

Boeing shares dive on latest 737 MAX issue

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Boeing said the latest issue with the 737 MAX will delay new plane deliveries.

Shares of Boeing tumbled Friday after the company disclosed a problem with a supplier part on the 737 MAX that is expected to slow deliveries of new jets.

Boeing was notified by supplier Spirit AeroSystem of the latest MAX

issue, which affects a "significant" number of undelivered planes, but is not expected to ground those that have already been delivered, Boeing said.

Shares plunged more than seven percent at session lows before finishing at \$201.71, down 5.6 percent.

The supplier told Boeing that "a non-standard manufacturing process" was used on two fittings on the fuselage on four 737 models, Boeing said, adding that the problem does not pose "an immediate safety of flight issue."

"We have notified the Federal Aviation Administration of the issue and are working to conduct inspections and replace the nonconforming fittings where necessary," Boeing said in an email.

"We expect lower near-term 737 MAX deliveries while this required work is completed."

Boeing had previously projected deliveries of 400-450 737s in 2023, compared with 387 in 2022.

Spirit AeroSystems, a major supplier on the MAX, said it notified Boeing of a "quality issue" on the fuselage.

"We have processes in place to address these types of production issues upon identification, which we are following," the company told AFP. "Spirit is working to develop an inspection and repair for the affected fuselages."

Shares of Spirit plunged 20.7 percent, while US carriers that fly the MAX also retreated in a sign that investors fear delayed deliveries could crimp capacity at a time of strong travel demand.

Southwest shares dropped 1.7 percent, while United Airlines lost 0.7 percent and American Airlines shed 1.2 percent.

Boeing resumed deliveries of the MAX after the FAA cleared it to return to service in November 2020 following a 20-month global grounding after two deadly crashes.

However, production and quality control problems with the MAX and the 787 Dreamliner have hindered the company's ability to match its pre-pandemic momentum.

"For Boeing, it's kind of like a game of whack a mole," said Michel Merluzeau, director of aerospace and defense analysis at AIR consultancy. "As soon as they solve one problem, another one appears."

Merluzeau said he was hopeful that for planes already delivered, any fixes could be executed through the course of maintenance.

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