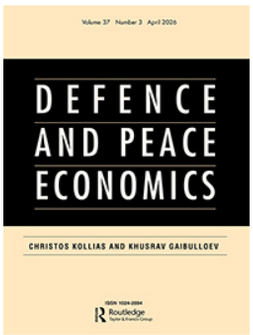

Defence and Peace Economics

ISSN: 1024-2694 (Print) 1476-8267 (Online) Journal homepage: www.tandfonline.com/journals/gdpe20

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To cite this article: Svetoslav Covachev & Gergely Fazakas (30 Apr 2026): The effects of the 2024 U.S. presidential election and the 2025 Trump–Zelenskyy meeting on European defence stocks: an event study analysis, Defence and Peace Economics, DOI: 10.1080/10242694.2026.2658649

To link to this article: https://doi.org/10.1080/10242694.2026.2658649

Published online: 30 Apr 2026.

DEFENCE AND PEACE ECONOMICS
https://doi.org/10.1080/10242694.2026.2658649

Routledge
Taylor & Francis Group

The effects of the 2024 U.S. presidential election and the 2025 Trump–Zelenskyy meeting on European defence stocks: an event study analysis

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ABSTRACT

This study examines the impact of two recent political events – the U.S. presidential election result of November 2024 and the Donald Trump – Volodymyr Zelenskyy meeting of February 2025—on the European defence sector. Using event study methodology and the constituent stocks of a recently launched European defence exchange-traded fund (ETF), we find significant positive abnormal returns both before and after these events. Notably, cumulative average abnormal returns (CAARs) reached 5%–6% over the four trading days immediately following the election result announcement and 16%–18% over the same window after the Trump – Zelenskyy meeting. The results suggest that both events sent strong signals to market participants about potential increases in European defence firms' revenues. These signals may arise from increased market expectations of European countries' defence spending, triggered by the abrupt changes in U.S. foreign policy indicated by these events. Our findings have important implications for investors and policymakers.[1]

ARTICLE HISTORY
Received 15 July 2025
Accepted 5 April 2026

KEYWORDS
Event study; U.S. presidential election; Russia–Ukraine war; defence stocks; U.S. foreign policy

JEL CLASSIFICATION
H56; F51; F52; G14

Introduction

U.S. presidential election results constitute significant information events for financial markets. The United States has emerged as the global economic and military superpower of most of the 20th century and the beginning of the 21st century, thus making its foreign policy of great significance for global financial markets.[2] The recent election of Donald Trump as the 47th president of the United States of America signalled a substantial foreign policy shift from President Joseph Biden's vision of the U.S. as the global leader in all matters of shared significance to Trump's 'America First' agenda.[3] The latter entailed more measured involvement in international affairs, including military conflicts abroad, with U.S. economic wellbeing and security as the primary goal, as opposed to global prosperity and stability.

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The election of Donald Trump as U.S. president, which was officially announced in the early morning of the 6th of November 2024 (Eastern Time), was particularly consequential for the Russia – Ukraine war. During his campaign, Trump had promised to end the war as quickly as possible.[4] A swift conflict resolution would likely have decreased the revenues of defence firms worldwide but particularly in Europe. On the other hand, Trump's reluctance to continue U.S. involvement in Ukraine in the face of heightened tensions between the two nations at war, could have implied increased military spending in Europe, thereby boosting the European defence sector.[5] Thus, this study examines the impact of Trump's election as the 47th president of the U.S.A. on European defence stocks to gauge the expectations of investors at the time regarding its consequences.

Using the event study method, we examine how the results of the 2024 U.S. presidential election affected the performance of a recently launched European defence stocks exchange-traded fund (ETF) and its constituent stocks. According to our analysis, the European defence sector exhibited positive abnormal returns starting on the day of the election and cumulative average abnormal returns (CAARs) of up to 6% in the four-day window following the election. We thus conclude that investors expected the Russia – Ukraine war to continue but with increased contributions from European countries to compensate for declining American support.

Donald Trump met with Volodymyr Zelenskyy in the Oval Office of the White House in the early afternoon of the 28th of February 2025 (Eastern Time) to discuss future cooperation between the United States and Ukraine, particularly relating to the war with Russia. While President Trump seemed determined for a quick peace deal, even at the expense of Ukraine permanently conceding territory to Russia, his counterpart appeared determined to continue the war until a more favourable outcome could be achieved and insisted on the continuation of U.S. support. As a result, the tone of the meeting was tense, and Trump threatened to withdraw U.S. funding for Ukraine's war effort altogether.[6] Shortly afterwards, other European leaders pledged to continue their support for Ukraine and, in some cases, even to increase it.[7] Overall, the outcome of the meeting appeared to send a bullish signal for Europe's defence sector.

We extend the study by applying the event study method to the Trump – Zelenskyy meeting to estimate its economic impact on the European defence sector. We find CAARs of up to 19% both before and after the event, indicating that investors both expected and perceived the meeting to improve the economic prospects of European defence firms in light of uncertain U.S. involvement.

To the best of our knowledge, this is the first study to examine the impact of the 2024 U.S. presidential election outcome on the European defence sector and to analyse the effect of the Trump – Zelenskyy meeting on financial markets. Our analysis contributes to the large body of literature on the global economic impact of U.S. elections and to the growing strand of research on the effects of military conflict events on defence stocks, an area in which the European context has received limited attention. Overall, we show that the European defence sector is highly sensitive to U.S. foreign policy changes, highlighting both the vulnerability of European defence markets and the need for stakeholders to monitor and adapt to U.S. geopolitical developments.

The paper proceeds as follows. Literature review summarizes the related literature. Methodology and data describes the event study methodology and the data used in this study. Results presents and discusses the results, and finally, Conclusion concludes.

Literature review

Election results, especially the U.S. presidential election results, are important news for financial markets. Trump's victory in the U.S. presidential election on 5 November 2024, radically changed not only world politics but also the global economy. Trump promised drastic changes in both his 2016 and 2024 election campaigns, and the market immediately priced in these changes upon the news of his victories.

During Trump's first administration, the defence budget was balanced: as Sharp (2025) analysed, the Trump administration did not provide radically increased resources to the defence sector, and all branches of the sector received resources in a balanced manner. Complementing this, Balestra and Caruso (2025) examined a data series between 1996 and 2022 and found that the revenue of U.S. defence industry companies is cyclical, based on the four-year presidential terms in the U.S. While the revenue grows at a lower rate in the years before the executive elections, it increases at a significantly higher rate in election years.

However, several event studies have confirmed the direct impact of Trump's 2016 and 2024 victories on financial markets: Mukanjari and Sterner (2024), Martins, Albuquerque, Sardinha, and Moutinho (2025), Ahmed et al. (2025), Wielechowski and Czech (2025), and Cosma et al. (2025) have recently analysed the so-called Trump effect. The studies focus on the U.S. stock market as a whole (Ahmed et al. 2025), in particular on the renewable energy sector (Martins, Albuquerque, Sardinha, and Moutinho 2025; Mukanjari and Sterner 2024) and the markets for agricultural products (Wielechowski and Czech 2025). The sectoral studies are motivated by the possibility that certain sectors could experience greater changes based on Trump's campaign promises.

The impact of the 2016 U.S. presidential election on financial markets has been analysed extensively. Blau, Griffith, and Whitby (2019) found that while pharmaceutical stocks underperformed the market during the campaign period, they experienced significant price increases in the last three days before the election result. Nerger, Huynh, and Wang (2021) examined the impact of Trump's election and 19 environmental actions on 49 different sectors in the U.S during his first four-year term. They found that Trump's environmental regulations and policies were ineffective in strengthening the U.S. economy: only the coal industry demonstrated strong positive abnormal returns, while the other sectors exhibited mixed or negative responses. Furthermore, Kohler (2017) examined the impact of the 2016 presidential election on eight U.S. sectors. He found that mining and wholesale trade clearly responded positively to Trump's election, while the reactions of the other sectors were muted. In addition, Ramelli et al. (2021) analysed the impact of Trump's election in 2016 on carbon-intensive and climate-responsible firms. Not surprisingly, the former reacted significantly and positively to the news, but interestingly, the latter also experienced an increase. Similar findings are reported for fossil fuel stocks by Mukanjari and Sterner (2024).

