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Delta’s Strong Earnings Spark Broad Airline Stock Rally

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After a challenging stretch marked by economic uncertainty and wavering consumer sentiment, U.S. airline stocks finally caught a tailwind on Thursday. Delta Air Lines Inc. delivered quarterly earnings that surpassed expectations and reinstated its full-year forecast, signaling potential stability ahead for the broader airline industry.

Delta shares surged approximately 12% following its earnings report and guidance reinstatement, while United gained about 14.3%, American nearly 14%, Southwest rose about 8%, and Alaska Air climbed approximately 9%, reflecting broad investor enthusiasm across airline stocks.

Over the past several months, many major airlines have withdrawn their financial forecasts for 2025, as uncertainty surrounding tariffs and weakening consumer sentiment has raised concerns about future demand. Bookings, a key metric for the airline business, had shown signs of slowing, putting pressure on the sector.

Delta's second-quarter report painted a different picture. The airline reported that bookings had stabilized and showed strength in high-value segments. Revenue from premium ticket sales rose 5% year-over-year, and loyalty program revenue increased by 8%. While standard main cabin fares showed some weakness, the overall results indicated a more resilient customer base than previously expected.

Delta reported revenue of $15.51 billion and adjusted earnings per share of $2.10, slightly above forecasts, while its operating margin came in at 13.2%, down from roughly 14.7% in the same quarter last year.

Delta Chief Executive Officer Ed Bastian expressed optimism for the remainder of 2025, emphasizing the company's focus on strategic execution and strong cash flow. He also highlighted the importance of managing controllable factors in an unpredictable environment.

Investors and analysts are now turning their attention to upcoming earnings reports from United Airlines, American Airlines, Southwest Airlines, and Alaska Air. Many will be watching closely to see whether these carriers can mirror Delta's performance and potentially bring back their suspended financial forecasts.

The mood in the market suggests renewed hope that the worst may be behind the sector. With bookings firming up and cost pressures easing, the U.S. airline industry could be approaching a more stable cruising altitude in the second half of the year.

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