

APOLLO

Quantifying the impact of DOGE and tariffs on GDP and inflation

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Unless otherwise noted, information as of March 2025.

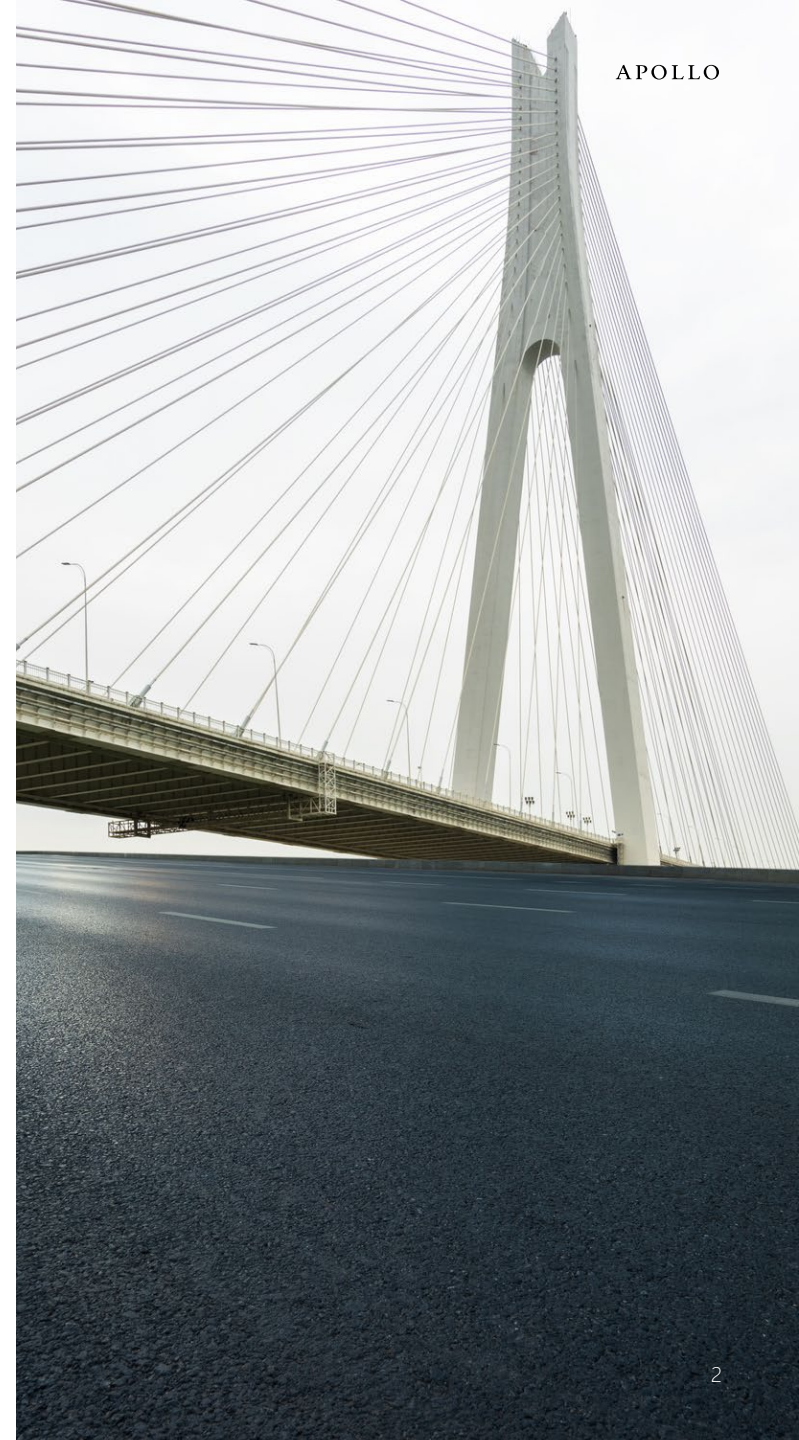
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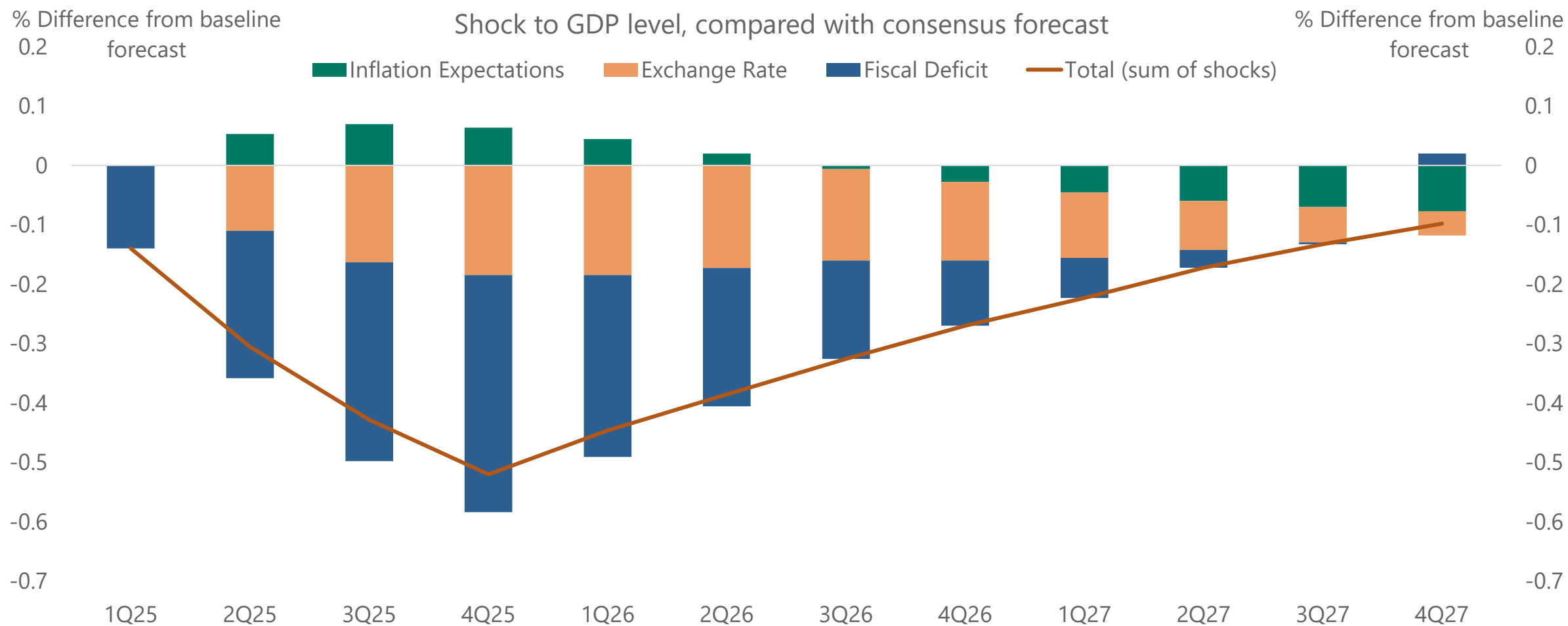
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Overview: The impact of DOGE and tariffs on GDP and inflation

