

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\* MONDAY, OCTOBER 17, 2022 ~ VOL. CCLXXX NO. 91 WSJ.com ★★★★★ \$5.00  
Last week: DJIA 29634.83 ▲ 338.04 1.2% NASDAQ 10321.39 ▼ 3.1% STOXX600 391.31 ▼ 0.1% 10-YR. TREASURY ▼ 29/32, yield 4.005% OIL \$85.61 ▼ \$7.03 EURO \$0.9722 YEN 148.75

## What's News

### Business & Finance

**Risks of the worldwide** economic slowdown turning into a steeper slump are rising, finance officials around the globe are warning, as strong inflation, high energy costs and climbing interest rates take hold. **A1**

◆ **U.S. workers in China's** domestic chip industry are in limbo under new American export-control rules that prohibit U.S. citizens from supporting China's advanced chip development. **A1**

◆ **Goldman Sachs** plans to fold its biggest businesses into three divisions, undertaking one of the biggest reshuffles in the Wall Street firm's history. **A1**

◆ **Three senior KFC** executives gave notice that they will retire at the end of November as rising interest rates threaten to reduce lump-sum payouts for corporate pensions. **B1**

◆ **Activist investor Starboard** has a sizable stake in Splunk and plans to push the software maker to take action to boost its stock price, according to people familiar with the matter. **B1**

◆ **P&G, Netflix and Tesla** highlight a busy coming week of earnings as persistent inflation and climbing interest rates stoke talk of a recession. **B3**

◆ **SPAC sponsors** made profits while investors in the businesses brought to market experienced significant losses as the blank-check-company boom fizzled in recent years. **B4**

### World-Wide

◆ **China's Xi Jinping** in a speech to a Communist Party congress cast himself as the decisive leader his country needs in surmounting great adversity, pledging to build a more secure, powerful and egalitarian nation as he signaled plans to extend his decadelong rule. **A1, A8**

◆ **Russia's failure** to establish air superiority in the war's early days was a critical blunder, Western military officials say, leaving Moscow unable to stop Ukrainian attacks on the invader's forces with U.S.-supplied artillery and other weapons. **A6**

◆ **Democratic candidates** outraised their Republican opponents in 10 of the most-competitive Senate races as the midterm campaigns headed into the final stretch before Election Day, filed reports show. **A4**

◆ **U.K. leader Truss** is battling to save her job after what many political analysts and members of her Conservative Party regard as the worst start to a British premiership in modern times. **A20**

◆ **The protest movement** sweeping Iran spread to Tehran's Evin Prison, with detained dissidents chanting antigovernment slogans before violence erupted and a deadly fire engulfed the facility. **A20**

◆ **The State Department** is expanding outreach to U.S. technology firms to get them more involved in some top national-security challenges, U.S. officials said. **A5**

### JOURNAL REPORT

5G Technology: The space race for satellite networks. **R1-12**

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## Risks of A Deeper Global Slump Escalate

Finance officials warn rising borrowing costs and high inflation boost chances of a recession

By Andrew Duehren

WASHINGTON—Risks of the worldwide economic slowdown turning into a steeper slump are rising, finance officials around the globe are warning, as strong inflation, high energy costs and climbing interest rates take hold.

Another bad U.S. inflation report last week is likely to keep the Federal Reserve lifting interest rates at a rapid clip. That could help spur the U.S. dollar higher, further elevating the cost of imports and debt service for many countries. Key energy producers are crimping supply, feeding price pressures and slowing economic activity, particularly in Europe. New data from China showed consumer spending falling sharply, another sign of cooling economic growth.

The uncertainty in the global economy has roiled markets, driving some wild swings. Markets had been hit by almost relentless selling heading into a short-lived rally toward the end of last week.

This coming week, as more companies plan to post third-quarter results, expectations for corporate earnings have

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- ◆ The Outlook: Recession is called more likely..... A2
- ◆ Bear-market rally seen in wild shifts..... B1

## Chip Rules Snag U.S. Executives

By Liza Lin and Karen Hao

SINGAPORE—U.S. workers hold key positions throughout China's domestic chip industry, helping manufacturers develop new chips to catch up with foreign rivals. Now, those workers are in limbo under new U.S. export control rules that prohibit U.S. citizens from supporting China's advanced chip development.

At least 43 senior executives working with 16 publicly listed Chinese semiconductor companies are U.S. citizens, according to an examination of company filings and official websites by The Wall Street Journal. Many of them hold C-suite titles, from chief executive to vice president and chairman.

Almost all of the executives moved to China's chip industry

after spending years working in Silicon Valley for U.S. chip makers or semiconductor equipment firms, according to the companies' filings.

Their work histories reflect the free flow of talent across companies and borders over the years. Some were drawn to China through initiatives including the country's "Thousand Talents" program, which was introduced in 2008 by the Chinese government to boost research standards.

The Commerce Department imposed export controls this month over an array of chips and chip-making technology, marking the U.S.'s biggest salvo against China's tech industry so far.

In a rare move that caught the industry off guard, it also sought to restrict the use of American know-how by bar-

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## 'Sad World': Meta's New Flagship Is Falling Short

Documents depict a glitchy metaverse with uninterested users

Nearly a year after Mark Zuckerberg rebranded Facebook as Meta Platforms Inc. in a bet-the-company move on the metaverse, internal documents show the transition grappling with glitchy technology, uninterested users and a lack of clarity about what it will take to succeed.

By Jeff Horwitz, Salvador Rodriguez and Meghan Bobrowsky

While Mr. Zuckerberg has said the transition to a more immersive online experience will take years, the company's flagship metaverse offering for consumers, Horizon Worlds, is falling short of internal performance expectations.

Meta initially set a goal of reaching 500,000 monthly active users for Horizon Worlds by the end of this year, but in recent weeks revised that figure to 280,000. The current tally is less than 200,000, the documents show.

Most visitors to Horizon generally don't return to the app after the first month, and the user base has steadily declined since the spring, according to the documents, which include internal memos from employees.

By comparison, Meta's social-media products, including Facebook, Instagram and WhatsApp, together attract more than 3.5 billion average monthly users—a figure equivalent to almost half the world's population. Horizon is currently reaching less than the population of Sioux Falls, S.D.

Horizon is designed to be a sprawling collection of interactive virtual spaces, or worlds, in which users appearing as avatars can shop, party and work. Yet there are rarely any girls in the Hot Girl Summer Rooftop Pool Party, and in Murder Village there is often no one to kill. Even the company's showcase worlds, such as Questy's, a virtual arcade featured in a Super Bowl commercial.

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## A Salt-Loving Nation Tries Hard To Shake the Habit

Researchers in Japan are developing high-tech chopsticks that trick eaters

By Miho Inada

TOKYO—Pickled squid inwards and cucumbers in brine are among the foods that make Japanese meals strikingly salty. Don't forget the soy sauce.

Government health officials worry all that salt is driving high blood pressure, a condition sprinkled across half the adults in Japan. Yet rather than trying to remake Japanese cuisine, food researchers are working to sate salt lust without sodium's unsavory side effects.

Beer maker Kirin Holdings Co. has developed chopsticks that deliver an electric current to trick taste buds into tasting a lot of salt in foods that have only a little. Dipping the utensils into a bowl of low-sodium miso soup makes it taste like the real thing. A four-position dial controls the degree of saltiness, and it works for soups, stews and other dishes with liquid.

Maneuvering the high-tech chopsticks—still in the laboratory stage—is less than elegant. Please turn to page A12



### INSIDE



**BUSINESS & FINANCE**  
KFC parent loses managers as interest rates hit pension plans. **B1**



**PERSONAL JOURNAL**  
Designer Ralph Lauren holds his first fashion show on the West Coast. **A14**

## Goldman to Combine Businesses Into 3 Units

By Justin Baer

Goldman Sachs Group Inc. plans to fold its biggest businesses into three divisions, undertaking one of the biggest reshuffles in the Wall Street firm's history.

Goldman will combine its flagship investment-banking and trading businesses into one unit, while merging asset and wealth management into another, people familiar with the matter said. Marcus, Goldman's consumer-banking arm, will be part of the asset- and wealth-management unit, the people said.

A third division will house transaction banking, the bank's portfolio of financial-technology platforms, specialty lender GreenSky, and its ventures with Apple Inc. and General

Motors Co., the people said. The reorganization could be announced within days, the people said. Goldman is scheduled to report third-quarter earnings Tuesday.

It is unclear how the makeover will shake up Goldman's senior leadership team, though at least a few executives will have new roles, the people said. Marc Nachmann, the firm's co-head of trading, will slide over to help run the combined asset- and wealth-management arm, they said.

The reorganization is the latest step in Chief Executive David Solomon's push to shift Goldman's center of gravity toward businesses that generate steady fees in any environment. It also reflects the firm's struggle to overcome skepticism. Please turn to page A5



# U.S. NEWS

THE OUTLOOK | By Harriet Torry and Anthony DeBarros

## Recession Now Seen as More Likely

The U.S. is forecast to enter a recession in the coming 12 months as the Federal Reserve battles to bring down persistently high inflation, the economy contracts and employers cut jobs in response, according to The Wall Street Journal's latest survey of economists.

On average, economists put the probability of a recession in the next 12 months at 63%, up from 49% in July's survey. It is the first time the survey pegged the probability above 50% since July 2020, in the wake of the last short but sharp recession.

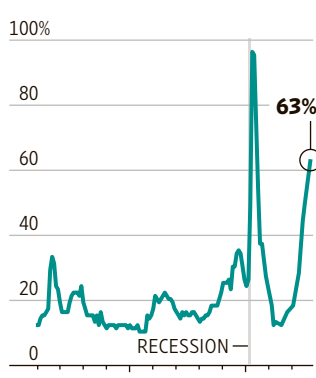
Their forecasts for 2023 are increasingly gloomy. Economists now expect gross domestic product to contract in the first two quarters of the year, a downgrade from the last quarterly survey, when they penciled in mild growth. On average, the economists now predict GDP will contract at a 0.2% annual rate in the first quarter of 2023 and shrink 0.1% in the second quarter. In July's survey, they expected a 0.8% growth rate in the first quarter and 1% growth in the second.

Employers are expected to respond to lower growth and weaker profits by cutting jobs in the second and third quarters. Economists believe that nonfarm payrolls will decline by 34,000 a month on average in the second quarter and 38,000 in the third quarter. According to the last survey, they expected employers to add about 65,000 jobs a month in those two quarters.

Forecasters have ratcheted up their expectations for a recession because they increasingly doubt the Fed can keep raising rates to cool inflation without inducing higher unemployment and an economic downturn. Some 58.9% of economists said they think the Fed will raise interest rates too much and cause unnecessary economic weakness, up from 45.6% in July.

Economists surveyed in October by The Wall Street Journal forecast a 63% likelihood the economy will head into recession within 12 months as the Federal Reserve raises interest rates to battle inflation.

Probability the U.S. is in a recession in next 12 months including today



Economists in October were more likely to say that the Fed will raise interest rates too much, causing unnecessary economic weakness.

