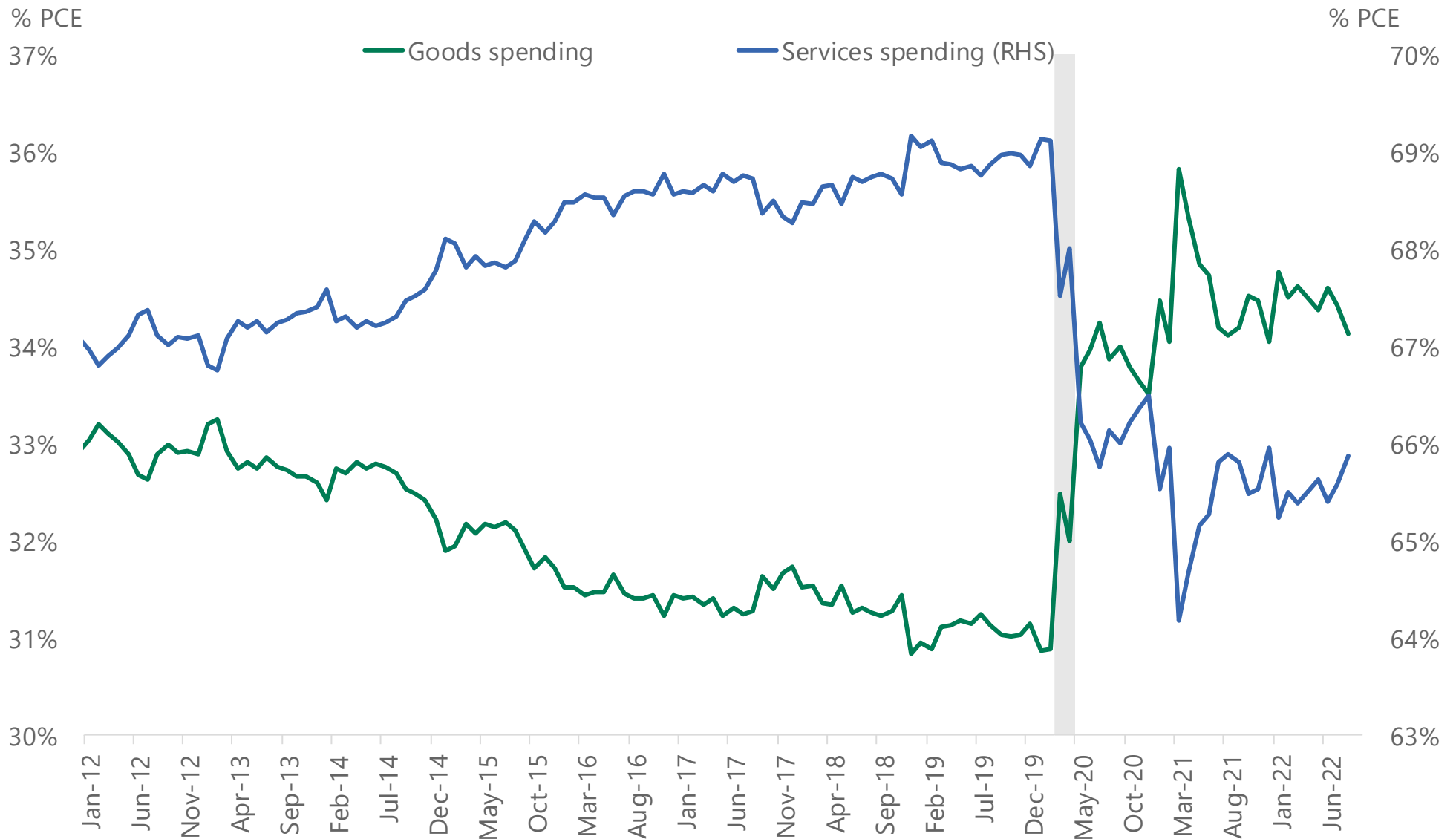
Source: Office for Financial Research, Haver, Apollo Chief Economist (Note: The OFR Financial Stress Index (OFR FSI) is a daily market-based snapshot of stress in global financial markets. It is constructed from 33 financial market variables, such as yield spreads, valuation measures, and interest rates.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