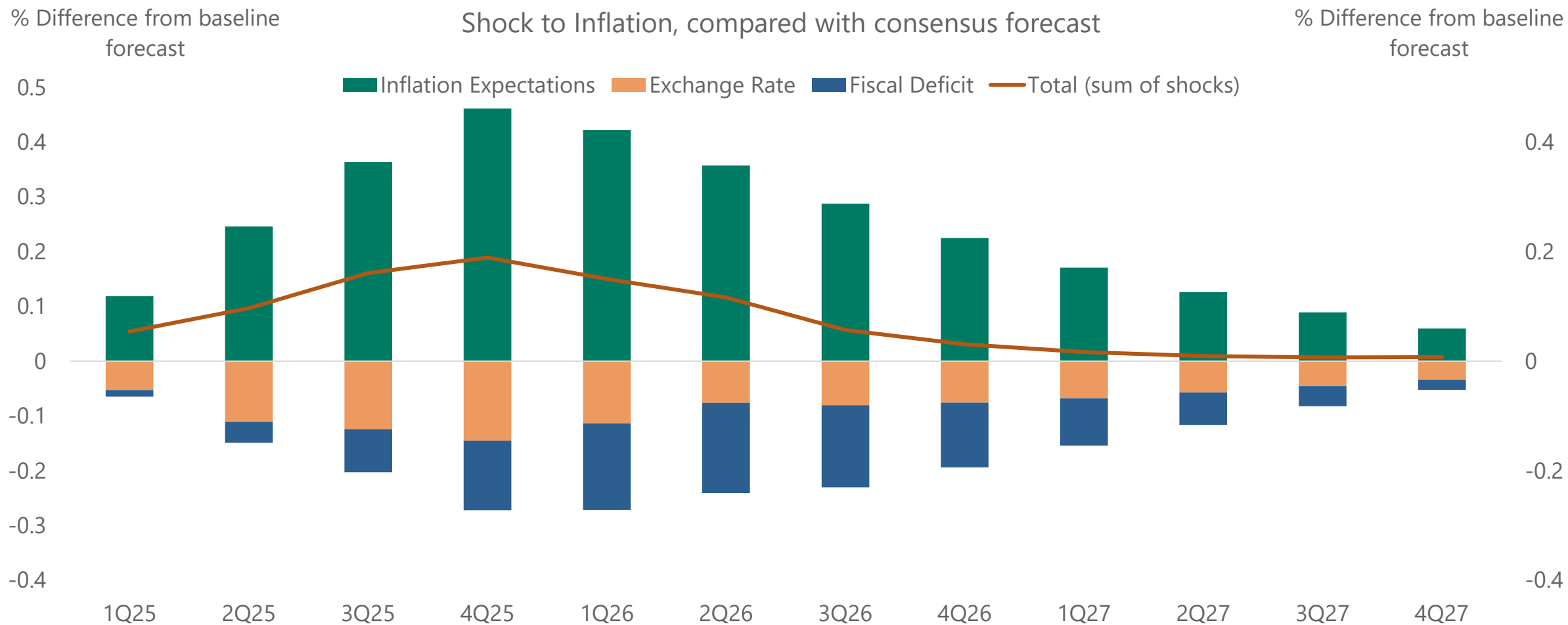


The impact of tariffs and DOGE on GDP



Source: Bloomberg SHOK model, Apollo Chief Economist. Note: Assumptions: \$100bn in DOGE savings resulting in 0.4% reduction in fiscal deficit, 5% appreciation of exchange rate and 0.5% - pt increase in inflation expectations shocks applied in Q1 2025.

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Overview

Policy areas: **DOGE, Tariffs, immigration, and fiscal policy**

DOGE impact:

- Consensus expected federal layoffs: 300k
- For every federal employee there are 2 contractors
- Total unemployment: 7mn
- Total number of people changing jobs every month: 5mn
- Total US Employment: 160mn

Tariff impact:

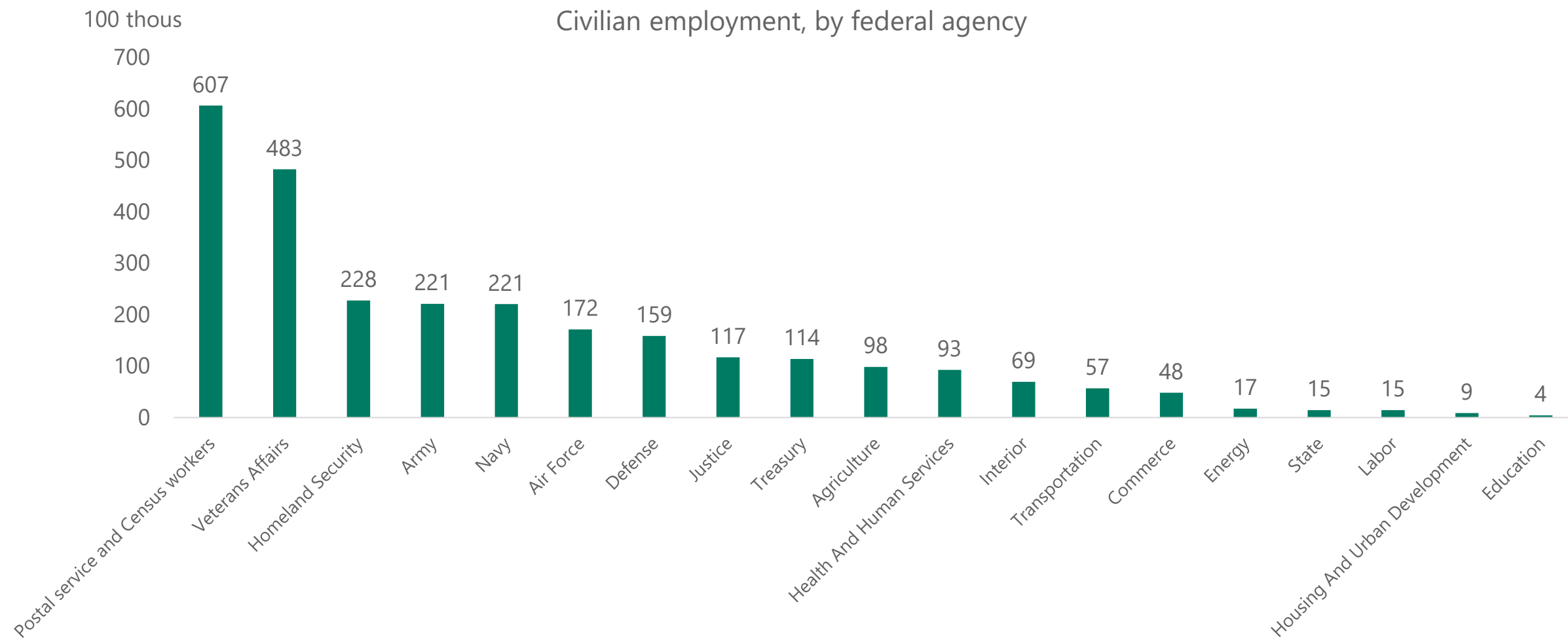
- Impact on US GDP: -0.4%. CPI: +0.5%. China alone: US GDP: -0.1%. CPI: +0.2%.

Implications of DOGE:

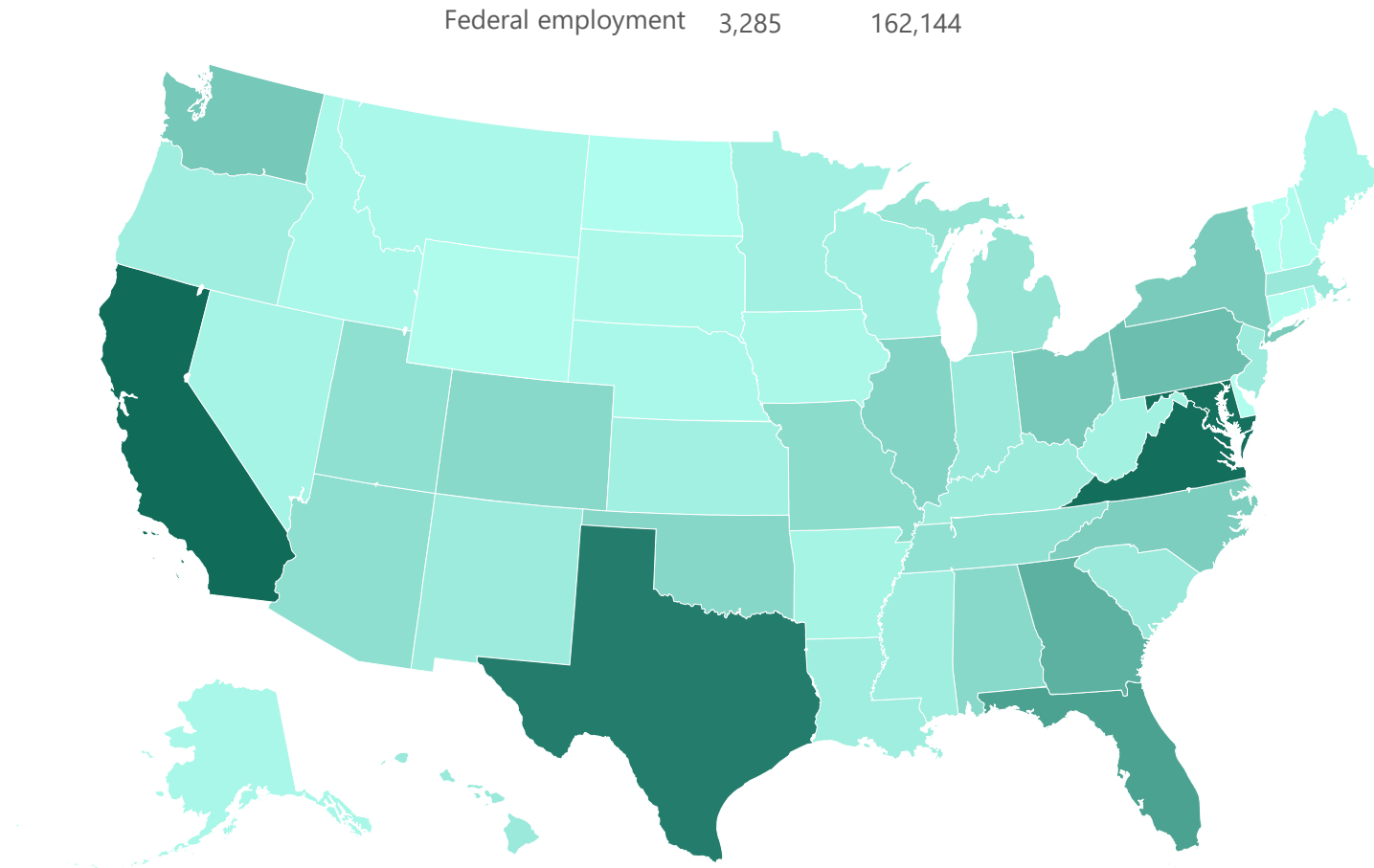
- The impact on unemployment
- The impact on consumer spending



