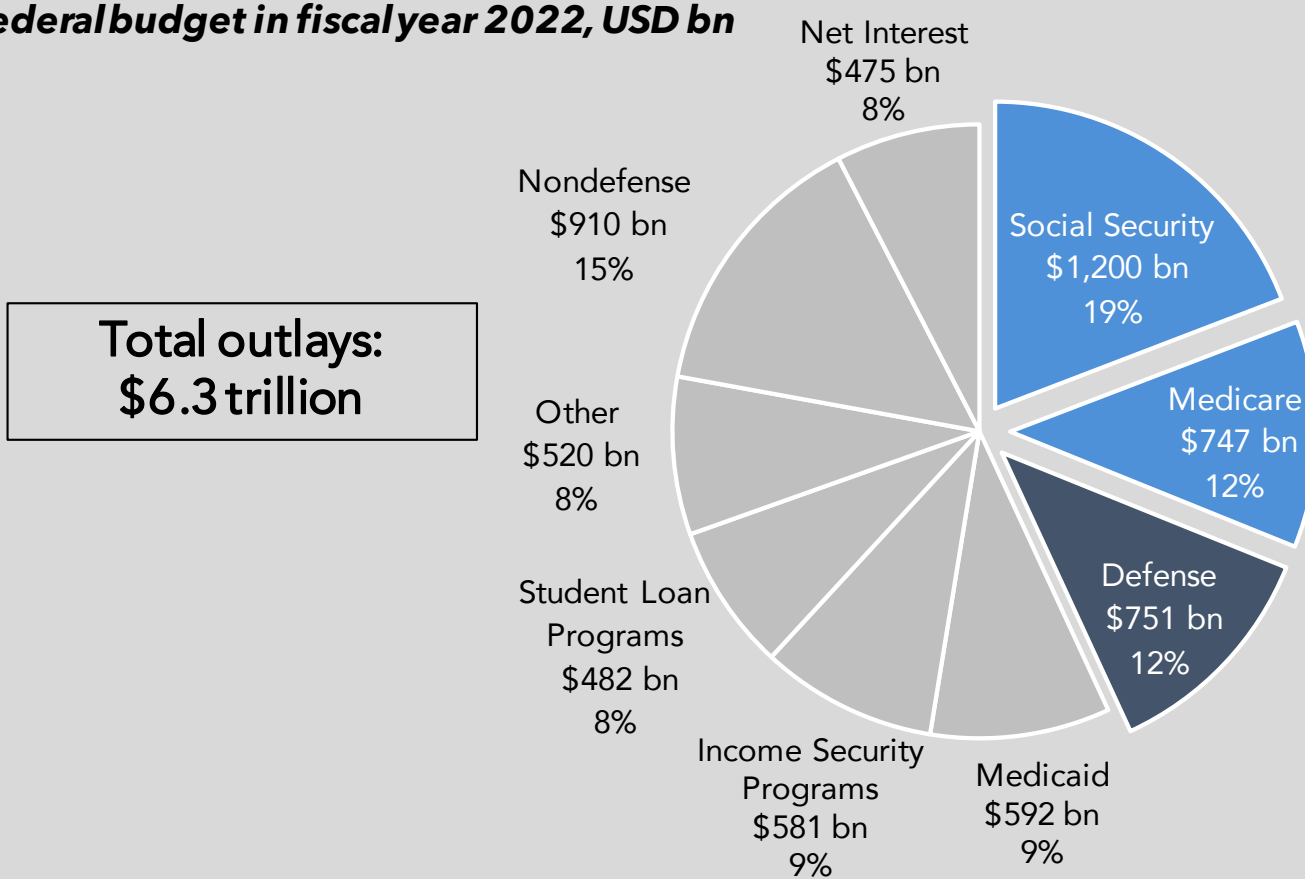


# Chart of the Day

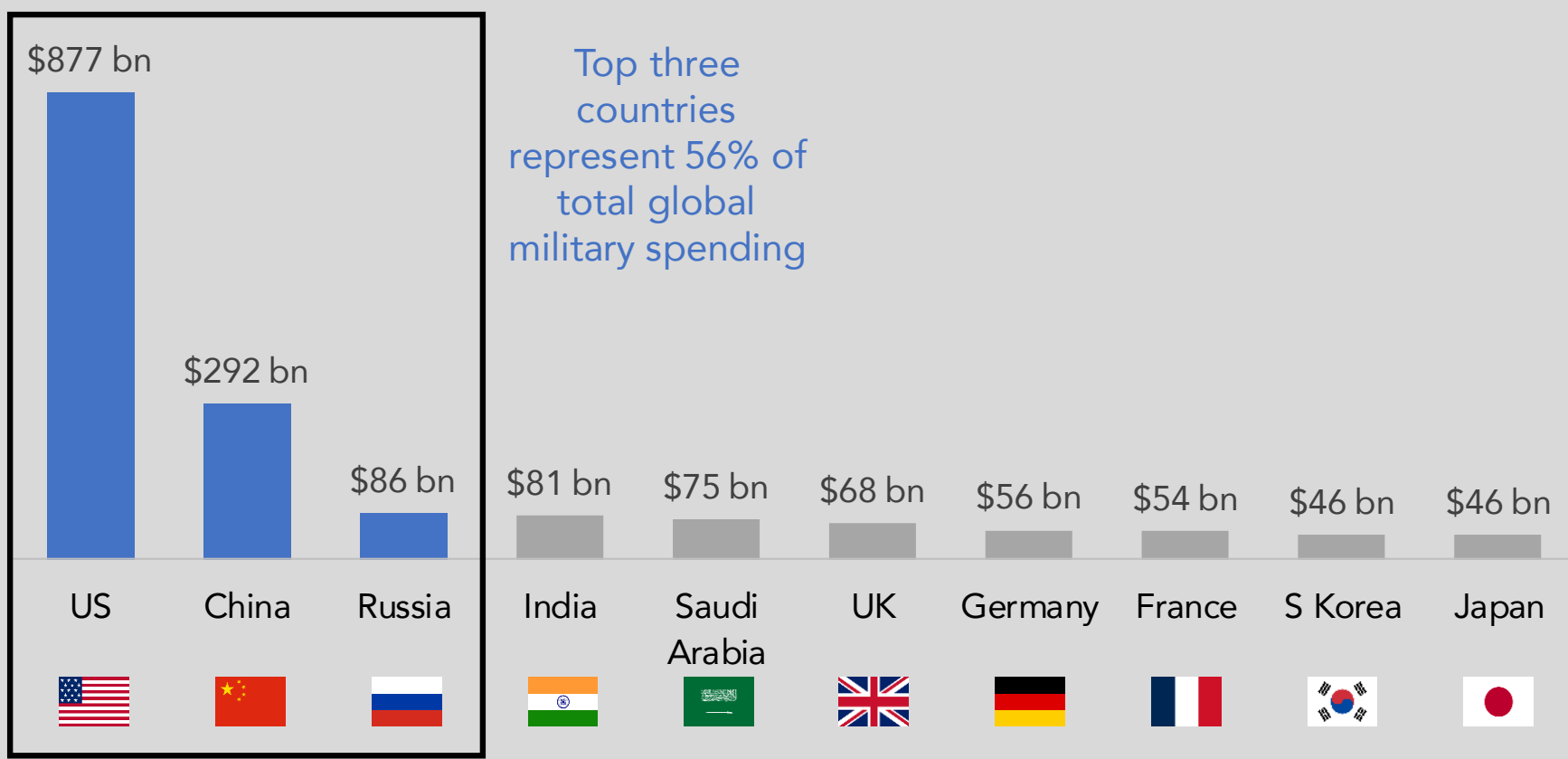
At \$750 bn in 2022, US defense spending is the highest in the world, and the 2nd largest category of US Government spending after Social Security. While we expect upcoming debt ceiling negotiations between Republicans and Democrats to be contentious, both sides of the aisle have opposed spending cuts in Social Security and Medicare, and both support increases in defense spending.

**US federal budget in fiscal year 2022, USD bn**



According to a review by the Stockholm International Peace Research Institute (SIPRI), global military expenditure rose 3.7% in real terms in 2022 to a new record high of \$2.24 trillion. The three largest defense spenders - US, China and Russia - accounted for 56% of the global total. US spending alone represents 39% of the global total and 3x more than China. Europe, in aggregate, had its largest increase in over 30 years with numerous countries announcing multi-year plans to boost spending.

**Top 10 military budgets in calendar year 2022, USD bn**



**Military spending growth rates for 10 largest & selected other economies (2022)**

Ukraine	+640%	China	+4%
Finland	+36%	Belarus	+4%
Lithuania	+27%	UK	+4%
Saudi Arabia	+16%	Canada	+3%
Sweden	+12%	Germany	+2%
Poland	+11%	US	1%
Russia	+9%	France	1%
India	+6%	Taiwan	0.7%
Japan	+6%	Italy	(-4%)
Iran	+5%	Brazil	(-8%)

Source: (1) CBO, "The Federal Budget in Fiscal Year 2022: An Infographic." (March 28, 2023) (2-3) Stockholm International Peace Research Institute (SIPRI), "World Military Expenditure Reached New Record High as European Spending Surges" (April 24, 2023). Total expenditure in current USD. Growth rates based on constant 2021 USD.

**Global Corporate & Investment Banking**  
**Capital Markets Strategy Team**



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Hailey Orr**  
Director  
Hailey.Orr@mufgsecurities.com  
(212) 405-7429



**Stephanie Kendal**  
Associate  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443