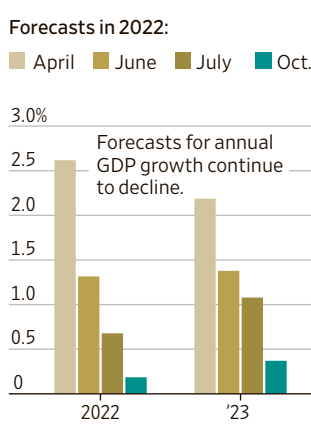
Note: Annual GDP change is from fourth quarter to fourth quarter. Source: Wall Street Journal surveys of economists

"Soft landing" will likely remain a mythical outcome that never actually comes to pass," said Daniil Manaenkov, an economist at the University of Michigan. A soft landing occurs when the Fed tightens monetary policy enough to reduce inflation, but without causing a recession.

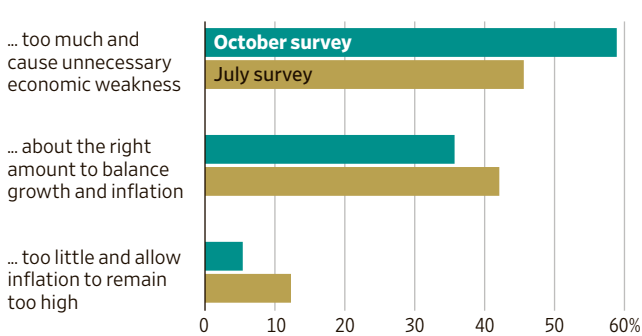
"The coming drag from higher rates and stronger dollar is enormous and will knock off about 2.5 percentage points from next year's GDP" growth, said Aneta Markowska, chief economist at Jefferies LLC. "In light of this, it's hard to imagine how the U.S. can avoid a recession."

Economists' average fore-

U.S. Gross Domestic Product, annual change



The Fed will raise interest rates ...

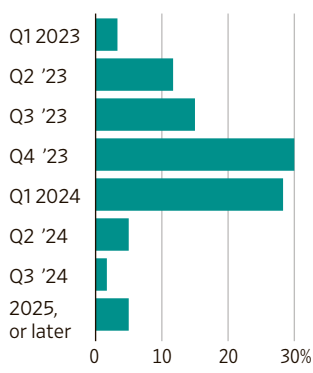


casts suggest that they expect a recession to be relatively short-lived. Of the economists who see a greater than 50% chance of a recession in the next year, their average expectation for the length of a recession was eight months. The average postwar recession lasted 10.2 months.

For the year as a whole, they expect the economy to grow 0.4% in 2023, through the fourth quarter compared with the fourth quarter of the prior year. In 2024, they see the economy growing 1.8%.

Still, forecasters expect the labor market to weaken in the months and years ahead. They predict the unemployment rate,

When do you expect the Federal Reserve to reverse course and make its next rate cut?



which was 3.5% in September, will rise to 3.7% in December and 4.3% in June 2023. Economists' average forecast for the jobless rate at the end of next year is 4.7%, and they expect it to stay broadly at that level through 2024.

While a 4.7% unemployment rate is low by historical comparison and indicative of the current worker shortage, it suggests that the Fed's efforts to bring down inflation will inflict some pain on workers.

"The Federal Reserve is choosing between the lesser of two evils—take a recession today or risk a more corrosive and entrenched inflation taking root," said Diane Swonk of KPMG.

The past few years have been volatile for the U.S. economy as it faced shocks including the Covid-19 pandemic and Russia's invasion of Ukraine. In 2019, before the pandemic hit, the economy grew 2.6%. GDP contracted 1.5% in 2020 and bounced back strongly in 2021, posting 5.7% growth. This year, as consumers and businesses grapple with high inflation and supply-chain issues, economists expect the economy to eke out growth of 0.2%.

Interest-rate increases by the Fed are expected to further slow demand for housing next year. Economists expect home prices to decline 2.2% in 2023, measured by the U.S. Federal Housing Finance Agency's seasonally adjusted purchase-only house price index. That would mark the first such decline since 2011.

The Fed has raised its benchmark federal-funds rate by 0.75 point at each of its last three meetings, most recently in September, bringing the rate to a range of 3% to 3.25%. Another uncomfortably high inflation reading for September is likely to keep the Federal Reserve on track to increase interest rates by 0.75 percentage point at its meeting next month.

Economists on average expect the Fed to lift the federal-funds rate to 4.267% in December, which implies at least one more increase of 0.5 point that month. They see the federal-funds rate peaking at 4.551% in June next year.

Most economists expect that the Fed will eventually have to reverse course and start cutting rates late next year or in early 2024.

The survey of 66 economists was conducted Oct. 7 to 11. Not every economist answered every question.

◆ Recession talk rises as earnings season ramps up..... B3

### ECONOMIC CALENDAR

**Monday:** China's National Bureau of Statistics releases third-quarter gross domestic product, along with September retail sales and fixed-asset investment, a measure of infrastructure and equipment investing. China's economy expanded at a 0.4% annual rate in the second quarter, its weakest growth rate in more than two years.

**Tuesday:** The Federal Reserve releases September figures on industrial production, which measures the output of factories, mining and utilities. Industrial output decreased 0.2% in August from the prior month.

The National Association of Home Builders releases its October housing-market index, based on a survey of home builders on single-family housing market conditions. The index declined in September for the ninth consecutive month to its lowest level since May 2020 amid higher construction costs and rising interest rates.

**Wednesday:** The U.K.'s Office for National Statistics releases inflation data for September. The U.K.'s consumer-price index rose 9.9% in August from a year earlier, down from a 10.1% rise in July as gasoline prices dropped.

The Commerce Department releases September figures on new residential construction and building permits. Housing starts rose 12.2% in August from the month before while building permits decreased 10% in the same period.

**Canada's statistics agency releases inflation data** for September. Canada's annual inflation rate rose 7% in August from a year earlier.

The Fed releases its periodic compilation of economic anecdotes collected from businesses around the country, known as the **Beige Book**. The report will include details from businesses on inflation, employment and output growth.

**Thursday:** The National Association of Realtors reports sales of previously owned homes in September. Existing-home sales fell for the seventh straight month in August to a seasonally adjusted annual rate of 4.8 million, the weakest rate since May 2020.

## Economic Outlook Darkens

Continued from Page One

International Monetary Fund Managing Director Kristalina Georgieva said last week at a gathering of global finance officials in Washington that "the worst is yet to come."

"Across many economies," she said, "recession risks are rising."

Economies representing more than a third of global output will contract next year, while the world's three largest economies—the U.S., the European Union and China—will essentially stall, the IMF forecasts. Overall, the fund projects 2.7% growth in 2023, down from 3.2% this year.

"The situation is worse than during Covid-19," Mohamed Maait, the Egyptian finance minister, said Wednesday on a panel hosted by the Center for Global Development.

Many of the policy makers at last week's meetings in Washington see high U.S. inflation and the Fed's response as a central threat to their own economic prospects.

The U.S. consumer-price index rose 8.2% in September from a year earlier, with core prices—which exclude volatile food and energy prices—rising 6.6%. That was the fastest rate in four decades, a sign of strong underlying price pressures.

The core-CPI reading likely keeps the Fed on track to raise its benchmark interest rate by 0.75 percentage point next month. The report heightens the risk officials will delay a slowdown in rate increases.

The Fed's rapid rate increases this year have helped draw investors into U.S. markets and pushed up the value of the dollar. The stronger greenback puts pressure on other central banks to raise their own interest rates to protect their currencies, possibly further slowing growth.

"All of us would like to know what will be the Fed reaction in the coming months

because the strength of the dollar keeps the pressure on our currencies," Barnabás Virág, deputy governor of Hungary's central bank, said Monday at an event sponsored by the Institute of International Finance.

The U.S. economy has shown signs of resilience this year. The labor market is cooling but remains healthy. U.S. retail spending was unchanged in September from August and up 8.2% from a year earlier, the Commerce Department said Friday.

The IMF forecasts the U.S. economy will expand 1% next year, down from 1.6% this year. Economists polled by The Wall Street Journal put the probability of a U.S. recession in the next 12 months at 63%, up from 49% in July's survey.

The U.S. economy's momentum worries other countries because it gives the Fed latitude to raise interest rates even more. Sri Mulyani Indrawati, the finance minister of Indonesia, said in an interview.

A weakening global economy, high interest rates and a strong dollar "really can hurt

**'The worst is yet to come....Across many economies, recession risks are rising.'**

all countries in the world," Mrs. Sri Mulyani said.

"A global recession is very possible," she said.

Russia's war in Ukraine weighs on the world economy. It has hampered exports of food and fertilizers from the countries, endangering 345 million people, the IMF said. Russia has throttled back natural-gas supplies to Europe, sending manufacturers there reeling and pushing many economies there to the brink of recession.

"Europe faces particularly serious strains because of what's happening to energy prices there," Treasury Secretary Janet Yellen said during a news conference Friday. Many emerging-market countries "face a host of significant problems," she said.

Meanwhile, the Organiza-

tion of the Petroleum Exporting Countries and its Russian-led allies recently announced a major production cut, which raised oil prices. The International Energy Agency warned Thursday the decision could be a tipping point for the global economy to enter a recession.

There is no official definition of a global recession, but many economists said one essential element is economic growth falling below population growth, or roughly 1.1%. The World Bank forecasts global growth of 1.9% next year.

"That's dangerously close to a world recession," said David Malpass, World Bank Group president.

Another risk to the global economy is the danger that rapidly rising interest rates will trigger financial-system disorder, the IMF warned in a report last week.

A U.K. tax-cut plan aimed at stimulating growth triggered a major bond selloff last month that forced the Bank of England to step in to stabilize the financial system. The U.K. government reversed key parts of the plan Friday, partly because of the market reaction.

Economic policy makers around the world are monitoring stresses in financial markets, knowing from history that climbing interest rates can cause threats to financial stability from unexpected sources.

Lending from the Fed's so-called discount window for emergency loans ticked up in recent weeks, to \$7.67 billion as of Wednesday, the highest level since June 2020.

The Fed also lent \$6.5 billion to two foreign central banks last week, part of standing arrangements to extend dollars and relieve pressures in dollar-funding markets.

"The thing I'm mindful of is we're dealing with an economy that is readjusting to an extraordinary shock," said Kansas City Fed President Esther George in a webinar hosted by S&P Global Ratings on Friday. "Moving too fast can disrupt financial markets and the economy in a way that could ultimately be self-defeating."

—David Harrison, Alexander Saeedy, Nick Timiraos and Andrew Ackerman contributed to this article.

## Heating Bills This Winter Expected to Top Last Year's

By RYAN DEZEMBER

High fuel prices have been a big driver of inflation, pumping up the cost of summer travel and air conditioning, and federal energy forecasters say that staying warm this winter will be more expensive as well.

Americans should expect bigger home-heating bills compared with last winter, thanks to higher prices for natural gas, heating oil, propane and electricity as well as slightly colder weather, the U.S. Energy Information Administration said in its seasonal outlook.

Government energy specialists predict it will cost \$931 to warm the typical home that is heated with natural gas between this month and March. That is up 28% from a year earlier in nominal terms. If it gets colder than federal weather forecasters expect, heating bills could be 51% more than last year for homes with gas-fueled furnaces and boilers, which is nearly half of U.S. households. A 19% year-over-year jump is anticipated if it is a warm winter.

