U.S. AIRLINE TRAFFIC IS UP BUT AIRLINES WANT MORE REVENUES

News / Airlines

Airline traffic is up and planes are full, though carriers still expect a key **revenue** measure to decline because of lower average fares.

Investors remained focused on bustling activity for airlines, however, and airline shares rallied Friday.

American Airlines traffic rose 7.2 percent in September compared with the same month last year. The average flight was 82.7 percent full, a record for the month and an increase from 80 percent in September 2014.

Still, the operator of American and US Airways said that it continued to expect that revenue for every seat flown one mile dropped by 6 percent to 8 percent in the third quarter compared with the same quarter last year. That's a key statistic in the airline business and it drops when average prices decline or fewer seats are filled — which did not happen at American.

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Other airlines have also predicted that the revenue ratio will decline. After rising for several years, average fares have dropped in 2015 as cheaper jet fuel prompted airlines to add more flights.

United Airlines reported late Thursday that September traffic increased 1.4 percent. That matched the company's increase in flying, so the average flight remained unchanged at 82.9 percent full. The company predicted that the per mile revenue figure for the third quarter would decline by 5.5 to 6 percent, a slight change from its previous outlook of a decline between 5 percent and 7 percent.

JP Morgan said United's numbers point to a record quarterly pretax profit. Deutsche Bank predicted that the U.S. airline industry would report a record $7.3 billion in pretax profit for the quarter, up from $5 billion a year ago, thanks to lower fuel prices.

Shares of American Airlines Group Inc. rose $1.68, or 4.2 percent, to $41.42, and United Continental Holdings Inc. rose $3.67, or 7 percent, to $55.93.

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