Airline seasonality trends

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Introduction

- Dynamic industry that is affected by a wide array of factors
- Represents a total of 3.5 trillion in GDP
- Made up of a small group of carrier niches

What is seasonality

Seasonality is the study of common patterns and changes that occur in relation to the time of the year. For example, increased water consumption in the summer is an example of seasonality. Within the Airline industry, there are many forms of seasonality whether it is weekly, monthly, or yearly. This is focused on the monthly trends within the industry, and how these factors shape the returns within the industry. There are many examples that will be shown to help understand these general trends.

The airline industry will constantly face many issues, like political instability, unpredictable weather, staffing related issues, fuel prices, changing regulations, and more. The COVID-19 pandemic also had huge impacts on the industry causing a fall-off in global demand for airline services for well over a year, which led to huge falls in stock prices related to these stocks. These are all prime examples of how seasonality can change on a yearly basis, so it is not safe to assume that the industry will always follow these seasonal trends.
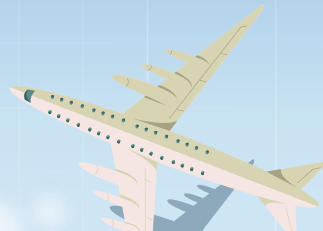
High and Low Seasons

High Season

High seasons are considered a season with increased demand for travel, that being June-August and the winter holidays in December through January

Low Season

The low season within the industry is September-November and February- May. These are months with decreased demand for air travel.
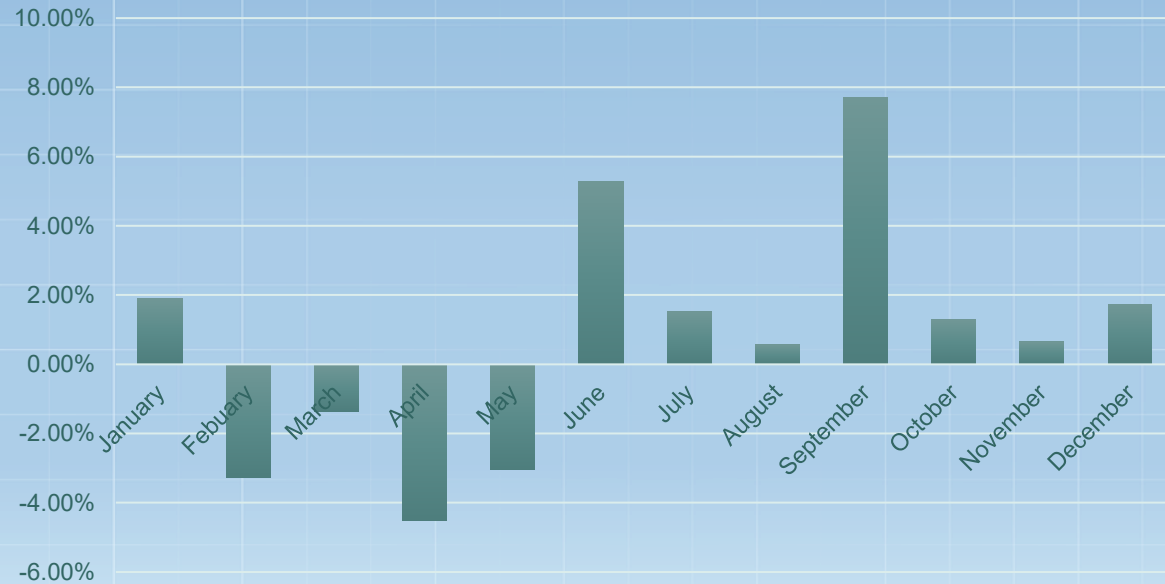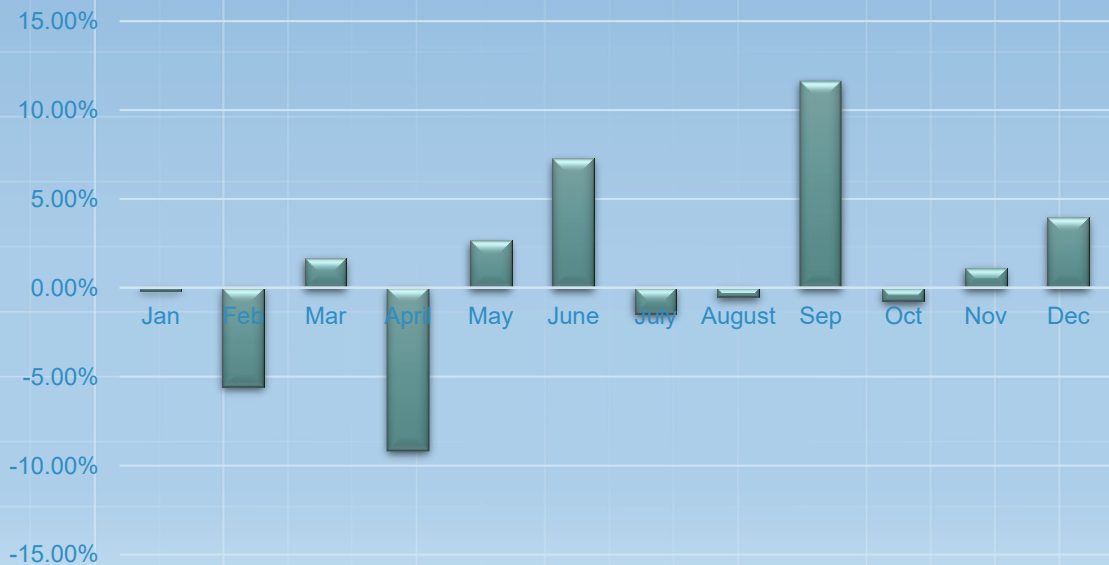
DATA: Northern Hemisphere

