

APOLLO

# The impact of AI on the economy and financial markets

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**Apollo Global Management**

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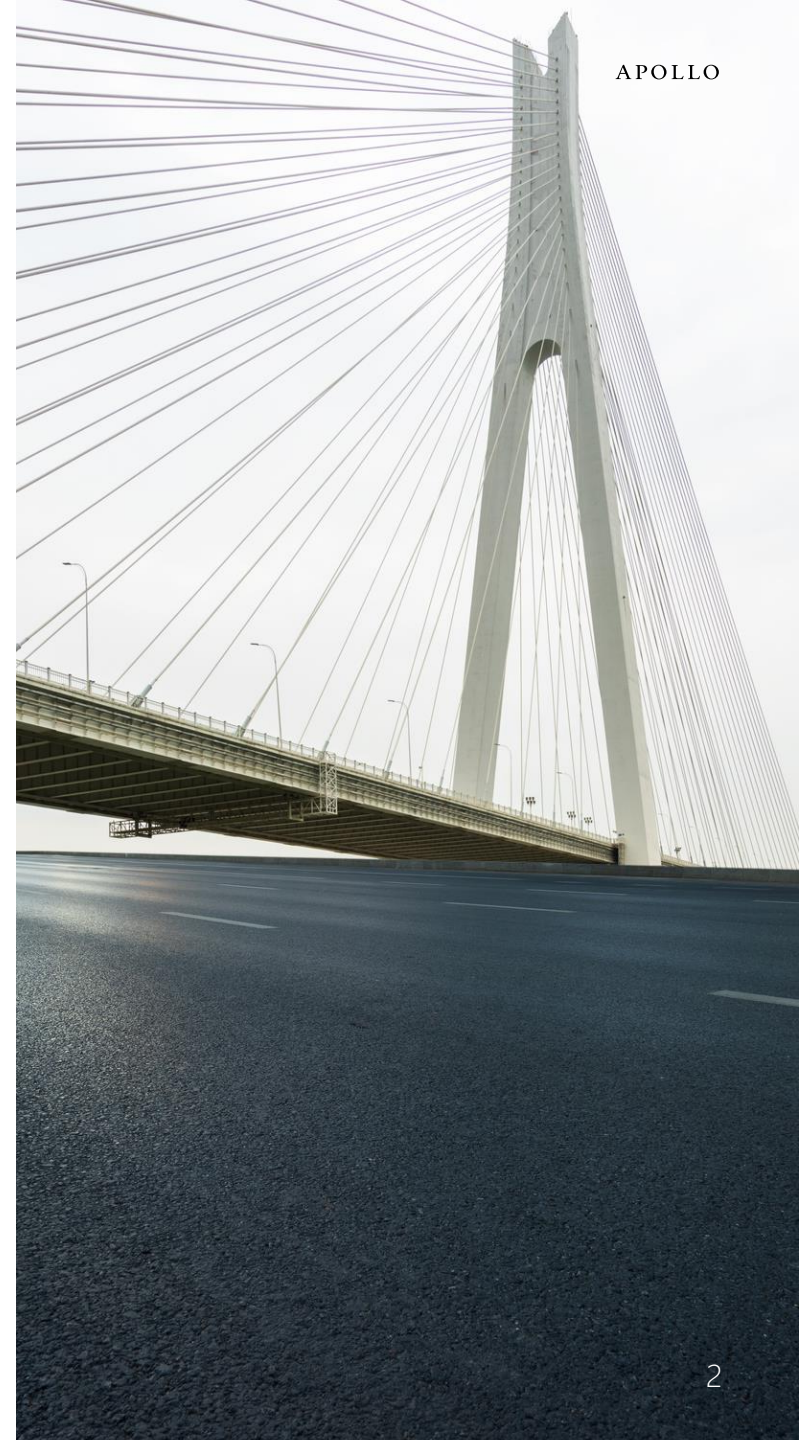
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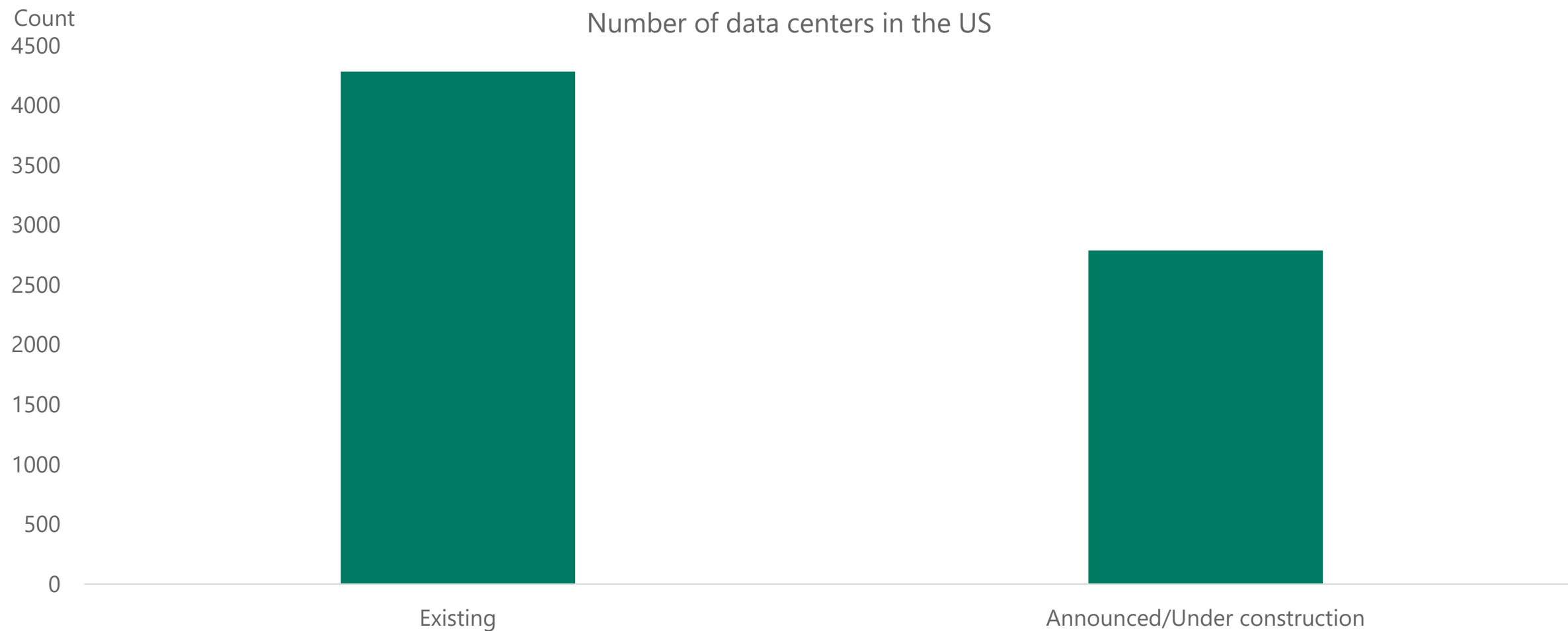
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# The impact of AI



