Boeing Expects Balanced New-Airplane Financing as 2014 Market Unfolds

Company uses ISTAT forum to detail global trends and outlook

SAN DIEGO, March 18, 2014 /PRNewswire/ -- Boeing [NYSE: BA] expects the market for financing new aircraft to remain strong as airline customers continue to demand for new, fuel-efficient airplanes.

"Globally the liquidity balance looks good as the industry rebalances itself to move away from export credit support, with its more expensive pricing, and more toward reliance on the commercial markets," said Tim Myers, vice president/general manager for Aircraft Financial Services at Boeing Capital Corp., the aircraft builder's financing and leasing unit.

Myers was among aircraft financing panelists at the annual ISTAT Americas conference for global professionals working to connect commercial aircraft financing needs with those seeking aircraft investments.

Boeing said that airplane financing globally is experiencing a rare balance among primary delivery financing sources – leasing companies, commercial banks, the capital markets, export credit agency (ECA) support and private equity and hedge funds among them – as global 2014 deliveries head toward an expected roughly $112 billion total.

"The new global agreement governing export financing is working. We're seeing balance between ECA and commercial market support. We have a strong presence by new players in the marketplace coming from the capital markets, growth in private placement transactions and new leasing firms coming into the space," Myers said.

Boeing noted that the overall healthy new-aircraft financing market encompasses well known financing sources and smaller regional commercial institutions, many entering aircraft financing for the first time.

"We're seeing growth in Japan, Russia, China and Latin America. In the Middle East, for example, 65 percent of Boeing's deliveries are now being financing by local Middle East banks," Myer said. "It reflects a remarkable global diversification that would not be possible if the markets didn't have a fundamental belief in the strength of the air-travel market and the product value of new, fuel-efficient airplanes as fuel prices remain high."

Speaking to the aircraft trading audience, Boeing shared its latest analysis on why used-aircraft financing has seen higher pricing than for new deliveries.

"There seems to good reason behind the softness. The key drivers are fuel prices, interest rates, environmental factors and market trends. The market has put a premium on new-airplane financing costs versus the secondary market. Intuitively the market is readjusting by valuing newness more and starting to rationalize pricing to help create a balanced reality as we move ahead," Myers said.

SOURCE Boeing Capital Corporation

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