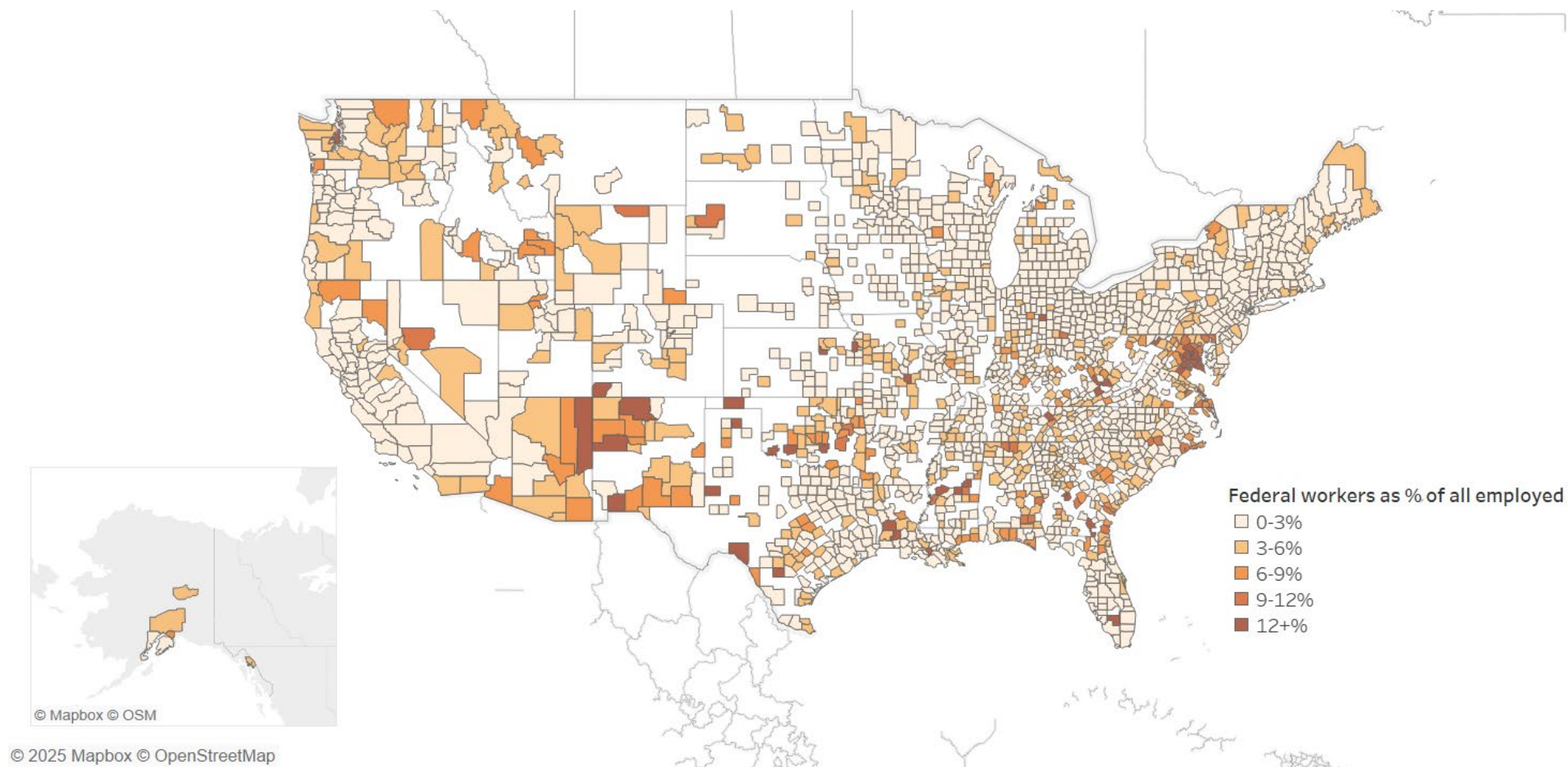
Total employment in different federal agencies



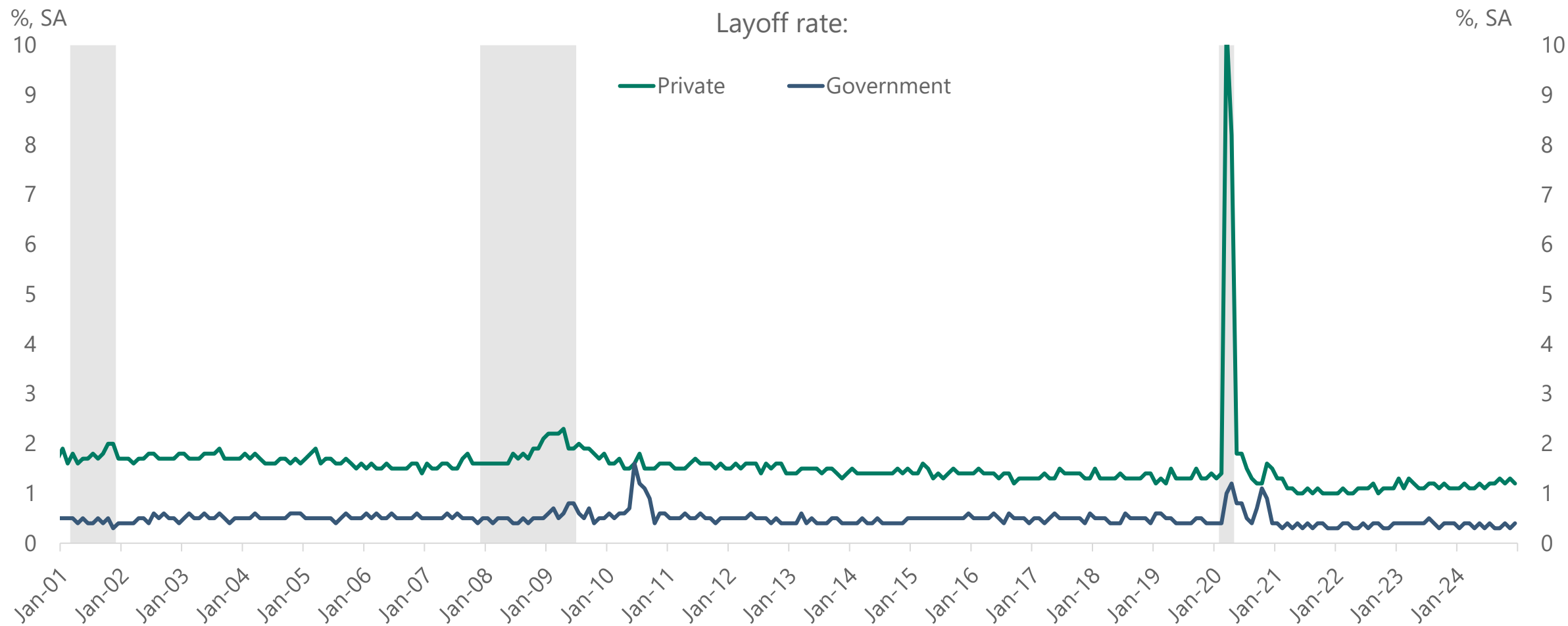
85% of federal government workers are outside the DC area



