
American meets profit estimates as airfare price power gains

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American Airlines Group Inc.'s fourth-quarter profit matched analysts' predictions as a tighter supply of seats and flights allowed carriers to raise prices on lucrative business fares.

Adjusted earnings were 92 cents a share, the Fort Worth, Texas-based airline said in a statement Friday. Sales rose 1.7 percent to \$9.79 billion, topping the \$9.74 billion that was the average of estimates compiled by Bloomberg.

Major U.S. airlines are getting a boost from increased pricing power after the four biggest carriers slowed expansion during 2016 in an effort to bring capacity in line with demand. A pick up in travel late last year enabled airlines to boost the price of tickets purchased shortly before trips.

American's total revenue from each seat flown a mile climbed 1.3 percent in the fourth quarter, the first increase since before a fare war erupted in early 2015. Since then, investors have closely tracked the benchmark, which is known as unit revenue, as a measure of pricing power.

"We had the largest improvement in unit revenue among our competitors," Chief Executive Officer Doug Parker said in the statement. "As we look forward, we continue to see strong demand for air service and improving yields."

The shares rose 2.7 percent to \$50.95 at 7:52 a.m. in New York, before the start of regular trading.

(By Mary Schlangenstein, Bloomberg)