

Delta shares fly as strong demand offsets jet fuel drag

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Shares of Delta Air Lines rose as the company reported strong consumer demand for the summer travel season.

Delta Air Lines offered an upbeat outlook for the summer travel season on Wednesday, saying strong demand is providing enough pricing power to make up for soaring fuel costs.

Shares jumped on the report and outlook, with Delta reporting a smaller than expected loss in the [first quarter](#), even as it contended with a nearly 50 percent increase in jet fuel prices.

"Delta is well-positioned to capitalize on robust [consumer demand](#) and accelerating return of business and international travel," said Delta President Glen Hauenstein in a press release.

"In the June quarter, we are successfully recapturing higher fuel prices," he said, adding that the company expects revenues equivalent to between 93 and 97 percent of the 2019 quarter.

For the quarter ending March 31, Delta reported a loss \$940 million, smaller than the year-ago loss.

Revenues were \$9.3 billion, more than double those from the 2021 quarter, but lower than the \$10.5 billion in the pre-pandemic 2019 quarter.

Airlines are adjusting to a higher cost environment in general amid the tight labor market and supply chain problems. Jet fuel is typically the biggest cost for an airline, after labor.

Hauenstein said in March that the airline was targeting [price increases](#) of about \$15 to \$20 a ticket on a fare of \$200 to make up for higher jet [fuel costs](#).

On Wednesday, Delta executives declined to update those figures, but said brisk ticket sales meant higher prices on remaining available seats.

A July flight between Orlando and Los Angeles is currently priced at about \$750 or more at most times.

"We haven't seen a lot of resistance in the price points," Hauenstein said. "My advice is to book early and be flexible if fare is your main attribute."

Executives said the heady market reflects pent-up consumer demand after two years of Covid-19 constraints.

"You're seeing a pretty significant shift from goods to experiences," said Delta Chief Executive Ed Bastian on a conference call with analysts.

"Consumers have not been traveling the last two years. So this is a category they have been prioritizing."

Shares rose 4.3 percent to \$40.26 in late-morning trading.

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