

# Boeing Abandons Guidance, Says 737 Max Production Will Take 2 Years to Reach Pre-Grounding Levels

By [Zero Hedge](#)

Global Research, February 13, 2020

[Zero Hedge](#) 12 February 2020

Region: [USA](#)

Theme: [History](#)

*Update (Feb. 12): One day after Boeing announced [zero plane orders](#) in January, the Chicago-based airplane manufacturer had more bad news: it would abandon forward guidance, along with the new understanding that 737 Max production line could take upwards of two years to get the volume back to pre-grounding levels.*

CFO Greg Smith addressed shareholders at an investor conference on Wednesday, responding to questions about Max production and ungrounding timelines.

Boeing trading at the highest level since early December. Glad they fixed that 737 MAX mess

— Hipster (@Hipster\_Trader) [February 12, 2020](#)

Smith said the underlying fundamentals of Boeing “haven’t changed much,” despite Max [production being halted](#), and no clear visibility on when it can restart; nevertheless, there are no concrete details on when the plane can return to the skies.

He said the production rate could take upwards of two years to restore back to the pre-grounding level of 57, but there are a lot of moving variables in the supply chain, he added. It all depends on supplier inventory, he noted.

Smith said the groundings had dented global passenger growth of airlines by 1-1.5%.

He said there wouldn’t be any guidance given to investors as long as Max stays grounded, and production remains halted.

Smith said Boeing [secured commitments of \\$12 billion in financing](#) from more than a dozen banks last month, adding that the funds will be used to invest in production lines and pay down existing debt.

Shares of Boeing jumped in the early morning and have since faded into the afternoon.



\* \* \*

Boeing shares slid half a percent on the news that the Chicago-based airplane manufacturer sold zero commercial planes in January.

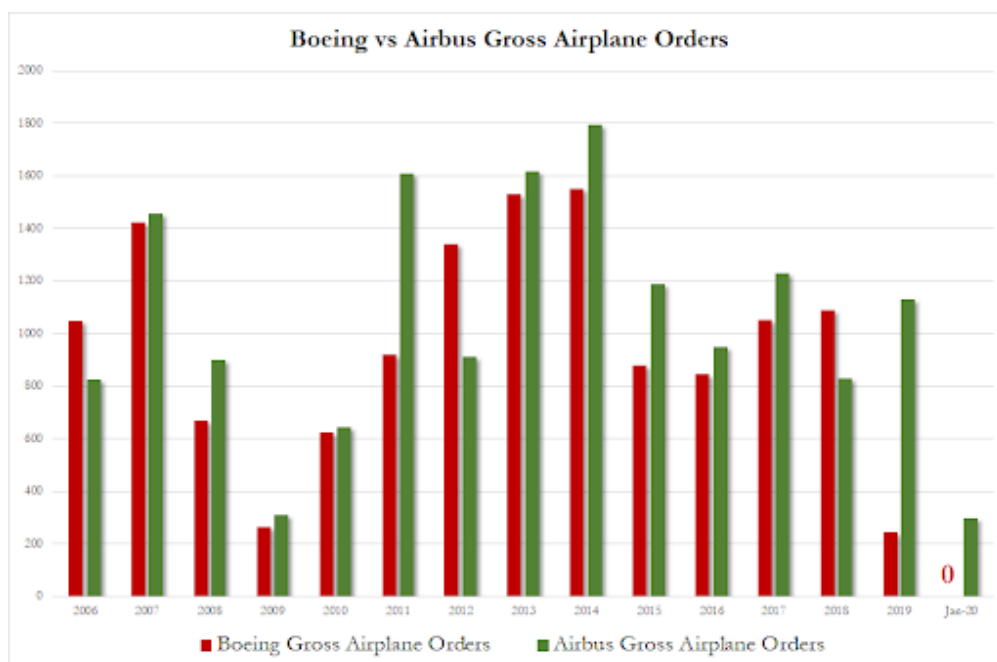


January is typically a slow month for the planemaker, however, with the grounding of the 737 Max and production halted, this was the first time the company has seen no new orders in January since 1962!

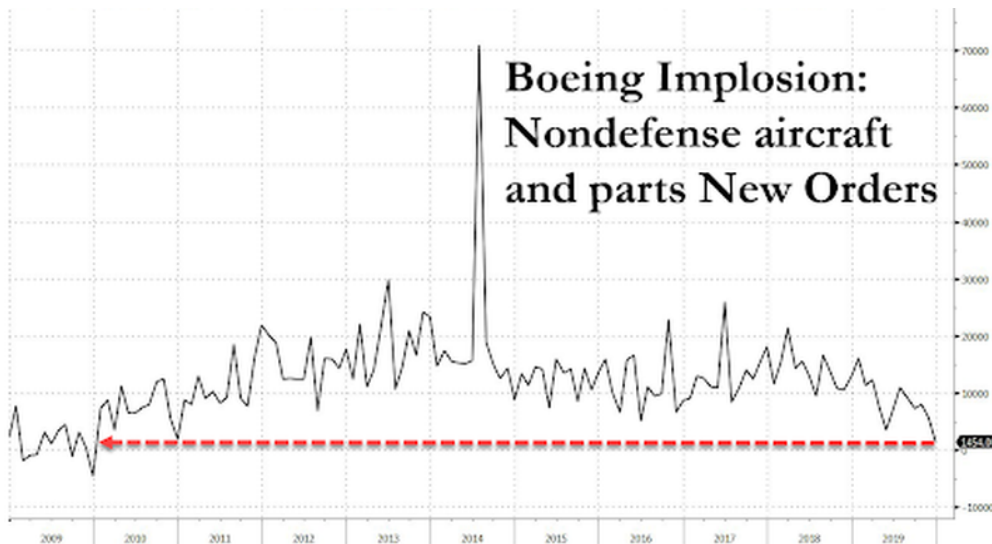
#### Orders through January 31, 2020

	737	747	767	777	787	Total
2020 Net Orders	-	-	-	-	-	-
Customers	737	747	767	777	787	Total
	-	-	-	-	-	-
2020 Gross Orders	-	-	-	-	-	-
Contractual Changes	-	-	-	-	-	-
2020 Orders net of cancellations/conversions	-	-	-	-	-	-
2020 ASQ 606 Changes	-	-	-	-	-	-
2020 Net Orders	-	-	-	-	-	-
	737	747	767	777	787	Total

The lack of plane orders last month allowed competitor Airbus to become the [world's largest planemaker](#), the first time since 2011. Airbus posted its largest January order haul in at least 15 years, as it booked gross orders for 296 aircraft, or 274 net orders after cancellations.



Last month, a 75% collapse in Non-Defense Aircraft New Orders was seen...its lowest level since 2009 as Boeing implodes.



None of which should be a surprise, [as we noted previously](#), Boeing's production cuts will slash Q1 GDP growth by a third.

In an interview where he claimed the economy was doing great, Steve Mnuchin said the GDP might be lower by 50 basis points due to Boeing's issues with the 737 max [pic.twitter.com/yU4A5AWtFn](https://pic.twitter.com/yU4A5AWtFn)

— Acyn Torabi (@Acyn) [January 12, 2020](#)

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