

Southwest Airlines Sees an Improvement in Travel Demand

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Southwest Airlines has reported seeing a “modest” increase in demand this August, leading it to update its latest forecast with a slightly more positive outlook.

The low-cost carrier now anticipates a 70 percent to 75 percent dip in revenue compared to the same month last year, according to CNBC. Southwest had previously projected sales to decline by as much as 80 percent compared to August 2019.

While capacity is also better than originally expected—Southwest’s planes are flying 40 percent to 45 percent full this August—the airline is anticipating that September capacity will be about 40 percent less than the same month last year with third-quarter capacity expected to fall by 30 percent to 35 percent.

Despite the latest projections and “inconsistent” booking trends in recent months since the COVID-19 pandemic began, Southwest is declining a \$2.8 billion government loan. The airline said it can secure financing elsewhere.

The airline was one of several carriers that recently agreed to terms with the U.S. Treasury Department for financial aid under the \$2.2 trillion CARES Act passed in March. Southwest has already received \$3.3 billion in government payroll support.

Looking ahead, Southwest projects cash burn for the third quarter to improve slightly as well from its previous forecast of \$23 million a day to \$20 million a day.

Now through Thursday, August 20 at 11:59 p.m. CT, Southwest customers can book flights from as low as \$49 one-way during the airline’s September and October fare sale.