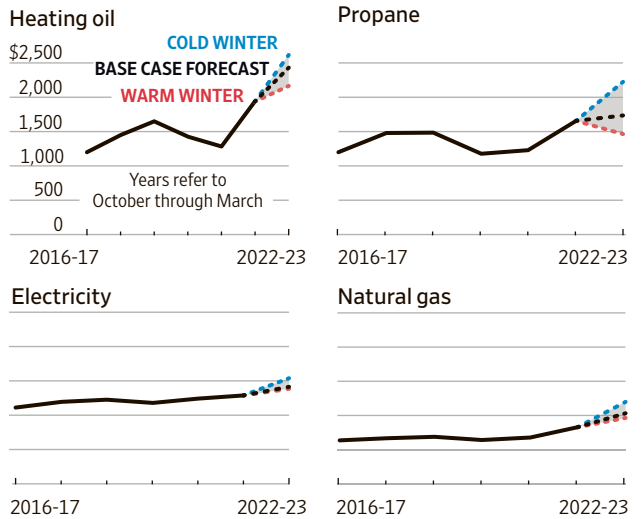
The base case for those who burn heating oil—mainly in the Northeast, where low imports and closed refineries have reduced supply—is for 27% greater expense. Those with propane, popular in rural areas, and electric heat are expected to pay 5% and 10% more, respectively, if temperature forecasts hold.

"Winter energy expenditures for most households are likely to be higher than last winter," said Joseph DeCarolis, EIA administrator. "Much higher if the weather is very cold."

A really chilly winter could throw energy markets back into overdrive and turn up the pressure on central bankers, who are fighting inflation with steep interest-rate increases.

Fuel prices have come down from summer highs as inventories built up from critically low levels.

Historical and forecast average household winter heating expenditures by energy type



Source: U.S. Energy Information Administration. Aziz Sunderji and Thaddeus Chambers/THE WALL STREET JOURNAL

As recently as August, the outlook for winter-fuel prices looked a lot worse for consumers. Natural-gas futures hit shale-era highs above \$10 per million British thermal units, and the amount of gas in storage was more than 12% below normal levels. Sky-high coal prices kept gas consumption among U.S. power plants

at all-time highs, while Russia's invasion of Ukraine created insatiable demand in Europe for overseas shipments of liquefied natural gas. Natural-gas prices have declined by about a third since then.

◆ Europe's energy resolve faces test this winter..... A7

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## U.S. NEWS

## Lyft Fights Newsom on Measure to Fund EVs

BY PREETIKA RANA

Lyft Inc. is leading the fight for a new green tax in California, pitting the ride-sharing company against the governor over who should pay for the shift to electric vehicles.

San Francisco-based Lyft is the biggest financier of efforts to pass a November ballot measure that seeks to make the wealthiest Californians pay some of the costs of transitioning to greener forms of transportation and fund wildfire prevention. Lyft and other supporters are proposing an additional 1.75% tax on income earned over \$2 million for the next 20 years, arguing that more money is needed to engineer the state's shift to cleaner energy.

Gov. Gavin Newsom—who has backed some of the strictest environmental laws in the country—surprised many in California when he came out against the ballot measure, known as Proposition 30. The Democrat is appearing in a television ad calling it “a cynical scheme devised by a single corporation to funnel state income tax revenue to their company.”

Lyft rebuts Mr. Newsom's suggestion, saying that tax revenue would go to state agencies leading the transition and that none of it would be earmarked for the ride-sharing

**Both camps say they support cleaner energy; they disagree on who should pay.**

industry. The company has provided almost all of the \$47.8 million backing Prop 30, which was originally proposed by environmental groups.

The No campaign has so far raised \$19 million from donors such as the California Teachers Association, Netflix Inc. Chief Executive Reed Hastings, Sequoia Capital's Michael Moritz and Silicon Valley investor Sam Altman, according to campaign filings. The campaign said it spent roughly half of the money raised on airing Gov. Newsom's ads.

Both camps say they support the switch to cleaner energy. They disagree on who should pay for it.

Some 80% of the \$100 billion in tax revenue the measure could generate over the next two decades would be spent on charging stations and motivating consumers to buy electric vehicles, according to the state Legislative Analyst's Office. About 20% would be used to combat fires. Transportation and wildfires account for most of California's carbon emissions.

Polls showed the measure had a good chance of passing in the left-leaning state until Mr. Newsom jumped into the fray with the ad campaign last month. Prior polls had shown support well above 50%, but an October poll by UC Berkeley's Institute of Governmental Studies showed support slipping below 50%.

Companies such as Lyft stand to benefit if the proposal is passed because California requires 90% of ride-share miles to be traveled on zero-emission vehicles by 2030. That transition is expected to result in huge spending as drivers have to change vehicles and companies have to help ensure they have convenient charging stations.

Lyft's spending on Prop 30 is “kind of like a drop in the bucket” compared with the costs of electrifying its fleet, said Robert Mollins, an analyst covering the ride-share industry for Gordon Haskett Research Advisors. “It's going to be a struggle to get electric vehicles in the hands of ride-share workers just because of the affordability,” he said.

Electric truck and SUV maker Rivian Automotive Inc. and electric-scooter startup Lime have also endorsed Prop 30. Uber Technologies Inc. said it isn't involved in the campaign and instead is focused on its own efforts to get drivers and riders to make the switch to EVs.



Damage from Hurricane Ian was seen in Florida's Fort Myers Beach. Ian is expected to set a record for boat loss, surpassing superstorm Sandy.

## Boat Salvage Is Big Business After Ian

BY PETER GRANT

Heather O'Brien makes a living rescuing small boats and yachts in the waters near Fort Myers, Fla. Since Hurricane Ian, she has been busy.

On a typical weekend this time of year, Ms. O'Brien might get a dozen or so calls for help, mostly from locals who need a tow because their boat ran out of gas or their battery was depleted. After Ian, she received more than 2,000 calls, many of a much more serious nature.

The Category 4 storm left boats and yachts of all sizes stuck between buildings or tangled in mangrove trees. Others were smashed into cars, or stacked on top of each other like pickup sticks.

Ms. O'Brien, general manager of Sea Tow Fort Myers, is now methodically helping extricate these stranded and sunken vessels from the land and sea, acting as part sal-

vager, part psychologist to calm the nerves of emotional owners.

“I'm taking the time to speak to everyone who calls, to say: ‘I understand this is stressful,’” says Ms. O'Brien. “Please be patient.”

Hurricane Ian is expected to set a record for boat loss, surpassing superstorm Sandy, which in 2012 caused about \$650 million in damage to about 65,000 boats, according to officials in the insurance, salvage and boating industries. The hurricane's final tally probably won't be known until after the monthlong process of extracting boats from where the storm deposited them, then either junking or repairing them.

Greg Smith, a Fort Myers resident, went looking for his 56-foot charter fishing boat the day after the hurricane and found it crushing a vehicle across the street from where his marina used to be. “This

guy came up and said, ‘This your boat?’” Mr. Smith recalled. “I said: ‘Yep.’ He said: ‘You're sitting on my car.’ I said: ‘Well, I couldn't have helped that.’”

Gene Johnson, who has spent summers on his boat in Fort Myers, was at his main residence in White Bear Lake, Minn., when the storm hit. He saw a television newscast of a heavily damaged zone where his 63-foot yacht lay in the background. Its name, Front Page, was clearly visible.

“It was shocking,” he said. “For my wife, it was a lot of tears.”

Both Messrs. Smith and Johnson said that their boats are probably totaled and they aren't planning to replace them. “It's not the way I wanted to retire,” Mr. Smith said.

Ms. O'Brien said one of the hardest parts of the job is trying to calm down boat owners

and persuade them to wait for professionals to salvage their boats, rather than accept offers from amateurs. A mishandled job can do more damage to a boat than the storm.

“Some people are using tractors. Some people are putting lines on trucks to yank it out the yard,” she said. “They just want your \$5,000 and then want to move on to the next one.”

Still, much of the initial towing and untangling has fallen to marine-services businesses like the one owned by Ms. O'Brien's husband, Pat O'Brien. Tools of the trade include cranes, barges, air bags and winches to place boats in trailers or, if they are seaworthy, in the water for a tow. Chain-saws are for when a vessel is beyond salvation and needs to fit into a dump truck.

The O'Briens' business is one of 94 franchisees of Southold, N.Y.-based Sea Tow

Services International Inc. When big hurricanes hit, Sea Tow typically boosts its operations in stricken areas by moving in teams from other regions.

Sea Tow crews have been out on the water since the day after the storm hit. With reinforcements from other Sea Tow franchises, it now has four crews working with tow boats, barges, cranes, trailers and lift bags.

Sea Tow's trickiest salvages have included pulling a 26-foot, center-console boat out of a commercial building in Fort Myers Beach. Crews used a crane to avoid further damage to the vessel and property, lifting the boat to the back of a trailer.

Other boats have been wedged into swimming pools. Cranes and trailers have to be used to extract them, with straps that crews use to turn the boats after they are lifted.

## Solar Power Weathered Storm's Hit in Florida

BY JENNIFER HILLER

Neighborhoods powered by solar panels with backup batteries weathered the direct onslaught of Hurricane Ian in Florida, utilities and developers said, keeping the lights on throughout the storm while millions of others lost power.

At least three solar-powered communities near Fort Myers and Tampa made it through Ian without losing electricity. Some also had hardened electrical infrastructure, including buried

lines and stronger power poles, that helped them weather the storm and its aftermath.

At the new Medley neighborhood south of Tampa, utility Tampa Electric Co. has a pilot project with 37 new homes equipped with utility-owned rooftop solar and home batteries. When Ian knocked out power to about 295,000 customers in the area, Medley was disconnected from the rest of the electric system, but it never lost power.

The power systems of the

homes in Medley are linked, and solar on the roof of one home has the ability to power neighboring houses, said Archie Collins, chief executive of Tampa Electric, a subsidiary of Emera Inc.

“They were isolated from the grid, and they rode through the entire hurricane without any loss of power, whereas the neighbors who weren't on that microgrid unfortunately did lose power,” Mr. Collins said.

No power system is storm-proof. In recent years, some so-

lar infrastructure has weathered hurricanes unscathed while some has sustained damage—a continuing area of study for the National Renewable Energy Laboratory. To figure out best practices, the laboratory has looked at factors including system siting and design, maintenance and avoiding things such as solar rooftop overhangs that can catch the wind.

Ian wrought significant damage to Florida's electric infrastructure, especially to distribution lines that connect

communities to the grid.

Aging infrastructure and extreme weather events are affecting electric reliability across the U.S., causing more businesses and homeowners to buy backup generators and solar-plus-storage. Microgrids, which can create islands of power for campuses, businesses or neighborhoods amid a wider blackout, grew more than sevenfold between 2010 and 2019, according to the industry group Edison Electric Institute.

## Tourism Fatigue Triggers Ballot Items in Coastal Maine

BY JON KAMP

Voters in Bar Harbor, Maine, a tourism hot spot in the state known as Vacationland, are set to soon decide whether to turn back incoming waves of cruise passengers.

If the ballot question passes on Nov. 8, it would require Bar Harbor to limit the number of disembarking cruise-ship passengers to 1,000 a day. Today, ships with a capacity of roughly 4,000 guests regularly anchor there, sending thousands of people into the small downtown's streets or vehicles bound for nearby Acadia National Park.

Some days feature multiple ships of varying sizes. Charles Sidman, a 72-year-old investor behind the citizen's petition, said cruising passengers are clogging the small town of roughly 5,200 people and have become off-putting for locals and visitors alike.

“We are overrun,” Mr. Sidman said. “We think tourism is a good thing, we like to share it. But too much of a good thing turns into a bad thing.”

