

APOLLO

# Getting inflation back to 2% in the G7 countries: How far along have we come?

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**Apollo Global Management**

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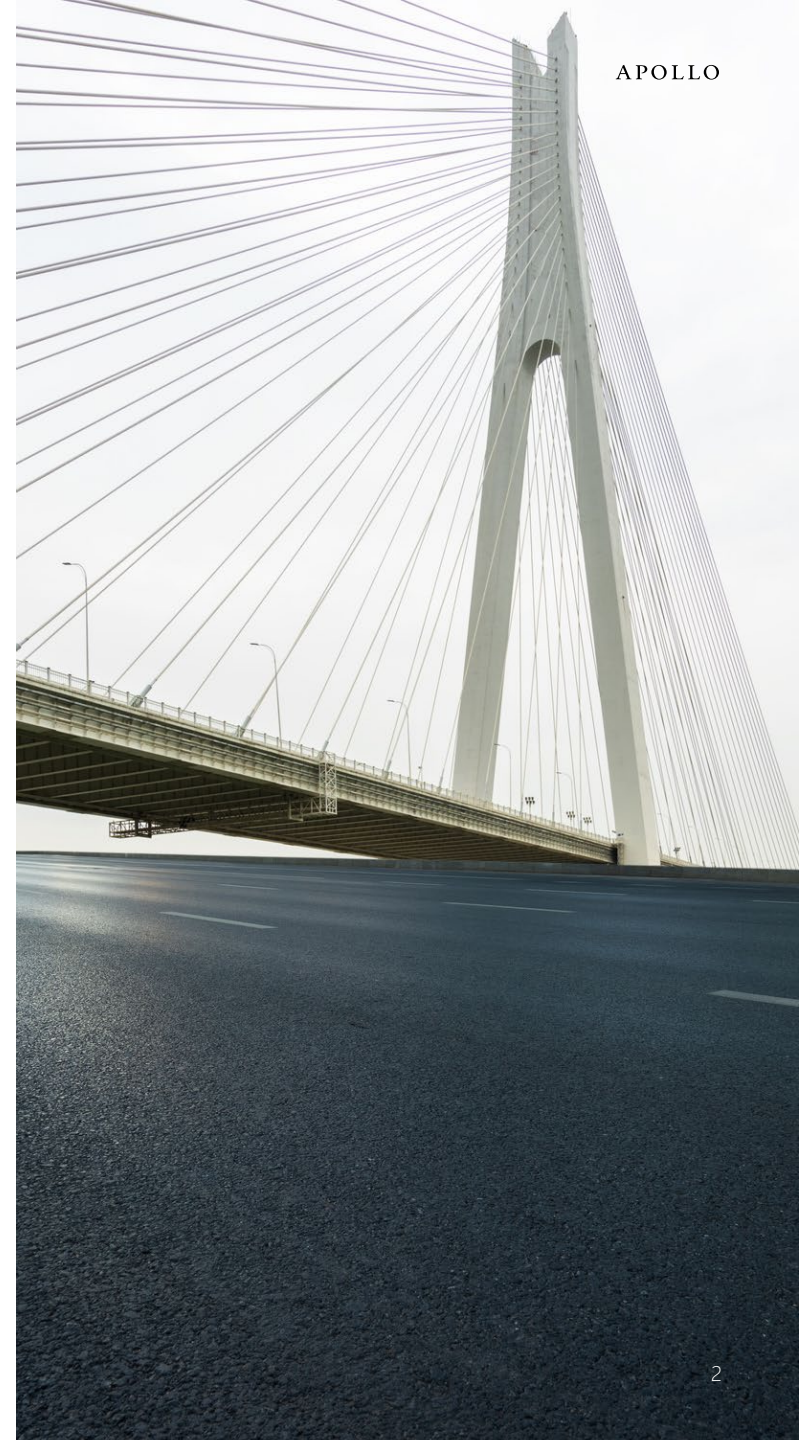
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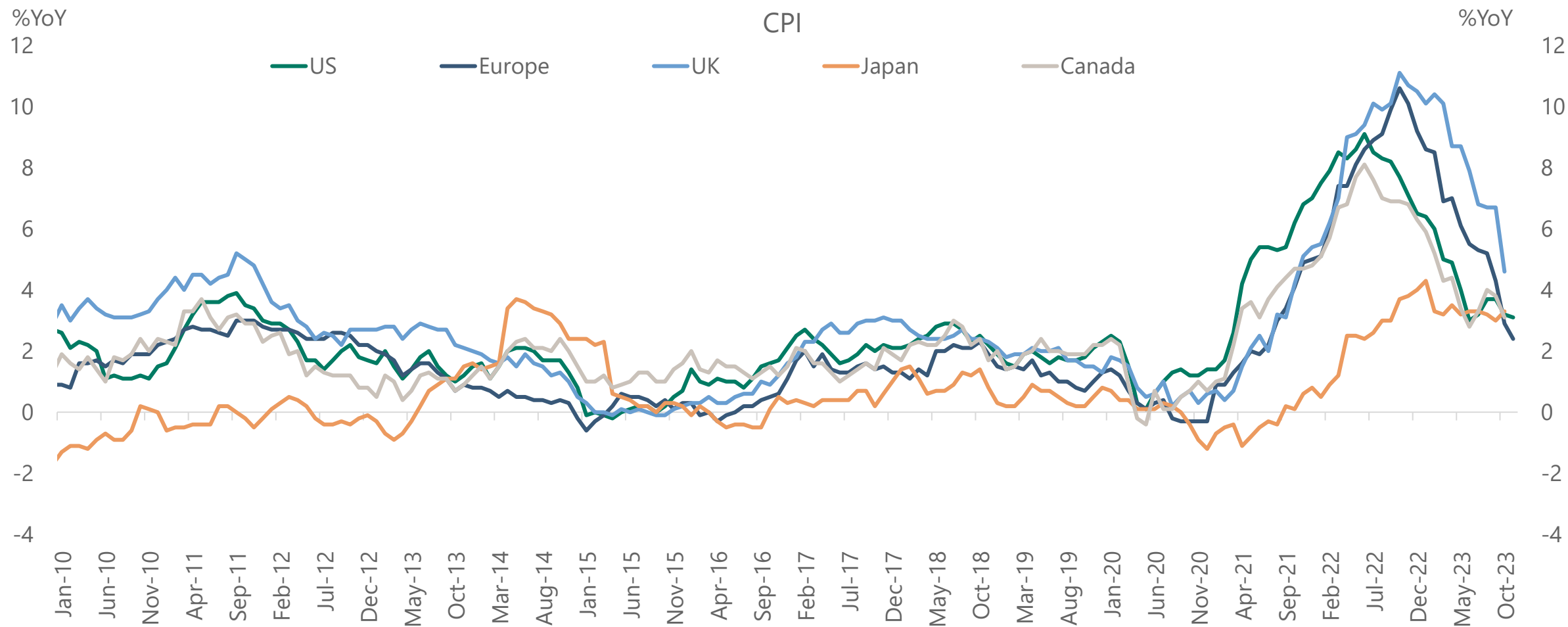


# Conclusions

1. Headline inflation is coming down in most G7 countries because of falling energy prices and global supply chains normalizing after Covid.
2. Core inflation is more sticky in the US and Canada, where easier financial conditions and a rebounding housing market could lift inflation over the coming quarters. Core inflation is also more sticky in Japan.
3. In Europe and the UK, both headline and core inflation are moving faster down to 2%, driven by normalizing supply chains, falling energy prices, and a faster slowdown in their economies because of the energy transition, a more interest rate-sensitive housing market, and slower growth in China.