The effects of the 2024 presidential election appear to be much more uniform. Cosma et al. (2025) found that while financial, energy and industrial stocks reacted positively to the news of the election, materials, consumer staples and real estate stocks fell. They showed that in all sectors, less environmentally conscious 'brown' companies reacted more positively. Similarly, Martins, Albuquerque, Sardinha, and Moutinho (2025) analysed renewable energy and fossil fuel stocks. They found that the renewable energy sector

stock prices fell worldwide, while fossil fuel stocks did not exhibit any significant change – except in the U.S.A., where a significant price increase was observed. Furthermore, Ahmed et al. (2025) found a significant positive abnormal return for the U.S. stock market as a whole following the election results. They also highlighted the energy industry as the one that produced the largest abnormal return, while other industries, such as the chemical industry, showed a more moderate change after the election. In addition, Wielechowski and Czech (2025) analysed the impact of the 2024 presidential election on commodity markets. Their results show that the volatility of the wheat and oat markets increased significantly due to heightened uncertainty following the election results. At the same time, wheat prices increased significantly, while oat prices dropped substantially.

A growing body of research shows that recent military conflicts have affected the stock prices of defence industry firms. The main findings of recent studies can be summarized as follows. Khan, Khurshid, and Cifuentes-Faura (2025) applied asymmetric multifractality detrended fluctuation analysis to examine the behaviour of U.S. defence stocks during upwards and downwards trends in the recent Russian – Ukrainian and Israeli – Palestinian conflicts. Klomp (2025) reported significant positive returns for U.S. defence sector ETFs in the days following the start of the Israel – Hamas conflict in October 2023. In the European context, Covachev and Fazakas (2025) analysed the effects of the outbreak of the Russian – Ukranian war and the Wagner Group coup on European defence firms and found positive (negative) abnormal returns after the former (latter). Furthermore, Martins (2024) introduced a global perspective by adding the Fourth Taiwan Strait Crisis to the two aforementioned conflicts and documented a more moderate positive impact on defence stocks globally.

During his campaign, Trump stated that peacemaking was an important part of his policy, primarily promising drastic and rapid solutions to the Russian – Ukrainian and Israeli – Palestinian conflicts, thereby sending bearish messages to the defence industry. Conversely, Trump's America First policy has cast doubt on his commitment to utilize U.S. armed forces abroad, thus prompting European allies to consider increasing defence spending. Therefore, our main objective is to examine how the European defence sector reacted to his election. Our secondary objective is to study the impact of the Trump – Zelenskyy meeting that took place on the 28th of February 2025 as an event that may have changed the outlook of the war.

Methodology and data

Methodology

We utilize the standard event study methodology, which is based on the Efficient Market Hypothesis (EMH) of Fama (1970). The strong form of the EMH states that market prices reflect all available information, which includes all public and private information. Thus, prices immediately adjust to the arrival of new information, and price changes can be used to measure the economic impact of an unexpected event on the value of an asset. Nonetheless, prices do not adjust to new information instantly in the real world due to market frictions. Therefore, the event study methodology consists of examining price changes (returns) over a time window around an event, and it is necessary to adjust for the expected return over the window in the absence of the event to capture the price drift over time.

We use the following event windows in our study: [−10, −1], [−3, −1], [−1, −1], [0, 0], [1, 1], [0, 3], [0, 5], [0, 10] and [0, 20]. These event windows are consistent with Boubaker et al. (2023) and Covachev and Fazakas (2025), for example, and aim to fully capture the response of the market to the event, as well as any anticipation effects. The next step is to define expected returns. Our baseline model assumes that investors are risk neutral, which implies that all expected returns are equal to the risk-free rate (Lucas 1978). Thus, excess returns (realized risky asset returns−risk-free rate of return) are already adjusted for expected return. However, investors are risk averse and therefore require a risk premium. To incorporate the asset risk premia into expected returns, we follow the standard factor model approach. In particular, we use the Capital Asset Pricing Model (CAPM) of Sharpe (1964) and Lintner (1965), the four-factor model consisting of the factors of Fama and French (1993) and Carhart (1997), and the six-factor model consisting of the factors of Fama and French (2015) and Carhart (1997). The specific factors belonging to each model are provided in Table 1. We utilize the European risk factors and risk-free rate, since we are examining the impact of the U.S. presidential election result on European defence stocks. We apply the following factor model equation:

$$E(r_{i,t}) = r_{f,t} + \hat{a}_i + \sum_{k=1}^{K} \hat{\beta}_{k,i} X_{k,t}, \tag{1}$$

where $E(r_{i,t})$ is the expected return of asset (stock) i in time t, $r_{f,t}$ is the risk-free rate in time t, $\hat{a}_i$ is the estimated alpha of asset (stock) i, $\hat{\beta}_{k,i}$ is the estimated exposure of asset (stock) i to risk factor k, and $X_{k,t}$ is the value of risk factor k in time t. We estimate the alpha and beta parameters separately for each asset with time series regressions of asset excess returns on risk factors over the [−120, −11] estimation window. This window covers the trading days of approximately 6 months.

The impact of an event on a particular stock on a given day is captured by its abnormal return, which is equal to the stock's realized return minus its expected return for that day. The average effect of the event on the stocks of interest on that day is computed as the arithmetic average of their abnormal returns. Finally, the Average Abnormal Returns

Table 1. Factor models.

Model	Factors	Related literature
Capital Asset Pricing Model (CAPM)	Market factor	Sharpe (1964); Lintner (1965)
Four-Factor Model	Market factor; Size factor—Small-Minus-Big (SMB); Value factor—High-Minus-Low (HML); Momentum factor—Up-Minus-Down (UMD)	Fama and French (1993); Carhart (1997)
Six-Factor Model	Market factor; Size factor—Small-Minus-Big (SMB); Value factor—High-Minus-Low (HML); Momentum factor—Up-Minus-Down (UMD); Profitability factor—Robust-Minus-Weak (RMW); Investment factor—Conservative-Minus-Aggressive (CMA)	Fama and French (2015); Carhart (1997)

This table provides detailed information on the asset pricing models used in our study.
Source: Authors' own creation.

(AARs) are summed over the days of each event window to obtain CAARs, which measure the aggregate average impact of the event over different time horizons, as illustrated in Eq. (2):

$$CAAR_i = \sum_{t \in T} AAR_t, \tag{2}$$

where T denotes the set of days belonging to event window i.

We account for the small sample size by employing the non-parametric Wilcoxon (1945) signed-rank test to assess the statistical significance of the CAARs. This test does not rely on a normal distribution or asymptotic approximations, making it well-suited for our context.