The cruise volume is typically heaviest in September and October as leaf peepers arrive to see the heavily forested state's colorful foliage. And numbers have been growing, with the ships back in force—167 are expected to call on Bar Harbor this year, and there are sometimes multiple



Some Bar Harbor residents complain about clogged streets, but the foot traffic is good for local shops.

ships a day—a temporary pandemic halt.

Bar Harbor has tried some measures to manage cruise-volume concerns. The town's primary ship anchorage is now tucked behind a small island near the downtown area, obscuring ships there from view. The town also reached an agreement with the cruise industry this year that would cap monthly passenger volume at 65,000 in September and October, a reduction of about 30% from current limits.

An industry group, Cruise Lines International Association, said it and its members are committed to sustainable tourism practices in port communities around the world. “Collaboration with community leaders, residents, port authorities, and others is key to providing solutions that also safeguard the economic health of communities,” the group said.

Some residents say the town didn't go far enough. “Smaller ships are what we think we need for sustainable tourism,”

said Jackie Levesque, 68, who is concerned about the environmental impact of big cruise ships.

The local chamber of commerce generally supports the town and industry agreement, said Alf Anderson, the chamber's executive director. But he said the ballot measure's tighter limits are too drastic.

Elsewhere in coastal Maine, voters in the state's largest city, Portland, are also to decide via a referendum next month whether to cap the number of disembarking passengers at 1,000 a day. In a wrinkle, that item remains on the ballot despite its backers pulling support after reaching an agreement with union groups meant to address emissions concerns by developing shore-based power stations.

The concept of tighter restrictions remains a live debate in Bar Harbor, which is located on Maine's Mount Desert Island and is a stopping point for many tourists heading to Acadia.

Some business owners there say the passengers don't overwhelm the town and have become vital contributors to the economy. “We live and die by the cruise-ship schedule,” said Robin Wright, who owns a local deli, bakery and pastry shop. Her deli sold 157 lobster rolls on a recent October day after a big ship arrived with thousands of passengers, triple what her sales would look like without the influx, she said.

The town courted cruise ships decades ago to help extend the tourism season beyond Labor Day. But concerns about the ships' impact were growing before the pandemic and continued after cruising resumed, said Kevin Sutherland, Bar Harbor's appointed town manager. A consulting firm in 2021 found slightly more than half of those surveyed there held negative views on the impact of cruise tourism. “We are experiencing this feeling of too much,” Mr. Sutherland said.



## U.S. NEWS

# Money Pours Into Senate Campaigns

Democrats outraise GOP opponents in most close races that will determine control

BY CHAD DAY  
AND JOHN MCCORMICK

Democratic candidates out-raised their Republican opponents in 10 of the most competitive Senate races as the midterm campaigns headed into the final stretch before Election Day, new fundraising reports filed with the Federal Election Commission show.

More than \$175 million flowed into the campaigns of Democratic Senate candidates across those races in the third quarter, according to reports filed over the weekend. That compares to nearly \$77 million for opposing Republican campaigns.

The filings show Senate campaigns from both parties in competitive states are burning through cash, with more than half of the 20 major party campaigns spending more than they raised in the quarter. Still, the money spent by campaigns has been dwarfed by the spending by super PACs, the campaign arms of the national parties and other outside groups.

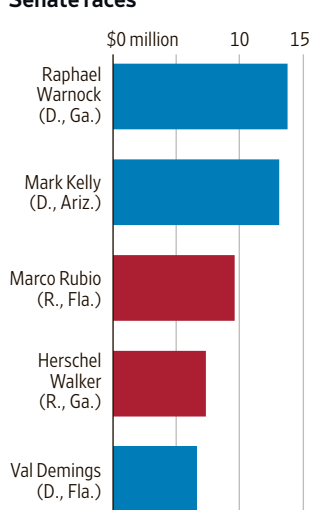
Through Saturday, about \$330 million from party committees and outside groups has gone into television, social media and radio advertising since Labor Day across the 10 competitive states, according to data from AdImpact. That figure includes some spending by the national parties in coordination with various campaigns.

Advertising purchases by GOP party committees and leadership-linked groups have largely offset any Democratic campaign cash advantage, AdImpact data show. From Labor Day through the weekend, Republican-backing groups have poured more than \$202 million into advertising, compared with \$127 million by Democratic groups.

The largest share of those ads are blanketing Democratic-held seats in Georgia and Nevada and GOP-held seats in Pennsylvania and Wisconsin, states with the tightest races and where control of the currently 50-50 split Senate will likely be decided. The nonpartisan Cook Political Report rates those contests as toss-ups. Seats in Arizona, Colorado, Florida, New Hampshire, North Carolina and Ohio are also considered competitive.

While the reports show

## Cash on hand in competitive Senate races\*

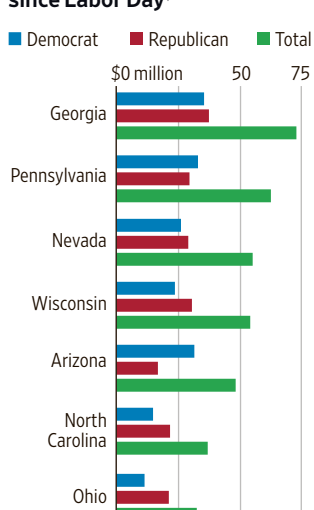


\*As of Sept. 30. †Includes spending by the candidates and their allies on broadcast, cable and satellite TV, as well as radio and digital through Oct. 14.  
Source: Federal Election Commission (top cash); AdImpact (ad spending)

Democratic campaigns with an edge over their opponents, big money doesn't always result in electoral success. In 2020, for example, Republican Sen. Susan Collins of Maine won reelection by nearly 9 percentage points despite being out-raised nearly 3 to 1 by her opponent.

Georgia Sen. Raphael Warnock, a Democrat, raised and spent the most of any Senate candidate. His campaign re-

## Top Senate race ad spending since Labor Day†



ported raising more than \$26.4 million from July through September, while spending more than \$34.8 million.

Mr. Warnock started the final stretch of the campaign with \$13.9 million in cash reserves, compared with \$7.4 million for his Republican opponent, former football star Herschel Walker. Mr. Walker raised \$11.7 million and spent just slightly less than that over the quarter.

Democratic Lt. Gov. John Fetterman out-raised celebrity surgeon Mehmet Oz in Pennsylvania's Senate race, \$22.4 million to \$15.9 million. Mr. Oz's total included a \$7 million loan from himself. Mr. Fetterman started October with more money in his campaign account than Mr. Oz, \$4.2 million to \$2.5 million.

In Arizona, Democratic Sen. Mark Kelly raised more than \$23 million, more than four times the \$5.1 million reported by Republican challenger Blake Masters, whose total included a personal loan of more than \$860,000. While Mr. Kelly spent nearly \$35 million in the quarter, he still started this month with more than \$13 million in cash on hand, compared with Mr. Masters's \$2.8 million.

Nevada Sen. Catherine Cortez Masto raised \$15.3 million and started October with roughly \$5.1 million in the bank. Her opponent, former Nevada Attorney General Adam Laxalt, reported cash on hand of \$4 million after raising \$6.2 million.

The \$20.4 million raised by Democratic challenger Lt. Gov. Mandela Barnes in Wisconsin was significantly more than the \$12.3 million collected by Republican Sen. Ron Johnson.

But the incumbent, who is leading in the polls, enters the final weeks with slightly more cash on hand, \$4.5 million to \$3.5 million.

In Ohio, Rep. Tim Ryan, a Democrat, raised more than twice as much as J.D. Vance, an author and venture capital investor. Mr. Ryan, a 10-term congressman, raised \$17.3 million, compared with \$6.9 million for Mr. Vance. But Mr. Vance, who gave his campaign a \$700,000 loan, started October with more than twice as much in his campaign account, \$3.4 million to \$1.4 million.

Like Mr. Masters in Arizona, Mr. Vance benefited from millions of dollars in advertising funded by billionaire Peter Thiel, a technology entrepreneur, ahead of his GOP primary win in May. But he has struggled to keep up with Mr. Ryan's fundraising since then, and the Senate Leadership Fund, a Republican super PAC allied with Senate Minority Leader Mitch McConnell, has had to move into the state in a significant way to bolster his campaign.

A win by Mr. Ryan in a state Republican Donald Trump twice won by 8 percentage points, would sharply alter Democratic prospects of winning control of the chamber.



## Afghan Children Face Bureaucratic Tangle in the U.S.

BY JESSICA DONATI

Mahsa Zahrabi, an Afghan teenager who was evacuated to the U.S. on her own after being separated from her family at Kabul airport last year, was sleeping on the floor in her aunt's unfinished basement in Virginia when a healthcare worker visited the home.

The healthcare worker, who had been called to check on the girl after Mahsa went to a local hospital with a panic attack, was alarmed by her living conditions. The healthcare worker tapped into her network of churches and volunteers and found her a foster family instead.

"I never told anyone because I didn't care. I came here, that's the biggest thing that happened in my life. I can go to school. I can go out. That's all we want. Freedom," said Mahsa, who was 16 when evacuated in August 2021.

Mahsa is one of the more than 1,550 Afghan children

who came to the U.S. without either parent, after being separated from them in the chaos at Kabul airport during evacuation flights more than a year ago. The majority have been placed with a family member or friend, according to the Office of Refugee Resettlement, leaving fewer than 100 in government care.

The government stops monitoring unaccompanied children soon after their release to a guardian. The Biden administration says that any family separated at the Kabul airport is eligible for a seat on a very limited number of evacuation flights out of Afghanistan, but families and their legal advocates have received conflicting guidance about the process.

The State Department declined to answer questions about the cases described in this article, citing privacy considerations. It didn't answer questions about how it prioritizes who to evacuate or how to get on its list for evacuation.

Mary Giovagnoli, senior counsel at Kids In Need Of Defense, which represents about 70 unaccompanied Afghan children, says it took months of advocacy to push the government to create a reunification policy at all. Meanwhile, troubled relations with the Taliban, the lack of an embassy presence and limited flights have restricted evacuation efforts to a trickle.

"There's very little written down on paper about this, nothing that has been handed out to people," Ms. Giovagnoli said. "I think it is in many ways, a classic bureaucratic hesitancy to want to provide information that could change from day to day."

Mahsa's new foster parents, Katlyn and Phil Williams, waited months for a refugee resettlement agency to provide details on the process. They found out last week that the agency hadn't gathered all the information needed to get her family on the State Department's list for evacuation.

Mahsa's case worker has since shared an application that needs to be filled out and sent to the State Department.

"They had no clue how long the process will be, and didn't detail how the attorneys are working or are involved," Mrs. Williams said, describing her call with the agency. "I asked why this pro-

## More than 1,550 Afghan children came to the U.S. without either parent.

cess wasn't started for Mahsa sooner, and the case worker couldn't give me any clear answer. If I hadn't reached out last week we'd still just be waiting."

The agency responsible for Mahsa's case, the Lutheran Immigration and Refugee Service, and its local affiliate, the

Lutheran Social Services of the National Capital Area, both declined to comment.

While waiting for answers, Mr. and Mrs. Williams helped Mahsa apply for asylum in the U.S. several months ago. Like all Afghans brought to the U.S. last year, Mahsa's right to remain in the country will expire after two years, along with all her documentation. The Afghanistan Adjustment Act, which is supposed to grant evacuees a permanent status in the U.S., has yet to pass in Congress.

