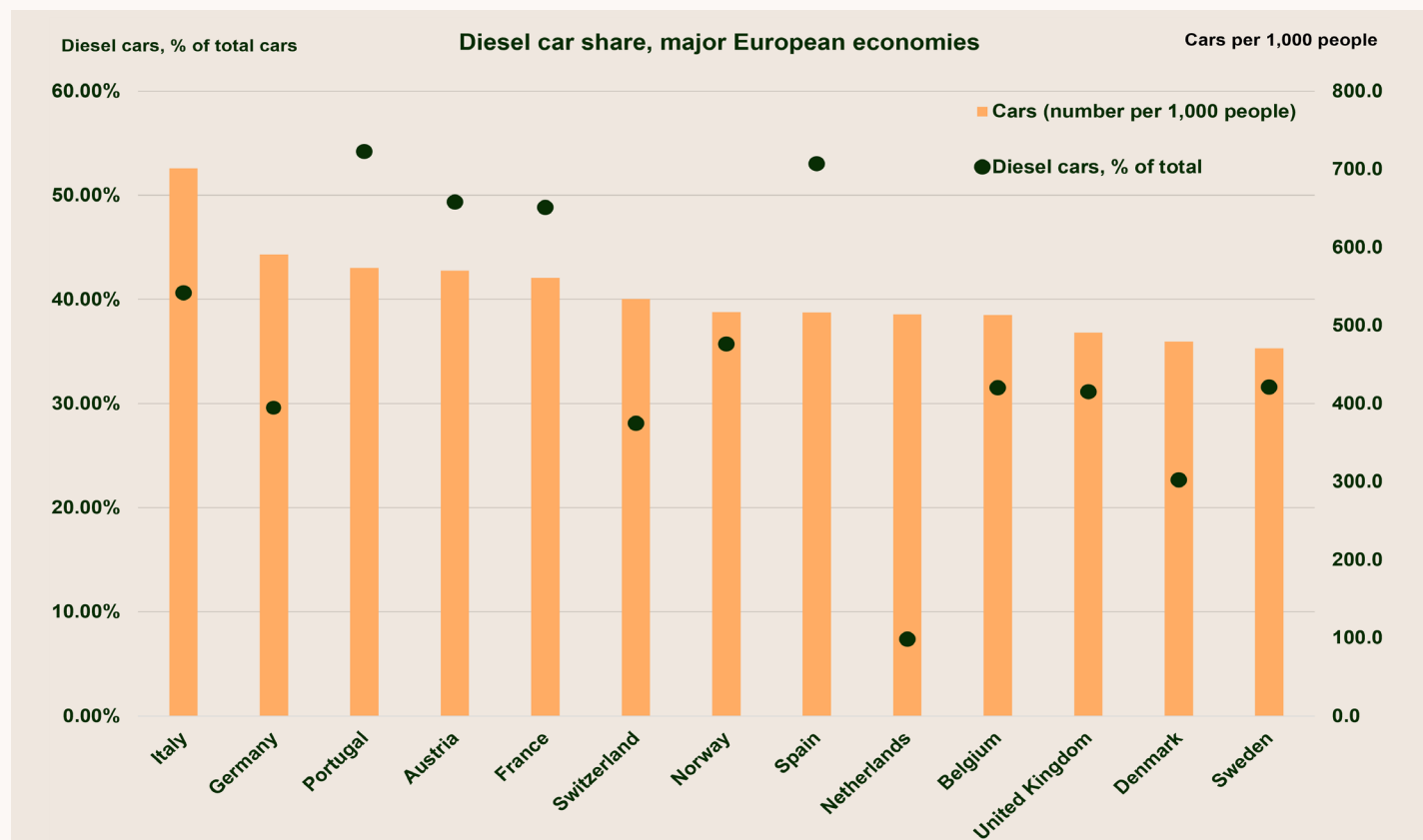


Infrastructure in focus: October 2026

The fuel price drag continues

More than six months into the Middle East conflict, fuel prices are taking a new leg higher. Most notably, retail petrol and diesel prices have hit record high levels and risen at a faster clip than for crudes. With refining capacity stretched, this looks set to persist, especially for diesel. This hints at an overhang on road traffic, which could take time to resolve.



Source: OECD, Eurostat, Magellan, accessed October 2026. Data is the latest available for all economies (2024).

- The fuel price run-up hits differently from country to country. Economies where diesel motors make up a larger share of passenger vehicles (such as France, Portugal, Austria and Spain), and where car usage rates are relatively high (again, France, Portugal and Austria) can be expected to feel the spike in diesel prices most acutely. We see this in weakening toll road traffic volumes for France, where the cost to fill an average passenger car tank is now ~EUR 120.
- There are some offsets. Fuel subsidies in Spain and Portugal, and the removal of Australia's fuel excise, provide an immediate buffer for household fuel and travel spend. Earlier electric and hybrid uptake also supports road traffic, as these vehicles are unaffected by pump prices. Household wealth and incomes add resilience too, since fuel cost alone doesn't predict travel volumes. Many markets, including Australia, have so far shown surprising resilience to rising petrol costs.
- Despite these factors, road traffic faces clear headwinds in some markets, especially heading into the Northern Hemisphere winter. In countries like France, high fiscal pressure limits governments' ability to support prices at the pump. Outright fuel shortages are also a risk, and in the worst case could mean further price spikes or rationing until conditions normalise.
- The outlook is not disastrous, but the current leg of the fuel shock could go some way to explaining recent traffic patterns, and differences between markets, in major economies globally. In the long run, we could see households transition further away from diesel and petrol vehicles, with this year's energy shock a catalyst. The acceleration in electric vehicle registrations in the European Union this year illustrates this, with registrations up 54% in August and 33.3% year-to-date, which compares to 29.7% growth in 2025¹. In the interim, we will monitor the fuel price/traffic dynamic with interest.

¹2026 figures sourced from Reuters, September 2026. 2025 figures from Eurostat.

For more information, please visit

magellaninvestmentpartners.com
or contact your financial adviser.

Connect with us

Email: info@magellanfinancialgroup.com

Phone: +61 2 9235 4888 or 1800 6243 5526

IMPORTANT INFORMATION

This material has been delivered to you by Magellan Asset Management Limited ABN 31 120 593 946 AFS Licence No. 304 301 trading as Magellan Investment Partners ('Magellan') and has been prepared for general information purposes only and must not be construed as investment advice or as an investment recommendation. This material does not take into account your investment objectives, financial situation or particular needs. This material does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should obtain and consider the relevant Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') and consider obtaining professional investment advice tailored to your specific circumstances before making a decision about whether to acquire, or continue to hold, the relevant financial product. A copy of the relevant PDS and TMD relating to a Magellan financial product may be obtained by calling +61 2 9235 4888 or by visiting www.magellaninvestmentpartners.com

Past performance is not necessarily indicative of future results and no person guarantees the future performance of any financial product or service, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements.

This material may include data, research and other information from third party sources. No guarantee is made that such information is accurate, complete or timely and no warranty is given regarding results obtained from its use. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan or the third party responsible for making those statements (as relevant). Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this material. Magellan will not be responsible or liable for any losses arising from your use or reliance upon any part of the information contained in this material.

Any third-party trademarks contained herein are the property of their respective owners and Magellan claims no ownership in, nor any affiliation with, such trademarks. Any third-party trademarks contained herein are the property of their respective owners, are used for information purposes and only to identify the company names or brands of their respective owners, and no affiliation, sponsorship or endorsement should be inferred from such use. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of Magellan. (310726-#W16) UID610