

ECONOMIC RESEARCH – MARKET FLASH

CROSS-ASSET RESEARCH

Fixed income

September 24th, 2026

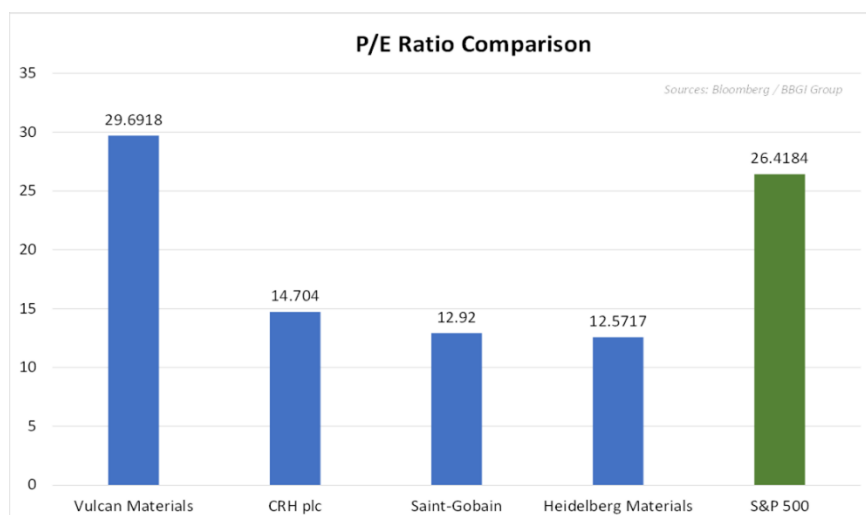
MATERIALS AND INFRASTRUCTURE: A STRATEGIC FOCUS IS EMERGING

Structural support for major
Investment plans



Rate Headwinds & The Infrastructure Supercycle

The construction materials and infrastructure sector are undergoing a sharp market adjustment, reflected in a steep drawdown across global equities (MSCI World Construction & Materials Index: -30%). However, this aggressive compression in valuation multiples masks a fundamental shift in the sector's underlying dynamics. The industry is transitioning away from its historical dependency on cyclical residential housing toward a structural anchoring in the mega-trend of public infrastructure and the energy transition.



Supported by the effective execution of major government initiatives, the demand horizon for market leaders now extends comfortably over a 5- to 10-year period. In the United States, federal legislation, specifically the IIJA and CHIPS Act, is entering its peak funding disbursement phase, driving an unprecedented surge in allocations for transportation networks and water systems. Between 2024 and 2030, public infrastructure spending in North America and Europe is projected to expand by a cumulative 45% to 100%, depending on the region. Simultaneously, skyrocketing demand for AI data centers and industrial reshoring is unlocking a high-margin growth vector, while European energy-efficiency mandates ensure recurring demand that anchors manufacturer order backlogs at 3 to 5 years of revenue visibility.

