

Insights

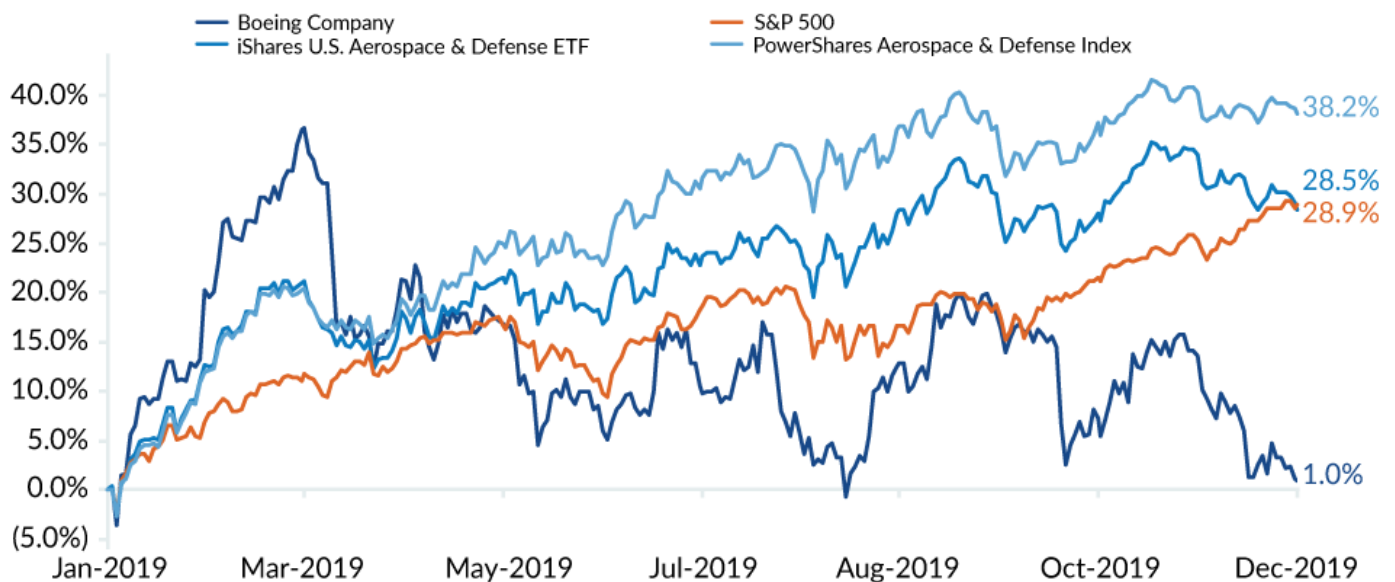
2019 Year-end review: Aerospace & Defense

Primary influences on the sector

Supported by a strong underlying economy and a record-breaking U.S. defense budget of nearly \$700 billion, 2019 was an outstanding year for the A&D sector overall. Even compared to the S&P 500's 29% gain, most A&D stalwarts delivered robust results, as indicated by Airbus' 55% advance and 34% growth for Honeywell.

Despite the sector's strong performance, the most notable development in 2019 was negative: the literal grounding of Boeing's 737 MAX in March. While a clear obstacle for Boeing, the lack of clarity around 737 MAX will create incremental opportunities for companies that service and maintain existing jets as well as suppliers focused on providing aftermarket components.

CHART 1: AEROSPACE & DEFENSE ETF SHARE PRICE PERFORMANCE AGAINST THE S&P 500 (YE 2019)



Source: Factset. Past performance is not indicative of future results.

Aerospace and Defense

2019 Year-end review

Primary influences on the sector

Supporting a strong underlying economy and a record-breaking U.S. defense budget of nearly \$760 billion, 2019 was an outstanding year for the A&D sector overall. Pace compared to the S&P 500's 14% gain, most A&D stocks delivered robust results as individual stocks 10% advance and 30% growth for Honeywell.

Despite the sector's strong performance, the most notable development in 2019 was negative the near grounding of Boeing's 737 MAX in March, which in the absence for Boeing, the lack of early-stage 737 MAX left made incremental opportunities for companies that service and maintain existing jets as well as suppliers focused on providing aftermarket components.



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Chart 1: AEROSPACE & DEFENSE VS. S&P 500 PERFORMANCE AGAINST THE S&P 500 INDEX



Source: Bloomberg Intelligence, Mesirow & Co.

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