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Boeing sees significant improvement in 737 MAX factory after safety crisis

LONDON — Boeing is seeing a significant improvement in production flow at its 737 MAX factory, its new commercial planes chief said on Sunday, as the US planemaker battles to overcome a safety crisis.

Speaking to reporters in London ahead of this week's Farnborough Airshow, Stephanie Pope said the changes Boeing was making to the Seattle-area factory were significant.

"This isn't minor change. This is transformational change," she said in her first remarks to media since being appointed earlier this year.

"We are a stable company," she added

Boeing is mired in crisis after a cabin panel on a 737 MAX 9 jets blew off midair in January, prompting a slowdown in production of its top-selling plane as well as heightened regulatory and legal scrutiny.

Boeing has also agreed to plead guilty to a criminal fraud conspiracy charge over a probe related to two earlier fatal 737 MAX crashes, the Justice department has said in court filings. Ms. Pope declined to comment on a plea deal.

The company is seeing a "significant improvement in the flow of our 737 factory," Ms. Pope said, while acknowledging that Boeing has disappointed airline customers.

She said Boeing would need to be more predictable on deliveries after production slumped.

The Federal Aviation Administration in January took the unprecedented step of barring Boeing from increasing production beyond 38 MAX planes per month until it is satisfied with the planemaker's quality and manufacturing improvements.

"This isn't about safety and quality versus schedule," Ms. Pope said. "These are not competing priorities."

Speaking at the same event, the head of Boeing's defense and space division signaled that unit was having a tough quarter. "We had a good start to the year, but this quarter you'll see to be significantly challenged," Ted Colbert said.

"It'll look like it looked in the third quarter of last year as we go through some more challenges on the fixed price development programs," he said.

Ms. Pope became chief executive officer (CEO) of Boeing's commercial division as part of a broader management shakeup that will see CEO David Calhoun stepping down by year's end.

Ms. Pope has been cited as a possible contender to take the reins of Boeing, although the company is facing calls from airlines and some industry officials to choose a leader with an engineering background which she lacks. Ms. Pope said she was focused on her current role "24/7."

She reiterated that the company expects to bring MAX production back to a rate of around 38 a month by the end of 2024.

Ms. Pope also said the planemaker had settled on a design to address a engine anti-ice system that has significantly delayed certification of the 737 MAX 7, and suggested a fix could be completed by next year. — ***Reuters***

China surprises with cuts to key rates to support weak economy

SHANGHAI — China surprised markets by lowering a key short-term policy rate and its benchmark lending rates on Monday, in efforts to boost growth in the world's second-largest economy.

The cuts come after China last week reported weaker-than-expected second-quarter economic data and its top leaders met for a plenum that occurs roughly every five years.

The country is verging on deflation and faces a prolonged property crisis, surging debt and weak consumer and business sentiment. Trade tensions are also flaring, as global leaders grow increasingly wary of China's export dominance.

The People's Bank of China (PBOC) said on Monday it would cut the seven-day reverse repo rate to 1.7% from 1.8%, and would also improve the mechanism of open market operations.

Minutes later, China cut benchmark lending rates by the same margin at the monthly fixing. The one-year loan prime rate (LPR) was lowered to 3.35% from 3.45% previously, while the five-year LPR was reduced to 3.85% from 3.95%.

"The cut today is an unexpected move, likely due to the sharp slowdown in growth momentum in the second quarter as well as the call for 'achieving this year's growth target' by the third plenum," said Larry Hu, chief China economist at Macquarie.

Ju Wang, head of Greater China Forex and rates strategy at BNP Paribas, said that rising expectations for the Federal Reserve to start cutting interest rates also gave the PBOC room to manoeuvre its monetary easing.

The official Xinhua news agency cited unnamed sources close to the PBOC as saying the "decisive" rate cut showed its determination to bolster the recovery and it was in response to the plenum's aims to achieve this year's growth target.

Following the rate cuts, China's yuan dropped to a near two-week low of 7.2750 per dollar before paring some losses.

Chinese sovereign bond yields fell across the curve, with 10-year and 30-year down as much as three basis points, before stabilizing at 2.24% and 2.45%, respectively.

China's 30-year treasury futures for Sept. 2024 delivery rose roughly 0.3% in early trade on Monday.

"The fact that PBOC didn't wait for the Fed to cut first indicates that the government recognizes the downward pressure on China's economy," said Zhang Zhiwei, president and chief economist at Pinpoint Asset Management.

He expects more rate reductions in China after the Fed enters its rate cut cycle.

China's rate cuts are aimed at "strengthening counter-cyclical adjustments to better support the real economy," the PBOC said in a statement.

The announcement also comes after the PBOC said it would revamp its monetary policy transmission channel. PBOC Governor Pan Gongsheng said last month the seven-day reverse repo basically serves the function of the main policy rate.

"This is also a reflection of the improvement of the market-oriented interest rate mechanism," Xinhua quoted the source as saying. — ***Reuters***

Founder of India's Byju faces reckoning as startup implodes

NEW DELHI — Byju Raveendran, an Indian mathematics whiz who soared from teacher to startup billionaire before his education-technology company imploded this year, now faces his biggest test.

The future of Mr. Raveendran's eponymous Byju's online coaching firm rests with India's courts after the country's biggest startup, once loved by global investors who valued it at $22 billion, crashed below $2 billion in valuation. The 44-year-old founder last week lost control of the company as a tribunal kick-started an insolvency process.

