Rheinmetall to Replace Kering in Euro Stoxx 50, JPMorgan Says

(Bloomberg) -- Rheinmetall AG's surging stock price has earned the tank and munitions maker a place in the euro area's main stock benchmark.

The German company will replace Gucci owner Kering SA in the Euro Stoxx 50 benchmark as of June 20, JPMorgan Chase & Co strategist Pankaj Gupta wrote in a note, citing index compiler Stoxx Ltd. It will be the only pure-play defense name in the gauge, which counts Safran SA and Airbus SE among its members. Bloomberg News has reached out to Stoxx by phone and email for comment.

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Rheinmetall is being fast-tracked into the index after its shares roughly tripled so far this year amid a boom in European military spending. A 26% surge in May boosted the firm's market value to almost €87 billion ($98 billion), making Rheinmetall bigger than more than half of the existing Euro Stoxx 50 index members by that measure on the last trading day of the month.

The stock has surged by about 1,800% since Russia invaded Ukraine in February 2022.

While Rheinmetall has soared, Kering has moved in the opposite direction. The luxury-goods firm's shares hit their lowest level since 2016 in April and are down 28% year-to-date, with the firm and its peers weighed down by a slump in spending by wealthy Chinese shoppers. The industry's outlook has become gloomier in the face of US President Donald Trump's tariffs.

For Rheinmetall, inclusion in the widely-followed index may provide a further boost to sentiment in a world increasingly dominated by passive investment funds. Such funds will have need to buy the stock as they realign portfolios to the index's new composition.

--With assistance from Henry Ren.

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