

Aerospace Economic Indicators

Second Quarter 2008



The U.S. aerospace industry continued its solid performance this quarter despite a challenging business environment. Sales and other financial indicators were significantly higher for both quarterly and year-over-year comparisons. Second quarter sales reached \$63.6 billion, helped by an 11-percent increase in exports. Foreign demand for U.S. aerospace products has been bolstered by an expanding international client base, as well as the weak dollar, which makes U.S. exports more affordable to foreign purchasers. Exports per total sales, however, decreased 2 percent, signifying domestic demand is growing at a relatively faster pace than that of the international market. New orders were \$55.8 billion in the second quarter, raising the aerospace backlog to a record \$393 billion. In light of the growing backlog, aerospace companies have renewed their focus on productivity improvement and added over 20,000 new employees to their ranks since this time last year.

Economic Indicators			Quarterly	Year-Over-		Year-End		Annual
	2Q 2008	1Q 2008	Change	Year	Year	Totals	Totals	Change
<i>Values in billions of dollars</i>			1Q08 to 2Q08	2Q 2007	2Q07 to 2Q08	2006	2007	2006 to 2007
Aerospace Sales	\$63.60	\$57.36	10.9%	\$58.38	8.9%	\$210.19	\$229.62	9.2%
Profits	\$5.59	\$4.84	15.5%	\$4.86	15.0%	\$14.20	\$18.72	31.8%
Orders	\$55.79	\$68.40	-18.4%	\$63.32	-11.9%	\$213.77	\$271.18	26.9%
Exports: Total	\$26.18	\$24.60	6.4%	\$23.49	11.4%	\$85.26	\$96.94	13.7%
Exports: Civil	\$22.88	\$21.08	8.5%	\$20.33	12.5%	\$71.86	\$84.06	17.0%
Exports: Military	\$3.30	\$3.52	-6.1%	\$3.16	4.6%	\$13.40	\$12.88	-3.9%
Employment (in thousands)	660.3	651.7	1.3%	640.1	3.2%	631.8	645.6	2.2%

Source: U.S. Department of Commerce, U.S. Bureau of Labor Statistics, and U.S. Census Bureau, *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations and Manufacturers' Shipments, Inventories, and Orders*.

Note that AIA reports two unique aerospace sales figures, which originate from two different U.S. Census Bureau sources. Data included in AIA's Statistic Series 8 (*Balance Sheet and Income Statement for Aerospace Industry*) and this Economic Indicators report are from the *Quarterly Financial Report (QFR)*, while the sales figure reported on page 14 of AIA's annual statistical handbook *Facts and Figures* is derived from the *Current Industrial Report (CIR)*.

Both the CIR and QFR surveys categorize data according to the North American Industry Classification System (NAICS). The CIR captures aerospace related activities within individual establishments, as identified by NAICS codes. The QFR assigns a single NAICS code to entire conglomerates, based upon the firm's dominant activity. Consequently, the QFR may include non-aerospace-related sales if a diversified firm's predominant line of business is aerospace. Conversely, aerospace sales will be excluded if the firm's predominate line of business is not aerospace-related.