Data

Our analysis is based on the Select STOXX Europe Aerospace & Defense ETF and its constituents. This ETF was launched on the 22nd of October 2024 and tracks the STOXX Europe Total Market Aerospace & Defense Index, thus providing investors with a cost-efficient way to invest in the European defence sector. Furthermore, its recent launch may enhance salience, given the heightened visibility surrounding new investment products. The Select STOXX Europe Aerospace & Defense ETF consists of 13 American Depositary Receipts (ADRs) representing European stocks and traded over-the-counter (OTC) in the U. S. by the OTC Markets Group.[8] We note that the inclusion of these firms in an index and its corresponding ETF makes them salient for investors, rendering their prices more likely to respond quickly and accurately to new information and, therefore, a natural choice for defence-sector event studies. The names, tickers and ETF weights of the ADRs as of the 28th of February 2025 are presented in Table 2.[9] We obtain adjusted for splits daily closing prices data for the ETF, its top 9 constituents in terms of weights and the EURO STOXX 50 Net Return (NR) Index from Google Finance.[10] The remaining 4 ADRs each represent less than 1% of the ETF and are not traded on a daily basis. The European factor return data and risk-free rate are obtained from the Kenneth R. French online data library.[11] Our ETF return data starts on the 23rd of October 2024, given that the inception date of the ETF is

Table 2. Select STOXX Europe Aerospace & Defense ETF constituents as of the 28th of February 2025.

Names	Ticker	Weight
Airbus SE ADR	EADSY	23%
Safran SA ADR	SAFRY	21%
Rolls-Royce Holdings PLC ADR	RYCEY	13%
Rheinmetall AG ADR	RNMBY	12%
BAE Systems PLC ADR	BAESY	12%
Thales SA ADR	THLLY	4.94%
Leonardo SpA ADR	FINMY	3.96%
MTU Aero Engines AG ADR	MTUAY	2.88%
Saab AB ADR	SAABY	2.56%
Hensoldt AG ADR	HAGHY	0.93%
QinetiQ Group PLC ADR	QNTQY	0.53%
Babcock International Group PLC ADR	BCKIY	0.51%
Chemring Group PLC ADR	CMGMY	0.32%

This table lists the constituents of the Select STOXX Europe Aerospace & Defense ETF on the 28th of February 2025 along with their tickers and ETF weights.
Source: Authors' own creation.

the 22nd of October 2024.[12] For the ADRs, we compute and utilize daily continuously compounded total returns from the 16th of May 2024 to the 28th of March 2025, inclusive.[13] All Federal U.S. holidays during this period are excluded due to the closure of U.S. markets.

Results

Election of President Donald Trump

European defence stocks ETF performance

We commence our analysis with examining the performance of the Select STOXX Europe Aerospace & Defense ETF around the election of Donald Trump as the 47th president of the United States of America. We are unable to estimate the ETF's factor betas due to the proximity of its inception date (22 October 2024) to the event. Thus, we control for risk by using market-adjusted returns as abnormal returns.[14] Market-adjusted returns are simply equal to realized returns minus market returns as proxies for expected returns.[15] We use the EURO STOXX 50 NR Index returns as market returns, since the ETF's constituent stocks are European. Figure 1 displays the Cumulative Market-Adjusted Returns (CMARs) from 10 trading days prior to the 6th of November 2024 to 8 trading days after.[16] Each data point is computed by applying Eq. (2) to the event window [−10, x], where ×is the corresponding relative trading day on the x-axis. We add a data point for day −11 and set it to 0 as a starting point.

Figure 1 shows that CMARs were close to 0 up to two trading days prior to the event, after which they peaked at approximately 6% on the fourth trading day after the event. The increase began on the day of the election, one day before the official result was

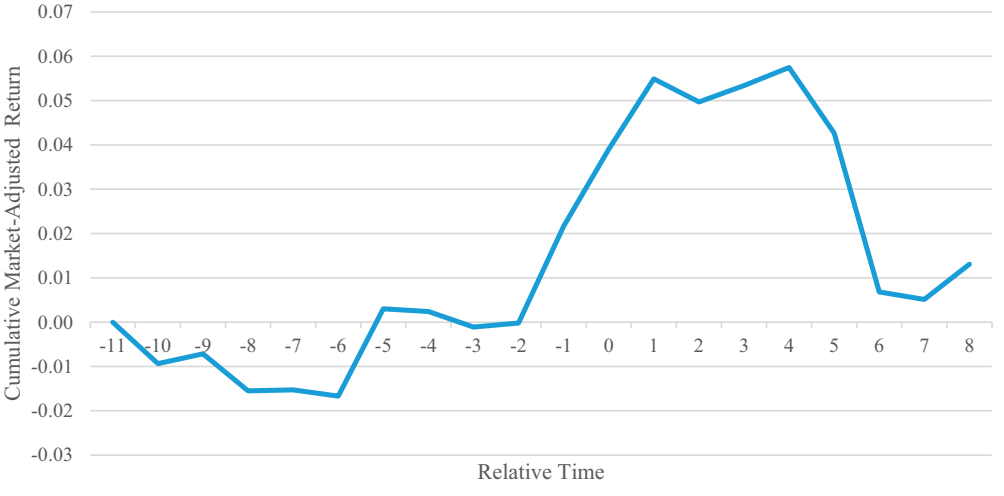

Figure 1. The Cumulative market-adjusted returns (CMARs) of the Select STOXX Europe Aerospace & Defense ETF around the election of President Donald Trump. This figure shows the CMARs of the STOXX Europe Aerospace & Defense ETF in the days immediately before and after the election of President Donald Trump. We use the 6th of November 2024 as the event date (day 0), because the winner of the election was announced on this day. The market benchmark used is the EURO STOXX 50 Net Return (NR), since the ETF's stocks originate from Europe. Source: Authors' own creation.

announced, suggesting that Trump's victory was anticipated. An alternative interpretation is that investors had already obtained and responded to valuable information relating to the outcome of the election in the form of exit polls, voter turnout in strategic counties or social media trends. Interestingly, most of the gains were reversed by trading day 6, indicating an overreaction. These results are consistent with an isolationist interpretation of Donald Trump's foreign policy by investors in the European defence sector and demonstrate profitable short-term trading opportunities in the sector around election results that signal a substantial change in U.S. foreign policy.[17]

Selected European defence stocks' performance

We proceed by analysing the performance of selected European defence stocks around Donald Trump's election. The selected stocks are the 9 constituents of the Select STOXX Europe Aerospace & Defense ETF presented in Table 2. Their CAARs are reported in Table 3. The event windows are indicated in column (1). We start by examining the cumulative average excess returns in column (2). The result on the day of the announcement of Donal Trump's victory (day 0) is not statistically significant. However, we find average excess returns of approximately 3% on both the day before and the day after the announcement; the former is statistically significant at the 1% level, whereas the latter is significant at the 5% level. In addition, the CAARs grow to 4.71% over the [0, 3] event window. Nonetheless, extending this window with additional post-announcement days results in statistically insignificant results, indicating a reversal. The average excess returns of the 9 stocks around the event date, plotted in Figure 2, are consistent with these patterns.[18] Overall, the results support an anticipation effect, an additional delayed reaction and subsequent reversal.

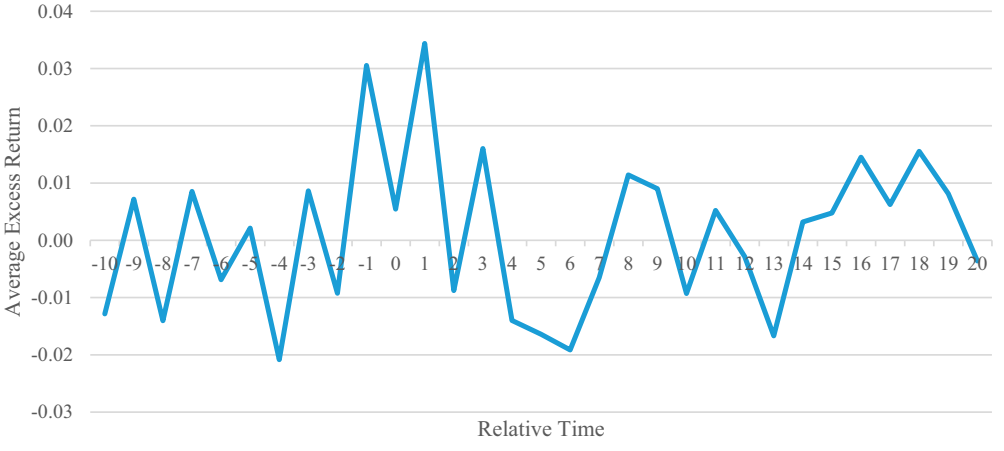

Figure 2. The average excess returns of selected European defence stocks around the election of President Donald Trump. This figure shows the average excess returns of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the election of President Donald Trump. The ETF stocks and their weights are listed in Table 2. We use the 6th of November 2024 as the event date (day 0), because the winner of the election was announced on this day. Source: Authors' own creation.