Accused of "financial mismanagement and compliance issues", the son of a family of teachers from a small village in south India faces a reckoning that will test the ingenuity that made him a poster child for India's startups.

His formerly high-flying company was eventually brought low when it could not pay $19 million in sponsorship dues to India's cricket federation, prompting a tribunal to suspend Byju's board and make Mr. Raveendran report to a court-appointed restructuring expert.

An appeals tribunal is expected to hold a hearing on Monday on whether Byju's insolvency process should be quashed after the former billionaire argued in court his company is solvent and that insolvency could shut it down and cost the jobs of 27,000 staff, including teachers. Insolvency also would not bode well for Byju's backers, such as Dutch technology investor Prosus.

Mr. Raveendran denies the allegations of mismanagement and wrongdoing at his firm, which has in recent months faced lawsuits over unpaid loans and boardroom battles with foreign investors that went public.

Potential insolvency is a dramatic turn of events for an entrepreneur described by one person who has worked with him as an extremely passionate and goal-oriented person who might adopt "an abrasive approach" in a crisis.

Mr. Raveendran presented a "suave, nice and polished" image, appearing to heed advice, but "eventually there was a trust deficit," said another executive who quit last year as a Byju's senior vice president.

An engineer by training, he started Byju's in 2011 with physical classes after friends urged him to go into teaching.

Mr. Raveendran, who aced a premier Indian management exam "with a score of 100 percentile, not once but twice," according to the company website, started what would become his empire with his wife Divya Gokulnath, 38, a former student of his.

In education-obsessed India, Raveendran hit gold by offering online teaching programs priced from $100 to $300. He got a mammoth boost when the COVID-19 pandemic sent students indoors. At the height of his fame in 2021, his wife and he had a net worth of $4 billion, *Forbes* reckoned.

Now all that is in tatters.

Behind the reversal of Byju's meteoric success, say executives and advisers who worked with Mr. Raveendran, is that he overruled associates and expanded the business through expensive acquisitions, splurging on marketing and being slow to address problems such as sales agents adopting aggressive tactics to mis-sell courses that damaged the company's reputation. — ***Reuters***

Philippines fails to hit select core development targets

THE PHILIPPINES missed some of its targets for 2023 core development indicators like food inflation and poverty reduction, according to a report from the Philippine Statistics Authority (PSA).

According to the Statistical Indicators on Philippine Development 2023 report released on Monday, poverty incidence in 2023 was at 15.5%, lower than the target range of 16.0-16.4% stated in the Philippine Development Plan 2023-2028.

Food inflation in 2023 was 8%, higher than the 2-4% target.

Meanwhile, the Philippines' ranking in the global innovation index was at 56^{th} out of 132 economies.

Subsistence incidence, or the proportion of Filipinos whose income is not enough to meet their basic food needs, fell to 4.3% last year from 5.9% in 2022, but was still above the 2.5-3.5% target.

The PSA said some indicators with high probabilities of meeting their respective targets for 2028 were capital adequacy, profitability, liquidity, and primary expenditure-to-gross domestic product (GDP) ratio.

It classified 33.3% of the 374 indicators to have a "low likelihood" of being achieved as of 2023. Six out of 14 categories of indicators were classified as having at least 50% of their indicators turning in "average to good" performance. Meanwhile, four categories were estimated to have at least 50% of their indicators turning in "poor" performances.

Philippine GDP expanded by 5.5% in 2023, below the 6.0-7.0% target range.

Meanwhile, the unemployment rate in 2023 dropped to 4.3% against a target of 4.4-4.7%, while the underemployment rate stood at 12.3%.

In terms of governance, among the categories seen as having an average chance of meeting their targets by 2028 were the corruption perception index and local government units with local cultural inventories.

Meanwhile, the indicator categories classified to have a "poor" likelihood of hitting their targets were social protection, trade and investment, industry, agriculture and agribusiness. — **Lourdes O. Pilar**

CCAP launches campaign to improve understanding of credit card terms

THE CREDIT CARD Association of the Philippines (CCAP) is launching an awareness campaign simplifying credit card terminologies to help improve financial literacy.

The campaign is meant to "bridge the gap between regulatory language and everyday understanding," CCAP said in a statement on Monday.

"This initiative aims to ensure that credit cardholders can easily grasp the essential information, promoting better financial decision-making," it added.

CCAP is an organization that aims to mediate between the credit card industry, merchants, and consumers. It has 16 member institutions.

The group will share the simplified credit card terminologies through various formats such as comics and videos across social media platforms, including Facebook, Instagram, TikTok, and YouTube.

Some of the credit card terms often misunderstood by consumers cited by CCAP are payment due date, total and minimum amount due, late penalties, interest charges, credit limit, billing cycle or cut-off date, and card verification value or CVV.

"By fully understanding the credit card terminologies, consumers can reap the full benefits of their credit card, such as using it interest-free by paying in full on or before the due date or maximizing the credit float by making large purchases just after the billing cutoff date to enjoy up to 51 days of credit without interest, thereby managing their cashflows more effectively," CCAP Executive Director Alex G. Ilagan said in a statement on Monday.

This campaign forms part of CCAP's advocacy to push for responsible credit and enhance credit card literacy in the country, it said. — **AMCS**