Mahsa attends school, is studying to get her driver's license and works at a restaurant on the weekend to make money to send home. She is in regular contact with her mother in Afghanistan.

Ten-year-old Abdul Basit Nahibi is one of the many Afghan unaccompanied children who have received no news about when, if ever, they will see their parents again. He has been taken to the emergency room for panic attacks.

He got separated from his parents and siblings at Kabul airport after making it through the gate with an uncle and three cousins.

His uncle, Murad Ali Bikzad, a former U.S. Embassy guard, lost his wife and one of their children at Kabul airport, and they got left behind as well. He lives with the three children who made it out and his nephew, Abdul Basit, in a one-bedroom apartment in Virginia.

The children sleep in the bedroom, while the uncle sleeps on the couch. The rent is days overdue, and he has borrowed money from a neighbor to cover the bills. Other families in the block are helping him look after the children, and advocate for him, he said.

Many more Afghan parents are in the reverse situation, after leaving one or more children behind. They, too, have received little or no information about how to reunite their families.

## Chip Rules Entangle Executives

Continued from Page One

ring U.S. persons from supporting China's advanced chip development or production without a license. The department defines U.S. persons to include U.S. citizens, permanent residents, people who live in the U.S. and U.S. companies.

Several companies, including Beijing-based Naura Technology Group Co. and Dutch equipment maker ASML Holding NV, have suspended their U.S. employees from continuing work that could now be restricted while they seek clarity on the rules, the companies have said.

Restricting Chinese compa-

nies' access to U.S. talent delivers a direct blow to the heart of China's attempt to move up the technology chain, said Dane Chamorro, a Washington, D.C.-based head of global risk and intelligence at business consulting firm Control Risks.

"The technology is nothing without the people there to make it work," he said.

For many senior executives at Chinese companies, the rule will likely force them to decide between their jobs and their U.S. citizenship or permanent resident status, Mr. Chamorro said. The rules require all U.S. persons to apply for a license to continue working in Chinese advanced chip development.

Among prominent U.S. executives in China is Gerald Yin, founder and chairman of Advanced Micro-Fabrication Equipment Inc., or AMEC, one of China's largest chip-making equipment vendors. He and six current senior managers and core researchers at AMEC are

U.S. citizens, according to the company's website and its latest annual report.

Mr. Yin, whose company is listed on the Shanghai Stock Exchange, spent almost 20 years working at Silicon Valley companies including Intel Corp. and Applied Materials Inc., where he was chief technology officer of its Asian unit before he left to found AMEC.

The Shanghai-based company, which makes etching machines key to turning silicon wafers into semiconductors, is viewed as a rising national champion in the sector, though it still lags behind global leaders such as Lam Research Corp. and Applied Materials. In its latest annual report, the company said it received more than \$50 million in subsidies from the Chinese government in 2021.

AMEC and Mr. Yin didn't respond to requests for comment.

Other companies that face

being affected include Chinese flash memory chip designer GigaDevice Semiconductor Inc., an up-and-coming designer of flash chips used in automobiles and personal computers. GigaDevice's deputy chairman, Shu Qingming, and a director, Cheng Taiyi, hold U.S. passports, the company's latest annual report says.

GigaDevice didn't respond to requests for comment.

KingSemi Co., which produces the most advanced coating and development equipment in China and supplies giants including Taiwan Semiconductor Manufacturing Co., told investors that it is assessing the impact of the new directives. An executive director, Chen Xinglong, holds a U.S. green card, the company's latest annual report says.

While the withholding of talent—along with all the other restrictions—could significantly slow the Chinese chip sector's advancement, it won't

be enough to kill it, said Anne Hoecker, a partner at management consulting firm Bain & Co. in its semiconductor group.

"There's one thing China has been very consistent about—their need to build up an indigenous source of semiconductors," she said. "They will continue to put a lot of money in it, and they will continue to progress."

Many companies, including KLA Corp. and Lam Research, have already suspended the work of engineers and other less-senior staffers in China while they seek clarity on the rules, or licenses to continue their work, The Wall Street Journal previously reported.

Naura Technology Group, which has a unit making semiconductor equipment, issued warnings to its U.S. employees within mainland China to suspend work with clients that it believes fall under the new restrictions while it awaits more clarity, a spokesman said.

Those employees have continued to perform other tasks at the company, he said.

ASML, the Dutch chip equipment maker, confirmed it sent an internal email to its U.S. employees on Wednesday, asking U.S. staff—both U.S. citizens and foreign nationals living in the U.S.—to refrain from servicing, shipping or providing support to any of its customers in China until further notice.

The new rules also could affect employees of Chinese companies that have operations in the U.S.

Yangtze Memory Technologies Co., China's leading memory chip maker, maintains a Santa Clara, Calif., office, with more than a dozen employees in the U.S., according to LinkedIn. They include a director of engineering, the head of U.S. NAND design, and the head of North American sales.

—Raffaele Huang and Rachel Liang contributed to this article.



Abdul Basit Nahibi, above left, is one of the many Afghan unaccompanied children who have received no news about when, if ever, they will see their parents again. Above, Mahsa Zahrabi with her foster parents, Katlyn Williams and Phil Williams, at home in Stafford, Va.

VALENTINE PLESCH FOR THE WALL STREET JOURNAL (2)



U.S. NEWS

# Silicon Valley Security Aid Sought

By Vivian Salama and Dustin Volz

The State Department is expanding outreach to U.S. technology firms to get them more involved in some of the world's top national-security challenges, from the war in Ukraine to growing competition with China, U.S. officials said.

Secretary of State Antony Blinken is visiting Silicon Valley Monday as part of the push to make cybersecurity among the State Department's leading priorities. He will meet with corporate leaders "to highlight the key role for technology diplomacy in advancing U.S. economic and national security," according to

the State Department.

Presidential administrations have long sought to forge strong ties with Big Tech, urging the companies to share cyber-threat intelligence, secure agreements on the production of advanced technologies or quietly cooperate on surveillance programs.

At the State Department, cybersecurity has in years past often been seen as a second-tier priority ceded to other federal agencies, a perception a new dedicated cyber office is trying to change, current and former officials have said.

"We have a profound stake in shaping our technological future, and American diplomacy has a key role to play in bol-

stering and drawing on our country's unique strengths—one of which is our industrial and innovation base," Mr. Blinken said in a statement to The Wall Street Journal.

Last year, the State Department established a bureau of cyberspace and digital policy, and Mr. Blinken named former technology executive and former Marine Corps officer Nathaniel Fick to lead it. The bureau's budget in the 2022 fiscal year was \$41.2 million, including a diplomatic engagement budget of \$18.2 million.

Mr. Fick, the nation's first ambassador-at-large for cyber, said the war in Ukraine underscored the need for greater alignment of cyber defensive

capabilities among countries in the North Atlantic Treaty Organization. The government must be a better intermediary between U.S. tech firms and foreign governments in need of their services, he said.

Since the start of the war in Ukraine, large U.S. tech firms like Microsoft Corp. and Alphabet Inc.'s Google unit have been sharing cyber insights with Kyiv and the public about the activities of suspected Russian hackers. Major Western tech companies have suspended operations or withdrawn from the country. Twitter, Inc., Meta Platforms Inc.'s Facebook, and Alphabet's YouTube and Google have cracked down on fake feeds and hackers.

# Goldman Revamps Businesses

Continued from Page One

cism, from investors and even among some of its own executives, over its ambitions for consumer banking.

The firm's trading and investment-banking acumen has been Goldman's calling card for decades, churning out massive profits when the markets favored risk takers and bold deals. But investors often discounted those successes, reasoning that they are harder to sustain when market conditions turn. And in recent

years, Goldman has sought to sharpen its trading arm's focus on client service.

Following the changes, Goldman's organizational chart will look more like its peers.

A slide presentation from Goldman's 2020 investor day offered a glimpse of what a combined banking-and-trading business would look relative to peers. At Goldman, the merged group would have delivered a return on equity of 9.2% in 2019, besting Morgan Stanley and Bank of America Corp. but below what JPMorgan Chase & Co. and Citigroup Inc. earned that year.

Bloomberg News earlier reported that Goldman had planned to restructure its asset- and wealth-management businesses.

## U.S. WATCH

### PITTSBURGH

#### Three People Killed, One Hurt in Shooting

Two women and a man were killed and a fourth person wounded in a shooting, authorities said.

Pittsburgh Public Safety officials said the gunfire occurred near a busy North Side intersection at about 10 p.m. Saturday.

Public safety spokesperson Cara Cruz said one woman died at the scene. A second woman and a man were pronounced dead at Allegheny General Hospital.

Another man who arrived at the hospital was admitted in stable condition with a gunshot wound to a leg.

The Allegheny County medical examiner's office Sunday identified the two women killed as 33-year-old Jacquelyn Mehalic of Muncy and 59-year-old Betty Averytt.

No arrests were immediately announced.

—Associated Press

### NORTH CAROLINA

#### Two Shot at College Homecoming Concert

Two people were shot and others were injured as they fled gunfire that broke out at a North Carolina college homecoming concert on Saturday night, officials said.

Officers called to the campus of Livingstone College in Salisbury around 11 p.m. found two people shot and others who were hurt as attendees fled the gunfire, city officials said. Officials didn't release details of their conditions.

There was a fight during the concert and one person, who isn't a Livingstone student, fired one or more shots, police and school officials said in a joint statement.

—Associated Press

### BOSTON

#### Four People Stabbed, Expected to Survive

An arrest has been made in connection with the stabbings of four men in Boston early Sunday.

Officers responded to a report of a stabbing in the area of Stuart and Tremont streets at 2:10 a.m. where they arrested a 39-year-old Dorchester man. He is accused of stabbing four men, who are all expected to survive, police said.

Two of the victims were found at the scene. The two other men went to area hospitals.

The suspect is expected to be arraigned on four counts of assault with intent to murder and four counts of assault and battery by means of a dangerous weapon, police said.

—Associated Press

### ARIZONA

#### Many Still Without Power After Storm

Roughly 2,000 people across metro Phoenix were still without power early Sunday morning, a day after intense storms brought rain, wind and hail.

Officials with SRP and APS, the two major utilities serving Maricopa and Pinal counties, said between them more than 13,000 customers lost electricity by 6:30 p.m. Saturday.

The National Weather Service said winds were as strong as 69 miles an hour.

At Phoenix Sky Harbor International Airport, all flights had to be briefly halted Saturday night. Numerous flights were also delayed.

—Associated Press



CHRISTOPHER CLARK

# THANK YOU GOVERNOR KELLY



## Pratt Industries Opens High-Tech Box Factory in Wichita, Kansas

Pratt Executive Chairman Anthony Pratt and Gov. Laura Kelly tour the 1 million sq. ft. factory

Pratt Industries is one of the largest corrugated box manufacturers in the United States. Our 100% recycled boxes save money and save the environment.

[www.prattindustries.com](http://www.prattindustries.com)



## WORLD NEWS

## Failure to Control the Skies Hurts Russia

Without air superiority, Moscow can't stop Kyiv's offensive or target precisely

By DANIEL MICHAELS

Russia's struggling invasion of Ukraine has faced problems from poor coordination to unmotivated soldiers, but overshadowing and aggravating all was a critical blunder in the war's early days, say Western military officials: failure to win control of Ukraine's skies.

Without air superiority, Russia has been unable to stop Ukrainian attacks on its soldiers with U.S.-supplied M142 High Mobility Artillery Rocket Systems, or Himars, and other weapons. Kyiv's forces have capitalized on Russia's limited ability to respond by retaking hundreds of square miles of territory from the invading army since early last month.