We then examine the results based on factor models that control for risk, starting with the CAPM in column (3). Interestingly, there are positive and statistically significant CAARs of approximately 2% in each of the 3 days surrounding the election results announcement date. Furthermore, the CAARs peak at 6.37% over the [0, 3] event window, and the subsequent reversal is not as pronounced, since the CAARs are greater than 4% in all post-event windows studied that consist of multiple days. Nonetheless, the CAARs are not statistically significant in the [0, 10] and [0, 20] windows. The results in columns (4) and (5) are based on the four-factor and six-factor models defined in Table 1, respectively. These results are qualitatively similar to the CAPM results but slightly weaker overall in terms of magnitude, which is to be expected given the inclusion of additional explanatory factors that are not related to the event of interest. We conclude that investors can earn substantial abnormal returns through factor-hedged exposure to the European defence sector following a U.S. presidential election result that implies a major shift in U.S. foreign policy. In this particular case, Trump's America First agenda and the ongoing Russia – Ukraine war likely signalled increased defence spending in Europe, thus raising the demand for the products of companies belonging to the European defence sector.

Comparing our results to other studies, we find similarities between the reaction of the European defence sector to the 2024 U.S. presidential election and the response of the U. S. energy sector. Cosma et al. (2025) and Ahmed et al. (2025) report positive performance of the energy sector of the same order of magnitude both before and after the event. Furthermore, Moutinho, Albuquerque, and Sardinha () show that this is attributable to the positive abnormal returns of fossil fuel firms, whereas renewable energy firms underperformed. In addition, the authors report similar results for Europe's energy sector, although the impact is weaker relative to the U.S., as expected, since Trump's energy policies are U.S.-centric. Overall, the stock market reaction to the election of President Trump varied by region and sector, with the energy sector benefiting in the U.S. and the defence sector gaining in Europe.

While, to our knowledge, no prior studies have examined the impact of the 2024 U.S. presidential election on defence stocks, we proceed by comparing our results to recent findings on the effect of military conflicts on defence stocks. Covachev and Fazakas (2025) document positive abnormal returns as high as 12% for the European defence sector in the days after the start of the Russia – Ukraine war. In comparison, we estimate the effect of the election on the same sector to be at most 6%. This difference is unsurprising given the more indirect nature of the election's impact. Evidence from other regions also underscores the sensitivity of defence stocks to armed conflict: Klomp (2025) reports an approximately 10-percentage-point increase in the returns of U.S. defence ETFs in the 30 trading days following the Hamas attack on Israel that took place on 7 October 2023, demonstrating that military conflicts can boost defence stocks in regions with strong military ties. Extending the perspective globally, Martins (2024) examines the Russia – Ukraine and Israel – Hamas conflicts, along with the Fourth Taiwan Strait Crisis, and their impact on the largest defence stocks globally. The estimated effects are generally of smaller magnitudes than those reported in similar studies, likely because the sample includes firms from regions less directly involved in the conflicts. We conclude that our findings reinforce the evidence of a strong association between major recent military conflict milestones and defence sector performance.

Several noteworthy confounding events could have influenced our results. First, Germany's coalition government collapsed on 6 November 2024—the day of the U.S. presidential election outcome announcement – increasing political uncertainty across Germany and Europe.[19] Second, the U.S. Federal Reserve announced on the following day a decrease in the target range for the federal funds rate by 0.25 percentage points, which lowers borrowing costs and is generally viewed as a positive signal for risky assets, including stocks.[20] Nonetheless, because these developments primarily affected overall market sentiment rather than the European defence industry specifically, they are more likely to materially influence raw (and excess) returns than the abnormal returns estimated from our factor models. Finally, other contemporaneous geopolitical or macroeconomic events – including battlefield developments, other elections and policy announcements – may also have played a role. We refrain from examining these events in depth to maintain focus and leave such extensions for future research.

Meeting of President Donald Trump with President Volodymyr Zelenskyy

European defence stocks ETF performance

We repeat the analysis described in European defence stocks ETF performance with the meeting between Donald Trump and Volodymyr Zelenskyy on the 28th of February 2025 as the event of interest. Figure 3 shows the CMARs from 7 trading days prior to the event to 12 trading days after.[21] CMARs increased from 0% to 18% from trading day −2 to trading day 2. It is not surprising that investors partially anticipated the meeting outcome, considering that Trump and Zelenskyy had publicly stated conflicting agendas ahead of the meeting.[22] In contrast to the election of Donald Trump, no notable subsequent

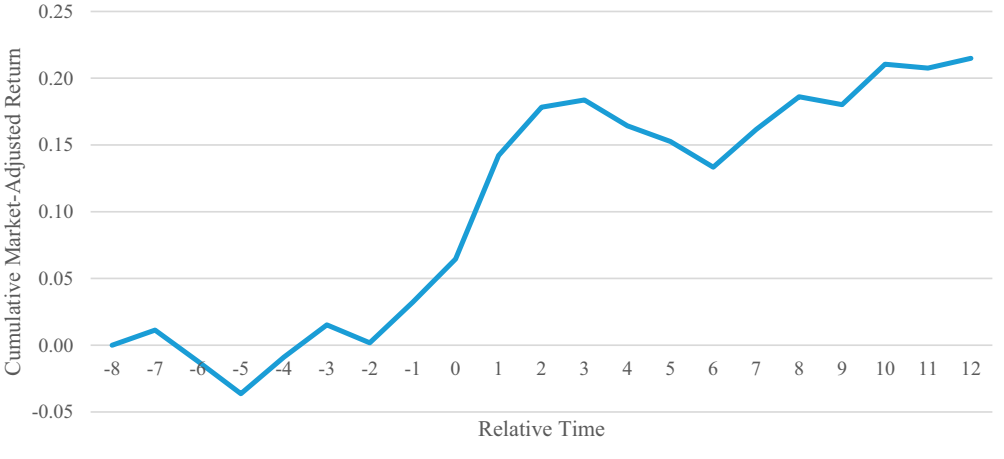

Figure 3. The Cumulative market-adjusted returns (CMARs) of the Select STOXX Europe Aerospace & Defense ETF around the meeting of President Donald Trump with President Volodymyr Zelenskyy. This figure shows the CMARs of the STOXX Europe Aerospace & Defense ETF in the days immediately before and after the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House. The market benchmark used is the EURO STOXX 50 Net Return (NR), since the ETF's stocks originate from Europe. Source: Authors' own creation.