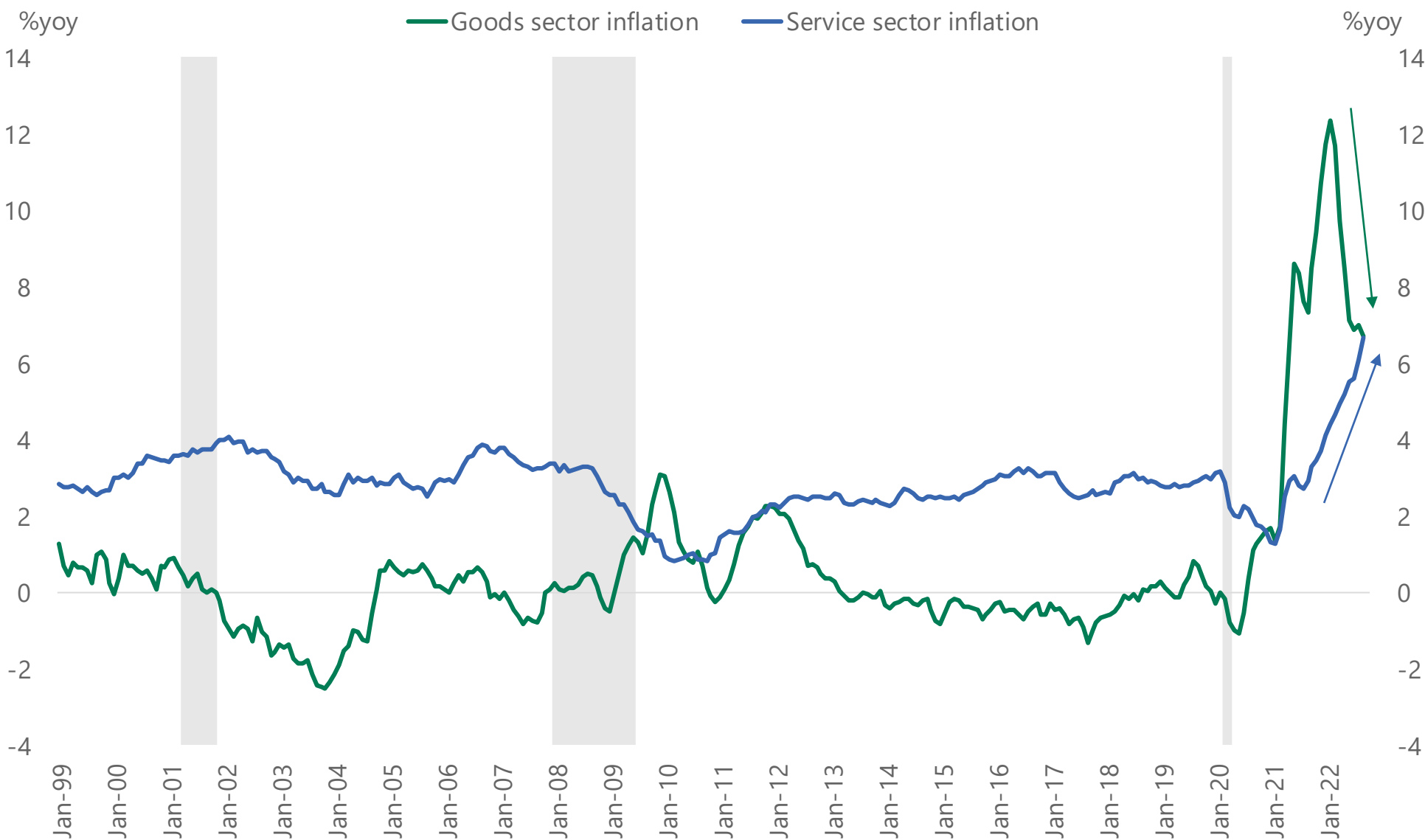
Source: Layoffs.fyi, Apollo Chief Economist. Note: Top 5 sectors that account for layoffs in May 2022: Transportation, Food, Travel, Finance, and Real Estate. (Oct as of 27.10.2022)

