Flash | Citi Research

09 Sep 2026 18:25:42 ET | 9 pages

US Aerospace & Defense

Chart of the Day: Don't Forget About the 737-10 Certification

CITI'S TAKE

In August, the 737-7 certification announcement drove an unusually large, positive reaction for BA (see 737-7 Cert A Positive But -10 Cert, An Even Bigger Positive, May Be Soon Too). At the time, we noted that we thought the 737-10 certification, which is considerably more impactful to BA fundamentals (higher margin, larger part of the order book), was not far behind. The basis for this view was (1) BA had completed all necessary certification flights and (2) suppliers/airlines were particularly loud about their expectation that certification was drawing near at industry events, such as Farnborough (see Top 12 Takes from Farnborough...). Since then, nothing has changed regarding our view or the views we hear expressed from suppliers/customers; we continue to believe that the 737-10 certification is likely in the short-term. But, curiously, investors have stopped asking about the potential catalyst suggesting it is no longer meaningfully priced into BA.

John Godyn[AC]

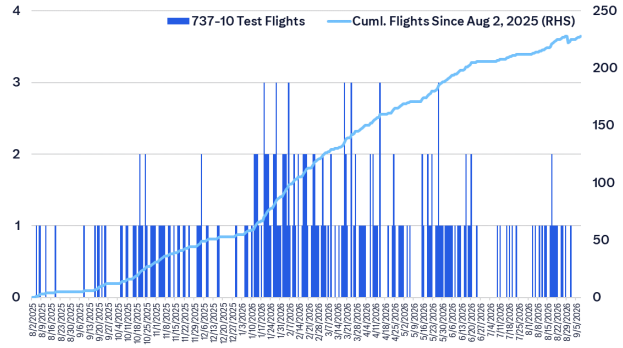
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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliati



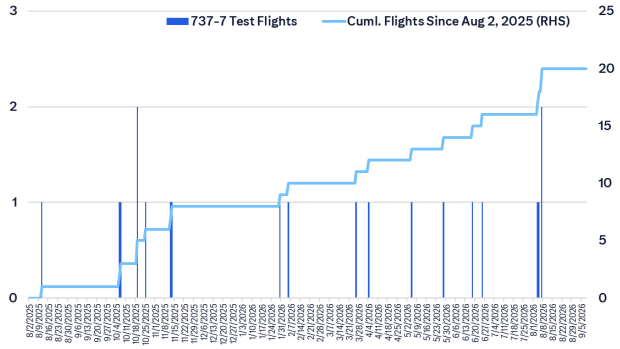
Figure 1. 737-10 Test Flight Activity



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Source: Citi Research, Research Innovation Lab

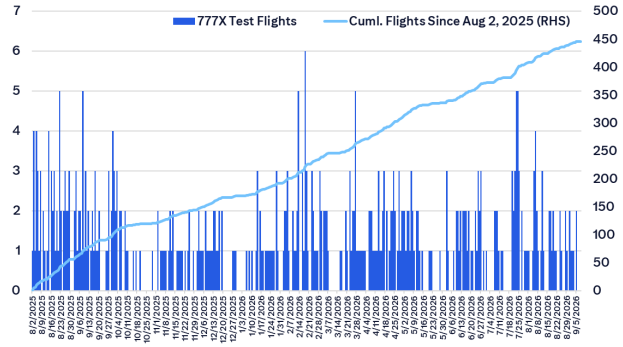
Figure 2. 737-7 Test Flight Activity



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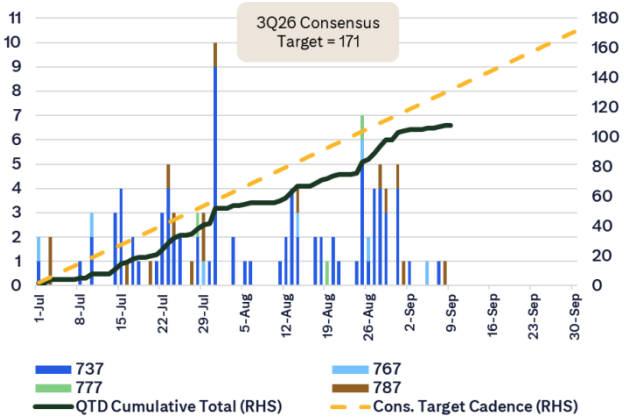
Figure 3. 777X Test Flight Actiivty



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Figure 4. BCA Deliveries - 3Q26



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