Russia recently has reacted to Ukraine's battlefield successes by unleashing deadly attacks on civilian targets using missiles and drones. But even those strikes betray weakness in Moscow's air strategy, Western military analysts say, because it must rely on remote aircraft rather than piloted planes, out of fear they will be shot down.

"Failure to achieve air supremacy is one of the decisive



The debris of a Russian aircraft in Lyman, a city in eastern Ukraine that Kyiv's troops recently took back from Russian forces.

things that cost Russia their advantage in the war," said Jakub Janovsky, a military analyst with Oryx, an open-source intelligence consulting firm that has tracked equipment losses throughout the war.

Russia's Defense Ministry didn't respond to a request for comment on its air war in Ukraine.

When Russia launched its

large-scale invasion on Feb. 24, military experts on both sides of the fight assumed Moscow would target Ukraine's air defenses and quickly work to eliminate them before pushing further.

But after Russia achieved some initial successes hitting Ukraine's antiaircraft systems and disrupting its communications backbone, Kyiv re-

grouped and managed to thwart Russian air attacks. By early March, Ukraine was shooting down growing numbers of Russian planes and helicopters. Ukraine's air force, despite early losses, kept flying and engaged Moscow's pilots in dog fights.

By spring, Russian warplanes were staying in Russian airspace or over parts of

Ukraine firmly under Moscow's control. Russian bombers were launching cruise missiles from behind the protection of Moscow's air-defense systems. Russian military helicopters in Ukraine moved increasingly cautiously.

As a result of that air force hesitation, Russian ground troops that might have relied on their planes and helicop-

ters to provide covering fire instead sat exposed to attacks from Ukrainian aircraft, drones and artillery.

Ukraine's ability to protect its air defenses in the war's opening weeks ranks alongside the defense of Kyiv, the capital, in accomplishments that allowed its government and military to retain control over most of the country despite relentless Russian attacks, say analysts.

"The Ukrainians are in a far stronger position than they would be if the Russians had achieved air supremacy," said Douglas Barrie, a senior fellow for military airspace at the International Institute of Strategic Studies, a think tank in London.

Unlike Ukraine's fight against Russian ground forces, which from the start was aided enormously by donated Western weapons, its air defense has relied largely on Soviet-era systems that Ukraine has maintained and improved over three decades. In many ways, Russia's failure to disable the systems is more notable because Moscow uses the same equipment, analysts say.

Mykola Bielieskov, a research fellow at Ukraine's National Institute for Strategic Studies, a government think tank, said Ukraine was able to preserve its air defenses and part of its air force by moving planes and defensive systems from their normal locations and dispersing them.

## Musk Says SpaceX to Cover Starlink Costs in Ukraine

By MATTHEW LUXMOORE

KYIV, Ukraine—Elon Musk backtracked on his complaints over the cost of funding Starlink internet terminals in Ukraine and said his company would continue to pay for them, as explosions rocked the Russian-held city of Donetsk in eastern Ukraine on Sunday.

Mr. Musk, the billionaire chief executive of SpaceX and Tesla, pledged to continue

funding the Starlink service for Ukraine just a day after he said SpaceX couldn't finance the service indefinitely on its own.

"The hell with it," Mr. Musk tweeted on Saturday. "Even though Starlink is still losing money & other companies are getting billions of taxpayer \$, we'll just keep funding Ukraine govt for free."

The 20,000 Starlink terminals estimated to be in operation across Ukraine have

played a crucial role in maintaining the country's communications during the war and are deployed at hundreds of Ukrainian military outposts where they allow commanders to call in artillery strikes or coordinate operations in areas where cell service is jammed by Russia.

Mr. Musk didn't provide further details in his tweet. The Financial Times reported that he told the newspaper he

planned to keep paying for the Starlink service in Ukraine indefinitely. His announcement was praised by senior Ukrainian government officials.

"Thank you for joining the right side. Ukraine appreciates that," Mykhailo Podolyak, an aide to Ukrainian President Volodymyr Zelensky, wrote in response.

Meanwhile, an explosion rocked the center of Donetsk in eastern Ukraine, damaging

the town hall that Russian proxy officials have occupied since they declared Donetsk as the capital of a breakaway pro-Moscow state in 2014.

Russia said this month that it had annexed Donetsk and three other Ukrainian regions that it has at least partly occupied, but Ukraine has vowed to regain control over the regions and has been pushing an advance into Russian-held territory in the east and south.

Russian-appointed officials blamed Ukraine for the explosion in Donetsk, claiming it had attacked using U.S.-provided Himars multiple-launch rocket systems. Kyiv didn't comment on the allegations.

Video posted to social media by Russian state news outlets showed the gutted multi-story building with its windows blown out. Russian-installed authorities there said two people had been injured.

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## WORLD NEWS

# Europe's Energy Resolve Faces Test

Europe is as ready as it can be for a winter without Russian natural gas, but there is no margin for error.

By Joe Wallace  
in London and  
Margherita Stancati  
in Rome

Storage facilities of gas for heating and power generation are almost full, consumption is down and liquefied natural gas tankers are steaming in. Europe is in a stronger position than feared in recent months, after Moscow slashed gas deliveries in retaliation for Western sanctions over the invasion of Ukraine.

However, much could go wrong. One long cold spell or a broken pipeline could upset the region's preparations, threatening emergency rationing, blackouts and a deeper economic recession. Officials and analysts say the willingness of consumers to cut back on gas use will be key for getting through the winter. A mild winter would help, too.

"This will be a winter dominated by fear and uncertainty," Roberto Cingolani, Italy's minister for energy transition, said. "Barring catastrophes, such as extremely cold weather, if we keep consumption in check, we'll get through the winter fine. We just have to hope nothing goes wrong."

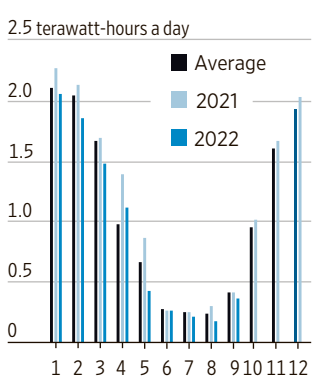
Europe is on the front line of the energy conflict running in tandem with the war in Ukraine. Since launching its full-scale invasion of Ukraine this year, Russia has throttled gas supplies in what European officials say is an economic attack designed to weaken their financial and military support for Kyiv. Europe, in turn, is targeting Russian energy revenues with a looming embargo on oil imports.

By buying as much gas as possible from Norway and LNG from the U.S., Europe has filled storage sites to more than 90% of capacity. Russian gas arriving via pipeline accounts for 6% of the conti-



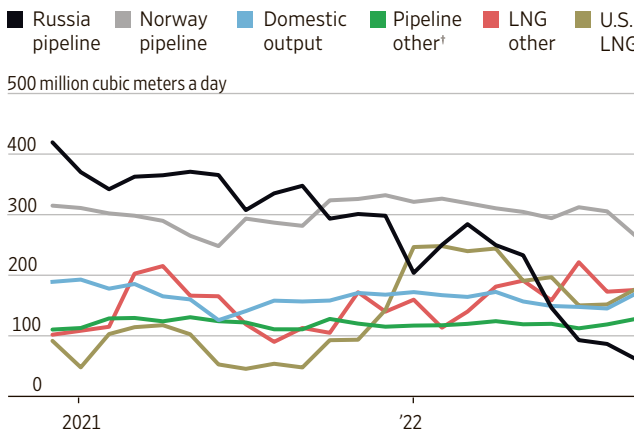
Europe has filled storage sites to over 90% of capacity by buying as much natural gas as possible.

Natural-gas consumption by households and companies in Germany\*



\*Excludes industry. Average is for 2018-21. †Includes Algeria, Azerbaijan and Libya  
Source: Bundesnetzagentur (Germany); S&P Global Commodity Insights (Europe's supplies)

Europe's supplies of natural gas



ent's gas supply, according to S&P Global Commodity Insights, down from almost 30% before the war. Europe also imports a small amount of Russian LNG.

Floating LNG terminals are being moored off European coastlines, which will enable countries including Germany to unload and store more of the superchilled fuel. European Union members have expanded cross-border connections, for instance between Poland and Slovakia, so that gas doesn't get stuck in one country when

it is needed in another.

Europeans are also cutting their energy use—a necessary step to prevent shortages later in the winter, officials say. Where they can, companies in industries such as glass and papermaking have turned to coal and oil, or changed shift patterns to avoid using power when demand is at its peak. Some factories have closed. Power producers are burning more coal.

"Europe is probably as well prepared as it could be. The infrastructure is pretty much

maxed out," said Michael Bradshaw, professor of global energy at Warwick Business School. "We are up against the hard reality that there are physical limitations to the ability to replace Russian gas in the short term. That means that doubling down on the demand-reduction side of the equation is vital."

If freezing weather jacks up demand, however, stockpiles could drain and prices could shoot to levels that hammer companies and government finances. Low temperatures

could also spark a contest between North America and Europe for LNG supplies. Still weather conditions, meanwhile, would slow down wind turbines, while a particularly cloudy winter would reduce solar-power generation.

Weather forecasts for this winter will firm up at the start of November. Early indications point to the potential for cold and still weather late this year, followed by milder conditions in early 2023, according to the EU-funded Copernicus Climate Change Service.

Another risk is that gas flows could fall short because of technical malfunctions or politically motivated attacks. The suspected sabotage of the Nord Stream gas pipelines under the Baltic Sea and drones spotted near Norwegian gas platforms have highlighted the vulnerability of energy infrastructure.

Officials and analysts say Moscow might cut off the remaining gas that arrives via pipelines through Ukraine and Turkey. Central and Eastern European countries that still buy Russian pipeline gas, above all Moldova, which gets all its gas through Ukraine, are most vulnerable.

Other risks include the potential for long-lasting outages at French nuclear plants, which would increase the need for gas in power generation.

Keeping gas consumption low is a key part of Europe's plan for the winter. The EU is targeting a 15% reduction in gas demand.

One unknown is how consumers will respond to a combination of rocketing prices, entreaties to burn less gas and government-relief packages designed to reduce bills. One ominous sign: When cold weather struck Germany in September, demand leapt.

Officials in some countries say supply isn't the main problem. "The real problem isn't shortage but pricing," said Mr. Cingolani, the Italian minister. "Citizens may be unable to pay their bills and businesses risk closing down."

## Ukraine Gets Help In Warm Clothing

By NANCY A. YOUSSEF

WASHINGTON—In addition to artillery pieces, tactical vehicles, light arms and other weapons, the U.S. and its allies have begun providing the Ukrainians with warm materiel for their arsenal: parkas, socks, pants and other cold-weather gear.

With winter approaching on the Ukrainian steppe, where overnight lows can drop below freezing next month, U.S. officials have said the provision of warm clothing is one way allies who are unable—or unwilling—to turn over lethal weapons can contribute to the Ukrainian war effort. And it is expected to give the Ukrainians a battlefield advantage over Russian forces, who have struggled with logistics throughout the war.

"Winter equipment can make a considerable difference for service conditions and for the troops. It impacts morale, reduces losses due to illness and can substantially impact troops' ability to sustain combat operations," said Michael Kofman, who heads the Russia Studies Program at the Virginia-based think tank CNA.

