BOEING TO LOWER ITS MARKET SHARE

Boeing, the US plane maker, is facing a growing list of problems that is giving its European rival, Airbus, an advantage in the competition for the skies. Quality has become a significant focus on the market, and experts believe that Boeing will be forced to accept a lower market share in volume than in the past.

While Boeing may have previously prioritized market share, its current focus is quality over quantity. As a result, Boeing may accept lower market shares in terms of volume than it has in the last 20 years.

According to the latest report by Airbus, the company delivered 49 commercial planes to 28 customers in February. **On the other hand, Boeing delivered 27 aircraft to 22 customers in the same month.** So far, in the first two months of this year, Boeing has delivered 54 planes, while Airbus has taken the lead by delivering 79 jets.

Boeing has faced adverse developments in the last few years, including two fatal crashes of its 737 Max model and a long grounding of its aircraft. This year's numerous incidents involving Boeing jets, including the in-flight blowout of a 737 Max 9 door plug on an Alaska Airlines plane, have plagued the company. This has led airlines to reconsider their fleet expansion plans due to slower production rates and delayed deliveries.

This year alone, Boeing's share price has fallen by 29%, bringing its market valuation down to $112.4 billion and widening the gap between Boeing and Airbus by the most significant margin ever.

The US Federal Aviation Authority (FAA) has restricted the production rate of Boeing 737 Max planes following an incident on January 5, where a door plug blew off at 16,000 feet above the ground. This has resulted in investigations into Boeing's safety and quality standards in manufacturing.

According to a separate report by Mr. Ferguson, Boeing's recent production issues are likely due to high employee turnover caused by the Max groundings, the pandemic, and the challenge of replacing skilled workers.

Airline CEOs are frustrated due to slower production and delivery delays at Boeing, as they are eager to increase capacity to meet travel demand after the COVID-19 pandemic. Dallas-based Southwest, the largest customer for the smaller Boeing Max 7, stated in a regulatory filing that Boeing has informed them to expect a reduction in 737 Max 8 aircraft deliveries in 2024 from the previously expected 79 to 46. Because of these ongoing challenges, Southwest expects the delivery schedule to be fluid and plans to reduce capacity and re-optimize schedules primarily for the latter half of 2024, resulting in a full-year capacity cut by one percentage point. As a result, the airline is also re-evaluating all prior full-year 2024 guidance, including the expectation for capital spending.

The CEO of Etihad Airways has reported that the delivery delays from Boeing are impeding the airline's growth plans. In February, the airline received three new Boeing 787-9 Dreamliners, initially scheduled to be delivered in June 2023. The eight-month delay in delivery has disrupted the airline's route network plans.

United Airlines has placed an order for 277 Boeing 737 MAX 10 aircraft and secured an

additional 200 options. The company's CEO, Scott Kirby, has hinted that it is exploring the possibility of acquiring an Airbus A321 as an alternative to some of the MAX 10s it has on order. He stated that the company evaluates the deal's economics and will only proceed if it makes sense. If not, they will stick with the MAX 9s.

If Boeing's delays persist, it risks losing additional market share to Airbus as airlines reconsider their fleet strategies and opt for Airbus' narrow-body aircraft, which directly competes with the 737 Max.

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