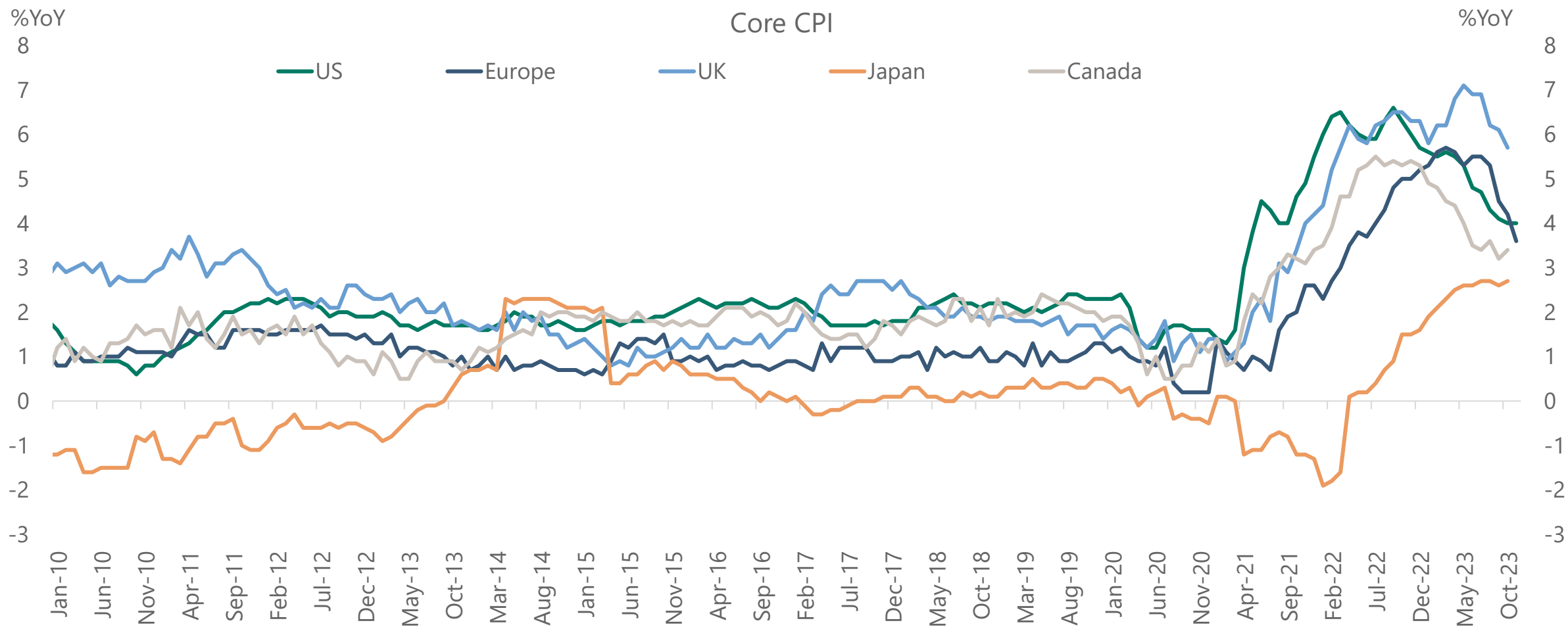
USA

# Falling energy prices and normalizing supply chains pushing down headline inflation

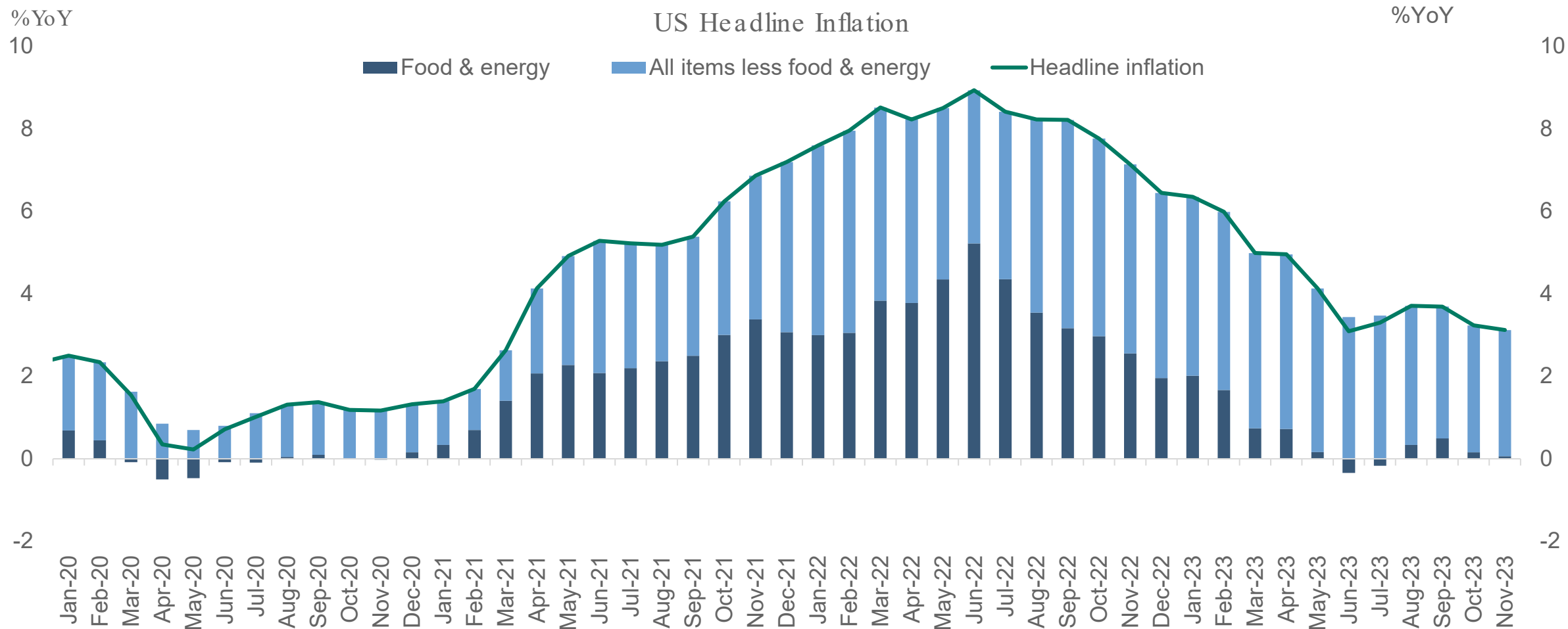


Source: Bloomberg, Apollo Chief Economist