The U.S. so far has provided several thousand parkas, pants, hats and gloves, and has committed to many more, said Army Col. Dave Butler, a spokesman for the U.S. Joint Chiefs of Staff. The Pentagon said it couldn't provide a breakdown of how much winter clothing it had provided.

Canada's Defense Minister Anita Anand said the country would send up to 500,000 pieces of winter clothing to Ukraine's military.

Describing its donations to Ukraine as humanitarian aid, Bulgaria will provide 5,000 each of lined half-coats, leggings, long-sleeved shirts, hats and pairs of shoes.

## Russian Troops in Belarus Spark Fears of New Front

By ANN M. SIMMONS

MOSCOW—An influx of Russian troops and a surge in military activity in Belarus is stirring unease that its autocratic leader, President Alexander Lukashenko, could take a more direct role in Moscow's faltering war in Ukraine.

Belarus's Defense Ministry announced Sunday that the aviation component of a fresh Russian troop deployment had begun to arrive in the country, the day after ground forces started moving in. The new contingents came less than a week after Mr. Lukashenko and Russian President Vladimir Putin had agreed to position a joint group of forces near the border with Ukraine to counter what the Belarusian leader described as a growing threat to his nation from Kyiv and the West.

Mr. Lukashenko previously allowed Moscow to use Belarus as a staging ground for the Ukraine invasion. Tens of thousands of Russian troops were stationed there and Russian warplanes took off from Belarusian bases.

Mr. Lukashenko's public comments have become more combative in recent days, too.

He has suggested that Ukraine is trying to draw Belarus into the conflict, accusing Kyiv of plotting an attack like the explosions that hit the Kerch Strait Bridge linking Russia to the Crimean Peninsula, which Russia blamed on Ukraine. The Belarusian leader has also blamed the West for pushing Kyiv toward a war with Belarus, while Ukrainian President Volodymyr Zelensky has said Mr. Lukashenko is trying to create a pretext to launch an attack on his country. Mr. Zelensky recently urged the Group of Seven wealthy nations to provide additional air-defense systems.

But analysts say that taking a more direct part in the war would be fraught with jeopardy for Mr. Lukashenko, despite his bellicose remarks, and that he will likely resist being drawn in further. Be-



Belarusian President Lukashenko has sounded more combative.

larus's economy is fragile and his administration's footing is tenuous at best, they say.

"Lukashenko would be acting against the overwhelming majority of the public," where opinion polls show little appetite for joining the conflict, said Artyom Shraibman, a Belarusian political analyst, now based in Warsaw. "It is very politically risky for him."

Hundreds of volunteers from Belarus have joined a dedicated Belarusian battalion to fight with Ukrainian forces since the start of the war, convinced that the path to political freedom in Belarus comes through first defeating the Russian army in Ukraine.

In an interview with NBC on Friday, Mr. Lukashenko said Belarus's role in Moscow's military campaign was limited but his country supports Russia "in every possible way."

Belarusian defense officials, who released images of Russian troops being greeted by women in traditional dress and with the customary welcome of bread and salt, reiterated Saturday that the mission of the joint forces was solely defensive and with the purpose of protecting Belarus's border. They also referred to Belarus's economic union with Russia, known as the Union State.

Russia's Ministry of Defense didn't respond to a request to confirm the deployment of Russian troops, their numbers and the nature of their assign-

ment. Mr. Lukashenko told Russian reporters Friday at a summit in Kazakhstan that Belarus's 70,000-strong army would constitute the base of the joint force and that there wouldn't be any need "to ask for 10,000 to 15,000 people from Russia," he said. Some Western analysts have questioned the number of Belarusian troops that Mr. Lukashenko says are available.

Valeriy Revenko, head of the Belarusian Defense Ministry's international military cooperation department, wrote on Twitter on Sunday that a little under 9,000 Russian troops would be part of the regional grouping of forces and that their relocation would take several days.

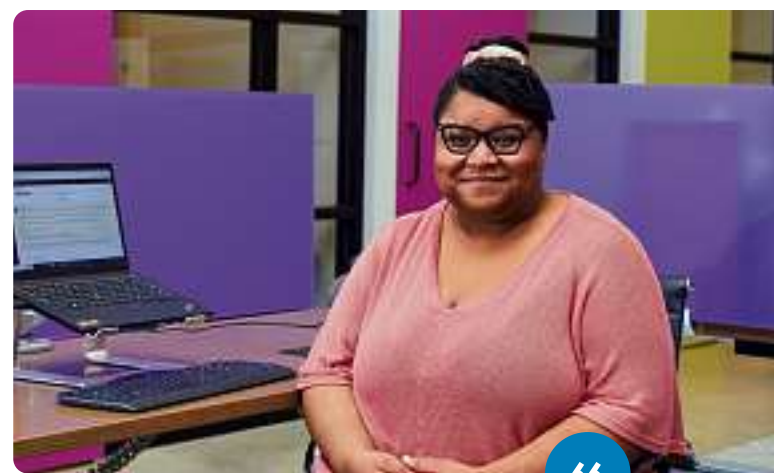
If Belarus were to be pulled directly into the conflict, it likely wouldn't fundamentally change the course of the war, according to assessments by military analysts. Belarus's army is poorly equipped and isn't combat-ready having never fought a battle in its 31 years of independence from the old Soviet Union, they said. But having to wage war on another front could stretch Ukraine's manpower and resources.

NATO hasn't directly commented on the prospects of Belarus directly entering the war, but the alliance's secretary-general, Jens Stoltenberg, has said that the allies agree that Minsk must "stop acting as an accomplice to Putin's invasion."

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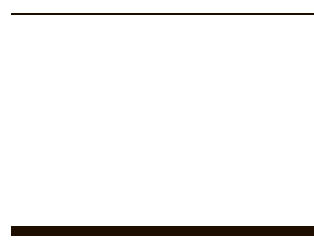


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HEALTH SERVICES



## FROM PAGE ONE

## Japan Is Trying to Shake Salt

Continued from Page One

gant. Diners have to tie a powered control unit around their wrist and string a cable to the chopsticks. Researchers say the next step is to shrink the electronics small enough to incorporate into chopsticks.

The proof of the pudding—or saltiness—is in the eating. A pinch of current from the contraction boosts the perceived saltiness by as much as 50%, the company said, a claim confirmed in a recent miso soup sampling.

“We want the general population to use this widely before their hypertension gets serious,” said Ai Sato, who is working on the project.

Japanese consume an estimated four or so grams of sodium a day on average, twice as much as what the World Health Organization recommends.

Americans aren’t doing much better. Average daily so-



**Ai Sato, a Kirin researcher, is working on high-tech chopsticks that enhance the saltiness of food.**

dium consumption in the U.S. is about 3.4 grams. And, in a proportion mirroring Japan’s, 47% of American grown-ups have high blood pressure, according to the Centers for Disease Control and Prevention.

Despite similar salting habits, Japanese generally live a

lot longer than Americans. Japan has the highest life expectancy among major nations: 87.6 years for women and 81.5 years for men, about eight years longer than the U.S. measure.

One likely reason for the difference is Japan’s relatively

healthy diet of fish, tofu, vegetables and rice. The nation’s lofty rates of hypertension owe more to how the food is prepared. Mackerel simmer in soy sauce. Tofu cubes bob in salty miso soup. Vegetables pickle in salt.

Companies also are trying

to shake things up in low-tech ways. They make soy-sauce spray bottles to help people use it sparingly. Low-sodium salt has particles of potassium or other minerals to mimic a salty taste.

One recipe for pickled Japanese plums, known as umeboshi, has gotten a makeover by century-old food maker Kishu Takada Kaen. The red pickled plum typically is served atop a flat bed of rice to resemble the rising-sun flag of Japan. The company now produces a plum pickled with vinegar instead of salt and flavored with honey.

Fans say the sweet-and-sour taste is a good match for rice.

“Strictly speaking, it can no longer be called umeboshi,” said company head Satoshi Takada. Japan’s food-labeling rules say the name applies only to plums pickled in salt.

Satoru Okamoto, 46, finds salt-reduced dishes generally flavorless, an honest confession from the co-founder of an online shop that specializes in such foods. He has been on dialysis for nearly two decades because of a kidney disorder that imposed dietary restrictions.

Some foods are easier to adapt than others, he said. A

no-salt version of his shop’s packaged curry drew an acid customer comment: “I ended up pouring sauce and ketchup over it.”

Shifting focus from low-salt foods to electronic taste-bud fooling implements began with a study at the National University of Singapore a few years ago. Nimesha Narasinghe, who led the study and is now at the University of Maine, said researchers learned how to increase the perception of salty and sour using a pair of chopsticks and a bowl with electrodes.

The trouble was that the effect lasted only a few seconds, meaning it worked best if a person gulped their soup in record time.

Kirin’s high-tech chopsticks have a similar problem. The effect doesn’t last long once the chopsticks are removed from the food. Still, operators of homes for the elderly, a group more likely confined to low-sodium diets for health reasons, have been calling. Salt-starved seniors will have to wait at least until next year, the company said.

Americans may be next in line. Kirin hopes to adapt its technology for forks and spoons.

## Flagship Of Meta Falls Short

Continued from Page One

mercial earlier this year, are mostly barren of users.

According to internal statistics, only 9% of worlds built by creators are ever visited by at least 50 people. Most are never visited at all.

“An empty world is a sad world,” said one document summarizing the company’s efforts to herd users toward venues where they would encounter others.

A Meta spokesman said the company’s metaverse efforts were always intended to be a multiyear project, and that it is making improvements, including many designed to keep users safe. He said it is easy to be a cynic about the metaverse, but that the company continues to believe it is the future of computing.

Horizon is accessible through Meta’s Quest virtual-reality headsets, which offer a range of games and activities. Quest retention rates, meaning continued use by owners, have dropped in each of the past three years, the documents show. More than half of Quest headsets—the entry model costs about \$400—aren’t in use six months after they are purchased, according to people familiar with the data.

In a survey of Horizon users, Meta researchers said users reported that they couldn’t find metaverse worlds they liked and couldn’t find other people to hang out with. Other complaints included that “people do not look real” and that the avatars don’t have legs.

The researchers noted that the survey included only 514 people because the available pool of users to survey is “small and precious.”

The number of Horizon users online at the same time, known as concurrency, trails far behind both the socially focused upstart VR Chat and Second Life, the pioneering cyberworld that was launched in 2003, said people familiar with the matter.

## Persistent bugs

To deal with persistent bugs and user complaints, Meta last month quietly put Horizon on “lockdown,” meaning it is pausing the launch of new features until it improves the current user experience, the documents show.

The company’s metaverse challenges coincide with business issues on other fronts, including increasing pressure on its digital-ad business and competition from social-media app TikTok. Meta shares are down more than 60% in the past year. The company has lost more than \$700 billion in market value since the peak in September 2021.

At a metaverse-themed event on Tuesday, Mr. Zuckerberg unveiled a new virtual-reality headset called the Quest Pro, which is aimed at making it easier for architects, engineers and designers to work in the metaverse. With a \$1,500 price tag, it isn’t aimed at av-



**An avatar of Meta CEO Mark Zuckerberg spoke at an event promoting the company's metaverse offerings, above. On Tuesday, Mr. Zuckerberg unveiled the Quest Pro, a virtual-reality headset designed for professionals to use in the workplace.**

erage consumers, but Mr. Zuckerberg said it would set a new standard for metaverse technology. He also promised that avatars would soon get legs in Horizon.