# The number of data centers in the US



## Three engines of growth in 2026

### AI spending

1. Data center spending
2. AI energy spending
3. Productivity gains from AI

### Industrial renaissance

1. Semiconductors
2. Pharmaceuticals
3. Defense

### One Big Beautiful Bill

1. Lower household taxes
2. 100% immediate expensing
3. Infrastructure and defense

# Consensus US economic outlook: Solid growth and high inflation

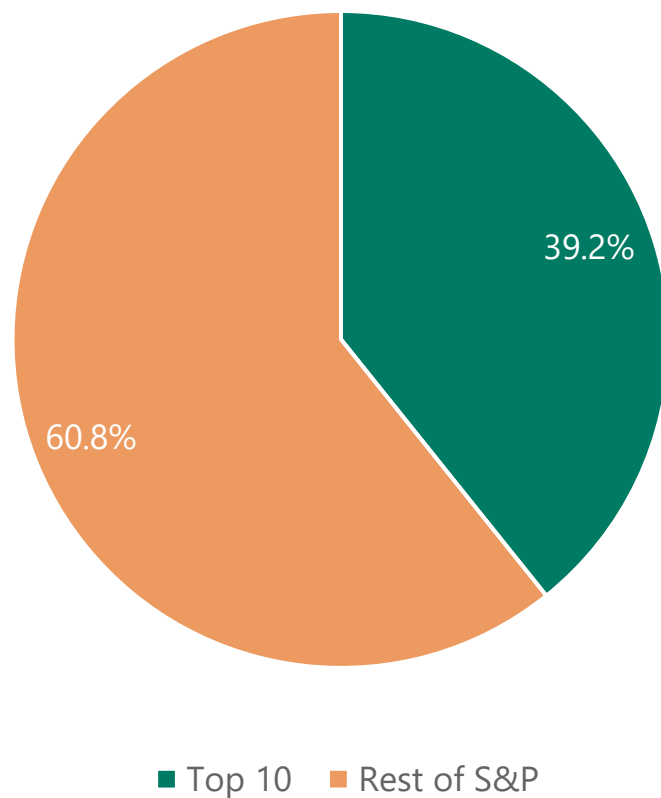
United States										
Browse										
<input checked="" type="radio"/> Private <input type="radio"/> Official										
Actual / Forecasts										
Probability of Recession 30.0%										
Indicator	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27
<b>Economic Activity</b>										
Real GDP (YoY%)	2.1	2.3	2.0	2.7	2.2	1.6	2.0	1.9	2.0	2.1
- Real GDP (QoQ% SAAR)	3.8	4.4	0.5	2.0	1.8	1.9	2.0	2.1	2.1	2.1
- Consumer Spending ...	2.5	3.5	1.9	1.6	1.6	1.8	1.9	2.0	2.0	2.1
- Government Spendin...	-0.1	2.2	-5.6	4.4	1.3	1.0	1.1	1.1	1.0	1.1
- Private Investment ...	-13.8	0.0	2.3	8.7	3.2	3.3	3.5	3.4	3.6	3.5
- Exports (QoQ% SAAR)	-1.8	9.6	-3.2	12.9	1.1	2.0	2.2	2.2	2.4	2.3
- Imports (QoQ% SAAR)	-29.3	-4.4	-1.0	21.4	2.1	2.7	2.8	2.5	2.5	2.3
Industrial Production (Yo...	0.5	1.7	1.6	1.1	1.2	1.0	1.6	1.7	1.6	1.5
<b>Price Indices</b>										
CPI (YoY%)	2.4	2.9	2.7	2.7	3.7	3.4	3.3	2.9	2.1	2.2
- PCE Price Index (YoY%)	2.4	2.7	2.8	3.0	3.6	3.4	3.2	2.7	2.2	2.2
- Core PCE (yoy%)	2.7	2.9	2.9	3.1	3.2	3.1	3.0	2.6	2.4	2.3
<b>Labor Market</b>										
Unemployment (%)	4.2	4.3	4.5	4.3	4.4	4.5	4.5	4.4	4.4	4.3
Non Farm Payrolls (000s...	34	23	-39	63	50	50	64	70	75	74
Average Hourly Earnings ...	3.9	3.9	3.9	3.6	3.5	3.5	3.3	3.3	3.2	3.2