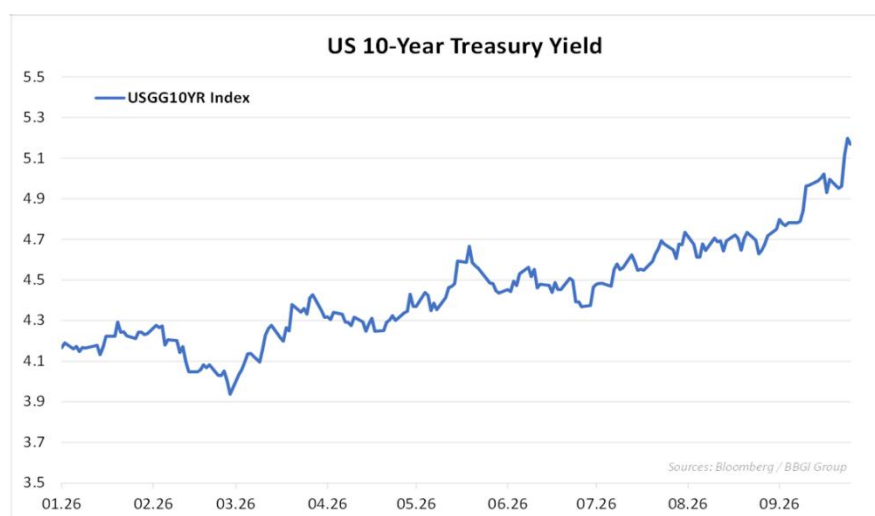
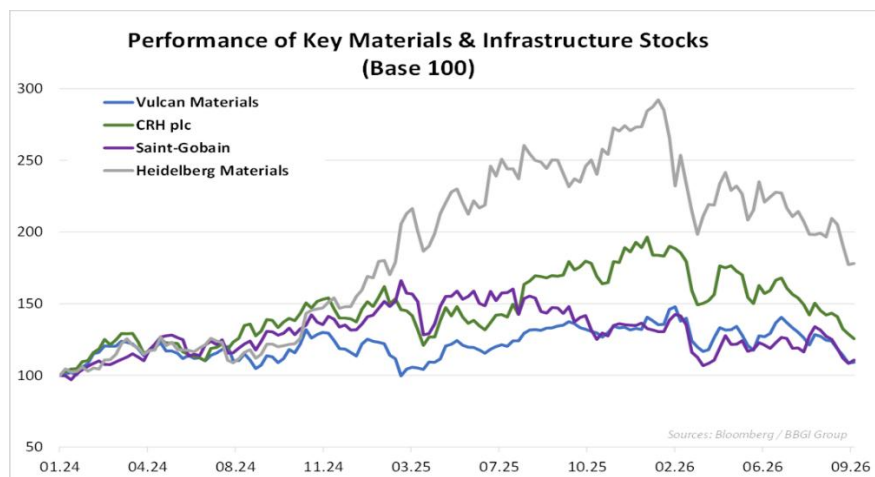
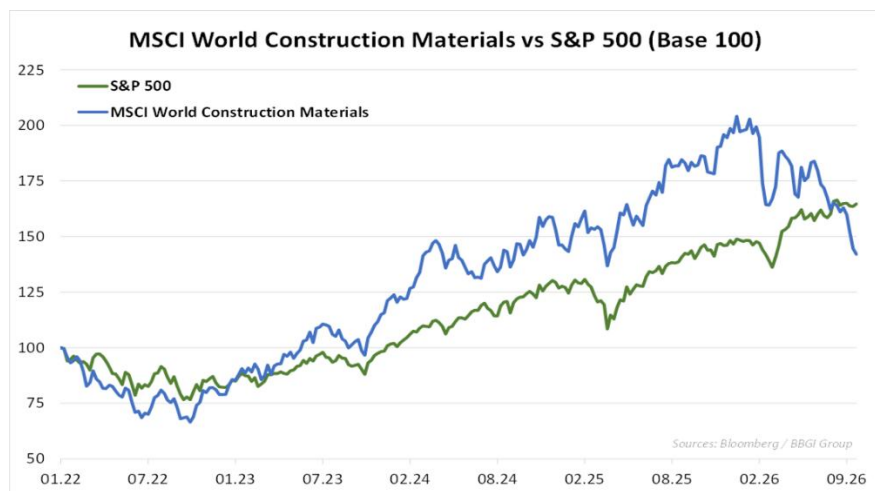


Prime Beneficiaries & Technical Entry Opportunity

From an equity positioning perspective, the recent sector-wide sell-off creates highly attractive entry points into industry leaders with formidable pricing power. Vulcan Materials stands out as the premier pure-play in U.S. aggregates, protected by virtually insurmountable local permitting and geographic barriers to entry around its quarry networks. CRH plc, following its primary listing transfer to New York, offers unmatched transatlantic scale with significant re-rating potential. Institutional investors are paying close attention to these competitive moats as public funding accelerates across primary infrastructure markets.

Meanwhile, Saint-Gobain exhibits exceptional margin resilience driven by its market-leading position in European construction chemicals and sustainable renovation solutions, while continuing to trade at a compelling valuation discount. Additionally, Heidelberg Materials presents a deep-value profile combined with a decisive first-mover technological advantage in industrial carbon capture, utilization, and storage (CCUS). Value-oriented investors are increasingly viewing this broad-based valuation disconnect as an ideal opportunity to establish long-term core positions in asset-heavy compounders. This combination of strong pricing power and decarbonization leadership provides these companies with a durable structural competitive advantage over regional peers.

Looking ahead, sector earnings per share (EPS) growth is projected to compound at a robust 15% to 25% annually through 2028. The ongoing acceleration of federal and regional budget disbursements provides an exceptionally strong cash-flow floor, protecting downside risks even in a higher-for-longer rate environment. Ultimately, the market corrected far more aggressively than long-term infrastructure funding trends warranted, offering an ideal risk-reward profile for investors seeking structural inflation defense and portfolio diversification. As capital deployment reaches full momentum, these market leaders remain uniquely positioned to capture disproportionate market share across major global infrastructure projects.



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