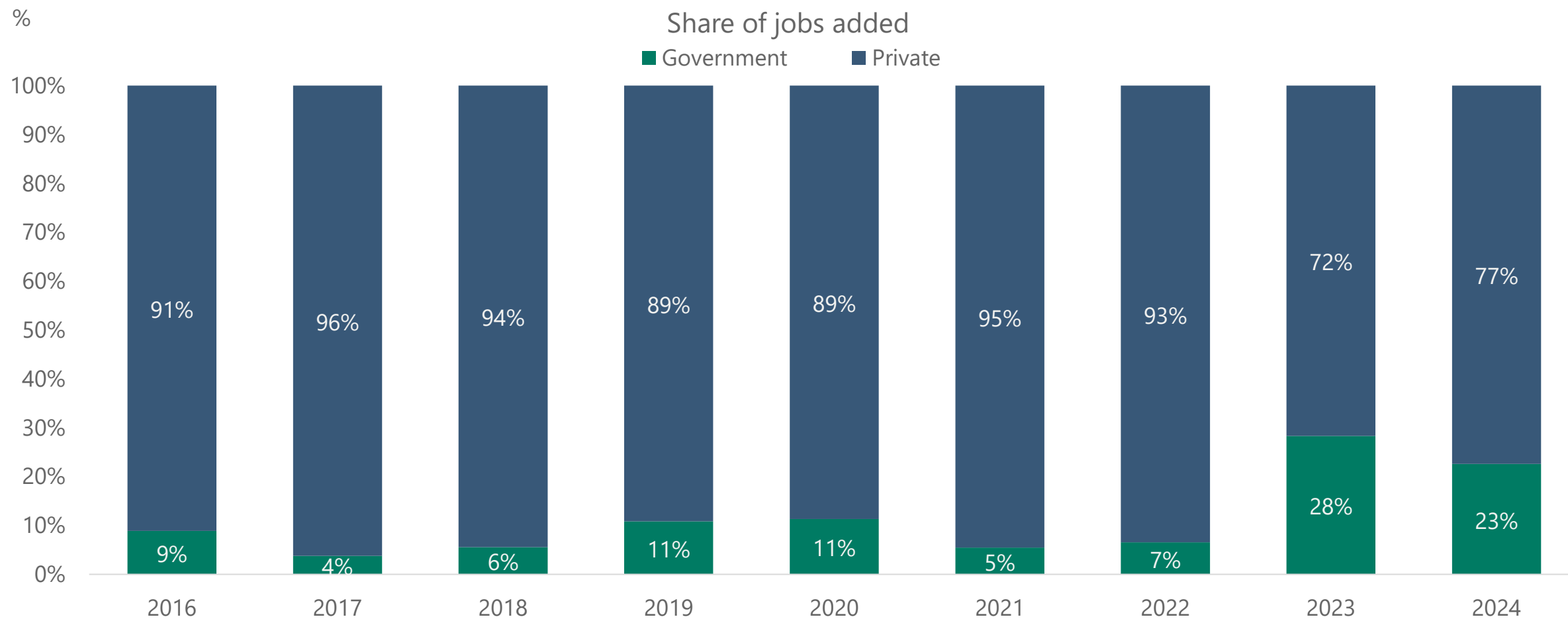
Federal employment as a percentage of total employment, by county



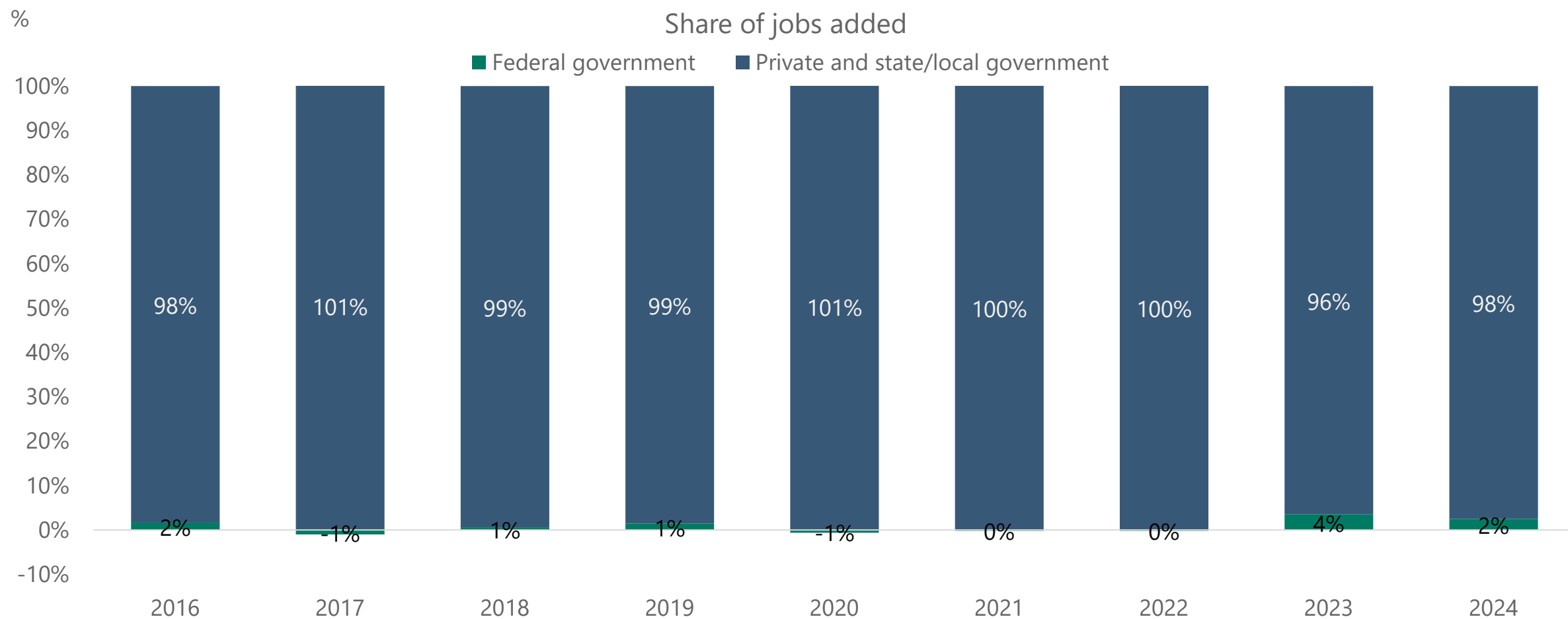
The layoff rate in the government sector is one-third of the private sector layoff rate



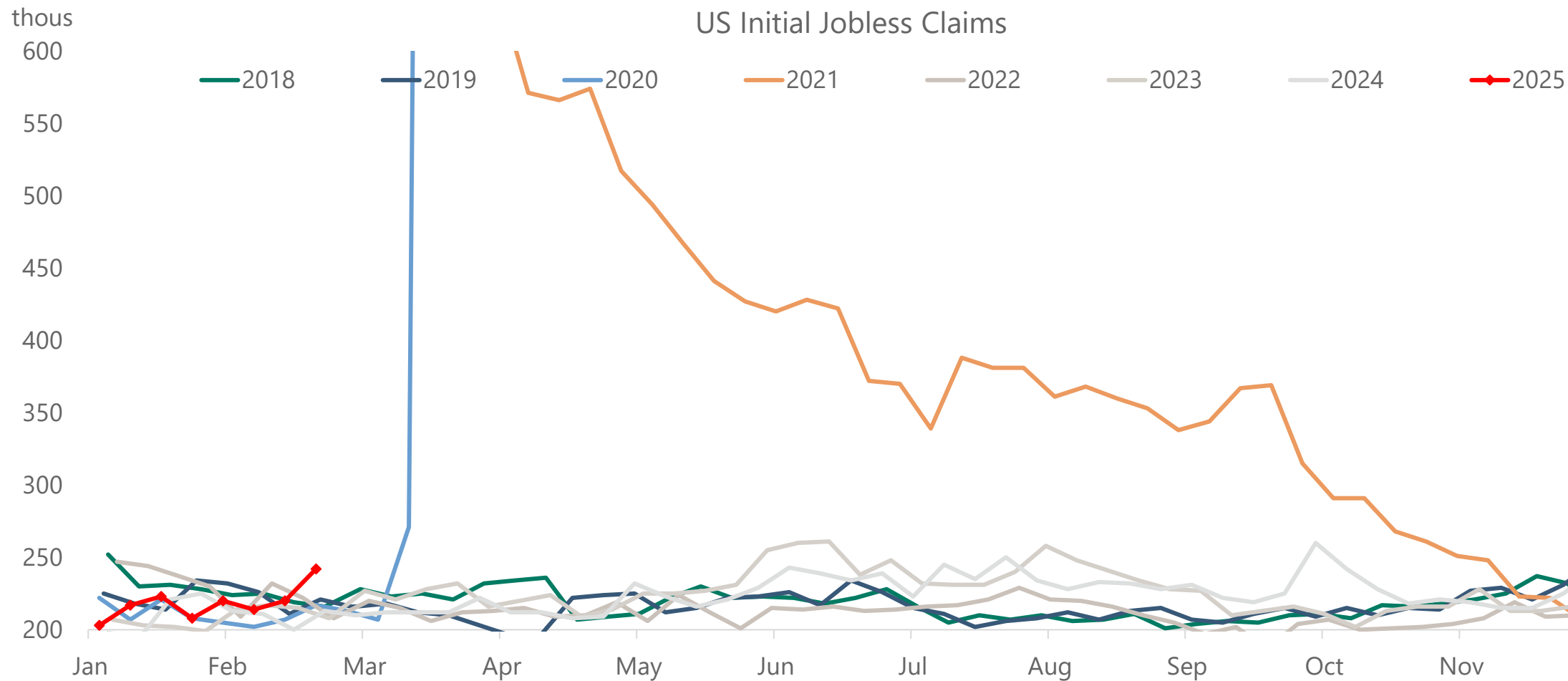
Many government jobs added in 2023 and 2024



