

Macro Roundup Article

Headline: [Boeing's Next Crisis: Aerospace Workers Demanding 40% Pay Raise](#)

Article Link: <https://www.bloomberg.com/news/articles/2024-02-06/boeing-labor-strife-poses-next-big-risk-to-plane-production?sref=U3dOGIDF>

Author(s)	Julie Johnsson
Publication	Bloomberg
Publication Date	February 06, 2024

Tweet: Boeing's largest union is demanding a 40% pay raise over the next 3-4 years. Jefferies estimates that every 10% increase in wages would reduce 2026 free cash flow by \$260mm before offsets. Boeing's 2023 free cash flow was \$1.87B.

Summary: Boeing's largest union, the International Association of Machinists and Aerospace Workers is still smarting over a 2014 deal that sacrificed pensions, locked in minimal raises, and tied the hands of activists for a decade. Union leaders will demand a 40% pay raise over three or four years, emboldened by a resurgent US labor movement, a scarcity of qualified aerospace workers, and pressure on Boeing to stabilize work in its factories. A labor deal could also be costly. Every 10% increase in machinist wages will drag down 2026 free cash flow by an estimated \$260 million before price and productivity offsets, according to Sheila Kahyaoglu, an analyst with Jefferies.

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Primary Topic: Wages/Income

Topics: News article, Wages/Income, Workforce

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