

# US airlines see strong travel recovery after Omicron

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US airlines are seeing a recovery in reservations after the latest Covid-19 wave, offsetting a hit from higher jet fuel costs.

Major US carriers lifted their revenue forecasts Tuesday as a faster-than-expected travel recovery from the latest Covid-19 wave mitigates the drag from higher jet fuel costs.

American Airlines, Delta Air Lines, United Airlines and Southwest

Airlines all offered similar appraisals of market conditions in presentations at an investment conference Tuesday.

American now expects first-quarter revenues to be down 17 percent compared with the 2019 period, after previously projecting a drop of as much as 22 percent.

"The improvement in revenue is expected to more than offset the increases in [fuel](#) and other expenses in the quarter," American said in a securities filing.

Delta Air Lines reported "strong spring and summer travel demand" as it lifted its revenue forecast for the first quarter of 2022.

Southwest Airlines used similar language to describe booking trends, while United Airlines said that "in the period following the peak in Covid-19 case counts associated with the Omicron variant in January 2022, demand for travel has exceeded the company's previous expectations."

But higher jet fuel costs in light of spiking crude prices act as a counterweight to the improved travel outlook.

Delta now projects [fuel prices](#) of \$2.80 a gallon, up from its prior range of \$2.35 to \$2.50. American and United also warned of a hit from fuel.

Rising fuel costs, along with aircraft delivery delays, were a factor in United's move to trim its overall flight capacity in 2022.

Southwest proved an exception since the carrier's hedging program locked in fuel costs when prices were lower. As of March 10, the program amounted to an asset of \$883 million based on current prices for the commodity.

But Southwest also trimmed its flight schedule for the March to May period, citing "continuing challenges with available staffing."

Shares of airlines were sharply higher early Tuesday, with all four carriers up at least 5.6 percent.

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