Federal government jobs added since 2016

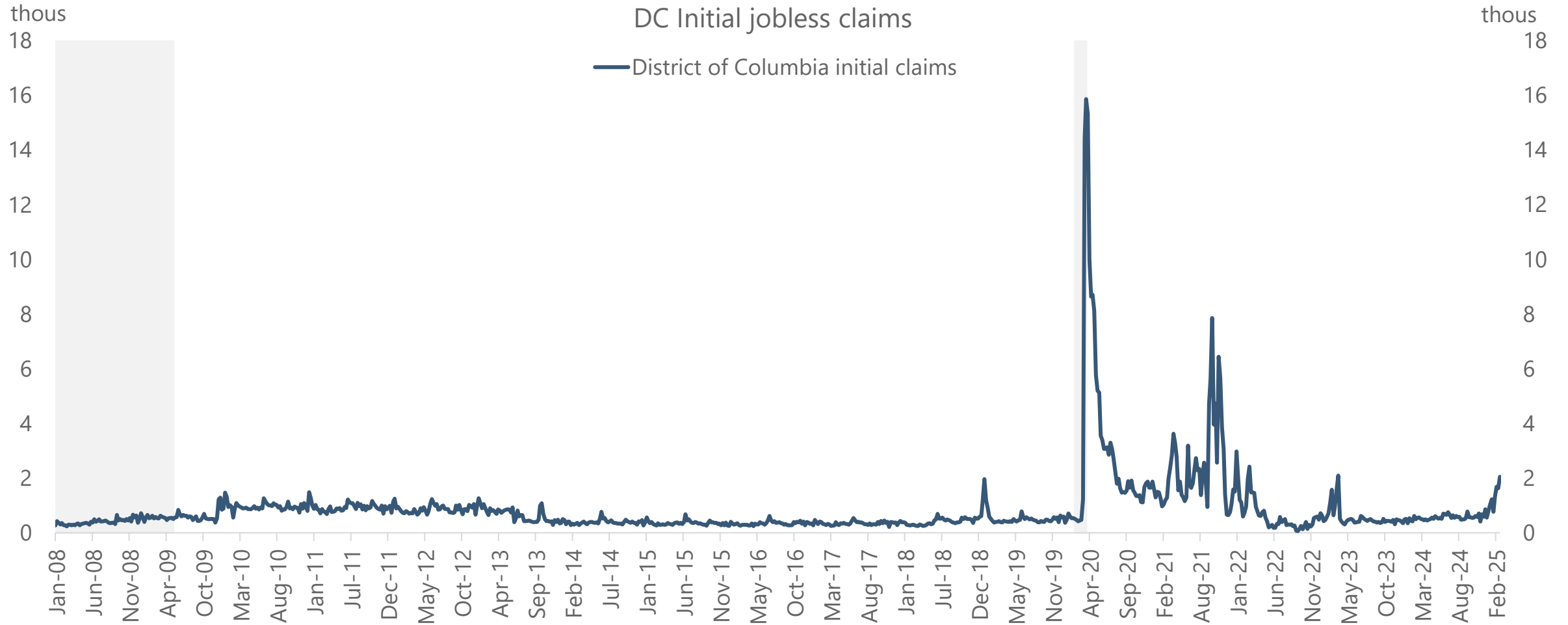


Weekly initial jobless claims has been increasing



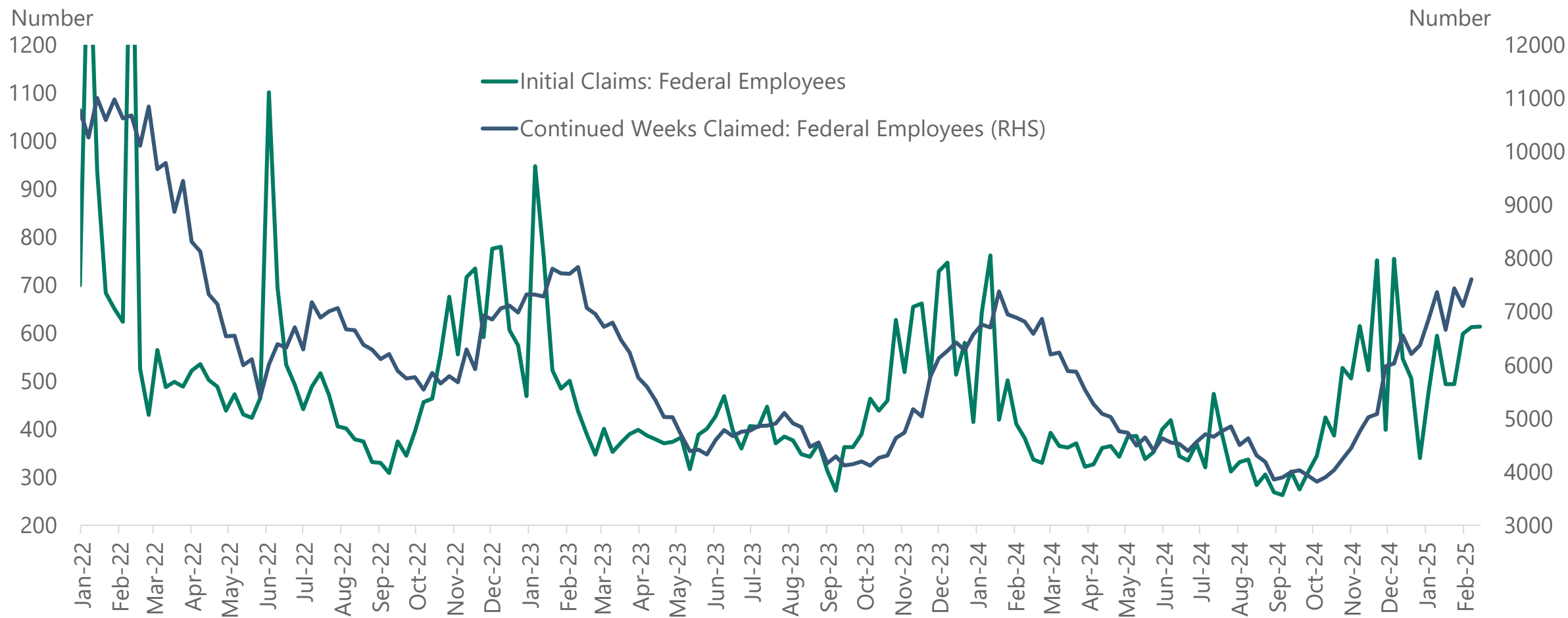
Source: U.S. Department of Labor, Apollo Chief Economist.

Initial jobless claims in Washington, DC



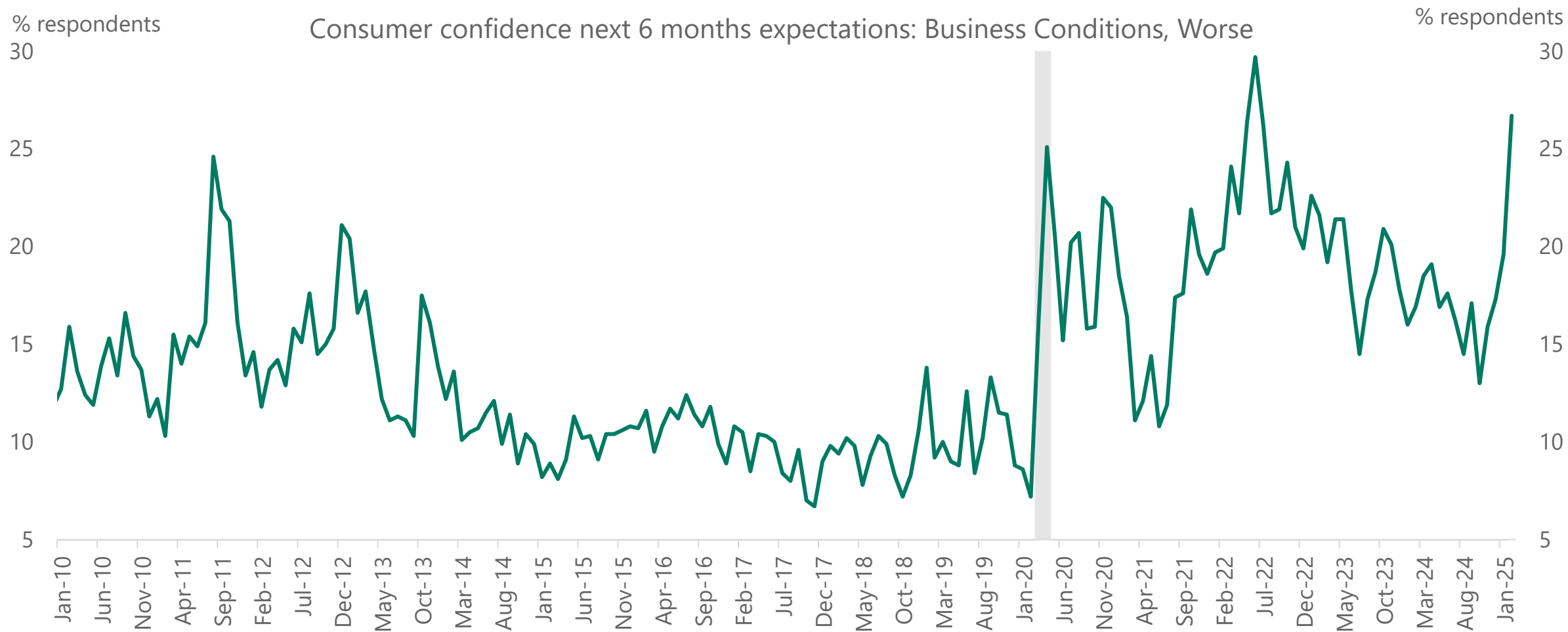
Source: U.S. Department of Labor, Bloomberg, Apollo Chief Economist.