# Core inflation more sticky in particular in the US, Canada, and Japan

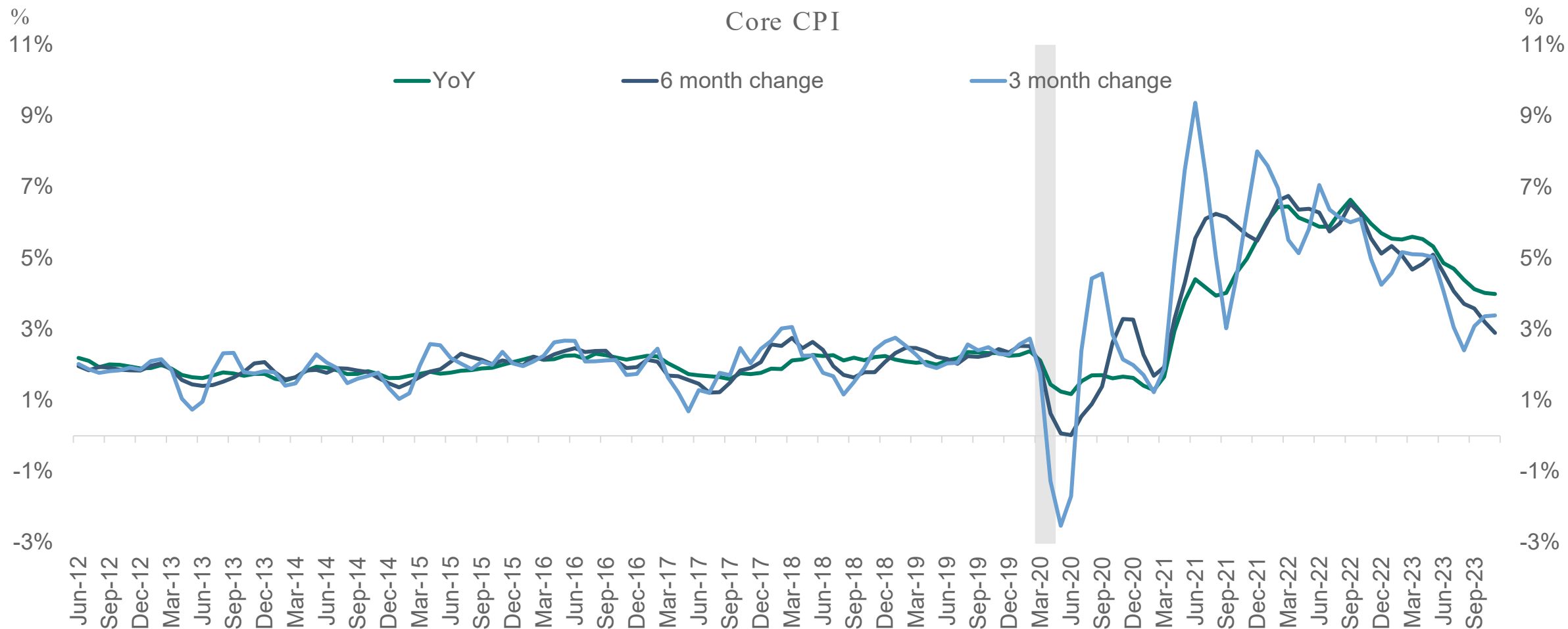


# US: Decline in headline inflation mainly due to food and energy



Source: BLS, Haver Analytics, Apollo Chief Economist

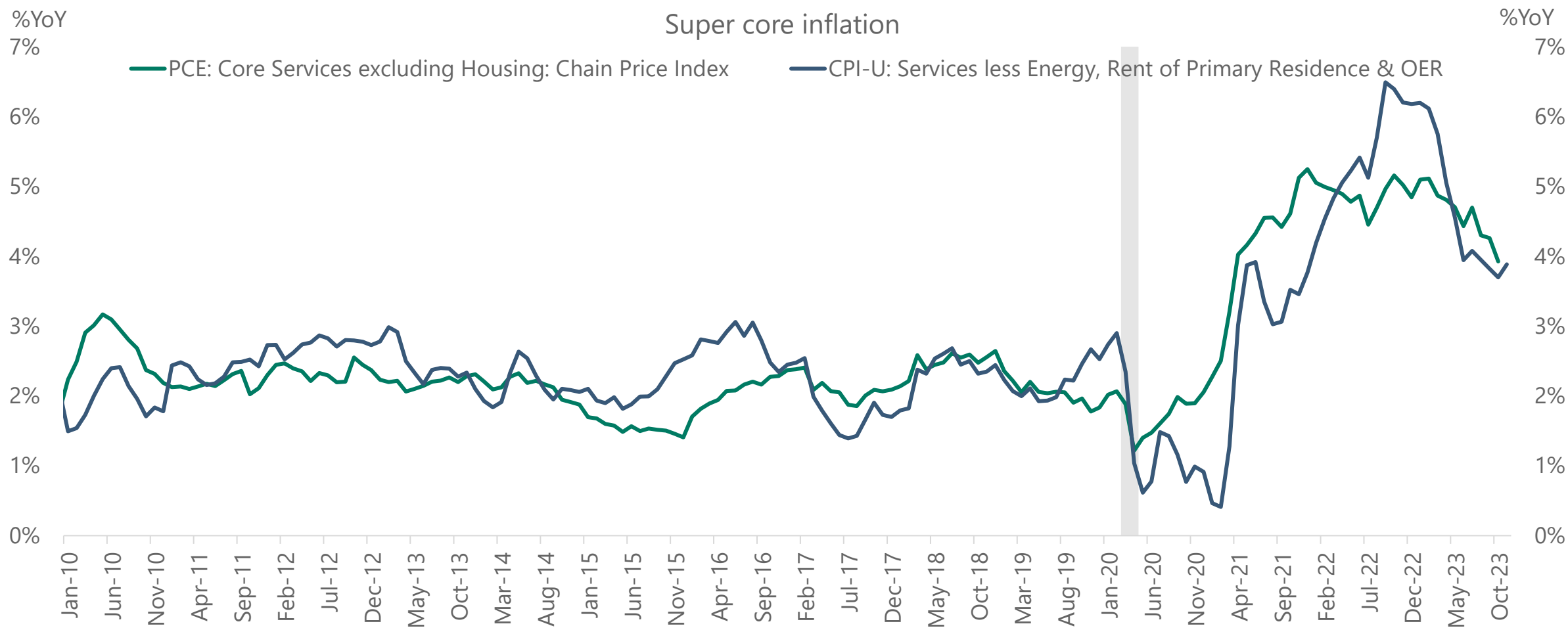