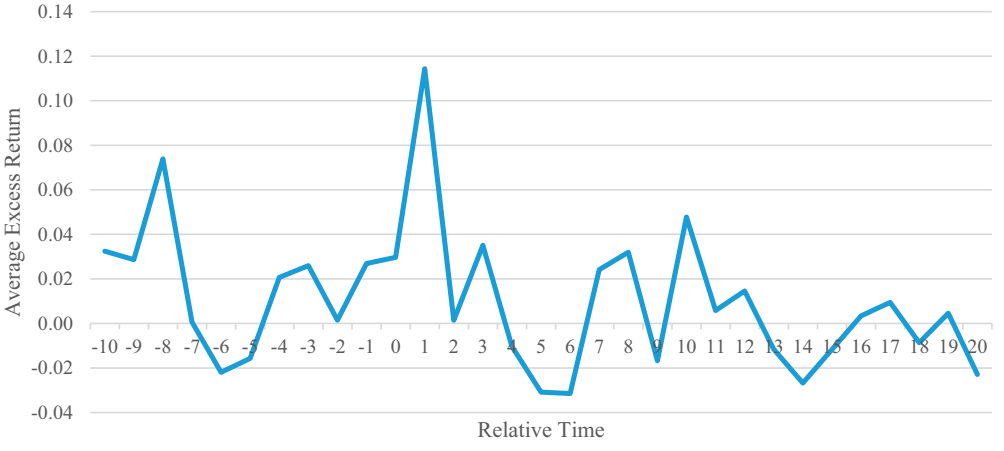

Figure 4. The average excess returns of selected European defence stocks around the meeting of President Donald Trump with President Volodymyr Zelenskyy. This figure shows the average excess returns of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House. The ETF stocks and their weights are listed in Table 2. Source: Authors' own creation.

reversal is observed following this event. The failure to reach an agreement at the meeting appears to be interpreted by investors as confirmation of Donald Trump's reluctance to play a leading role in international affairs that may not be of direct U.S. interest.

Selected European defence stocks' performance

We study the performance of selected European defence stocks around the meeting between Donald Trump and Volodymyr Zelenskyy and report the results in Table 4 following the same structure as in Table 3. Average excess returns are plotted in Figure 4. The selected stocks are listed in Table 2. We find statistically significant CAARs in all event windows and under all models studied. This is consistent with Figures 3 and 4, which show abnormal positive performance both before and after the event. Furthermore, all CAARs are greater than 2%, and the CAARs exceed 19% in event windows [−10, −1] and [0, 10] according to some models. In addition, the excess returns of all selected stocks are positive on days 0 and 1, with a peak on day 1, which indicates a strong response to the specific event.[23] Overall, the results are highly economically significant and suggest that investors both anticipated and reacted to the outcome of the meeting on the 28th of February 2025, which signalled the need for additional defence spending in Europe.

We acknowledge that our results are substantially larger in magnitude than those reported in previous studies examining the impact of military conflict events on defence stocks. We have identified several potential reasons for this difference. First, in order to focus on the most prominent firms, our defence stocks sample is relatively concentrated. Consequently, the exceptional performance of one or two stocks can materially affect our CAAR estimates. Nonetheless, we observe consistently positive performance around the meeting date, with 6 out of 9 stocks achieving excess returns greater than 10% on at least

Table 3. Cumulative average abnormal returns (CAARs) (%) of selected European defence stocks around the election of President Donald Trump.

Event Window	Excess	CAPM	4-Factor	6-Factor
[−10, −1]	−0.68	−0.19	0.03	−0.19
	(0.545)	(0.628)	(0.731)	(0.698)
[−3, −1]	2.99***	1.88	2.04**	2.02**
	(0.009)	(0.113)	(0.041)	(0.039)
[−1, −1]	3.05***	2.47***	2.19***	2.12***
	(0.008)	(0.008)	(0.008)	(0.008)
[0,0]	0.54	2.64**	2.11**	1.99**
	(0.515)	(0.011)	(0.021)	(0.038)
[1,1]	3.44**	2.00*	2.06	2.01
	(0.015)	(0.086)	(0.139)	(0.139)
[0,3]	4.71**	6.37***	4.95***	4.75***
	(0.016)	(<0.001)	(0.004)	(0.007)
[0,5]	1.67	5.92***	4.01*	3.82*
	(0.799)	(0.005)	(0.065)	(0.081)
[0,10]	0.22	4.60	3.60	3.49
	(0.532)	(0.129)	(0.276)	(0.272)
[0,20]	3.67	4.20	3.63	3.52
	(0.294)	(0.126)	(0.258)	(0.260)

This table presents the CAARs (%) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the election of President Donald Trump. The ETF stocks and their weights are listed in Table 2. We use the 6th of November 2024 as the event date (day 0), because the winner of the election was announced on this day. Abnormal returns are calculated relative to the risk-free rate in the 2nd column and relative to factor model-based expected returns in the remaining columns. The factor models are summarized in Table 1. The factor model betas are calculated separately for each stock with time series regressions over an estimation window of [−120, −11]. We report Wilcoxon (1945) signed-rank test *p*-values in parentheses. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively.

Source: Authors' own creation.

one day within the [−1, 1] window, as exhibited in Appendix Table A2. Second, the estimated AARs for individual trading days are more moderate, suggesting that the large magnitude of CAARs is driven by the accumulation over time and, possibly, a delayed market reaction. Third, the effects of the Trump – Zelenskyy meeting are likely compounded by other events, especially the announcements of pledges by European leaders to sustain or even increase their support for Ukraine.

Several notable events may confound the effects of the Trump – Zelenskyy meeting. First, EU Commissioner Valdis Dombrovskis announced on the 18th of February, ahead of an EU finance ministers' meeting, that the EU Commission is prepared to expedite proposals that relax budget rules to boost defence spending.[24] This date corresponds to trading day −8 relative to the meeting and may have influenced the results for the [−10, −1] event window. Appendix Table A2 confirms that defence firms exhibited large positive excess returns on this day. Nonetheless, we also observe large positive CAARs in the three trading days window immediately preceding the meeting, suggesting that investors' expectations for the meeting were also priced in. Second, the European Commission's President Ursula von der Leyen made a statement on the 2nd of March urging European nations to rearm and member states to facilitate increased defence spending.[25] This statement falls between trading days 0 and 1, since it was made on a Sunday and the Trump – Zelenskyy meeting took place on the preceding Friday. However, because a large positive reaction had already occurred on Friday, we are able to at least partially disentangle these two events. Third, the ECB's Governing Council also cut its three key rates by 0.25 percentage points on the 6th of March.[26] This event occurred on

Table 4. Cumulative average abnormal returns (CAARs) (%) of selected European defence stocks around the meeting of President Donald Trump with President Volodymyr Zelenskyy.

Event Window	Excess	CAPM	4-Factor	6-Factor
[−10, −1]	17.31***	15.85***	19.35***	19.35***
	(<0.001)	(0.001)	(<0.001)	(<0.001)
[−3, −1]	5.44***	5.27***	4.80***	4.47**
	(0.002)	(0.002)	(0.008)	(0.019)
[−1, −1]	2.69*	3.29**	2.86**	2.85**
	(0.066)	(0.021)	(0.038)	(0.038)
[0,0]	2.97***	2.92***	2.87***	2.72***
	(0.008)	(0.008)	(0.008)	(0.008)
[1,1]	11.44***	10.37***	9.94***	9.98***
	(0.008)	(0.008)	(0.008)	(0.008)
[0,3]	18.05***	15.83***	16.15***	15.86***
	(<0.001)	(<0.001)	(<0.001)	(<0.001)
[0,5]	13.93***	11.45**	13.68***	13.78***
	(0.006)	(0.021)	(0.002)	(0.002)
[0,10]	19.50***	17.01***	18.83***	18.94***
	(0.001)	(0.001)	(<0.001)	(<0.001)
[0,20]	15.12**	12.32*	12.66*	13.16*
	(0.037)	(0.083)	(0.069)	(0.059)

This table presents the CAARs (%) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House. The ETF stocks and their weights are listed in Table 2. Abnormal returns are calculated relative to the risk-free rate in the 2nd column and relative to factor model-based expected returns in the remaining columns. The factor models are summarized in Table 1. The factor model betas are calculated separately for each stock with time series regressions over an estimation window of [−120, −11]. We report Wilcoxon (1945) signed-rank test *p*-values in parentheses. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively.