Shift from goods to services coming in US consumer spending



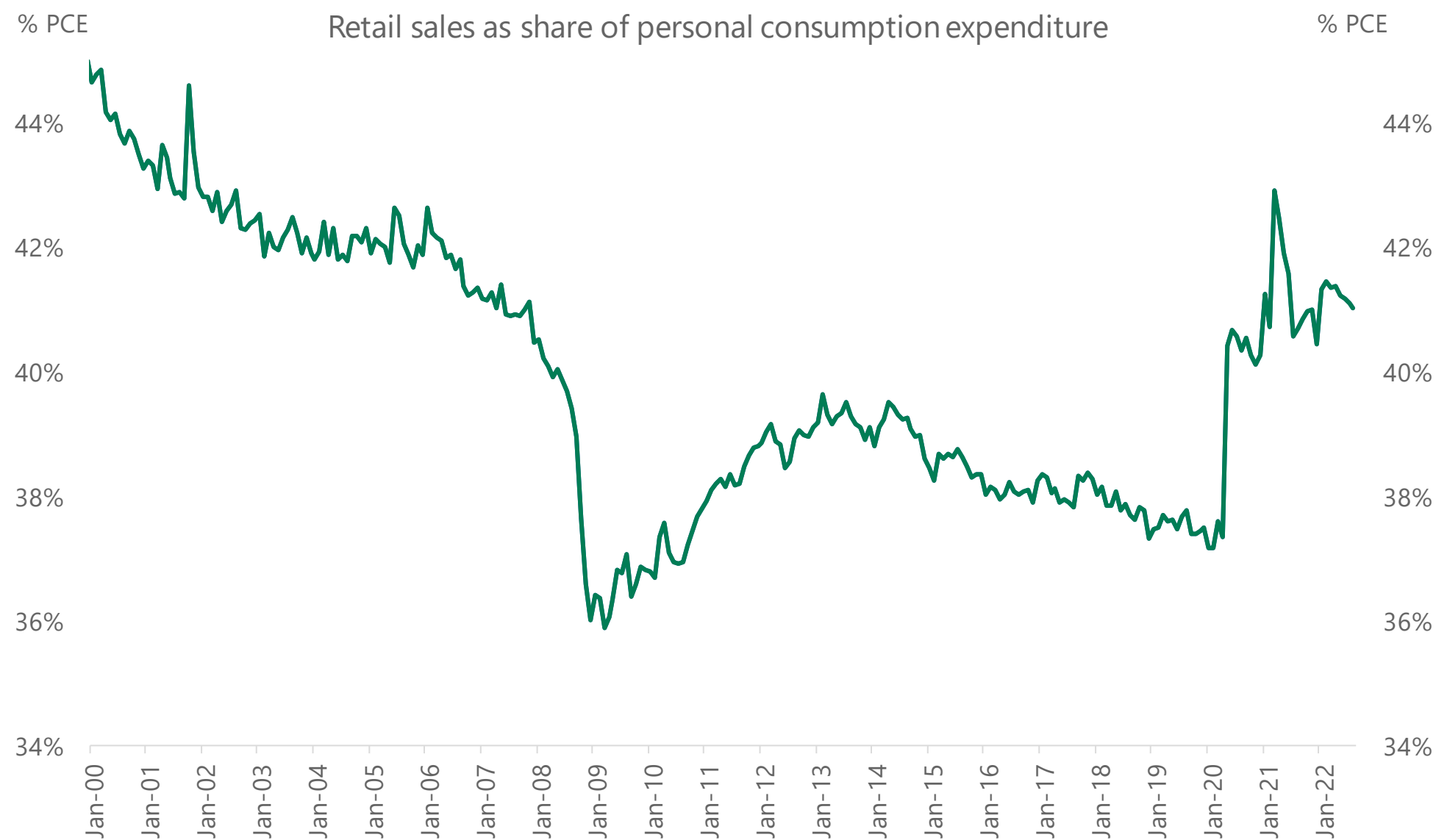
Source: BEA, Haver Analytics, Apollo Chief Economist

Goods sector inflation slowing. Service sector inflation rising



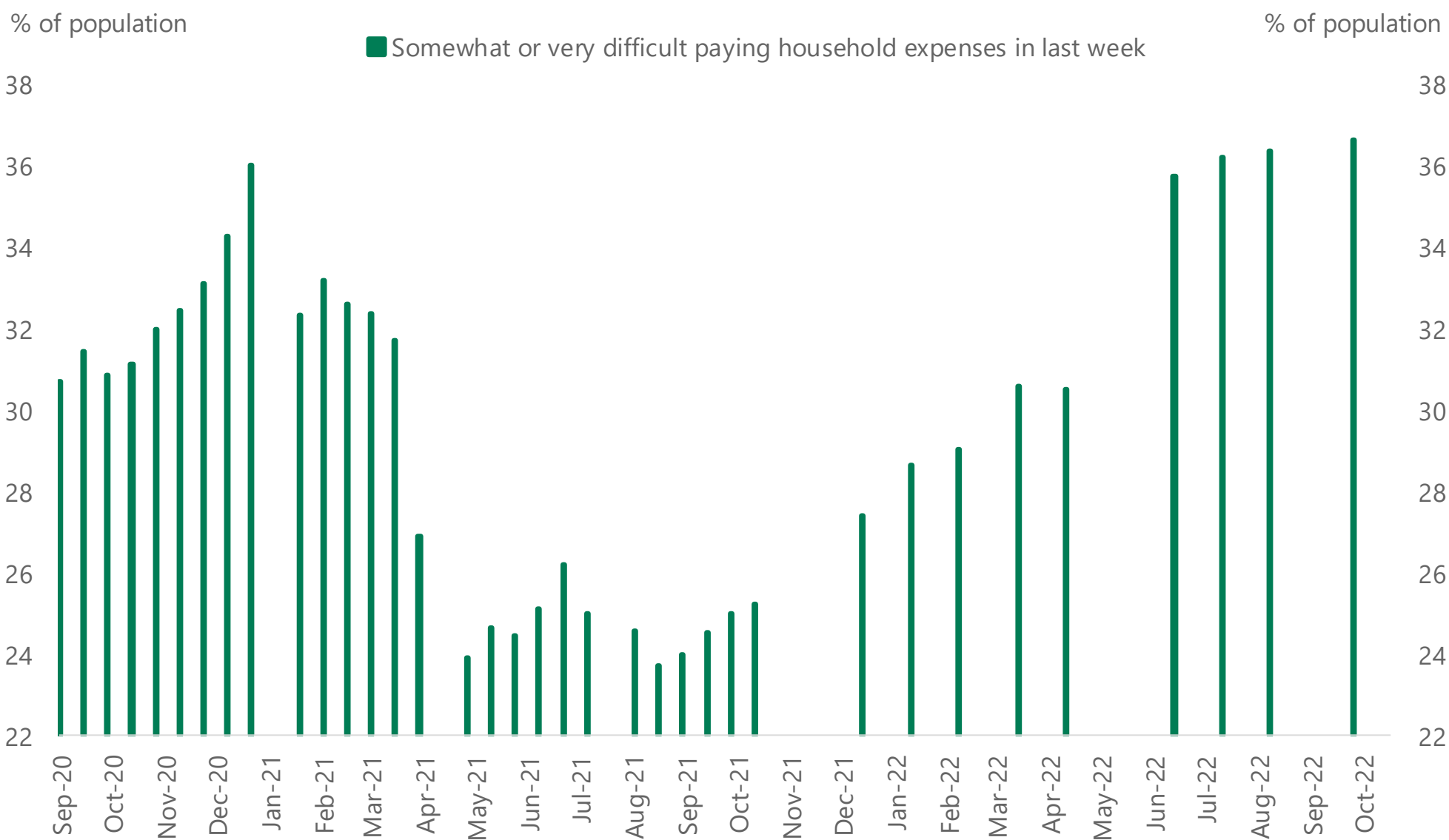
Source: BLS, Haver Analytics, Apollo Chief Economist