# US: Core inflation is sticky



Source: BLS, Haver Analytics, Apollo Chief Economist

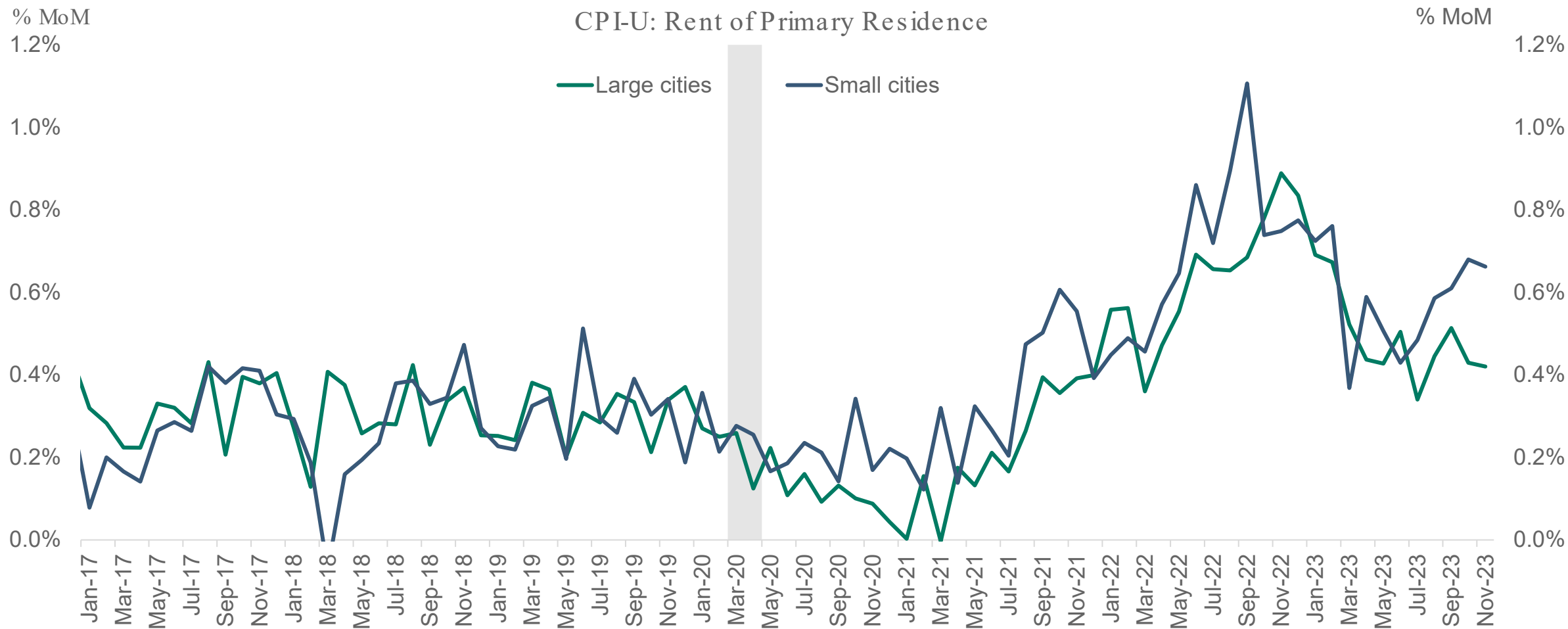


# US: Super core inflation also sticky



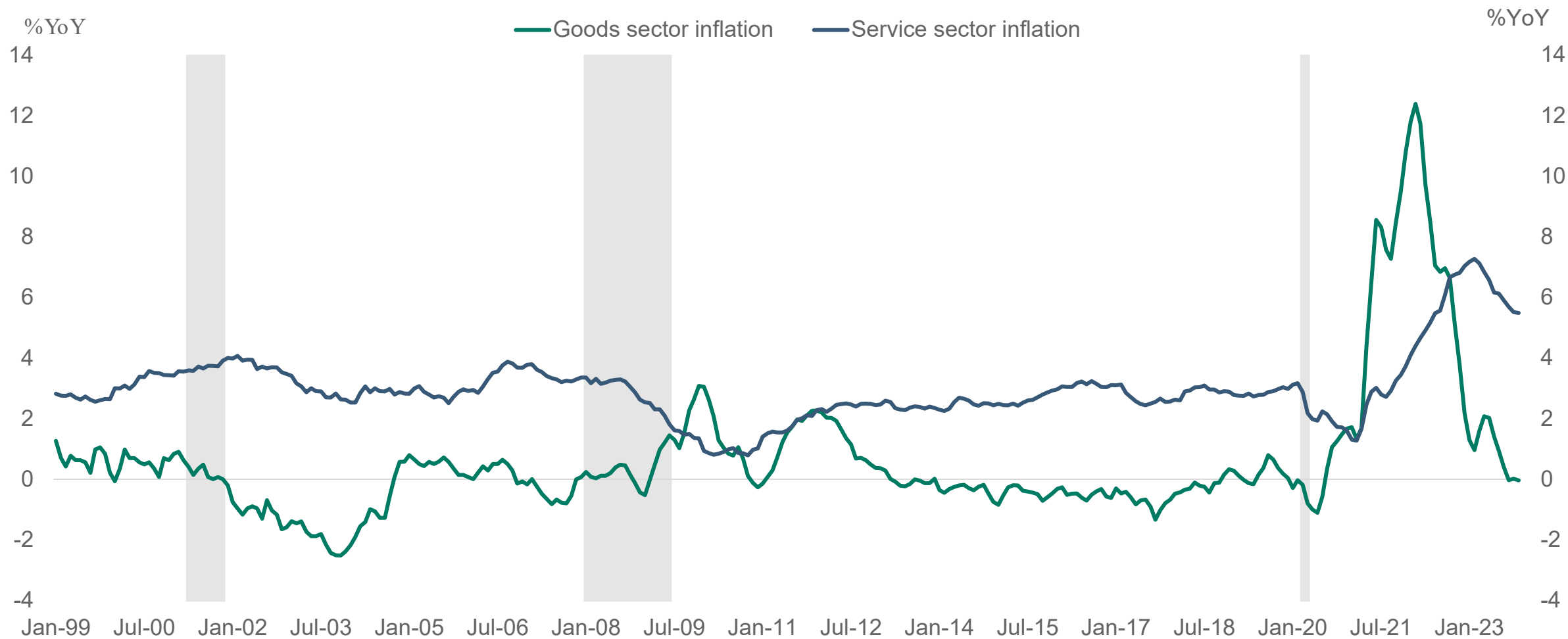
Source: BLS, Haver Analytics, Apollo Chief Economist