Total initial and continuing jobless claims by federal employees



Source: U.S. Department of Labor, Bloomberg, Apollo Chief Economist.

Consumer business expectations



Source: Conference Board, Haver Analytics, Apollo Chief Economist

Consumer inflation expectations



Consumers expecting fewer jobs available going forward



Source: Conference Board, Haver Analytics, Apollo Chief Economist

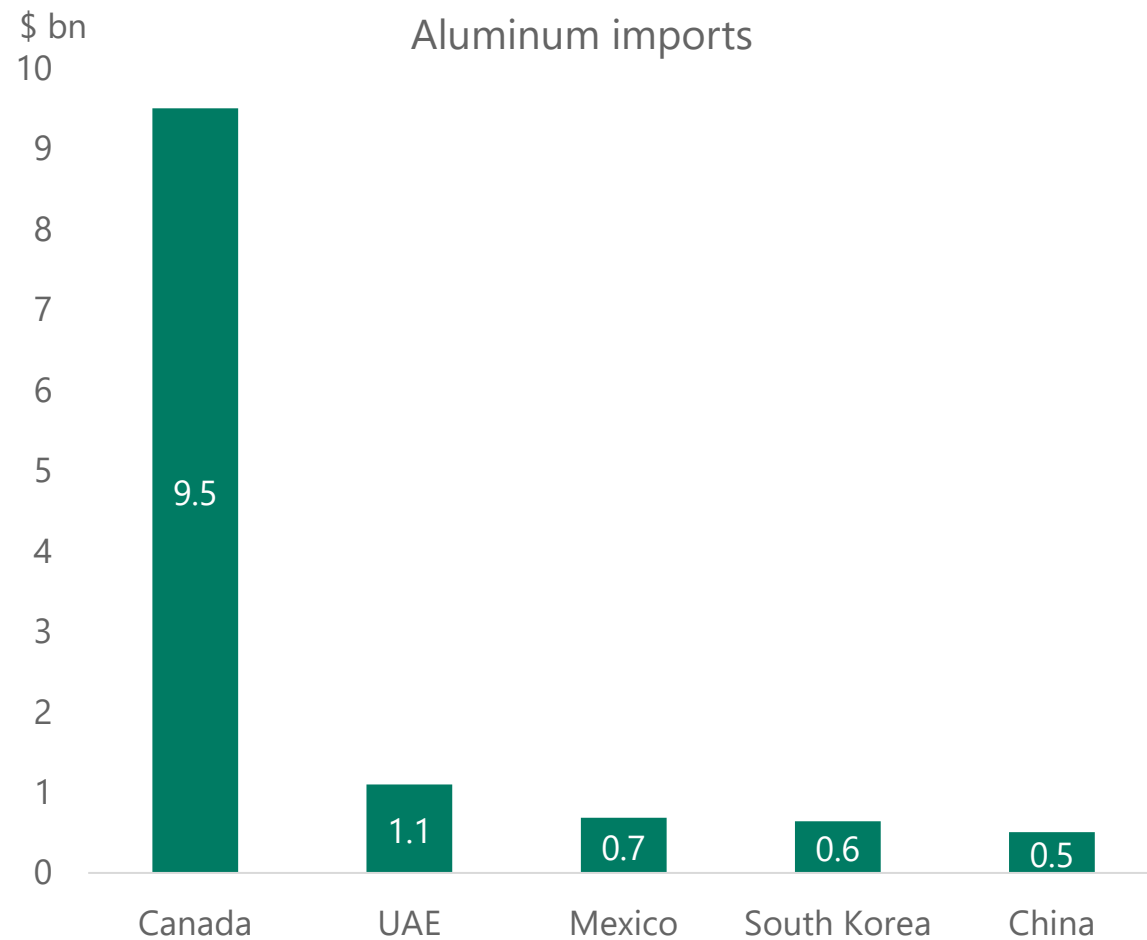
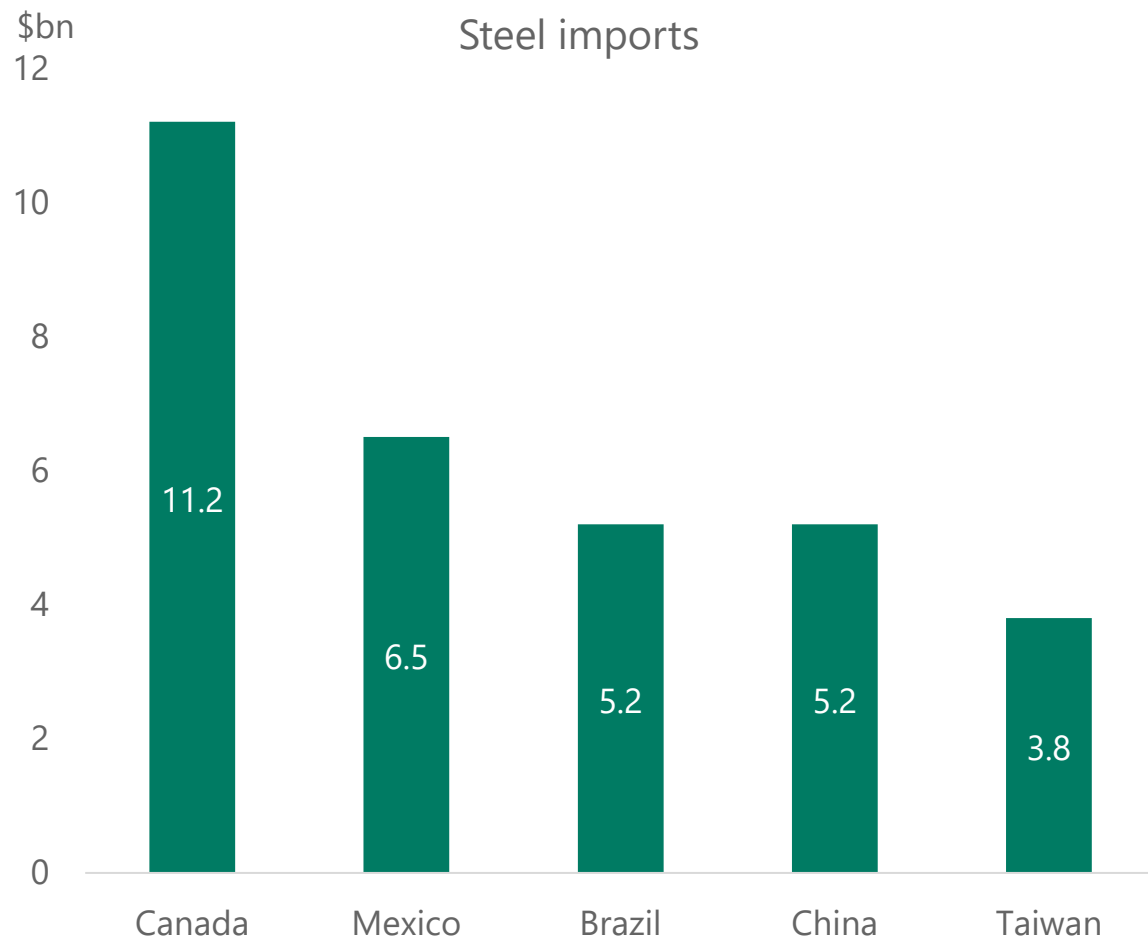
Implications of tariffs



