

This update reviews several key indicators of the U.S. aerospace manufacturing industry, and is based on data released by the U.S. Department of Commerce for the first, second and third quarters of 2015. Full year 2015 data and analysis will be released in the first quarter of 2016.

Shipments, Orders & Backlog

After three years of record growth, the U.S. aerospace manufacturing base is again poised to break record productivity levels despite signs of an early slowdown impacting orders and monthly backlog levels. In the nine months ending September 2015, aerospace manufacturers logged a record \$230 billion in shipments, a nine percent year-over-year increase over 2014 levels, which included \$187 billion in aircraft and parts manufacturing and \$39.7 billion in search and navigation equipment manufacturing.

Average monthly backlogs also posted a record high of \$731.7 billion, up 6.8 percent over 2014 levels, but exhibited a net decline over the nine month period ending September 2015 – the first time since 2009 – that was led by a 2.3 percent net loss in the aircraft and parts manufacturing sub-sector. From 2010 to 2014, aerospace manufacturers' shipment and backlog values have enjoyed Compound Annual Growth Rate (CAGR) values of 14.30 and 20.94, respectively.

New orders for aerospace products posted a 32 percent year-over-year loss in the nine months ending September 2015, at \$210.3 billion. Losses were led by a 40 percent decline in orders for nondefense aircraft and parts manufacturing over 2014 levels, while orders for defense aircraft and parts and search and navigation equipment remained flat. New orders in 2015 include \$165.2 billion for aircraft and parts, and \$41.6 billion for search and navigation equipment.

Foreign Trade

The U.S. aerospace industry is set to make strong gains in 2015 in the export of manufactured goods, reinforcing an upward trend that has seen the industry's trade balance grow by \$18.8 billion over the last five years to a record \$61.9 billion in 2014. In the first three quarters of 2015, the sector exported \$92 billion of manufactured goods, a 5.8 percent year-over-year increase from 2014, which includes \$81.3 billion of civil aircraft, engines, parts and space systems, and \$10.7 billion of military aerospace systems. From 2010 to 2014, total aerospace exports grew by a CAGR of 13.26, or from \$77.8 billion in 2010 to \$119.2 billion in 2014.

Imports of aerospace products also continued their upward trend, growing by 2.7 percent year-over-year to \$43.6 billion in the first three quarters of 2015. From 2010 to 2014, aerospace product imports have grown by a CAGR of 11.26, or from \$34.6 billion in 2010 to \$57.2 billion in 2014.

Workforce

A long-term decline in the U.S. aerospace workforce continued in the first three quarters of 2015; preliminary estimates indicate workforce levels dropped by one percent over 2014 levels to 604,700. From 2010 to 2015, the aerospace workforce decreased at a CAGR of -0.62 percent, shedding a net of 19,000 employees, which was led by losses in the search, detection and navigation instrument manufacturing sub-sector. Preliminary 2015 employment levels include 335,400 for aircraft and aircraft parts manufacturing, 76,400 for aircraft engines and parts manufacturing, 70,200 for missiles, space vehicles and parts manufacturing, and 122,800 in search detection and navigation instruments manufacturing.

Average Wages

Average annual wages for employees in the aerospace industry continue to make gains, outpacing inflation while trending significantly above the national average. Since 2010, average annual wages, including bonuses and other employer contributions, have grown by a CAGR of 3.27 percent to a total of \$98,507 in 2014. Preliminary estimates for 2015 indicate continued growth in the sector's wage base.