Average Monthly Returns

DATA

Southern Hemisphere Average Monthly Returns

DATA: Southern Hemisphere

Gol Linas Average Monthly Returns
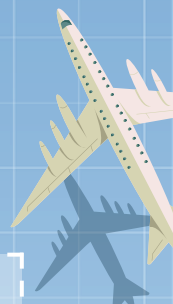
Daily Returns

Northern Hemisphere

Experiences highest returns on Tuesday

Southern Hemisphere

Experiences highest returns on Wednesday

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	01	02	03	04	05	06
07	08	09	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SWOT Analysis

North America
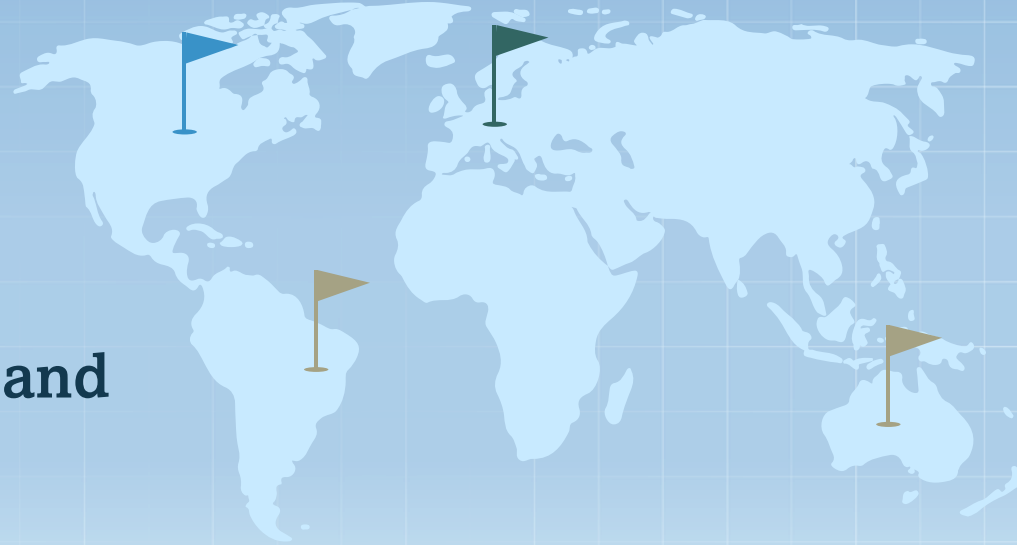
Lack of competition from other travel sources

Europe

Diverse marketplace with lots of niche's

South America and Australia

Growing demand for services due to overall economic growth and scenic views

SWOT Analysis

STRENGTHS:
- The rise of low-cost carriers has increased competition and made air travel more affordable for consumers
- Technological advancements have led to increased efficiency and profitability for airline companies.
- The airline industry provides an essential service to travelers worldwide, and there is an increasing demand for air travel

WEAKNESS:
- The airline industry is vulnerable to external factors such as fuel prices, natural disasters, and political instability
- High fixed costs and overcapacity can lead to reduced profitability and financial losses.

OPPORTUNITIES:
- The increasing demand for air travel in emerging markets presents growth opportunities for airline companies.
- The growing trend of business and leisure travel presents opportunities for companies to expand their services and target specific market segments.

THREATS:
- Economic downturns and recessions can lead to decreased demand for air travel and reduced profitability.
- Security threats and terrorist attacks can negatively impact consumer confidence and lead to decreased demand for air travel.

Conclusion

The airline industry overall experineces unique seasonality trends unlike every other sector. They experience inverse relationships due to weather, holidays, and other related elements that allow investors to speculate much more between companies of different hemispheres. This trend has been well definied over the ten years of data pulled to conduct this research.

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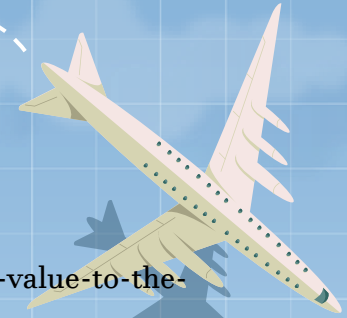
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