

25% of Aircraft Orders at Risk, AVIATION WEEK Reports

2008-06-23

Cancelled orders from undercapitalized startups could affect backlogs at Boeing and Airbus

Analysts estimate that 25-30% of the commercial aircraft backlog at Boeing Co. and Airbus could be at risk as high fuel prices continue to batter airlines, AVIATION WEEK reports in an article by Joseph C. Anselmo online today at <http://aviationweek.com/aw/> and in Aviation Week & Space Technology's June 23 issue.

Many undercapitalized startups in Asia and Europe have overly aggressive growth plans that could cause the airlines to cancel or defer orders. For example, Robert Stallard, a director at Macquarie Capital, questions whether SpiceJet has a strong enough balance sheet to secure credit for the 16 Boeing 737-800s it has ordered and says it might not even qualify for a sale/leaseback. "The question that has yet to be answered is not whether there will be a downturn, but how bad it will be," says Stallard in the AVIATION WEEK article.

Anselmo offers two outcomes: the optimistic view that "Boeing and Airbus can afford to lose orders and still make it to the industry's next up-cycle with minimal pain," and the more negative answer "that a steep change in global energy demand has created a permanent era of high prices and sent the airline industry into uncharted territory."

Joseph C. Anselmo, AVIATION WEEK's senior business editor, writes "Market Focus" commentary each week. He has covered aerospace and defense issues from Washington for more than a dozen years. Prior to AVIATION WEEK, Anselmo worked as a managing editor for the Washington Post Co. and as a defense reporter on Capitol Hill for Congressional Quarterly.

This article comes from Hotel News Resource

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