**Wall Street pegs Boeing's 737 MAX bill at more than $25 billion**

By Ankit Ajmera (January 22, 2022)

(Reuters) - Boeing Co's <BA.N> bill for the 737 MAX grounding could balloon to more than $25 billion, analysts estimated on Wednesday, a day after the U.S. planemaker warned of further delay in returning its once best-selling jet to service.

The company has already booked $9 billion in costs related to the grounding, including $5.6 billion as compensation for airline customers and $3.6 billion in charges to cover additional production costs.

Jefferies analyst Sheila Kahyaoglu said Boeing may now need to boost its compensation package for customers by another $10 billion and revise its cost estimate related to the 737 MAX's production by an additional $5.4 billion.

"Our estimates assume 737 MAX deliveries restart in Q3 2020," Kahyaoglu said, lowering the brokerage's price target on the stock to $390 from $420.

Boeing said on Tuesday it did not expect to win approval for the return of the 737 MAX to service until mid-year due to further potential developments in the certification process and regulatory scrutiny on its flight control system.

Added to the delay, weak Chinese demand for its widebody 787 Dreamliners as well as production problems with its new 777X jetliner have also made investors jittery, Vertical Research analyst Robert Stallard said, downgrading the stock to "hold" from "buy" and lowering his target price to $294 from $388.

"We are expecting Boeing's up-coming results to be 'an absolute disaster', and that now looks guaranteed," Stallard said.

"We don't see Boeing being in a position to increase cash returns to shareholders until 2022."

The company, which is expected to report its fourth-quarter results on Jan. 29, could not be immediately reached for comment.

Of 23 brokerages covering the stock, 13 rate it "hold", seven "buy" or higher and three "sell" or lower. Their median price target is $356.50.

Shares of the company were down 1% at $310.02. Up to Tuesday's close, Boeing's shares fell nearly 26% since the fatal crash of an Ethiopian Airlines plane on March 10, after which the 737 MAX fleet was grounded.