Source: Authors' own creation.

relative trading day 4 and appears to have produced a mixed reaction among defence stocks. Importantly, it falls outside the most immediate event windows. In addition, several European leaders publicly reaffirmed their support for Ukraine in the days surrounding the meeting, potentially sending positive signals for the European defence sector. We leave further examinations of these and other contemporaneous developments for future research.

Robustness tests

Alternative benchmarks

While we have already used different benchmarks to study the impacts of the selected events by employing different proxies for expected return, we further address the possibility that our results may be driven by benchmark selection. More precisely, we repeat the analyses in Selected European defence stocks' performance and Results and .2.2 with the 25 (5x5) Fama – French portfolios constructed from a two-way sort of European stocks by size (market value of equity) and book-to-market equity ratio as benchmarks, considered one at a time.[27] We then recompute the CAARs over the [0,3] event window, which captures the most immediate event impacts and report the results for the 2024 U.S. presidential election outcome and the Trump – Zelenskyy meeting in Tables 5 and 6, respectively.

The [0,3] event-window CAARs in Table 5 range from 4.04% relative to Portfolio 3-2 to 8.27% relative to Portfolio 5-5. The lower and upper bounds of this range correspond to a

Table 5. Cumulative average abnormal returns (CAARs) (%) of selected European defence stocks following the election of President Donald Trump: alternative benchmarks.

		Book-to-Market				
		1	2	3	4	5
Size	1	6.78***	6.42***	6.53***	6.85***	6.68***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	2	5.66***	5.78***	5.25***	5.82***	6.80***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	3	4.63***	4.04***	6.59***	6.28***	5.81***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	4	5.51***	5.86***	5.99***	6.92***	7.02***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	5	6.79***	6.00***	7.80***	6.86***	8.27***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)

This table presents the CAARs (%) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight after the election of President Donald Trump. The ETF stocks and their weights are listed in Table 2. We use the 6th of November 2024 as the event date (day 0), because the winner of the election was announced on this day. Abnormal returns are calculated relative to the 25 European Fama–French Size–Book-to-Market portfolios. Portfolio 5-5 (1-1) contains the stocks with the highest (lowest) market capitalizations and book-to-market ratios. The event window is fixed at [0,3]. We report Wilcoxon (1945) signed-rank test *p*-values in parentheses. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively.
Source: Authors' own creation.

Table 6. Cumulative average abnormal returns (CAARs) (%) of selected European defence stocks following the meeting of President Donald Trump with President Volodymyr Zelenskyy: alternative benchmarks.

		Book-to-Market				
		1	2	3	4	5
Size	1	16.95***	15.72***	15.98***	16.23***	15.98***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	2	15.29***	16.73***	15.43***	14.82***	13.83***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	3	16.34***	15.66***	13.68***	16.12***	14.39***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	4	14.52***	13.80***	13.67***	14.71***	13.61***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)
	5	15.80***	13.40***	14.89***	14.72***	13.43***
		(<0.001)	(<0.001)	(<0.001)	(<0.001)	(<0.001)

This table presents the CAARs (%) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight after the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House. The ETF stocks and their weights are listed in Table 2. Abnormal returns are calculated relative to the 25 European Fama–French Size–Book-to-Market portfolios. Portfolio 5-5 (1-1) contains the stocks with the highest (lowest) market capitalizations and book-to-market ratios. The event window is fixed at [0,3]. We report Wilcoxon (1945) signed-rank test *p*-values in parentheses. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively.
Source: Authors' own creation.

36.58% decrease and a 29.83% increase, respectively, relative to the CAPM estimate of 6.37% for the same event window, as reported in Table 3. Furthermore, all CAARs in Table 5 are significant at the 1% level, and no clear patterns emerge as size and book-to-market vary. Thus, we conclude that the estimated impact of the election is not driven by the choice of benchmark.

The range of CAARs in Table 6 is from 13.40% relative to Portfolio 5-2 to 16.95% relative to Portfolio 1-1. These values correspond to a 15.35% decrease and a 7.08% increase

relative to the CAPM estimate of 15.83% in Table 4. All estimates are significant at the 1% level, further demonstrating the robustness of our results to potential benchmark-selection errors.

Placebo tests

To address the possibility that our CAARs reflect methodological features of the event-study design or general market dynamics rather than defence-sector exposure, we conduct a placebo exercise. Specifically, we randomly select without replacement 9 of the 25 Fama – French portfolios presented in the previous subsection and compute their CAARs over the five event windows closest to each of the two events using the most comprehensive six-factor model. We repeat this procedure 10 times to assess how frequently comparable CAARs arise for portfolios without targeted defence-sector exposure. The results for the election announcement and the Trump – Zelenskyy meeting are reported in Panels A and B of Table 7, respectively.

The placebo CAARs range from −0.24% to 0.43% in the case of the election in Panel A and from −0.47% to 0.23% for the meeting in Panel B. These magnitudes are economically negligible and represent only a small fraction of the corresponding CAARs for defence stocks reported in Tables 3 and 4. Furthermore, only 5 out of 100 placebo CAARs are statistically significant at the 5% level, which is exactly in line with the false-positive rate implied by the significance threshold. This sharp contrast between the main results and the placebo estimates suggests that the documented defence-sector CAARs are unlikely to be driven by general market movements or methodological features.

Conclusion

Our study examines the impacts of two recent major political events on the European defence sector – the second election of President Donald Trump and the Trump – Zelenskyy meeting at the end of February 2025. By applying the event study methodology, we find evidence that defence stocks yielded positive abnormal returns in the days immediately before and immediately after both the November 2024 election result and the February 2025 meeting. CAARs peaked over the [0, 3] event window at approximately 5%–6% for the former event, depending on the applied risk controls. Conversely, CAARs peaked at about 19% both before and after the February meeting, indicating the substantial significance of the event for the European defence sector.

Our results suggest that European defence stocks are sensitive to executive elections and meetings between heads of state that signal consequential changes in foreign policy, especially in relation to ongoing European military conflicts. Therefore, investors should carefully monitor such events and rebalance their portfolios according to the outcomes. Given the large differences between excess returns and abnormal returns observed in our study, defence sector investors may also consider hedging certain systematic risk exposures, for instance through long or short positions in factor-mimicking ETFs. Additionally, policymakers should consider implementing measures to mitigate insider trading, given the substantial market movements preceding the events examined in our study. European NATO policymakers, in particular, should recognize that heightened NATO burden-sharing may already be priced into financial markets, with potential implications if the status quo is maintained or stated commitments change abruptly.

Table 7. Cumulative average abnormal returns (CAARs) (%) of selected European defence stocks: placebo test.