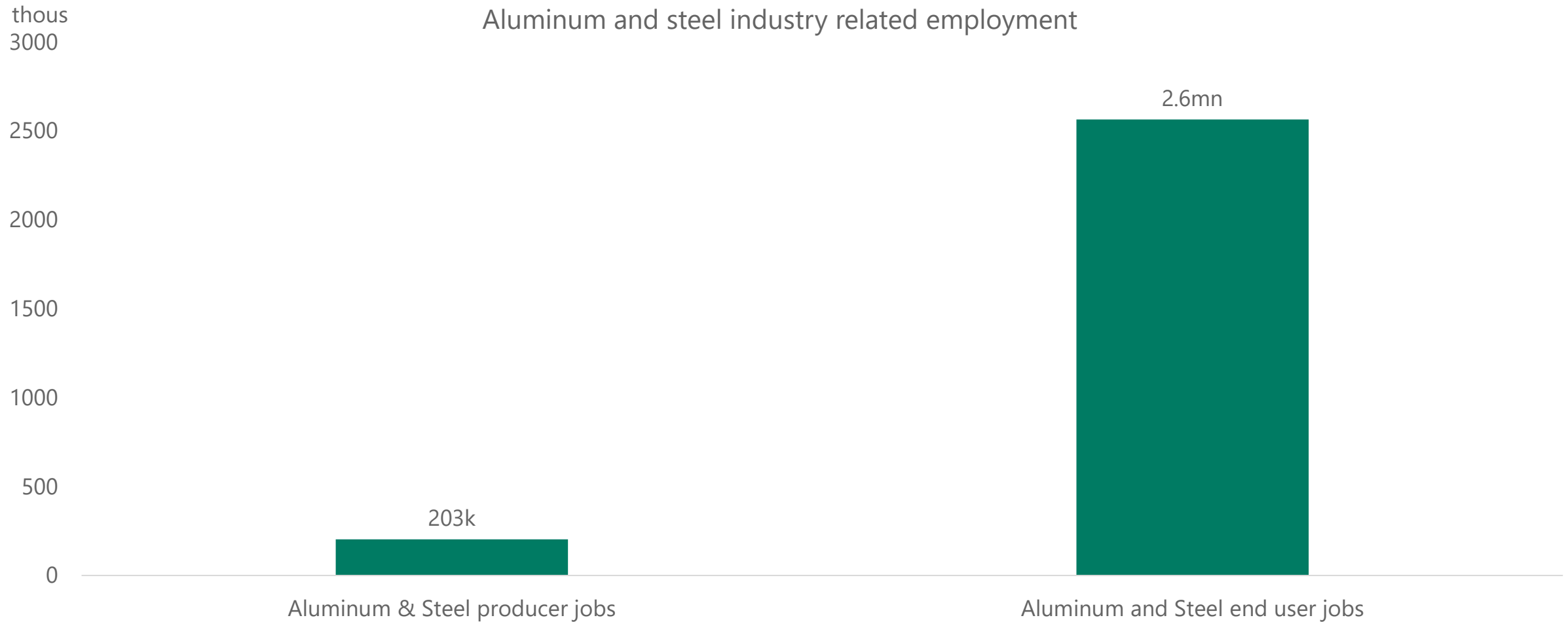
Tariff timeline

| Effective date | Target countries | Tariff rate | Goods targeted |
|-----------------|------------------|----------------------------------|---------------------|
| 4th Feb 2025 | China | 10% | All |
| 4th March 2025 | Canada, Mexico | 25%, but 10% for Canadian energy | Most |
| 12th March 2025 | Major exporters | 25% | Steel, Aluminium |
| 2nd April 2025 | Major exporters | 25% | Cars, chips, pharma |
| 2nd April 2025 | All nations | Reciprocal tariffs | |
| 2nd April 2025 | European Union | 25% | All |

US imports of steel and aluminum, 2024

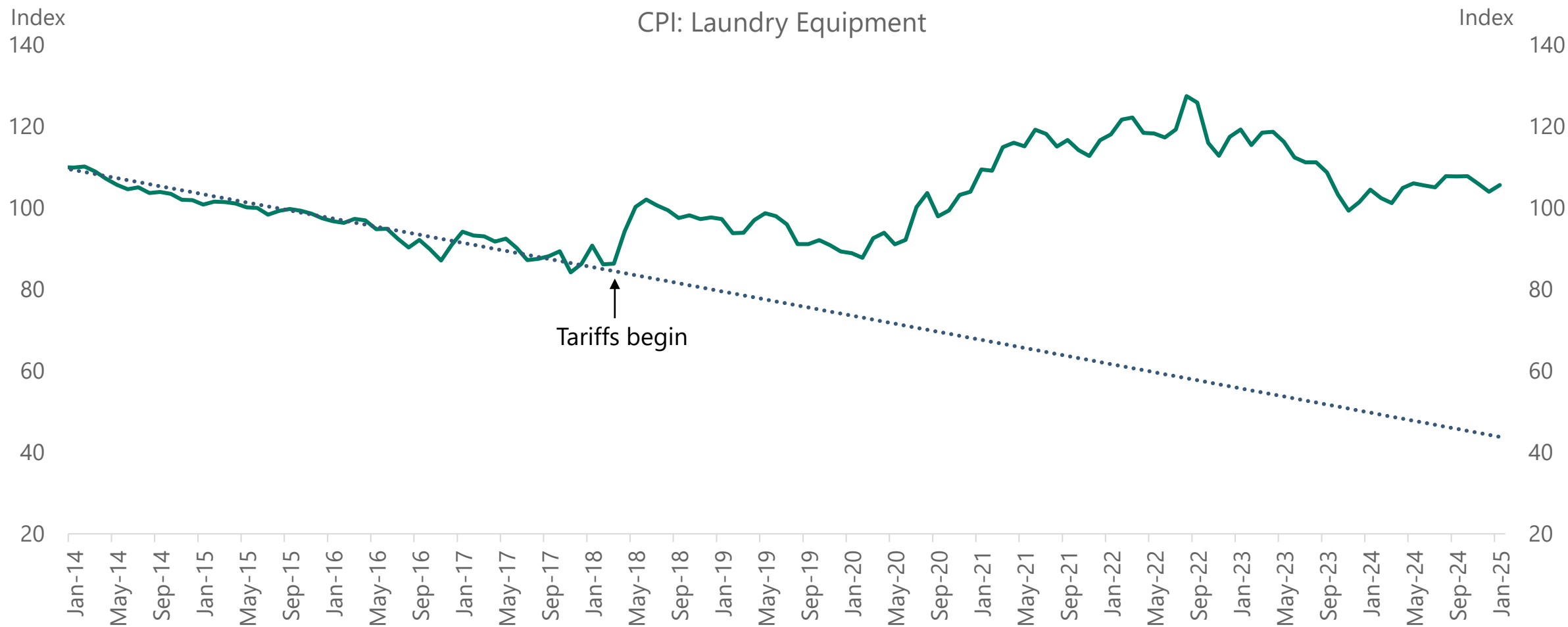


Aluminum and steel-related employment



Source: BLS, Haver Analytics, Apollo Chief Economist. Note: Aluminum and Steel producer jobs include employment in Iron & Steel Mills & Ferroalloy Manufacturing, Steel Product Manufacturing from Purchased Steel, Alumina & Aluminum Production and Aluminum and steel end user jobs include employment in Electrical Equipment & Appliance Manufacturing, Computer & Electronic Product Manufacturing, Machinery Manufacturing, Transportation Equipment Manufacturing, Construction

The price of washers and dryers started moving sideways after tariffs were imposed on steel and aluminum

