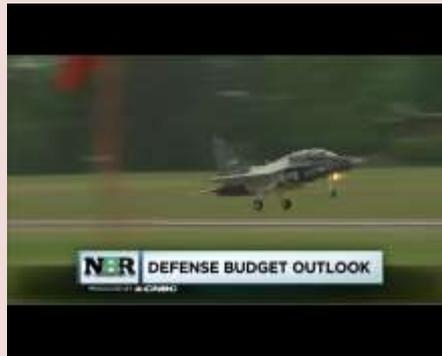


Trade Idea US Defence industry

Extract from [Nightly Business Report 30 June 2017](#)



Another sector to watch in the second half of the year [2017] may be defence. That group had a strong performance during the first six months of 2017 and given the likelihood of an increase to the country's defence budget some are upbeat about the second half as well.

So far it's been another strong year for defence stocks with the ITA aerospace & defence ETF outperforming the broader S&P 500.

In the second half it's all about the budget. In the first phase congressional committees have proposed at least \$18 billion more than president Trump has been requested but there are still many steps to go before that money actually makes it to the pentagon.

Three Big competitions to watch, all for the Airforce.

The \$16.3 billion T-X Trainer contract for 350 training jets will be awarded by year end after

- 1) Lockheed Martin
- 2) Boeing
- 3) Leonardo

All submitted final flight test data earlier this week [26 June]

Second, replacement of the flying surveillance aircraft known in short hand as J stars that's a \$7 billion deal for 17 planes in two parts.

Lots of players but three primes bidding for the integration contract.

- 1) Boeing
- 2) Lockheed Martin
- 3) Northrop Grumman

Also watch the number of contenders to replace the minute man three missiles to drop from three down to two. That's a deal expected to be worth at least \$60 billion over three decades. Northrop grumman, Boeing and Lockheed Martin are all bidding.

Lastly expected the international sales to keep coming. NATO allies just said they boast spending by 4% this year [2017] after intense pressure from President Trump. And while it would take time for approval, a flurry of new arms deal could also build future order books.