Retail sales share of consumer spending



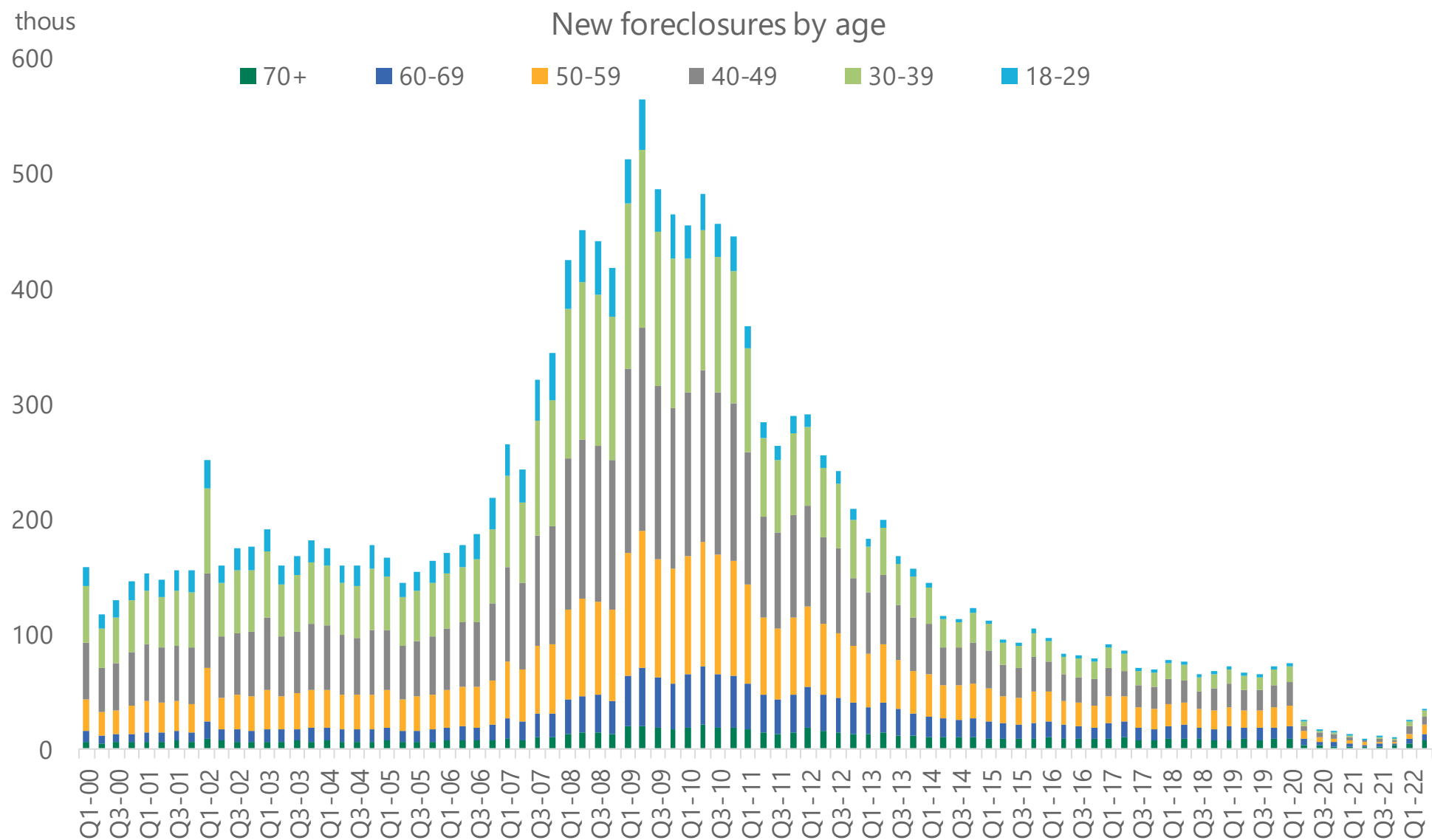
Source: Census Bureau, BEA, Haver ANalytics

