

Defense stocks drop after Trump says Pentagon spending could be halved

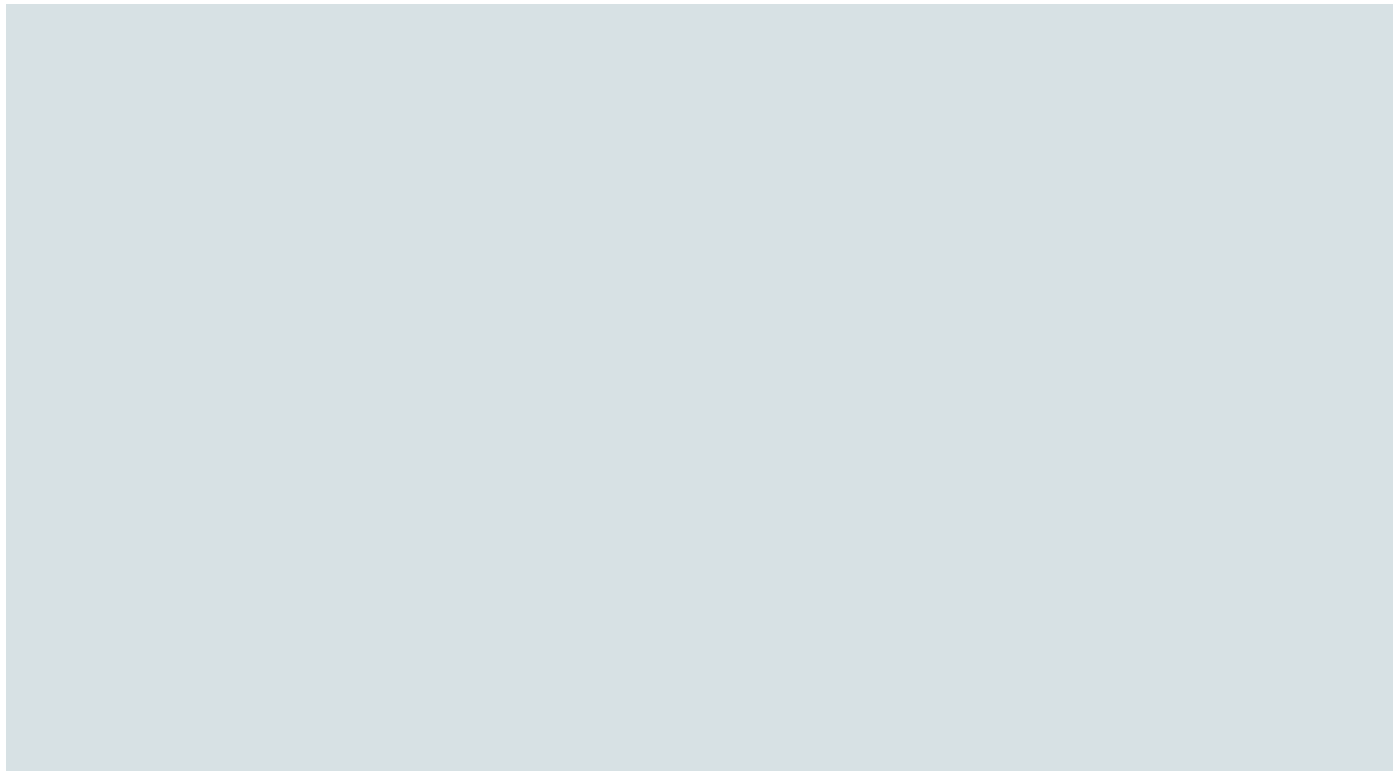
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KEY POINTS

- Defense stocks dropped sharply Thursday afternoon after President Donald Trump suggested the U.S. could massively cut defense spending.
- Trump has sent mixed messages on military spending throughout his 2024 campaign and in the early days of his presidency.



U.S. President Donald Trump sits in the Oval Office of the White House in Washington on Feb. 13, 2025.

Kevin Lamarque | Reuters

Defense stocks dropped sharply Thursday afternoon after President Donald Trump suggested the U.S. could massively cut defense spending.

Trump said Thursday at the White House the U.S. could cut defense spending in half at some point in the future. The comments came in the context of Trump discussing a potential conference on defense spending with China and Russia.

"At some point, when things settle down, I'm going to meet with China and I'm going to meet with Russia, in particular those two, and I'm going to say there's no reason for us to be spending almost \$1 trillion on the military ... and I'm going to say we can spend this on other things," Trump said.

"When we straighten it all out, then one of the first meetings I want to have is with President Xi of China and President Putin of Russia, and I want to say let's cut our military budget in half. And we can do that, and I think we'll be able to do that," he added.

Defense stocks that had been higher earlier in the day quickly fell. Shares of [Lockheed Martin](#) dropped 1.6%, [Northrop Grumman](#) sank 3.4% and [General Dynamics](#) lost 2.1%.

Trump has sent [mixed messages on military spending](#) throughout his 2024 campaign and in the early days of his presidency.

On one hand, Trump has enlisted Elon Musk and the so-called Department of Government Efficiency to find places to cut costs throughout the government. Trump has also pushed for a quick resolution of the [war in Ukraine](#), which has involved the purchase of a lot of American weapons.

On the other hand, he has touted the importance of having a strong military and signed an executive order to explore building an "Iron Dome of America" missile defense system. Trump also said Thursday that the U.S. has the "greatest military equipment in the world."

"Right now, people are confused by a number of different crosscurrents" on defense spending, TD Cowen policy analyst Roman Schweizer told CNBC last week.

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