# US: Rent inflation rising in small cities

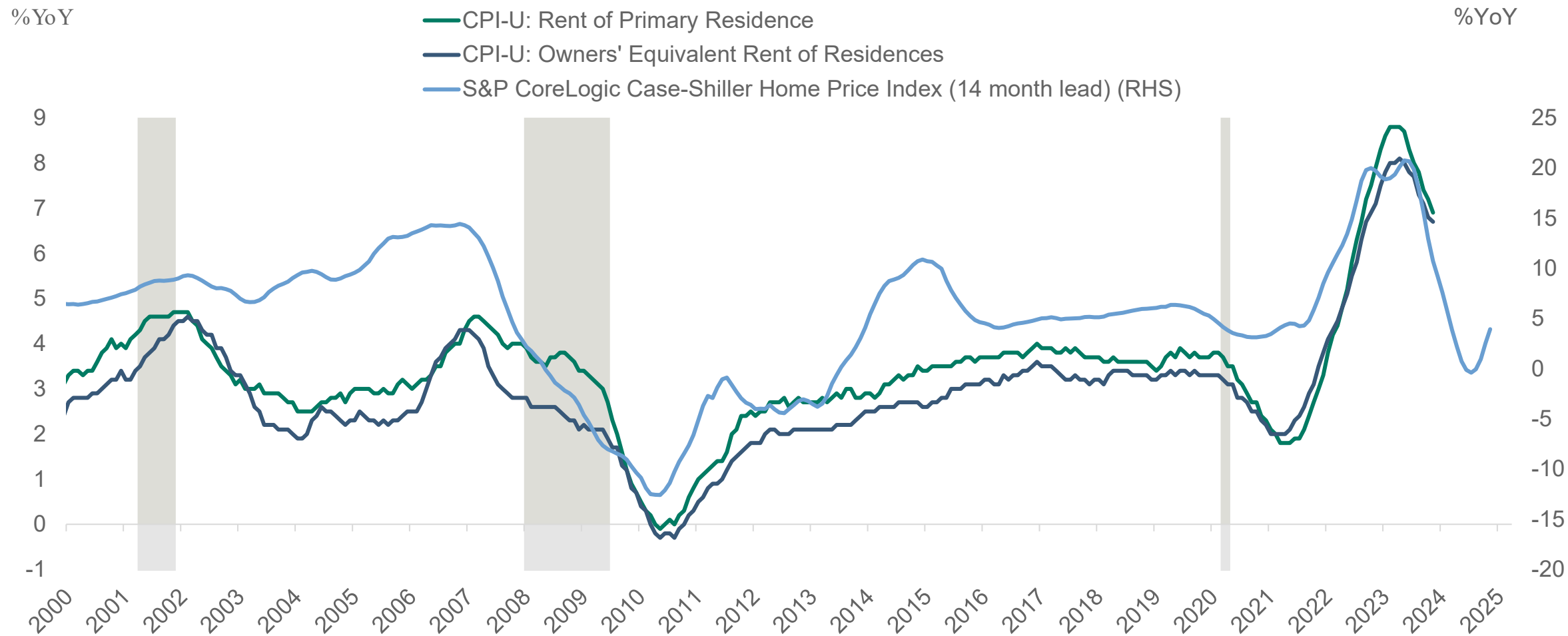


Source: BLS, Haver Analytics, Apollo Chief Economist

# US: Goods sector inflation has normalized while service sector remains very high



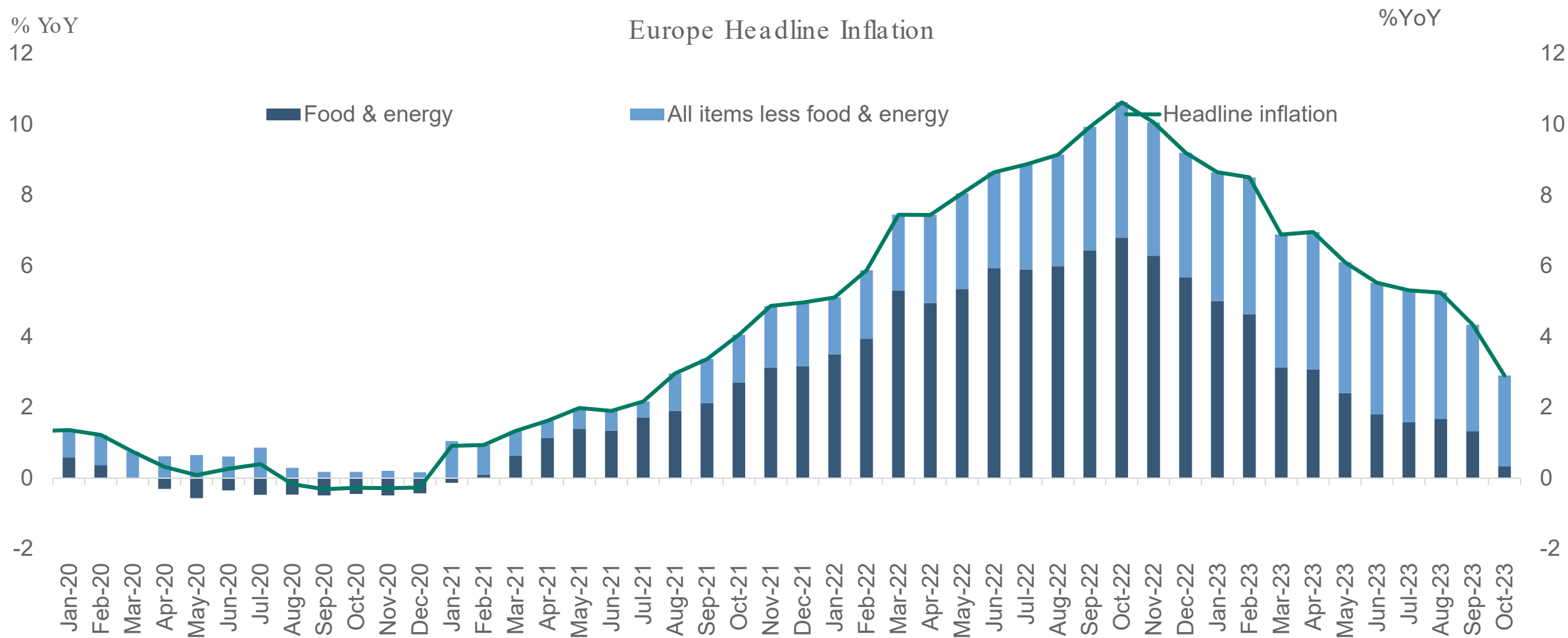
# US: Housing inflation rebounding



Source: BLS, Haver Analytics, Apollo Chief Economist