More households having difficulties paying expenses



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

New foreclosures starting to move up



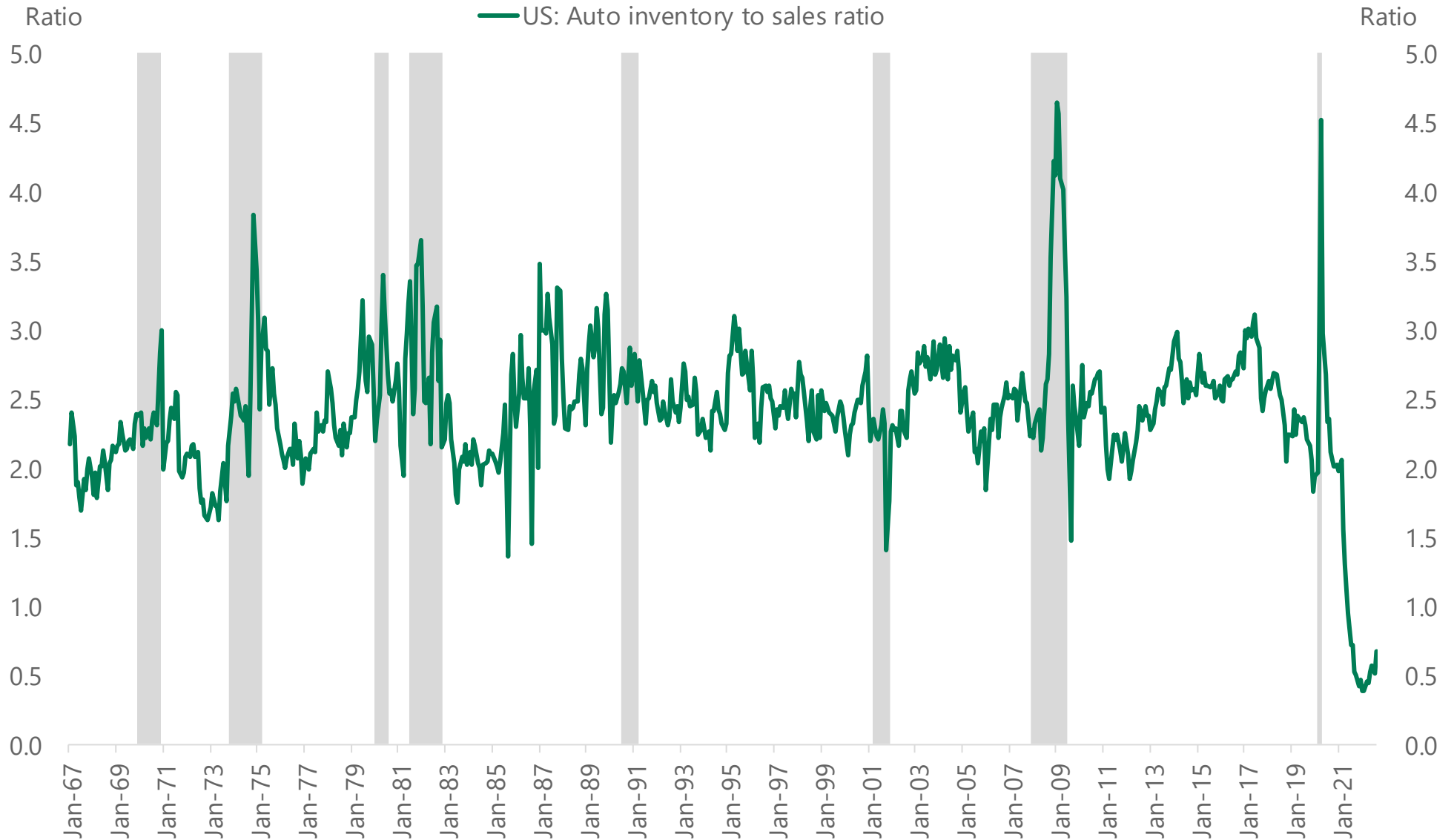
Source: FRBNY Consumer Credit Panel, Equifax, Haver Analytics, Apollo Chief Economist

