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## Wall Street analysts cut 737 MAX delivery forecast

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Boeing Co is now unlikely to deliver more than 500 of its 737 MAX planes to customers this year, and even that will depend on a swift removal of an effective halt in deliveries after June, Wall Street analysts said on Monday.

Deliveries of Boeing's best-selling aircraft have been frozen by a global grounding of the jet following the crash of an Ethiopian Airlines flight on March 10, which killed all 157 people onboard.

The company's delivery numbers for March are due to be published on Tuesday and are expected to show customers took less than half of a previous consensus estimate of 46 planes as the groundings prevented flights. An estimate for March last week from another brokerage, Baird, was as low as 19 planes.

Yet Wall Street has been slow to draw conclusions about what that means for how many 737 MAX aircraft Boeing will deliver to customers this year and how many it will have to keep on its own books – even after announcing on Friday it will cut production by 10 planes a month or roughly 20 percent.

Of five well-known brokerages that produce estimates for Boeing's full-year numbers, Cowen and Jefferies cut their 2019 delivery forecast following Boeing's decision to lower production.

Cowen now expects full-year deliveries of "around 500", down from its earlier forecast of 630 737 MAX jets. Jefferies expects Boeing to deliver 497 737 MAX planes, down from 580.

Cowen analysts said in a note that, to deliver even 500 MAX jets this year, Boeing would have to ramp up deliveries to foreign airlines swiftly in the second half.

"It looks like BA won't deliver its MCAS fix to the FAA until late April and the FAA will have to test the fix before approving it and lifting the grounding," Cowen and Co analysts said.

“This could delay a resumption of MAX deliveries to U.S. carriers (10% of backlog or ~480 planes) until June ... foreign deliveries may not resume until Q3 or possibly Q4,” they added.

The brokerage said while the production rate cut should help resolve the “MAX crisis”, limiting the risk of a massive inventory build-up, it would mean a large 2019 cash hit.

Cowen and Co also reduced its price target on the world’s largest planemaker to \$460 from \$475 per share.

Analysts have also indicated that Boeing will bear a financial penalty for direct costs such as customers concessions and productivity loss from disruptions associated with the fleet grounding.

Of the 26 analysts covering Boeing, four now have a “hold” rating on the stock, according to Refinitiv Eikon data, while two rate it as “strong sell”.

The grounding on 737’s has so far wiped off nearly \$25 billion from Boeing’s market value, making it one of the worst performers on the Dow Jones Industrial Average this year.

Boeing’s decision to cut the production of its 737 aircraft hit the shares of its suppliers on Monday, while its European rival Airbus rose.

**(Reuters)**