Analyst: Boeing Selloff May Be Overdone

The Associated Press

NEW YORK (AP) — Boeing's share price decline after a fire on one of its new 787s may be overdone, Jefferies analyst Howard A. Rubel wrote on Tuesday.

The fire happened on the ground at Boston Logan airport on Monday, and no one was injured. But it raises concerns about the lithium ion batteries on board the plane. Boeing shares declined 2 percent to $76.13 on Monday.

Rubel wrote that the decline of over $1 billion in market value "would seem to overstate the worry." He noted that there has been no other similar incident to this one, and the other 787s continue to operate normally.

There have been other technical problems, however, as Boeing brings the aircraft to market.

Among them, an electrical fire during a November 2010 test flight forced an emergency landing. The fire delayed flight tests for several weeks while Boeing investigated.

Last month, a United Airlines 787 flying from Houston to Newark, N.J., diverted to New Orleans because of an electrical problem with a power distribution panel.

There were no injuries during any of the incidents involving the plane.

Boeing has been working to speed up production of the 787, which was first delivered in late 2011, three years late. Boeing has delivered 49 so far. But with a backlog of some 800 of the planes, investors are eager to see faster production to get a return on Boeing's investment in the plane.

"While recent production progress has been notable, investors are still walking on egg shells when it comes to this high profile program," Rubel wrote. "The sooner the solution, the sooner the bounce-back in the shares."

Shares fell another 1.6 percent in premarket trading, to $74.90. Boeing's stock has traded between $66.82 and $78.02 over the past 52 weeks.

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