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	8.2
	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	6.6
	Economic Growth (% YoY)	2.6	0.8	-8.4	-2.0	-1.5	1.2	12.5	5.0	5.7	3.7	1.8	1.8
	New Home sales (000s)	688.0	610.0	922.0	991.0	871.0	881.0	714.0	732.0	839.0	707.0	571.0	603.0
	Consumer Sentiment	99.3	89.1	78.1	80.4	80.7	84.9	85.5	72.8	70.6	59.4	50.0	59.8
	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	50.9
	Homebuilder sentiment	76	72	58	83	86	82	81	76	84	79	67	38
	Unemployment rate (%)	3.6	4.4	11.0	7.9	6.7	6.0	5.9	4.7	3.9	3.6	3.6	3.5
	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	5.0
	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	206.3
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	16.3
	IG Spread (bps)	101	305	160	144	103	97	86	89	98	122	164	167
	HY Spread (bps)	360	877	644.0	541	386	336.0	304	315	310	343	587	480
	Yield curve (bps)	31	22	65	59	84	154	144	129	139	193	193	96
	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	3.93
	VIX	13.8	53.5	30.4	26.4	22.8	19.4	15.8	23.1	17.2	20.6	28.7	27.4
	MOVE Index	58.3	83.9	54.1	39.2	49.0	71.3	57.3	61.1	77.1	106.9	135.5	142.8
	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	397.5
	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	219.6	219.6
	IPO volume (\$bn, 3 month sum)	12.2	23.0	29.3	65.4	65.7	152.2	48.6	39.7	53.2	8.6	3.1	1.1
	SPAC volume (\$bn, 3 month sum)	3.8	5.9	11.9	40.4	39.3	110.7	14.0	14.1	22.1	4.7	2.5	0.7

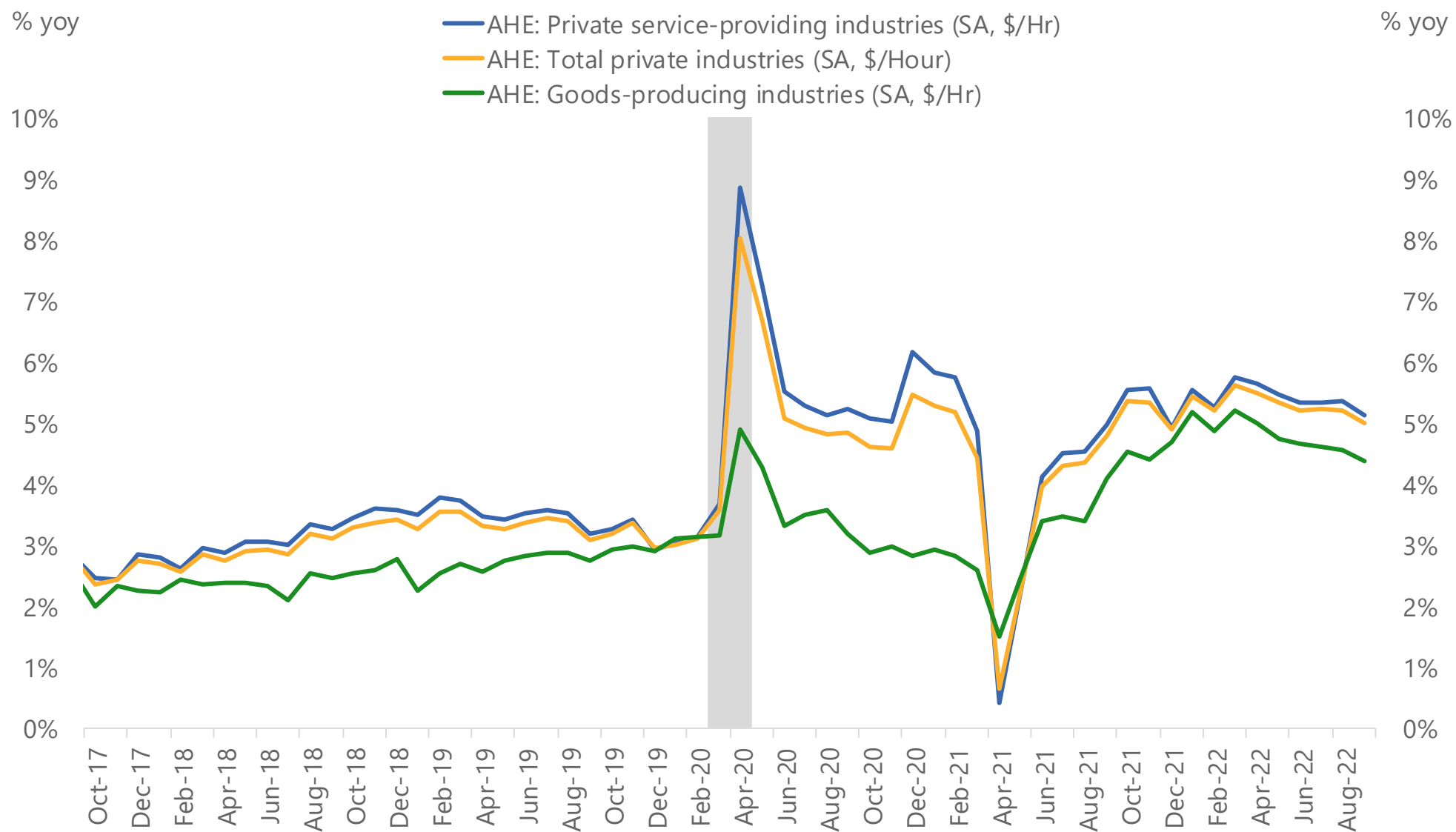
Source: Apollo Chief Economist. Colours based on deviation from mean. Green = mean +/- 0.5 stddev; Yellow = +/- 0.5 to 1 stddev; Red = +/- 1 stddev. For PMI>50 is red and less than 50 is green. Consumer sentiment and MOVE > mean is red and < mean is green and for jobless claims vice-versa. Data starts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