	Trial									
Event Window	1	2	3	4	5	6	7	8	9	10
Panel A: Election of President Donald Trump										
[−3, −1]	0.32**	0.18	0.06	0.00	0.19	−0.05	0.02	0.13	0.21	0.14
	(0.015)	(0.118)	(0.501)	(0.943)	(0.143)	(0.701)	(0.943)	(0.387)	(0.186)	(0.212)
[−1, −1]	0.10	0.02	−0.11*	0.07	0.06	−0.13	−0.05	0.12	0.03	0.04
	(0.314)	(0.767)	(0.086)	(0.314)	(0.594)	(0.173)	(0.515)	(0.214)	(0.678)	(0.767)
[0,0]	0.07	−0.09	0.05	0.17	0.19	−0.08	0.23*	0.05	−0.08	0.03
	(0.678)	(0.374)	(0.953)	(0.374)	(0.260)	(0.441)	(0.086)	(0.678)	(0.515)	(0.859)
[1,1]	0.04	0.04	0.05	0.03	0.18	−0.18**	0.05	−0.10	−0.05	0.17
	(0.515)	(0.859)	(0.515)	(0.953)	(0.374)	(0.038)	(0.678)	(0.260)	(0.515)	(0.314)
[0,3]	0.40	−0.03	0.22	0.31	0.43	−0.24	0.25	0.11	−0.01	0.28
	(0.153)	(0.875)	(0.551)	(0.285)	(0.140)	(0.265)	(0.405)	(0.530)	(0.925)	(0.371)
Panel B: Meeting of President Donald Trump with President Volodymyr Zelenskyy										
[−3, −1]	−0.13	−0.12	0.06	−0.14	−0.05	−0.16	−0.01	−0.15	−0.16	−0.03
	(0.456)	(0.501)	(0.701)	(0.374)	(0.683)	(0.414)	(0.548)	(0.361)	(0.337)	(0.923)
[−1, −1]	−0.01	−0.07	−0.12	−0.14	−0.03	−0.24**	0.00	−0.16	0.05	−0.04
	(0.678)	(0.314)	(0.110)	(0.110)	(0.374)	(0.021)	(0.594)	(0.139)	(0.859)	(0.515)
[0,0]	0.07	−0.08	−0.09	−0.20**	−0.14	−0.03	−0.05	0.01	−0.06	−0.06
	(0.214)	(0.441)	(0.173)	(0.038)	(0.314)	(0.859)	(0.594)	(0.859)	(0.374)	(0.314)
[1,1]	0.04	−0.02	−0.07	0.11	0.23*	−0.15	0.17	−0.15	−0.12	0.03
	(0.953)	(0.859)	(0.314)	(0.678)	(0.066)	(0.260)	(0.314)	(0.314)	(0.441)	(0.678)
[0,3]	−0.05	−0.16	−0.47**	−0.12	0.10	−0.38	−0.01	−0.16	−0.43	0.02
	(0.912)	(0.802)	(0.043)	(0.371)	(0.660)	(0.120)	(0.900)	(0.441)	(0.144)	(0.888)

This table presents the CAARs (%) of 9 European Fama–French Size–Book-to-Market portfolios around the election of President Donald Trump in Panel A and the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House in Panel B. We use the 6th of November 2024 as the event date (day 0) in Panel A, because the winner of the election was announced on this day. The 9 portfolios are randomly drawn without replacement from the 25 European Fama–French Size–Book-to-Market portfolios in each of ten trials, and the results are reported in the corresponding columns. Abnormal returns are calculated relative to the expected returns according to the six-factor model described in Table 1. The factor model betas are calculated separately for each portfolio with time series regressions over an estimation window of [−120, −11]. We report Wilcoxon (1945) signed-rank test *p*-values in parentheses. *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively.

Source: Authors' own creation.

Our research is limited to the European context. Multiple military conflicts occurred or intensified in 2025 outside of Europe, including the Israel – Palestinian conflict, the Israel – Iran war and the India – Pakistan crisis. Future research could examine how such events impact the defence industry both domestically and internationally. Furthermore, the long-term stock market impact could be examined alongside actual financial performance in terms of revenue and profit metrics to assess their consistency with short-term market reactions.

Notes

1. During the preparation of this work the authors used AI-assisted technologies (ChatGPT-4o, ChatGPT-5 and ChatGPT-5.2) in order to improve the readability and language of the manuscript. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content.
2. U.S. gross domestic product approached $30 trillion in the first quarter of 2025, according to the U.S. Bureau of Economic Analysis (see https://fred.stlouisfed.org/series/GDP); The U.S. Department of Defense requested a budget of $849.8 billion for the fiscal year 2025 (see https://www.defense.gov/News/Releases/Release/Article/3703410/department-of-defense-releases-the-presidents-fiscal-year-2025-defense-budget/).
3. https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trumps-america-first-vision-for-keeping-our-nation-safe/
4. Donald Trump claimed on multiple occasions during his presidential campaign rallies that he could end the war within his first 24 hours in office (see, for example, https://apnews.com/article/trump-russia-ukraine-war-633a216d0506c82353fc7745b69c0fe0).
5. Trump himself has exerted pressure on European NATO member countries to increase their defence spending, both during his first term and the first few months of his second term (see, for example, https://www.polisanalysis.com/news/assessing-the-impacts-of-the-trump-presidency-on-european-security).
6. See, for example, https://www.reuters.com/world/trump-zelenskiy-sign-minerals-deal-white-house-meeting-2025-02-28/.
7. See, for example, https://www.reuters.com/world/world-reacts-zelenskiy-trump-oval-office-clash-2025-02-28/.
8. https://www.otcmarkets.com
9. We obtain the ETF weights from https://weaponfreefunds.org/fund/select-stoxx-europe-aerospace–defense-etf/EUAD/weapon-investments/FS0000IXPK/F00001LY3E.
10. https://www.google.com/finance/
11. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
12. https://www.select-funds.com/fund-info
13. Google Finance does not adjust closing prices for dividends. Therefore, we obtain the dividends from Yahoo Finance (https://finance.yahoo.com) and cross check with Nasdaq (https://www.nasdaq.com) to calculate the total returns of the ADRs.
14. This approach may lack robustness for investment products that differ substantially from the market proxy. To mitigate this concern, we estimate and explicitly control for the exposures of the individual stocks to standard asset pricing factors in Selected European defence stocks' performance.
15. This is the equivalent of using the CAPM to obtain expected returns and assuming that the ETF's beta is equal to 1, and its alpha is equal to 0.
16. We end the analysis on the 18th of November, since closing prices are not available for the 3 trading days immediately after.
17. Given the recent launch of the ETF, the results may not be generalizable to investment products with longer trading histories.

18. We report the excess returns of the 9 stocks around the election result announcement in Table A1, located in the Appendix.
19. See https://www.reuters.com/world/europe/german-coalition-collapses-what-comes-next-2024-11-06/, for example.
20. https://www.federalreserve.gov/newsevents/pressreleases/monetary20241107a.htm
21. We start the analysis from the 19th of February, since the 17th is a federal holiday in the U.S.
22. Trump's stated priorities included ending the war or at least halting U.S. financial support for Ukraine's war efforts, whereas Zelenskyy sought security guarantees and the continuation of U.S. military aid. Further details are available at https://www.washingtonpost.com/world/2025/02/26/zelensky-trump-support-ukraine-minerals/.
23. See Table A2 in the Appendix.
24. See https://www.reuters.com/world/europe/eu-ready-move-fast-easing-spending-rules-defence-2025-02-18/, for example.
25. See https://www.reuters.com/world/europe/europe-must-urgently-rearm-eus-von-der-leyen-says-2025-03-02/, for example.
26. https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250306~d4340800b3.en.html.
27. The Fama – French portfolio returns are value-weighted and are obtained from the Kenneth R. French online data library available at https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html, which provides a detailed description of the portfolio construction methodology.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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Appendix

Table A1. Excess returns (%) of selected European defence stocks around the election of President Donald Trump.