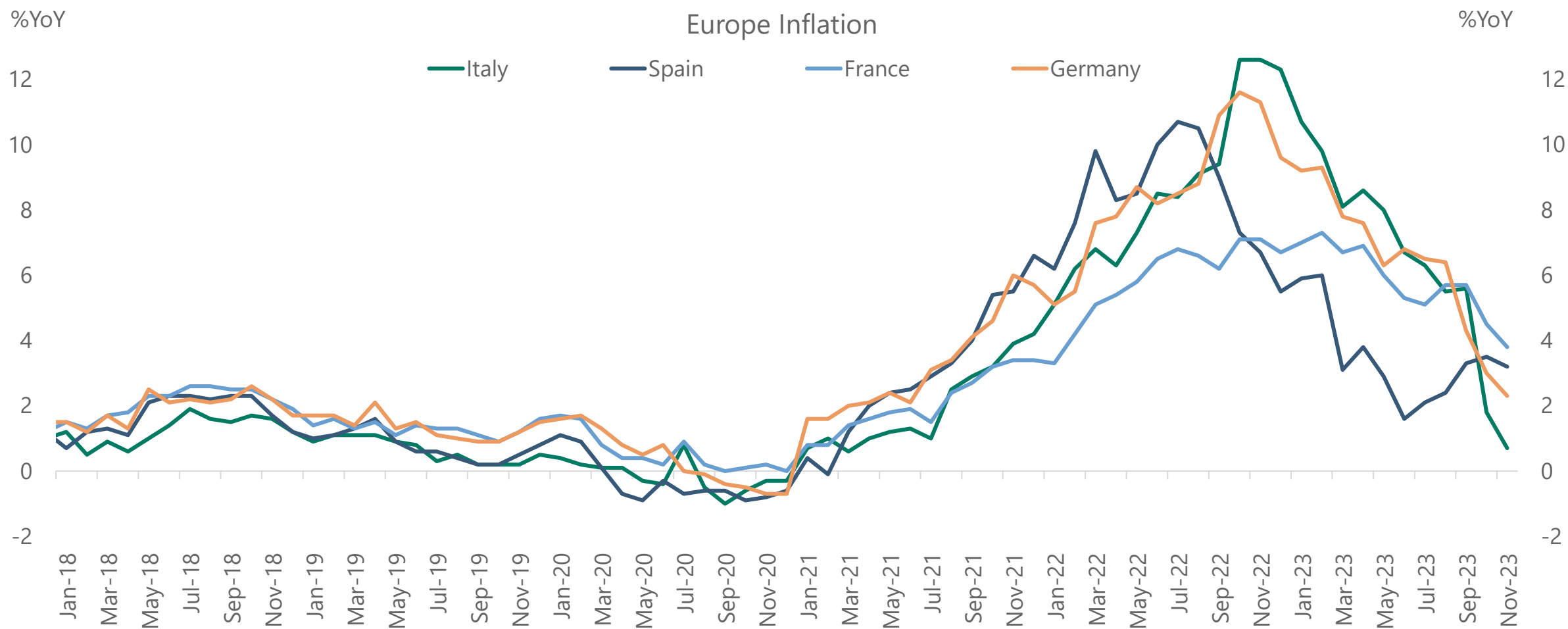
Europe

# Europe: Lower food and energy prices pushing headline inflation down

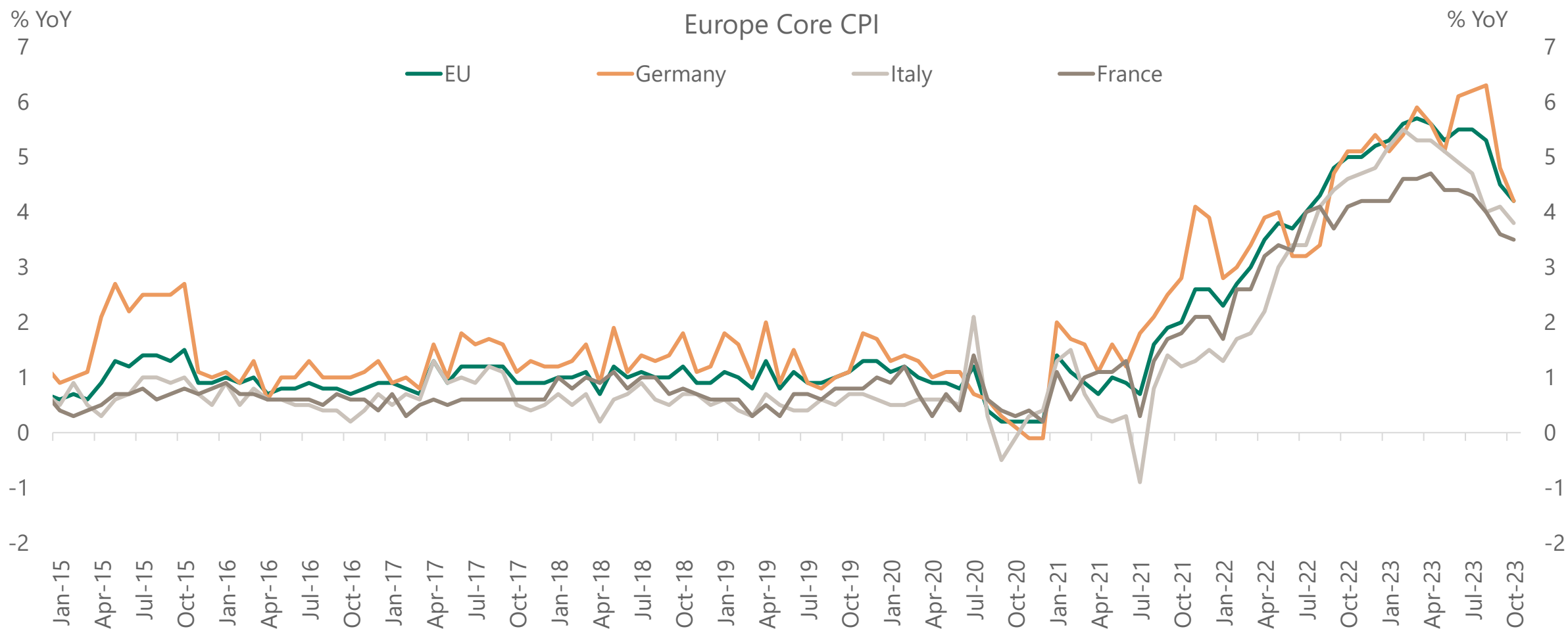


Source: Eurostat, Bloomberg, Apollo Chief Economist

# Europe: Headline inflation looks more sticky in Spain

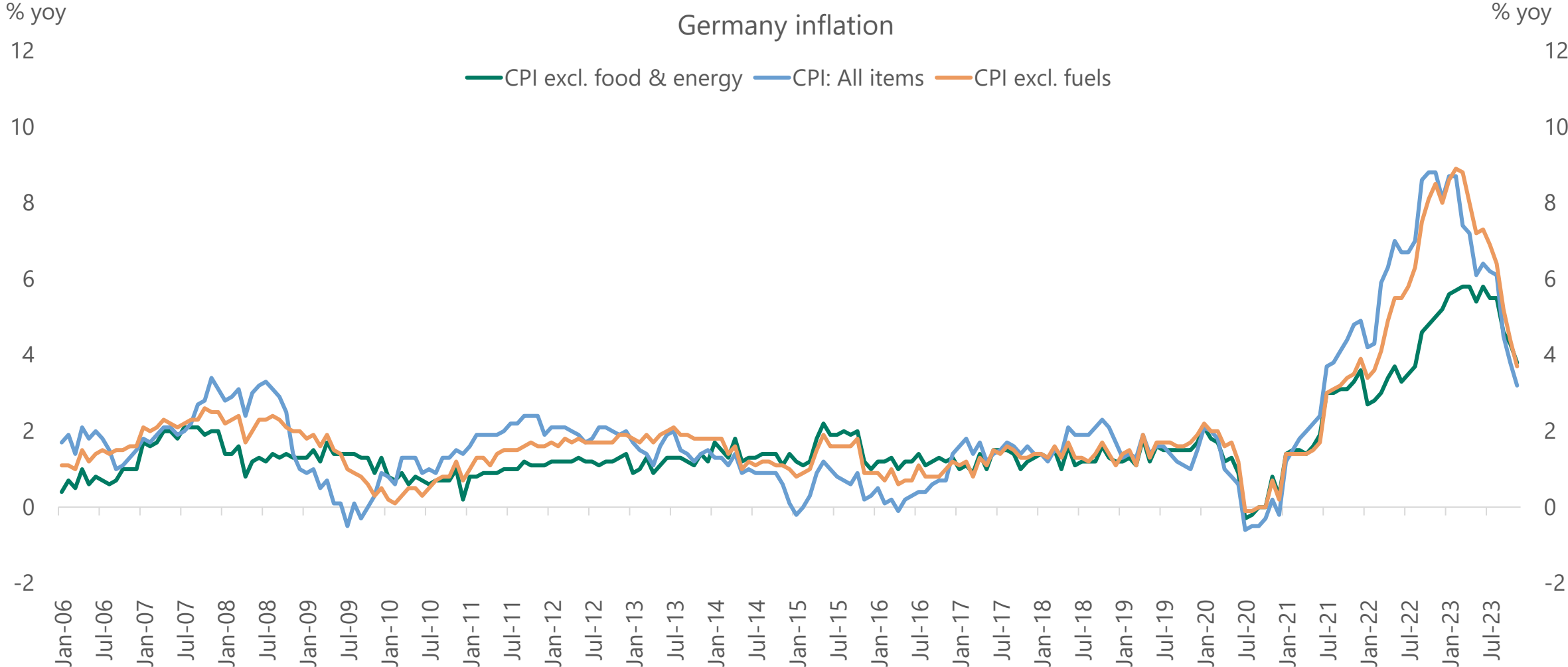


# Europe: Core inflation remains sticky across countries





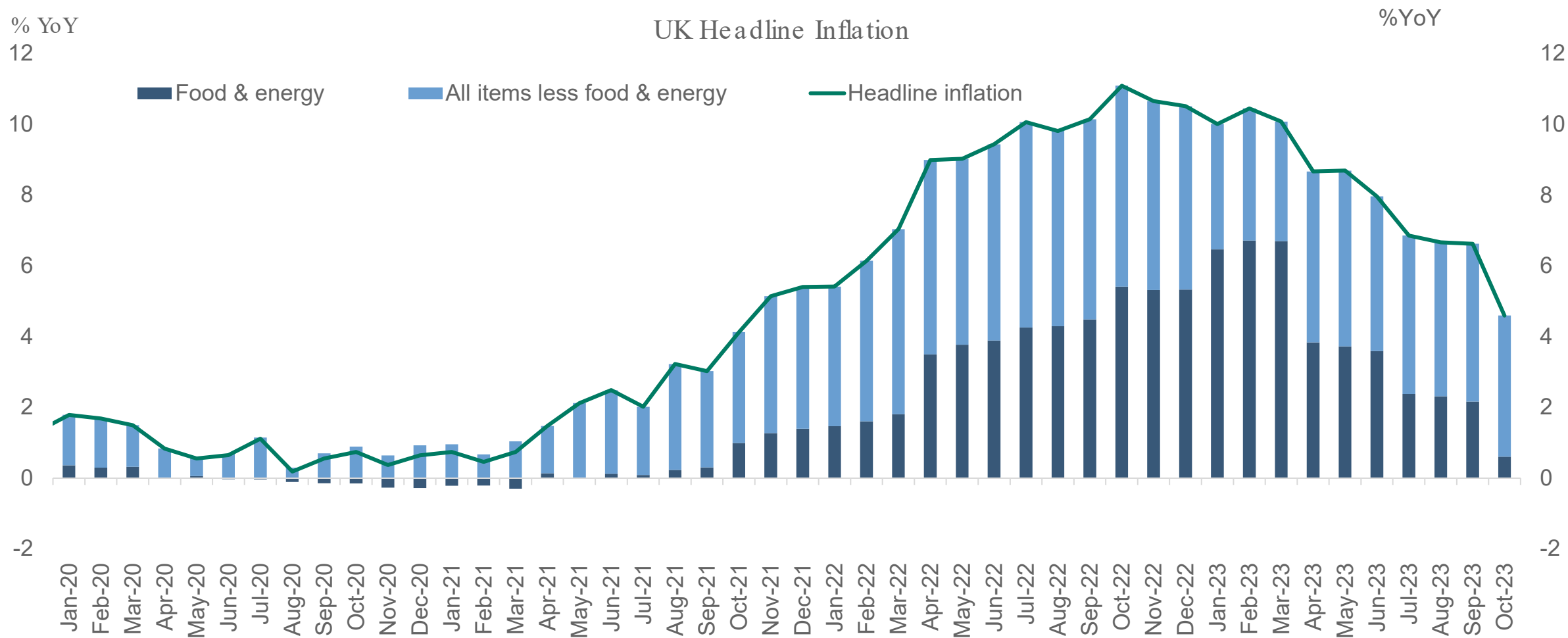