Auto inventory to sales ratio picking up



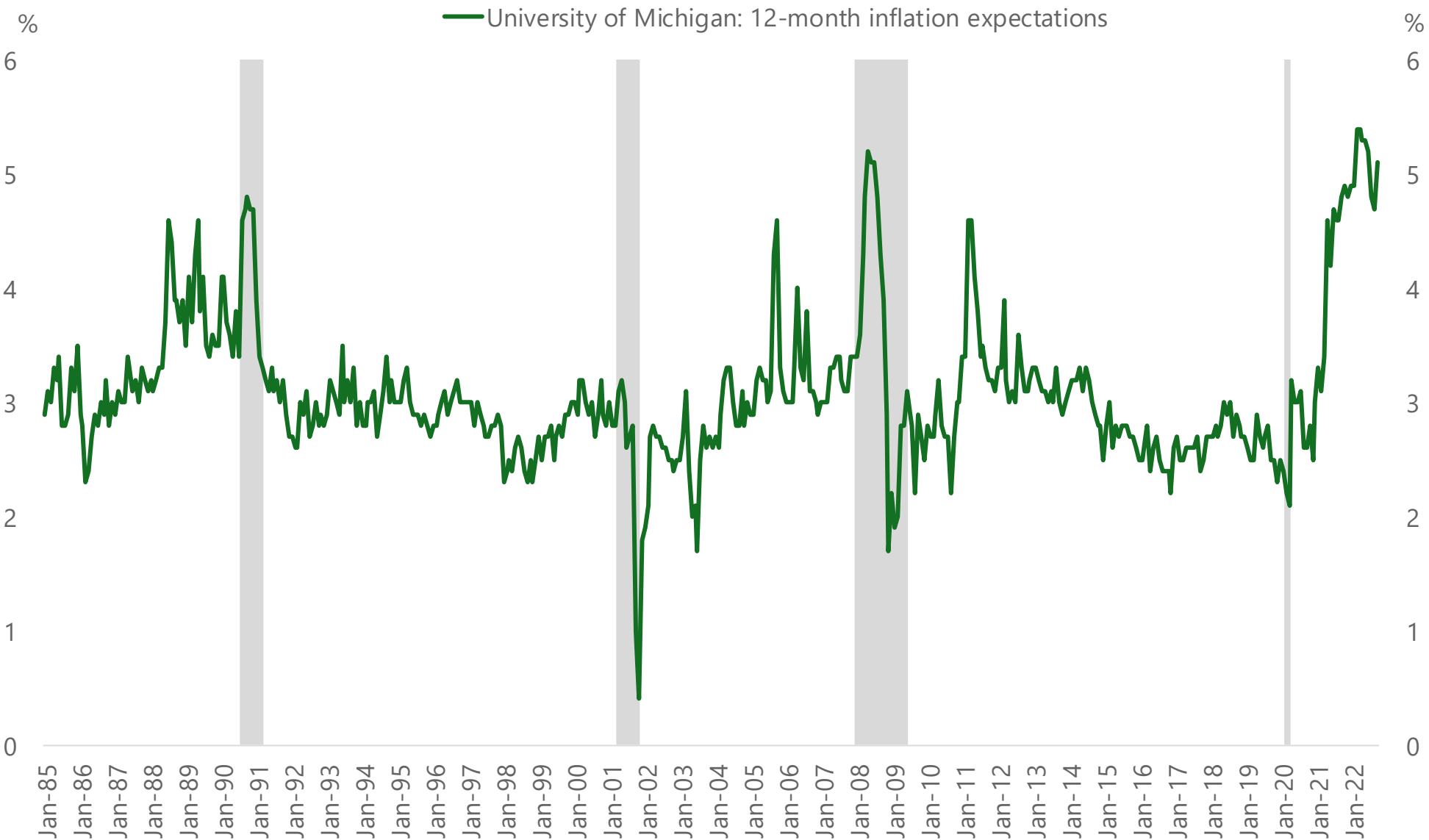
Source: BEA, Bloomberg, Apollo Chief Economist

