

REPORT: AIRLINES: NORTH AMERICA

What you need to know

July 2022

This report summarizes what's been happening to airlines in Canada and the U.S. over the last month.

Major airlines

Air Canada

Deeper relationship with United planned

Air Canada is deepening its existing relationship with Star Alliance partner United Airlines through a newly signed joint business agreement (JBA), which will expand their codeshare. Once approved, the new JBA will allow the two airlines to coordinate their networks and schedules, expand their transborder codeshare, and sell seats on one another's transborder flights and share revenue on flights between hub markets.

New Emirates partnership

Air Canada has agreed to codeshare with Emirates [later in 2022](#), subject to regulatory approval. The two carriers have signed a strategic partnership agreement, which will also include reciprocal frequent flyer benefits and lounge access.

Brisbane service resumes

Air Canada has resumed year-round [four times weekly](#) services from Vancouver to Brisbane.

American Airlines

Q2 sales 12% above 2019

Second quarter sales at American Airlines increased by [79%](#) year-over-year to \$13.4 billion, a figure which was also [12%](#) higher than 2019's second quarter result. American increased its operating profit from \$441 million to \$1 billion; a [131%](#) increase, but still [12%](#) below 2019 levels.

While American reported a [111%](#) increase in the price paid for its fuel, pushing its fuel bill up by [150%](#) year-over-year, the airline managed to increase average airfares by [55%](#).

More Cuban routes approved

The US Department of Transportation has authorized American Airlines to launch five routes between Miami and Cuba, joining existing services to Havana. American is planning the [November](#) start of [daily](#) flights from Miami to Camaguey, Holguin, Matanzas/Varadero and Santiago de Cuba, and [double daily](#) services to Santa Clara.

Delta Air Lines

Q2 revenues better than in 2019, but profits lower

While second quarter revenue, at \$13.8 billion, was up [94%](#) year-over-year and was [10%](#) higher than in the same period in 2019, Delta's \$1.5 billion operating profit was [29% lower](#) than in 2019. The airline has attributed this to soaring non-fuel unit costs and average fuel prices.

Cape Town service tentatively approved

Delta's plans for a [thrice-weekly](#) service from Atlanta to Cape Town have been tentatively approved by the US Department of Transportation.

Berlin and Monterrey services planned

Delta will resume services from Detroit to Monterrey, Mexico, on [September 6](#) with [four weekly](#) flights. The airline has also announced plans for the [May 2023](#) start of [daily](#) direct services from New York JFK to Berlin Brandenburg Airport.

United Airlines

Big rise in sales supports return of profits in Q2

United Airlines reported sales of more than \$12 billion in the second quarter of 2022, [121%](#) higher than in the same period last year and [6%](#) above 2019 levels. The airline also transformed last year's \$270 million operating loss into a [\\$878 million profit](#), although this was still [40% below](#) the \$1.5 billion profit reported in the second quarter of 2019.

Cape Town service tentatively approved

United's plans for a [thrice-weekly](#) service from Washington DC to Cape Town have been tentatively approved by the US Department of Transportation.

Low-cost carriers

Allegiant Airlines

Traffic 9% above 2019 in June

Leisure airline Allegiant Air carried 1.74 million passengers during June, [6.8%](#) more than in 2021 and also [9.2%](#) more than in the same month in 2019. The airline's load factor improved by 12.2 percentage points year-over-year to [90%](#).

JetBlue Airways

Agreement reached to acquire Spirit

JetBlue Airways has agreed to acquire Florida-based low-cost carrier Spirit Airlines, beating off a rival bid from Frontier Airlines. Based on capacity, the deal will create the [fifth](#) largest airline in the U.S. The two airlines expect to complete the regulatory process and close the transaction during the [first half of 2024](#).

Southwest Airlines

Q2 profits well above 2019 levels

Southwest Airlines increased second quarter revenue by [68%](#) year-over-year to \$6.73 billion, a figure which was also [14%](#) above the 2019 level. The airline recorded a \$1.16 billion operating profit, which was [95%](#) above last year's \$594 million profit and [20%](#) above 2019's \$968 million income. At \$184.20, Southwest's average passenger fare during the second quarter was [35%](#) above 2021 and [17%](#) higher than in the second quarter of 2019.

Two routes join winter schedule

Southwest has announced plans for two new winter seasonal routes to be launched in [January](#). It is adding [weekly](#) services from Austin to Montrose, Colorado, and from Long Beach to New Orleans.

Spirit Airlines

Slots picked up at Newark

Spirit Airlines has picked up 16 peak hour slots at Newark formerly operated by Southwest Airlines.

Other airlines

Alaska Air Group

Q2 financials

Alaska Air Group reported sales of \$2.66 billion for the second quarter of 2022. This was up **74%** year-over-year and **16% above** the airline's Q2 2019 revenue. However, with operating costs soaring by 153%, Alaska Air's operating profit slumped by **66%** to \$187 million, with net profits dropping by a similar percentage. The rise in costs reflected the absence this year of government support for labor costs and a **183%** jump in the carrier's fuel bill.

SkyWest Airlines

Q2 profits weaken despite higher revenue

Utah-based SkyWest Airlines increased second quarter operating revenue by **22%** year-over-year to \$799 million. However, its operating profit decreased by **23%** to \$88.6 million. Alaska Airlines, American Airlines and Delta Air Lines are among the carriers for whom SkyWest conducts contract regional flying.

Start-up airlines

Canada Jetlines

Inaugural Toronto flights planned

Canadian start-up ultra-low-cost carrier Canada Jetlines will start flying from Toronto Pearson International airport to Winnipeg and Moncton on **August 15**.

Connect Airlines

Airline takes another step towards launch

Connect Airlines has received a certificate of convenience and necessity from the US Department of Transportation, allowing it to operate interstate scheduled air services. The airline will still need to complete proving runs required by the Federal Aviation Administration before it can commence operations. These should start on July 18 and run for four weeks.

Using a fleet of Dash 8-400 turboprops, U.S.-based Connect Airlines plans to launch with flights operating from Toronto's Billy Bishop airport to both Chicago and Philadelphia.

The information presented in this report represents the latest view as at July 31, 2022. We have carefully researched and checked the information contained. However, we do not guarantee or warrant the correctness, completeness or topicality of this article and do not accept any liability for any damage or loss as a result of the use of the information contained within this article.

If you have any questions or comments regarding this report, please email mike.eggleton@bcdtravel.co.uk to share your thoughts.