# The impact of AI on financial markets

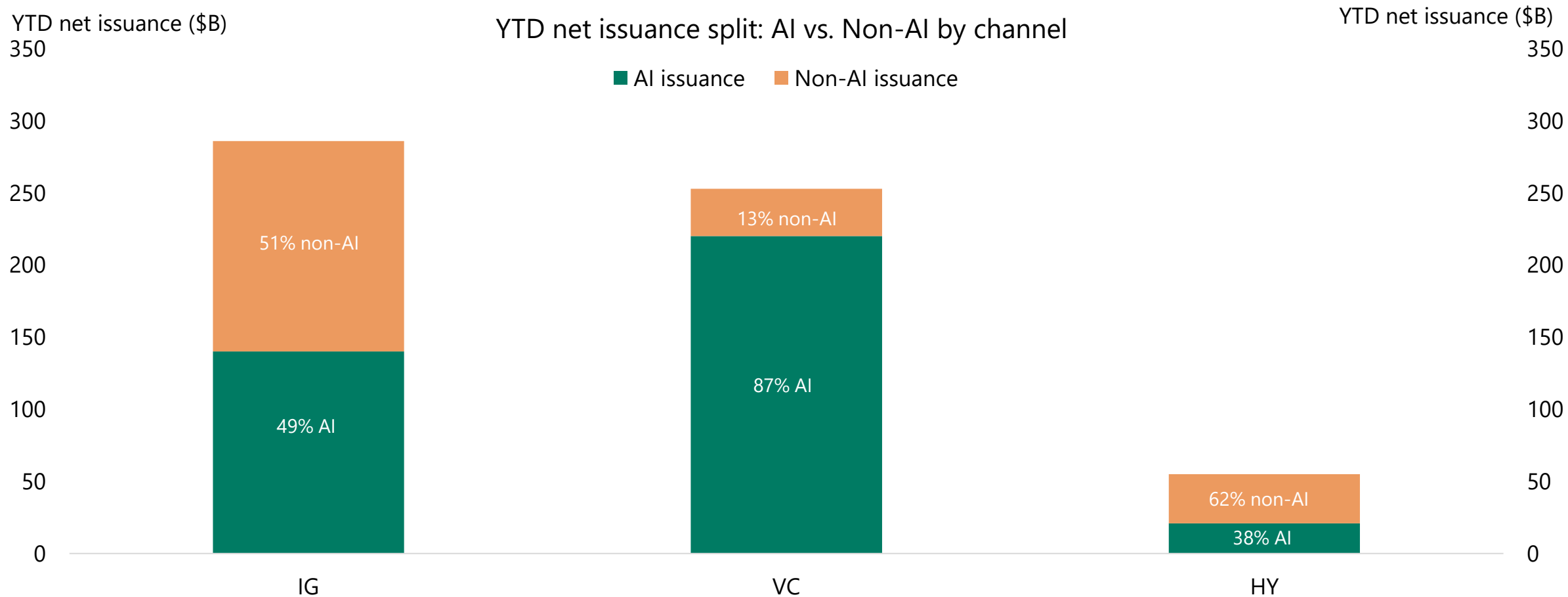


The ten biggest companies in the S&P 500 make up almost 40% of the index

Share of top 10 companies in S&P 500



# AI-linked issuance is redefining every funding channel



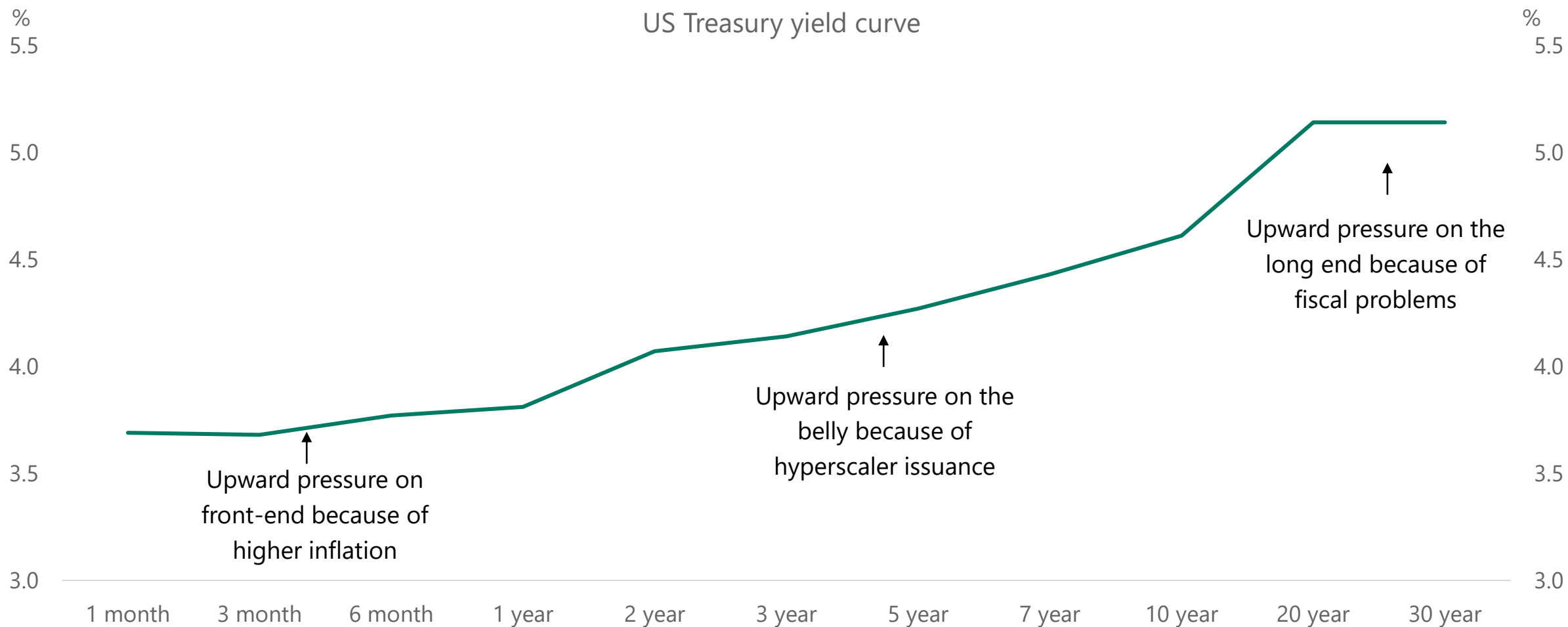
## Conclusion

**AI is now everywhere in equity and fixed income portfolios.**

**Factor investing tells investors to not be overexposed to just one factor.**

**The new 60/40 is AI versus non-AI.**

# Upward pressure on US yields across the curve





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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.