# Germany: Inflation falling across all CPI components because of weaker growth



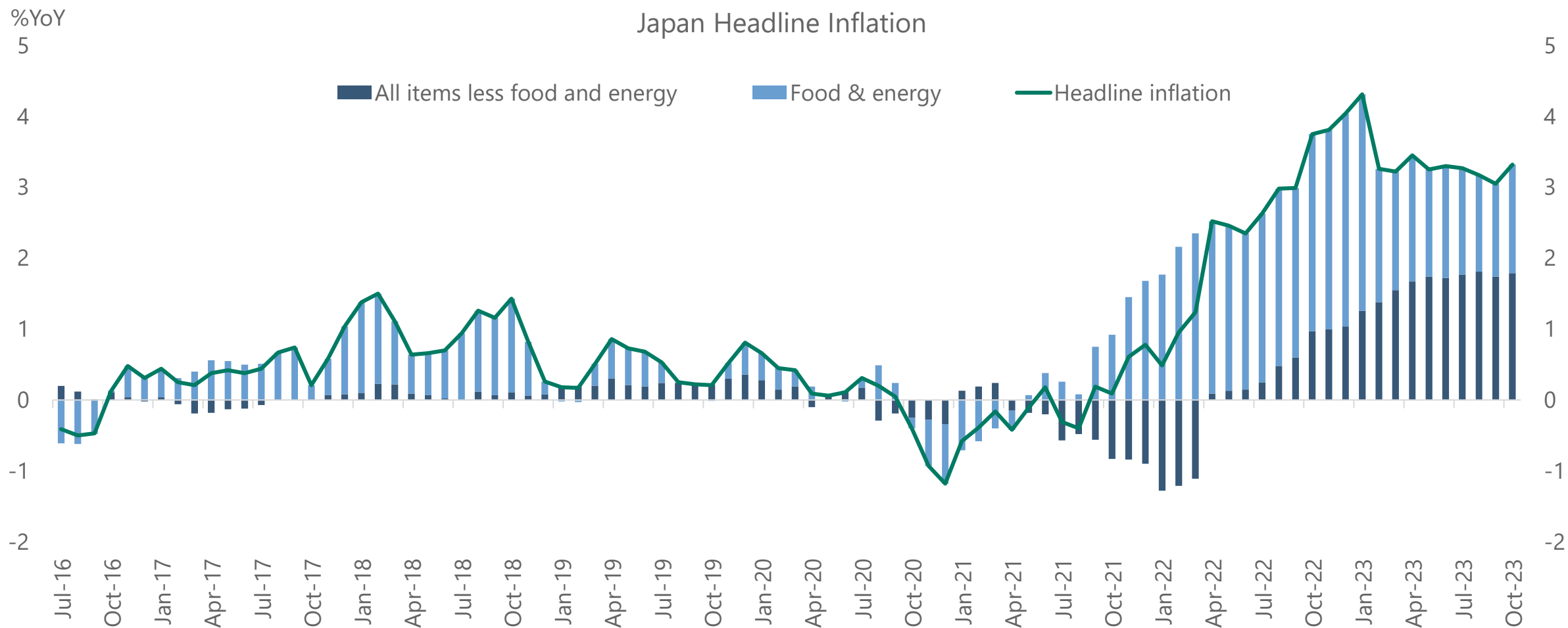
Source: German Federal Statistical Office, Bloomberg, Apollo Chief Economist

# UK, Japan, and Canada

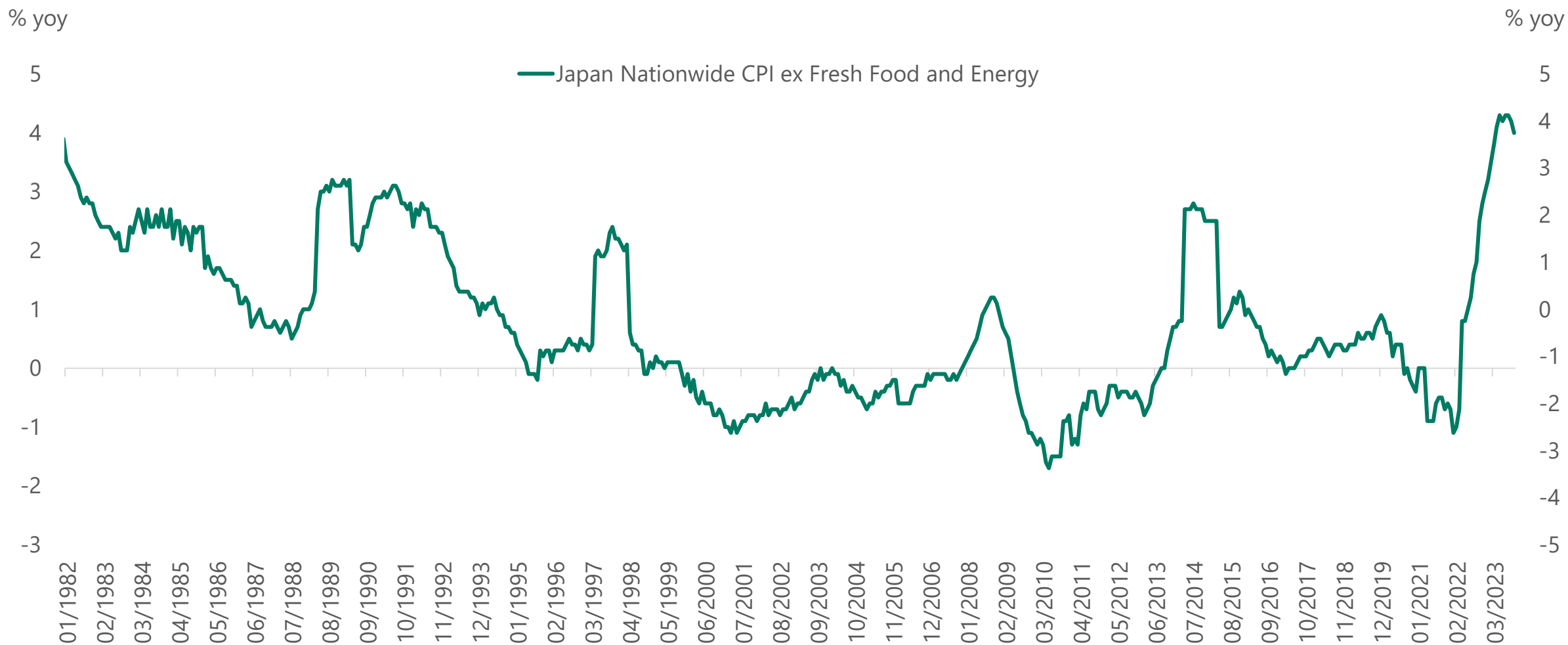
# UK: Headline inflation driven lower by food and energy



