AIRBUS TIED BOEING IN FEBRUARY -- AND STILL MANAGED TO LOSE

News / Manufacturer

Airbus sold two A320s in February. That's better than zero -- but it rounds down to zero.

In soccer, 2-2 is a pretty exciting game. In airplane sales -- not so much. Yet it just happens to be the score that airplane-building archrivals Boeing and Airbus racked up last month.

For four long weeks (up until last week), Boeing had very little to say about its airplane sales. In fact, I had to take a deep dive into Boeing's airplane orders database to find any evidence whatsoever of airplanes being sold in February. What I came up with at the end of the excursion was this:

One single-aisle Boeing 737-800 sold to United Continentalon Feb. 8. A second 737-800 sold to an "unidentified customer(s)" four days earlier.

And that was it.

And what about Airbus?

Good question. Rather than announcing its orders weekly, Airbus waits till the end of each month to report sales, one month at a time. But Airbus' report, too, finally came out last week -- and it was fully as disappointing as what Boeing had to report.

According to the European plane maker, the entire month of February saw just one sale, of two A320 aircraft, to a customer whose identity was not divulged. Worse, both sales were of Airbus' cheaper A320 "ceo" (current engine option) aircraft -- which at a list price of $98 million per unit, brings in $9.3 million less revenue per plane than do sales of Airbus' newer A320neo variant.

That means that so far, year to date, Airbus has received firm orders for only:

14 widebody A330-900 airplanes

Four single-aisle A320ceos

That's it -- gross orders for just 18 aircraft sold in two months. Worse, those same two months have seen seven order cancellations (and for bigger-ticket A330s, not cheaper A320s), leaving Airbus with net sales of only 11 aircraft year to date.

That's pretty bad news for Airbus. Now let me tell you two things that may be even worse.

Airbus is losing to Boeing – badly

As you may recall, when last we tallied up 2016 plane sales at Boeing and Airbus, the former was winning a rather lopsided victory over the latter. In January, Boeing sold 47 airplanes to Airbus' 16, outselling its rival by nearly 3 to 1. But tallying all the net orders we know of as of today, which include the monster sale of 737s, 777s, and (one) 767 reported by Boeing last week, Boeing has now netted 94 airplane sales through early March -- versus only the aforementioned 11 net sales for Airbus.

Result: With the first quarter of the year nearly over, Boeing is already beating its rival by better than 8 to 1.

Backlog shifts into reverse

And another thing: Some investors will look at all the above and dismiss it as irrelevant, arguing that what really matters to the plane makers isn't how many orders they book, but how many planes they deliver -- and there's some truth to that argument. After all, Boeing and Airbus don't get paid for accepting orders and putting them in backlog. They get paid -- and earn profits -- when planes come out of backlog and are delivered to customers.

But there's another way to look at the orders-deliveries dynamic as well. Consider: So far this year, Airbus has taken in 11 net orders for aircraft. So far this year, it has delivered 68 aircraft.

On the plus side, that's 68 airplanes that Airbus has converted from backlog statistics to cash in the bank. On the minus side, though, Airbus' backlog has begun to shrink. It's not just taking in few orders. It's taking in too few orders to replace the planes being taken out of backlog and delivered to customers.

How important is this new dynamic to investors? It could be entirely unimportant. Historically, the early months of the year haven't been great for plane sales for either Boeing or Airbus. That said, we saw a brief period of time last year when slack sales numbers shifted Boeing's backlog into reverse, too. And now we're seeing something similar happen at Airbus...

Is this a bump in the road? An air pocket in the skies? Or might it mean we're finally seeing global demand for new airplanes beginning to peak?

Only time will tell. But if sales continue to stagnate at these two plane makers, and if we start to see backlog shrinkage in larger numbers, and persisting longer -- remember this date.

Today just might be they day we saw our first hard evidence that the airplane market has peaked.

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