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Turbulence from Omicron is bitter twist for airlines

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likely. EasyJet promised growth when it knocked back a takeover attempt from Wizz Air earlier this year but that now looks difficult. The Hungarian challenger may want to consider a second tilt.

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COMMENT

IF YOU'VE turned on a TV recently you've probably been serenaded by the choral stirrings of British Airways.

The airline has launched its first new ad campaign since the pandemic struck. It shows crew and pilots awaking from hibernation.

The marketing blitz coincides with the resumption of flights to the US, BA's big money spinner. The lifting of travel bans meant things were finally looking up for BA after a torrid two years. At least that was the plan. Then along came Omicron.

Shares in BA's parent company IAG have sunk almost 20% since the Covid-19 variant was identified at the end of last week. Analysts are now raising doubts about rival Virgin Atlantic's efforts to raise £400 million. Shares of other travel companies have tumbled too.

It's easy to see why investors are hitting the sell button. EasyJet today laid bare the incredible cost of restriction: losses of more than £2 billion in two years.

Travel restrictions remain limited for now but that could change in short order. We still know very little about Omicron. New information could prompt tougher measures.

Airlines have already tapped up investors for billions and many shareholders will now be nervous that another cash call could be on the way soon.

Investors won't cough up forever. Consolidation looks