

ADVERTISING



MomSeattle · Pets · MySeattlePix · Your account

Search bar with 'seattlepi.com' and 'Web Search by YAHOO!' options

- Local | US/World | Sports | Business | A&E | Life | Comics | Photos | Opinion | Blogs | Subscribe | Jobs | Real Estate | Cars | Buy & Sell

BLOGS

Aerospace News

« Airbus and Russia reach long-term titanium deal | Main | Boeing profit falls 50 percent on production cuts »

Deserted planes and Boeing earnings, a preview

On Wednesday, The Boeing Co. will report its first quarter earnings and Wall Street will be watching to see how the global economy is affecting the Chicago-based aerospace giant.

Several factors have joined to influence Boeing's business, says Cai von Rumohr, senior research analyst specializing in the aerospace industry at Cowen & Co.

On the commercial aviation side, passenger demand is declining so much that airlines are parking their jets in the desert.

"Normally planes come out of the desert in the summer," von Rumohr said. "I would expect that phenomenon to be more muted this year because traffic is so weak."

Nearly 2,300 jet airliners, a record number, have been grounded, according to a report by London-based Ascend Worldwide Ltd.

In fact, 2008 was the worst year for airline cutbacks since 2001, the company said.

"The aviation fleet data shows that at least 400 more aircraft are scheduled to be cut during 2009, with groundings being announced almost daily. This is having a negative effect on aircraft values and lease rates, although, as ever, this is creating opportunities for those who take advantage of the down cycle," Chris Seymour, an Ascend consultant, said in the report.

Many of the planes are stored in the deserts of Arizona and California.

"Generally speaking, the fuller the aircraft boneyards, the tougher the market conditions," Seymour said.

Boeing has already said that it would cut back on 777 jet production, and analysts are watching to see how that decision will affect the company's bottom line.

On top of passenger woes, "customers are having difficulty getting financing," von Rumohr said.

(More on the financing issue.)

And finally, Wall Street is looking at how Pentagon budget cuts will affect Boeing's defense division, von Rumohr said.

ShareSave

Posted by Andrea James at April 21, 2009 6:05 p.m.

COMMENTS

There are currently no comments for this blog entry.

! Login below to post a comment.

Login form with fields for E-mail, Password, Remember me, and a HELP! link

Unregistered users, sign up now

Or post anonymously (About this feature)

Your comment (No HTML allowed, use these special codes instead) Violating our Terms of Service may result in your post being removed.

ARCHIVES

Search this blog search bar

- Recent entries
· Report: If Dreamliner fails, Boeing becomes GM of the skies
· Boeing profit falls 50 percent on production cuts
· Deserted planes and Boeing earnings, a preview
· Airbus and Russia reach long-term titanium deal
· Lockheed accepts Pentagon cap on F-22 production

Browse by month April 2009 go

Browse by category 747-8 go

LINKS

- Tankers
· Northrop - America's New Tanker
· Keep Our Tanker - pro Northrop
· Boeing tanker blog
· Boeing tanker site
· Northrop's tanker site
Boeing-IAM labor talks
· IAM negotiations/updates
· Boeing offer/updates
About Boeing
· Competitors
· Employment
· Executives
· Labor
· New airplanes
· Boeing jets: List prices
· Orders and deliveries
· Randy's Journal
· IDS online magazine
About Airbus
· Airbus North America
· Airbus main site
· EADS
· EADS North America
· EADS KC-30 tanker

- Aerospace blogs
· Flight International blog
· Airline Business blog
· AvSoft blog
· Mike Boyd on Aerospace
· Mike Boyd on airports
· Connecting Flights
· Today in the Sky
· Flightblogger
· Fleetbuzz

- Other links
· Richard Aboulafia
· Scott Hamilton
· Airliners.net
· AvWeb
· Flight International magazine
· AviationWeek
· Speednews
· Air Transport World online
· Aviation Law
· Breaking News - Boeing & Airbus
· Bloomberg on Boeing
· Runway Girl (Journalist Mary Kirby)

SPOTLIGHT ON THE 787 Dreamliner 101: A primer, 787 official rollout gala, Parade of planes

BOEING HEADLINES Boeing forecast still cloudy as profit falls 50 percent more

KAANGO Seattle.com Sell your stuff for FREE CLICK HERE to place your ad

KAANGO CLASSIFIEDS buy stuff sell stuff hop to it!

SPECIAL REPORTS The Longest Flight Ride along as Boeing's new 777-200LR sets a new world record for the longest commercial jetliner flight. Landing the Tanker Boeing vs. EADS for a key Air Force contract.

BUILDING THE DREAMLINER In newly built factories in Japan, Italy and South Carolina, production is about to begin on The Boeing Co.'s 787 Dreamliner. Boeing recently took a dozen journalists on a tour of the global factories where the composite wings and fuselage of the Dreamliner will be manufactured. - The 787 World Tour becomes an adventure