AIRBUS, BOEING ANNOUNCE $3B IN AIRPLANE DEALS AT SINGAPORE AIRSHOW

News / Events / Festivals, Manufacturer

Airbus and Boeing announced modest aircraft orders at the Singapore Airshow on Wednesday that indicated a lull in demand for the big manufacturers after the 2014 show hauled in more than $30 billion of deals.

Airbus announced an order for six A350-900s, valued at $1.8 billion at list prices from Philippine Airlines. Boeing announced a deal for 12 of its 737 jets with a privately-owned Chinese carrier Okay Airways, valued at $1.3 billion.

Boeing and Airbus executives at the show have voiced confidence that air travel in Asia will continue to grow strongly. They said no Asian airlines had deferred orders already placed.

But some industry experts say the slump in oil prices over the past several months means airlines will keep their older less-fuel efficient aircraft for longer and buy fewer new jets.

"One of the reasons why the order books are full is because the fuel price was high, so there was an incentive to buy the more fuel-efficient planes and get rid of the old ones," said David Stewart, an aviation and aerospace adviser at ICF International.

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"But now the fuel price is low, so some airlines will keep their older planes longer, and therefore not need the new. It's a quiet time for all of us."

Airlines are also deterred by the filled order books of both Airbus and Boeing, that could mean a long wait for the delivery of airplanes, Stewart said.

Okay Airways Wang Shusheng said his company's order for 737s is not part of a deal Boeing signed with China last year to supply 300 aircraft worth $38 billion.

He said the order will "further modernize our fleet and ensure we operate the most efficient fleet well into the future".

Both jet manufacturers made their announcements on the second day of the Singapore Airshow, which ends Feb. 21. More than 1,000 companies are taking part.

The previous show in 2014 generated deals worth $32 billion, and organizers will release this year's total after the event's trade period ends on Friday.

Boeing said Monday that it had no deferrals in Asia and forecasts demand for 3,750 new airplanes in Southeast Asia valued at $550 billion over the next 20 years. Of the forecast demand, 76% will be for single-aisle aircraft such as the Boeing 737 and Airbus A320.

Airbus chief executive Fabrice Bregier brushed off fears of a downturn in orders at a press conference Tuesday.

The company forecasts demand for 12,810 new airplanes in the Asia-Pacific area, valued at $2 trillion over the next 20 years. That represents 40% of forecast global demand for about 32,600 airplanes over the same period.

Passenger numbers in Asia are expected by Airbus to grow by 5.6% annually, with China forecast to post double digit growth.

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