



On a long enough timeline the survival rate for everyone drops to zero.

# Defense Stocks Fall As Paralyzed House With No Speaker Puts US Ukraine Aid At Risk



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On Tuesday evening, Kevin McCarthy, a Republican, was voted out ([216-to-210 vote](#)) as the Speaker of the US House of Representatives. Hardline Republicans were angered by McCarthy's willingness to fund Ukraine's war while arguing that the money could have been better spent to protect the southern border and restore law and order in imploding major US cities. The historic ouster of the speaker has weighed on defense stocks as traders anticipate challenges for the new speaker in securing further funding for Ukraine.

"The conservative revolt that ousted McCarthy has left the chamber in a state of paralysis until a new speaker is found. That raises the chances of a US government shutdown next month and a **delay in further Ukraine assistance**," Bloomberg said.

In a note to clients, Goldman's Alec Phillips said:

*All other things equal, the leadership change raises the odds of a government shutdown in November, though with several weeks left until the deadline, many outcomes are possible. With many policy disputes remaining and a \$120bn difference between the parties on the preferred spending level for FY2024, it is difficult to see how Congress can pass the 12 necessary full-year spending bills before funding*

***expires Nov. 17. The next speaker is likely to be under even more pressure to avoid passing another temporary extension—or additional funding for Ukraine—than former Speaker McCarthy had been.***

On Wednesday morning, European defense stocks, such as Rheinmetall, Saab, BAE Systems, and Leonardo, slid in the cash market. Bloomberg said this was because of the oustering of McCarthy.

German arms manufacturer Rheinmetall dropped as much as 4.8%.



Swedish aerospace and defense company Saab fell 3%.



British multinational arms, security, and aerospace company BAE Systems slid 3.5%



And Italian defense contractor Leonardo was down 2%.



In the US, uncertainty over funding will likely weigh on defense stocks. The S&P 500 Aerospace & Defense Index has been running into resistance for much of this year.



Washington's endless stream of taxpayer funds to Ukraine has benefited the military-industrial complex. Now, it appears that the pipeline of easy money is in question due to the ouster of McCarthy.