

# Peace Is “Bad for Business”: Defence Stocks Plummet After Trump-Kim Summit

Last year, investors were drooling over the prospect of all-out war with North Korea, but Tuesday’s summit has them worried.

By [Jake Johnson](#)

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*Featured image: The LAV III armoured vehicle (AV) is the latest in the Generation III Light Armoured Vehicle (LAV) series of armoured cars built by General Dynamics Land Systems, and is the primary mechanized infantry vehicle of the Canadian Army.*

American defense contractors were [practically drooling over the prospect](#) of all-out war with North Korea as President Donald Trump was recklessly flinging “[fire and fury](#)” last year, but Tuesday’s [summit](#) between Trump and North Korean leader Kim Jong-un appears to have dampened war profiteers’ dreams of yet another catastrophic U.S.-led military conflict—at least for now.

Demonstrating that even the slightest whiff of peace is enough to scare investors in America’s most profitable military contractors, *USA Today* [reported](#) on Tuesday that shares of Raytheon, Lockheed Martin, Northrop Grumman, Boeing, and General Dynamics all “took a dive” as Trump and Kim [signed](#) a vague, non-binding agreement that is [merely the first step](#) toward a lasting diplomatic solution.

“Peace is bad for business,” [noted](#) writer Ajit Singh in response to the new report.

According to *USA Today*:

Shares of Raytheon, which makes Patriot and Tomahawk missiles, fell 2.6 percent. Lockheed Martin, which supplies the Pentagon with air and missile defense systems as well as the F-35 Stealth fighter jet, tumbled one percent. And Northrop Grumman, which has increased its focus on cyber warfare and missile defense systems more recently, declined 1.3 percent. Boeing, which makes Apache helicopters and aerial refueling aircraft, dipped 0.2 percent. General Dynamics, a Navy shipbuilder, fell one percent.

By contrast, the Dow Jones industrial average edged up 20 points.”

As financial analyst Brad McMillan noted in an interview with *USA Today*, falling defense stocks represent investors’ fears that the chance for a hot war between the U.S. and North Korea—which he describes as “one of the big potential growth stories recently”—could be slipping away.

“If weapons are used they need to be replaced. That makes war a growth story for these stocks,” McMillan added. “What the agreement [between Trump and Kim] does, at least for a while, is take military conflict off the table.”

Let’s take a moment to think about the real victims of the North Korea peace talks...[checks notes] defense stocks [pic.twitter.com/61OB9rf9a7](https://pic.twitter.com/61OB9rf9a7)

— Ken Klippenstein (@kenklippenstein) [June 12, 2018](#)

But before you start feeling bad for America’s war profiteers—and before you give Trump credit for dragging their stocks down—just remember that Democrats and Republicans in Congress just granted the [U.S. president’s wish for a \\$717 billion](#) Pentagon budget, [much of which goes straight into the pockets of companies](#) like Boeing, Raytheon, and Lockheed Martin.

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