Wage inflation across industries



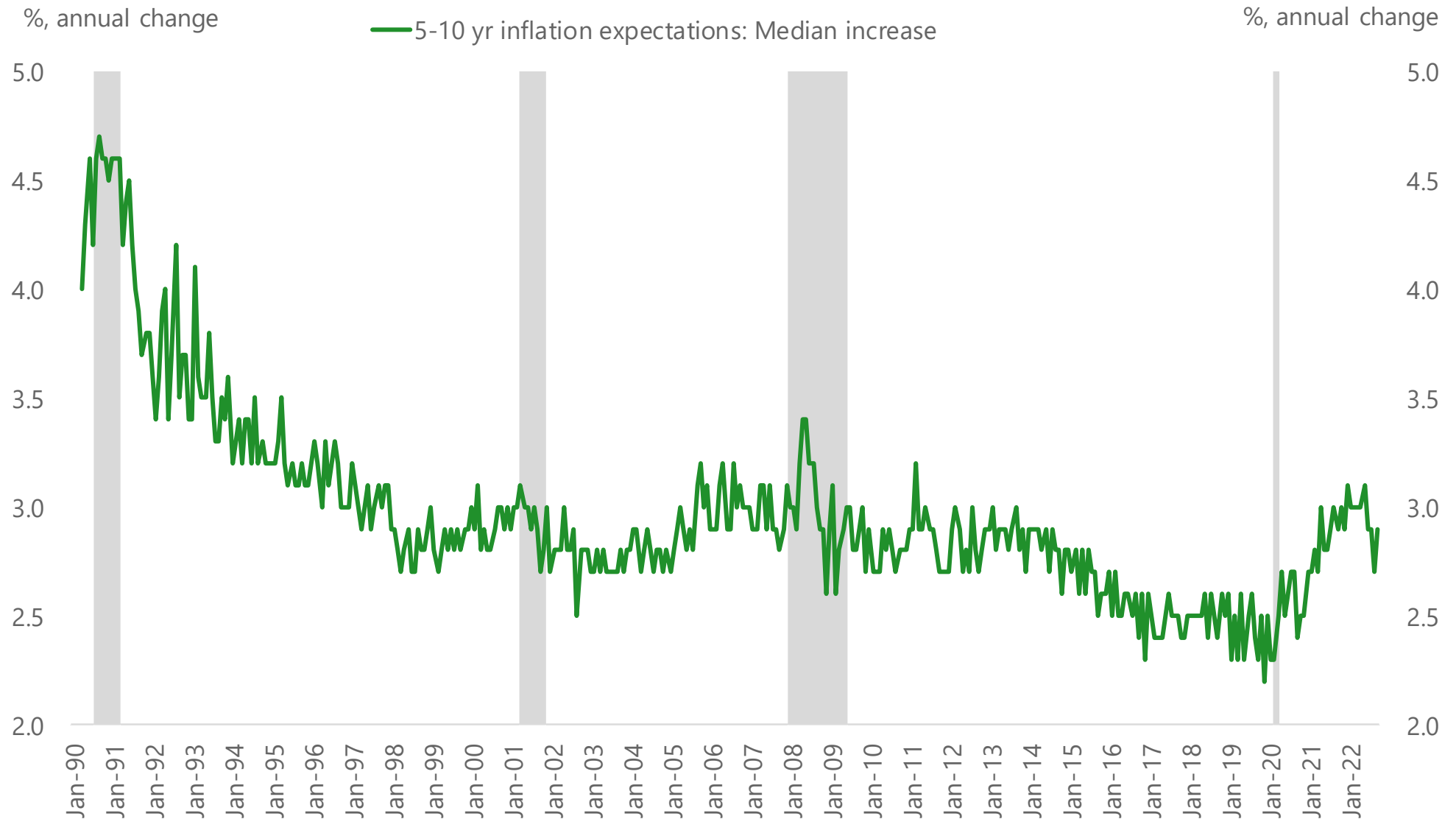
Source: BLS, Apollo Chief Economist.

Short-term inflation expectations jumped in October



Source: U. of Michigan Sentiment, Haver, Apollo Chief Economist

Long term inflation expectations also up



Source: U. of Michigan Sentiment, Haver, Apollo Chief Economist

Biography



Torsten Slok, Ph.D.

Chief Economist

Apollo Global Management

tslok@apollo.com

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.