Date	Relative time	BAESY	EADSY	FINMY	MTUAY	RNMBY	RYCEY	SAABY	SAFRY	THLLY
10/23/2024	−10	−1.92	−0.81	−1.54	−1.27	−0.91	−1.10	−1.54	−0.85	−1.63
10/24/2024	−9	0.05	0.43	0.83	1.62	2.67	−0.70	−0.02	0.30	1.29
10/25/2024	−8	−1.52	−0.55	−1.38	−1.24	−3.51	−0.43	−3.12	0.33	−1.21
10/28/2024	−7	0.68	−0.15	1.68	−0.17	1.52	2.28	0.99	0.42	0.44
10/29/2024	−6	−0.99	0.40	−0.61	−0.57	−0.87	−1.23	−0.39	−0.90	−1.03
10/30/2024	−5	−1.20	3.42	1.41	−2.08	−0.32	−0.02	−0.11	0.26	0.56
10/31/2024	−4	−1.97	−3.35	−0.44	0.97	−2.39	−4.31	−5.22	−0.48	−1.56
11/1/2024	−3	1.49	0.92	0.65	1.64	0.24	2.08	0.08	0.51	0.17
11/4/2024	−2	−1.37	−0.96	−2.12	−0.06	−1.47	0.12	−1.58	0.63	−1.49
11/5/2024	−1	3.24	2.01	4.47	2.22	2.87	2.44	3.94	3.62	2.68
11/6/2024	0	3.96	−1.63	1.43	−0.10	2.09	0.92	−2.42	−0.58	1.23
11/7/2024	1	3.60	2.28	4.98	0.79	8.01	−2.18	6.19	2.47	4.79
11/8/2024	2	−0.44	−2.38	0.97	−1.44	1.07	−0.71	−2.14	−2.53	−0.31
11/11/2024	3	0.40	1.13	3.25	0.25	2.56	2.16	3.28	1.54	−0.14
11/12/2024	4	−1.76	−3.23	−0.53	−1.73	1.61	−2.20	0.52	−3.92	−1.36
11/13/2024	5	−3.56	−2.07	−1.72	−1.40	−1.40	−0.99	−1.10	0.31	−2.81
11/14/2024	6	−2.51	−0.87	−1.75	−0.20	−1.64	−3.55	−2.78	−0.96	−2.96
11/15/2024	7	−2.55	−0.21	−1.78	−1.21	2.34	−0.60	−0.49	−0.16	−1.21
11/18/2024	8	1.01	0.48	1.74	1.61	1.73	−0.02	2.47	0.71	0.54
11/19/2024	9	1.84	−0.35	1.34	−0.79	4.25	−2.66	2.77	0.00	1.71
11/20/2024	10	−1.29	0.15	−0.77	−0.56	−2.18	0.28	−2.08	−0.07	−1.82
11/21/2024	11	1.47	0.53	1.33	1.10	0.57	1.89	1.33	−0.32	−3.20
11/22/2024	12	0.19	−1.87	−0.99	0.86	1.51	0.42	−1.37	−0.23	−1.06
11/25/2024	13	−2.74	0.40	−1.69	−1.80	−0.70	−1.18	−3.24	−0.54	−3.50
11/26/2024	14	−0.36	−1.19	0.44	1.79	0.90	−0.17	1.65	−0.28	0.11
11/27/2024	15	0.13	3.32	0.06	−0.89	0.65	0.56	0.07	0.96	−0.56
11/29/2024	16	−4.33	5.62	2.24	3.66	0.98	3.28	−1.04	1.45	1.19
12/2/2024	17	1.55	1.08	0.65	−1.38	0.64	2.21	1.45	0.00	−0.59
12/3/2024	18	0.64	1.01	0.86	1.28	1.14	3.10	1.97	2.25	1.73
12/4/2024	19	−0.04	1.15	1.14	1.26	2.69	1.44	0.52	0.25	−1.09
12/5/2024	20	−0.77	0.25	1.63	−0.32	1.19	−0.68	1.49	−6.78	0.75

This table presents the excess returns (%) (realized risky asset returns−risk-free rate of return) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the election of President Donald Trump. The ETF stocks and their weights are listed in Table 2. We use the 6th of November 2024 as the event date (day 0), because the winner of the election was announced on this day.

Source: Authors' own creation.

Table A2. Excess returns (%) of selected European defence stocks around the meeting of President Donald Trump with President Volodymyr Zelenskyy.

Date	Relative time	BAESY	EADSY	FINMY	MTUAY	RNMBY	RYCEY	SAABY	SAFRY	THLLY
2/13/2025	−10	6.31	−0.81	4.04	0.31	8.51	1.66	5.81	−0.65	4.04
2/14/2025	−9	−1.89	0.16	4.78	0.69	9.75	0.62	8.88	0.84	1.96
2/18/2025	−8	8.83	2.40	9.28	3.31	11.86	4.46	15.34	1.77	9.29
2/19/2025	−7	0.69	−2.69	3.11	−5.26	0.81	−0.26	3.09	−0.05	1.13
2/20/2025	−6	−4.23	−1.72	−2.06	−4.31	−4.07	−3.24	0.34	−0.28	−0.18
2/21/2025	−5	−0.56	−3.60	−0.56	−2.92	−1.05	−2.70	0.92	−2.60	−1.01
2/24/2025	−4	2.55	2.54	2.51	0.99	7.56	−0.67	1.27	−0.48	2.29
2/25/2025	−3	5.50	1.26	3.17	0.76	0.72	3.31	4.23	2.18	2.24
2/26/2025	−2	−1.96	0.39	1.46	2.45	−0.07	0.98	−2.30	0.41	−0.07
2/27/2025	−1	2.92	−1.78	3.57	0.45	3.14	13.38	2.73	−1.03	0.86
2/28/2025	0	2.77	1.37	1.39	3.49	4.09	4.15	5.01	2.78	1.66
3/3/2025	1	17.06	6.95	19.79	4.59	13.36	6.26	12.63	1.98	20.32
3/4/2025	2	−2.42	−0.78	−5.18	0.75	1.11	3.27	−0.02	2.57	1.96
3/5/2025	3	2.26	1.81	3.22	3.93	2.18	2.70	5.08	3.69	6.71
3/6/2025	4	−1.64	−1.15	0.74	−1.74	0.41	−2.84	1.27	−3.79	−0.65
3/7/2025	5	−2.59	1.11	−6.77	−4.57	−6.95	2.15	−3.99	−0.89	−5.27
3/10/2025	6	−0.43	−6.16	0.41	−8.80	0.43	−9.08	1.03	−5.12	−0.61
3/11/2025	7	−1.13	0.93	1.88	6.73	4.69	0.89	5.69	1.11	0.97
3/12/2025	8	3.01	0.61	1.10	3.54	9.42	4.62	0.81	4.02	1.63
3/13/2025	9	0.42	−1.57	−0.77	−3.74	2.10	−1.77	−4.98	−3.20	−1.57
3/14/2025	10	3.60	4.25	7.99	3.35	4.57	4.02	6.57	2.90	5.77
3/17/2025	11	−1.82	1.51	−0.56	1.60	0.75	−0.11	2.63	1.57	−0.35
3/18/2025	12	1.65	0.51	1.25	0.05	5.53	1.11	1.25	−0.26	2.01
3/19/2025	13	1.17	−0.85	0.17	2.34	−5.74	0.35	−6.76	1.82	−2.90
3/20/2025	14	−2.71	−3.09	−2.41	−0.78	−6.90	−2.28	−0.23	−2.79	−2.89
3/21/2025	15	−2.85	−0.84	−3.03	−1.44	2.15	0.26	−1.97	−1.56	−1.26
3/24/2025	16	−0.76	0.60	−2.51	0.18	−0.39	−1.55	5.06	0.36	2.04
3/25/2025	17	−0.68	2.73	0.88	0.42	−0.04	2.26	0.99	0.79	1.18
3/26/2025	18	−0.63	−2.04	0.84	−3.09	1.25	−1.63	−1.18	−1.80	0.50
3/27/2025	19	0.78	−0.31	1.31	1.01	0.80	−0.69	1.94	−0.48	−0.21
3/28/2025	20	−0.76	−1.33	−3.27	−2.96	−3.19	−3.25	−3.56	−0.75	−1.57

This table presents the excess returns (%) (realized risky asset returns−risk-free rate of return) of the top 9 stocks of the Select STOXX Europe Aerospace & Defense ETF by weight around the meeting of President Donald Trump with President Volodymyr Zelenskyy that took place on the 28th of February 2025 (day 0) in the Oval Office of the White House. The ETF stocks and their weights are listed in Table 2.

Source: Authors' own creation.