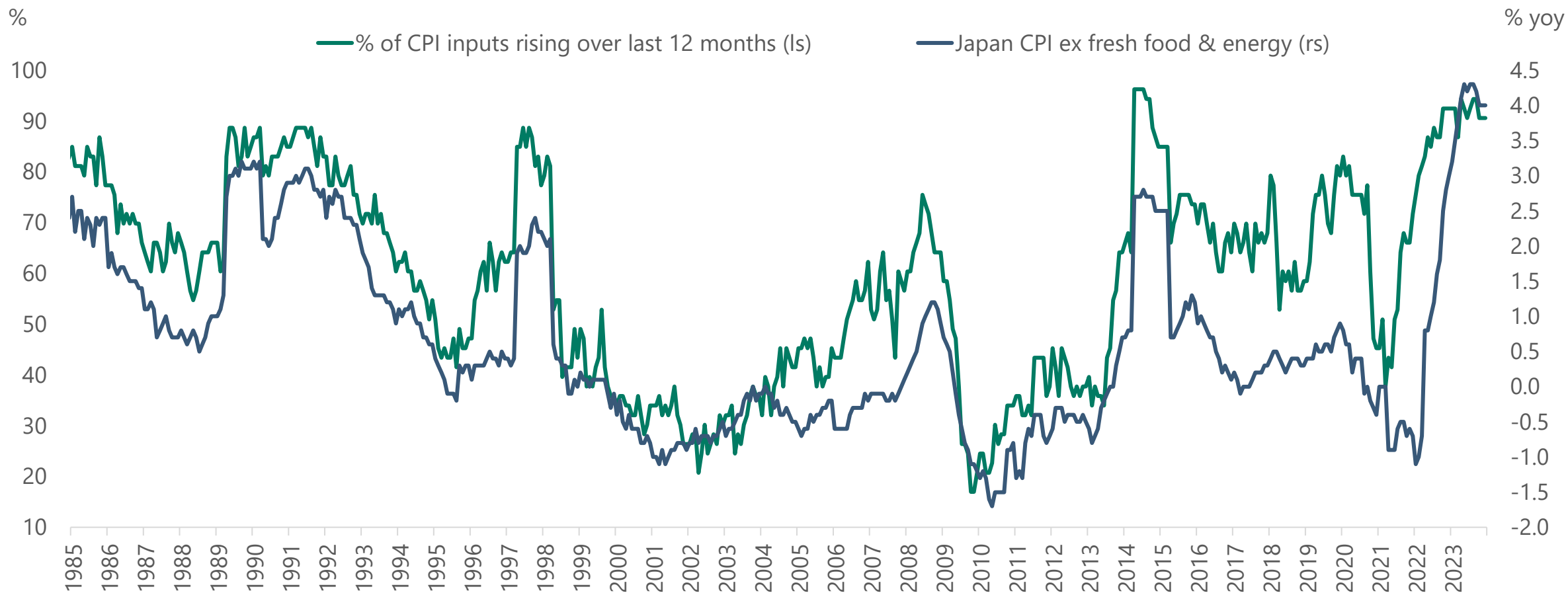
# Japan: Both headline and core inflation are high



# Japan: Core inflation at the highest levels since 1982

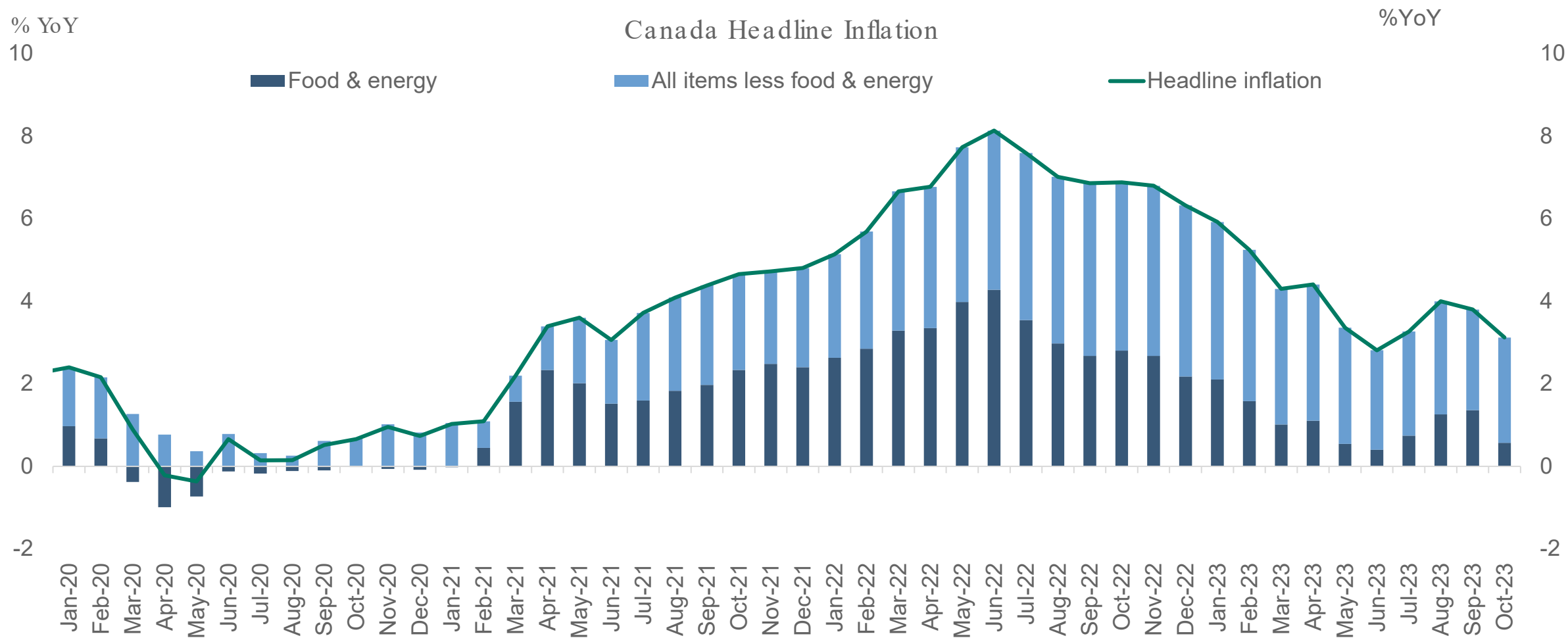


# Japan: Inflation is broad-based



Source: Bloomberg, Apollo Chief Economist

# Canada: Lower food and energy prices pushing down headline inflation





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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.