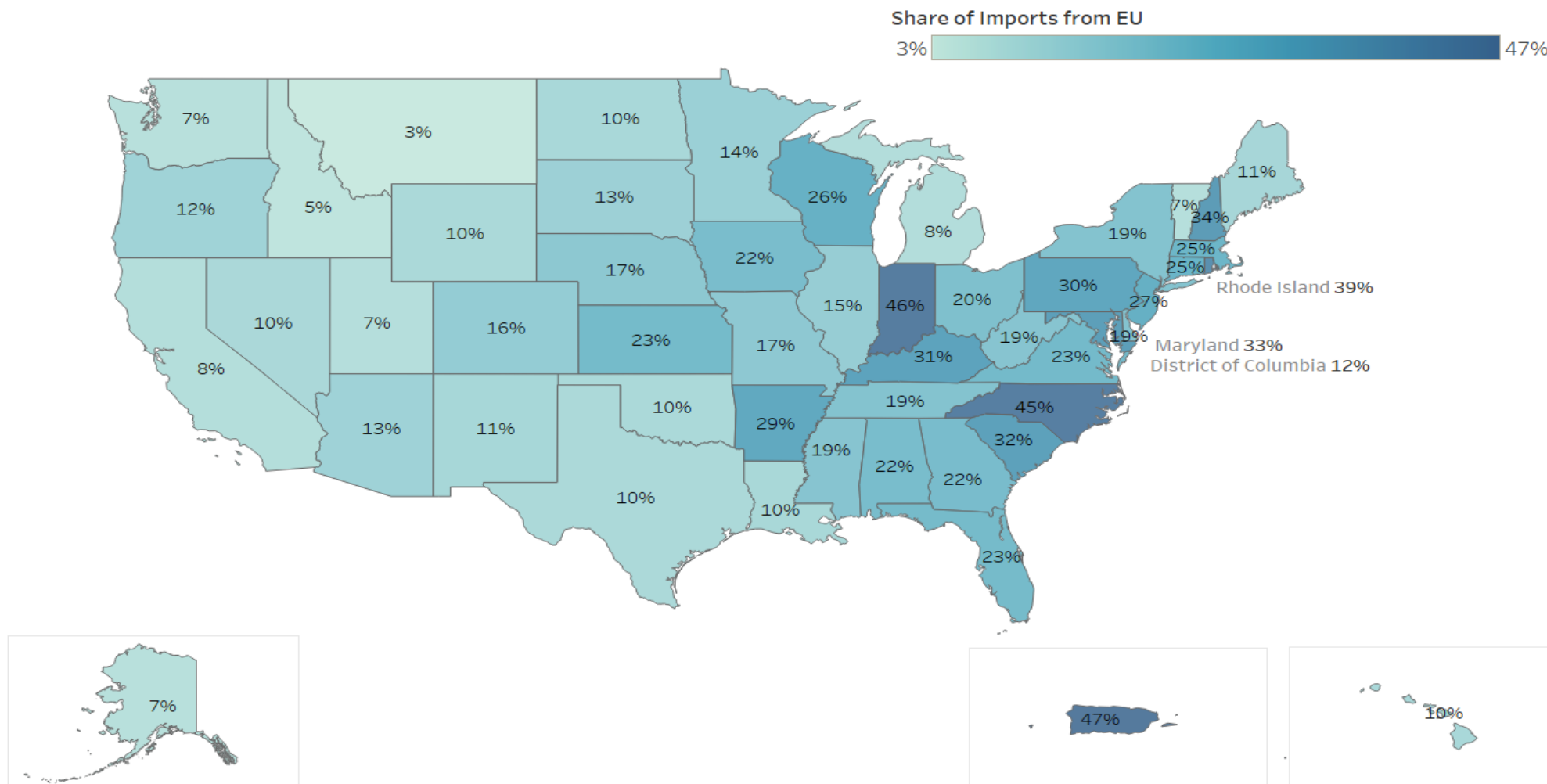


Source: BLS, Haver Analytics, Apollo Chief Economist. Note: Includes washers and dryers

Exports to US and merchandise trade



Share of imports from EU, by state

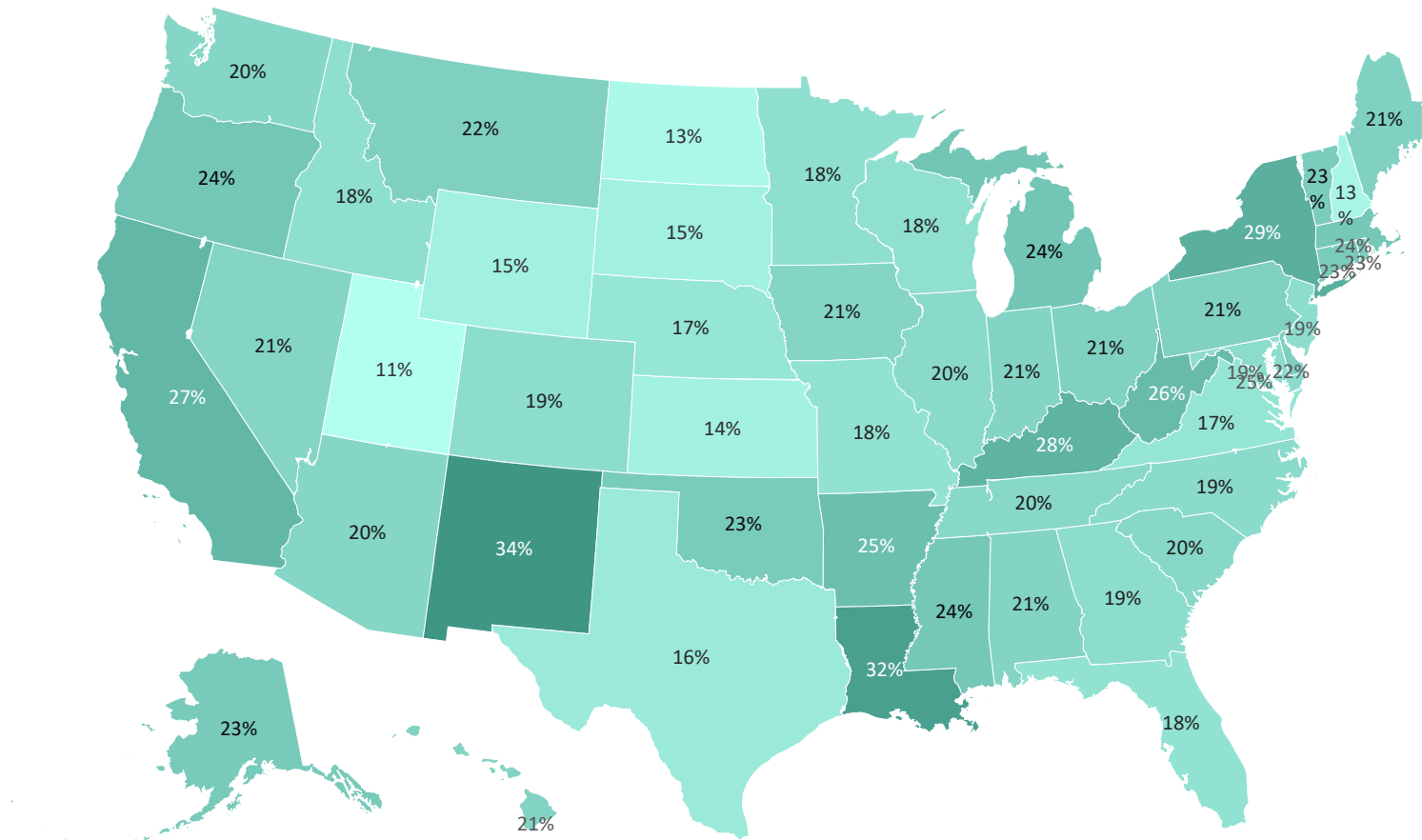


Conclusion



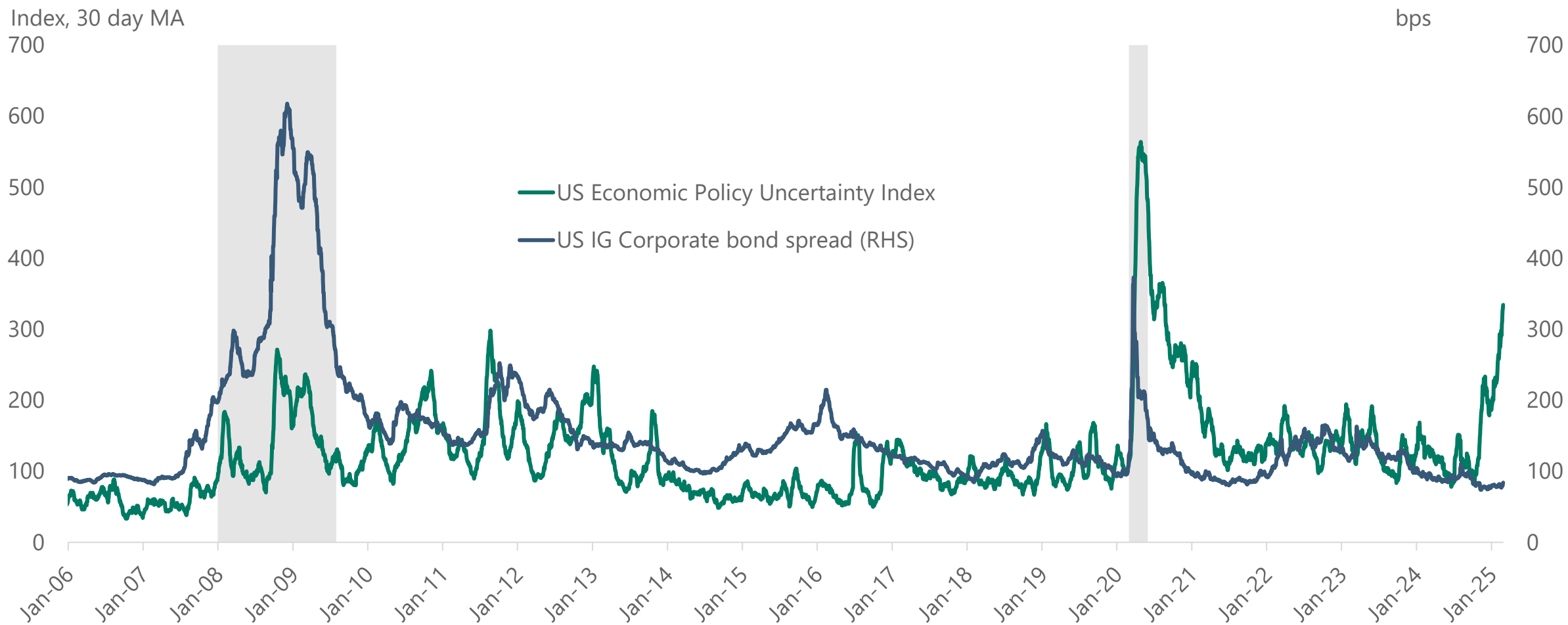
Percentage of the population covered by Medicaid

Percentage of population covered by Medicaid, by state



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IG spreads are disconnected from the economic policy uncertainty index





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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.