Meta has said it plans to expand the experience to more people with a web version of Horizon for mobile devices and computers. It had said it planned to launch that version this year, but when asked on Tuesday if that was still the case, a spokesman said Meta didn’t have any launch dates to disclose.

## ‘Freedom of identity’

Other tech giants, including Microsoft Corp. and Apple Inc., are developing products on the belief that the metaverse is the next digital frontier.

Rolf Illenberger, chief executive of virtual-reality software company VRdirect, said in an interview that Horizon has issues to address, but asked critics to have patience and recognize that the industry is still developing. “We’re trying to land on the moon, and people are complaining that the coffee machine’s not working,” he said.

The metaverse was supposed to offer Meta a fresh start as it faces other business pressures and negative publicity. The new strategy was announced weeks after the leak of thousands of pages of internal records documenting the struggles and societal downsides of the company’s social-media products, documented in a Wall Street Journal series called The Facebook Files.

The company’s announcement that it was pivoting to focus on the metaverse kicked off a corporate rush to stake claims on the new format. Companies hired “chief metaverse officers.” Hucksters sold metaverse real estate. Luxury brands Balenciaga and Prada joined with Meta to promote digital clothes, and even liquor makers such as Absolut Vodka opened bars and distilleries in the metaverse.

In a Meta memo titled “AR, VR or the Metaverse: Which is



the next billion-user platform?” Dare Obasanjo, lead product manager for Horizon and the metaverse platform, wrote: “You will have freedom of identity and expression and can hang out, work, play, learn, shop, create and more in an endless number of virtual worlds that could not exist in real life.”

While Mr. Obasanjo said that the metaverse—which is accessible not just by virtual reality headsets but PCs, mobile phones and augmented-reality products—has a better shot at mass adoption than augmented or virtual reality products, Meta hasn’t yet pulled together a strategy for investing in it.

“Currently it’s unclear where the metaverse fits in the investment framework,” he wrote. “We are overdue for a reassessment of how we invest and allocate resources.”

Meta has canceled or delayed early metaverse-related products, and current and former employees said there is disagreement inside the company about whether Horizon should be focused on games or, as is Mr. Zuckerberg’s preference, social connection.

In a memo last month announcing the lockdown of Horizon, which was first reported by the tech publication the

Verge, Meta’s Metaverse Vice President Vishal Shah wrote that the core thesis for the metaverse has proven to be strong. But stability issues and complaints from creators, he said, are “making it too hard for our community to enjoy the magic of Horizon.”

Part of the problem, he said, is that Meta employees aren’t using the product enough themselves. “The simple truth is, if we don’t love it, how can we expect our users to love it?” he wrote.

Among the persistent complaints from early adopters and testers, according to the

## Despite setbacks, the company still believes it is the future of computing.

documents, are that users have trouble adjusting to the technology, and that other users behave badly.

On a recent night, a female Journal reporter visited one of Horizon’s most popular virtual worlds, the Soapstone Comedy Club. It had about 20 users, all appearing as avatars. When the reporter introduced herself

yield. One user who said she was homebound after a kidney transplant said it was her principal source of recreation.

Beginners, however, can run into trouble. Carlos Silva, a 41-year-old IT project manager in Maryland, bought a Quest 2 and joined Horizon early last year hoping to find more social interaction during the pandemic. On the first day, when he went to the main meeting space, no one was there.

“I was like, you know, this is the whole reason why I bought this thing,” he said. “So I’m going to figure this out, how to find where to go and how to meet people.”

These days, he runs tours in Horizon, helping new players find their way around. He said interest in the tours peaked around last Christmas. Back then, he said, he was seeing up to 400 unique visitors per tour, but that number has dwindled to 150 or less in recent months. The metaverse, he said, is about “the future in like 10 years, not the future next year.”

Meta wants users to create their own worlds using Horizon’s tools, which allow them to take 3-D objects like cubes and spheres and shape them into things like trees and chairs. But less than 1% of users are creating their own worlds, the documents show.

## ‘Pain points’

Meta’s researchers found that, though many of Horizon’s early creators became unengaged, they could be won back. “Many say they would return if pain points are fixed,” read one memo about creation attrition.

Many were frustrated by another issue Meta is grappling with: how users can make money in the metaverse.

On other social-media platforms, including TikTok and Meta’s Instagram, influencers and other creators can make money through brand endorsements, among other things. There isn’t yet anything similar in the metaverse.

“Some creators have a desire to work full time in the metaverse,” said the Meta memo. “If there were full-time roles with the right compensation, some creators would make building the metaverse their full-time day job.”

While Meta has supported some worlds with bonus payments to the people responsible for them, efforts to promote other forms of commerce are still nascent. The most lucrative of Horizon’s worlds has cumulatively brought in \$10,000 in “In-World Payments,” the documents show, and a feature to tip creators has yielded total payouts of \$470.

Sheharzad Arshad, a 39-year-old graphic designer in Toronto, has built 18 worlds since January, some inspired by movies he loves. His most popular, “Spider-verse,” has drawn roughly 20,000 visitors since he published it in May.

He said the Quest 2 headset’s \$399.99 sticker price is too steep for many of his friends and family.

Nonetheless, he said, he intends to purchase the next version of the headset and dig even deeper into the metaverse. “The direction that they’re moving in, it’s really good,” he said.





**WORK  
& LIFE**  
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**P**alms sweaty, heart racing, face flushed. You're in front of a crowd at work again, and it's terrifying.

Public speaking is our most common fear, according to psychology researchers, and things have only gotten weirder after years spent in the protective cocoon of Zoom. Facing just our monitors, and maybe an audience count ticking up in the corner, we read from our notes and became reliant on elaborate setups and crutches (filters, Post-its peeking over the screen.)

Even those who've managed to avoid it for months—keeping meetings virtual, heading out of town this summer—are on the hook now. Many recently scored promotions, and are now returning to oratory responsibilities they didn't have before. Fall conferences are back on, as are blowout weddings where the happy couple would like you to give a toast. And that crowd, man. They're tough.

"Nobody wants to take the trouble to come in and see you read from your notes," says public-speaking coach Eileen Smith. "You can just email them if that's what you're going to do."

Your ability to communicate to a group can affect the trajectory of your career, Ms. Smith says, prompting others to view you as a leader—or not.

The good news: You can get better. You can get braver. You can stop telling circuitous stories with no point and blurting out off-color jokes to hide your nerves.

Rule number one is to consider your audience, says Matt Abrahams, who teaches strategic communication at the Stanford Graduate School of Business. Everything you say and do should start with this question: What do the people listening to you need? What do you want them to know, feel and do after watching you?

Stories are a great way to connect with listeners, he adds, but keep your anecdotes and examples focused, making sure each one has a key takeaway or emotion you want to impart. Stick to tried-and-true structures, such as introducing a problem, outlining the solution and wrapping with the benefit. Or, compare and contrast two things, and then draw a conclusion.

Humor has the potential to engage people, but it can also be risky. Don't take aim at those who are below you in the office hierarchy. And run jokes by people who are similar to your audience members ahead of time.

Get granular with your words. Try time-traveling language, Mr. Abrahams says, bringing colleagues into the future with

## Better and Braver Public Speaking



Zoom added presentation skills; pros offer tips on getting your mojo back

**Salesforce executive LaShonda Anderson-Williams likes to give herself a pep talk before addressing a crowd.**

phrases such as "what if," "picture this" and "imagine." Or refer to past successes by saying, "Remember when."

"That kind of language really moves people," Mr. Abrahams says. "They see it in their mind. They have a feeling about it."

Of course, words are only half the battle—or less, according to Noah Zandan, the chief executive of Quantified, a communication-coaching software company. His firm has analyzed data from 250,000 videos, examining how panels of viewers react to everything from TED Talks to corporate earnings calls. The upshot: Just 11% of whether someone is an effective speaker comes down to content, according to surveys conducted by Quantified. The rest can be attributed to things such as the passion a person displayed and the presence they commanded.

The best speakers vary their voices, so make sure to change up your tone and volume, Mr. Zandan says. Instead of dropping in a filler word such as "like," pause. It will feel unnatural for a while. But taking a beat in between your thoughts is a great way to show your audience you care, Mr. Zandan says—you're bringing them with you, giving them a chance to reflect and catch up.

Make eye contact with the au-



dience 60%-70% of the time, he adds. Open your hands and move them around a bit, otherwise you'll look like a robot. Try to make sure you're not repeating one specific gesture—that's distracting.

When Cynt Marshall, the CEO of the Dallas Mavericks, reviewed video of herself giving speeches, she was immediately struck by her constant walking around the stage.

"I'm driving myself crazy," she thought while watching.

Observing yourself talk can be a strange, brutal exercise. It can also really help. Now Ms. Marshall pauses in the left, middle and right of the stage for several minutes each, choosing one person in each section to make eye contact with.

Whether addressing a crowd of 30,000 for a college graduation or teaching a corporate group about diversity and inclusion, Ms. Marshall keeps her presentations interactive, instructing students to

repeat advice back to her or inviting workers on stage to dance the Cupid Shuffle.

"People get invested in what you're talking about," she says of involving the audience. "It helps them remember."

For big speeches, Ms. Marshall will practice five to 10 times aloud, ideally once or twice a day for the week prior. And she prepares several versions in different lengths, in case time needs to be adjusted up or down. At one commencement, organizers abruptly told her to pare her remarks to 15 minutes as they moved the whole production inside because of rain. She already had cuts marked in her notes.

If you're prepared, why do you still feel queasy? Even those who have their perfectly formatted notecards in hand, partners sick of hearing them rehearse, might still have a pounding heart and racing thoughts as they get ready to address a group,

says Omid V. Ebrahimi, a clinical psychologist and Ph.D. student at Norway's University of Oslo and Modum Bad Psychiatric Hospital.

The reaction stems from our origins as early humans dependent on our status in a group, says Mr. Ebrahimi, the lead author of a paper on public-speaking anxiety. Standing up to speak, we feel the pressure of being evaluated, risking our place among our peers.

Remind yourself that that short-term burst of stress can actually be helpful, jolting you alert and enhancing your performance, he says. Remind yourself that for most people, nerves calm within three minutes of taking the stage. And remind yourself, it's totally normal.

"I get nervous every time," says LaShonda Anderson-Williams, who addresses crowds of physicians and healthcare CEOs nearly every week as the chief revenue officer of Salesforce's healthcare and life-sciences business. Her advice? Smile. Lean in toward your audience. And before you hit that stage, tell yourself you're going to kill it.

"I self-talk until the moment I hear my name called," Ms. Anderson-Williams says.

"Girl, you got this," she assures herself out loud. "You were meant for this."

### Managing Your Career



Scan this code for a link to join WSJ's networking challenge to make career-boosting connections.



**At left, Aaron Luo fences with son Alexander, age 9. Below, he repeats drills on a dummy at Fencers Club in New York.**

three nights a week in New York. He works one-on-one with a coach to perfect technical skills, including fakes and counterattacks. On Wednesdays, he attends a group workout that pairs fencers with an opponent. The class ends with one or two bouts against the same opponent.

On Saturday mornings, he trains for three hours at the New Jersey Fencing Alliance near his home in Millburn, N.J. His sons participate in a children's program. Mr. Luo warms up with 30 minutes of yoga-inspired stretches such as downward dog, as well as with dynamic movements including burpees and jump squats. He then spends 45 minutes on footwork, which entails speed and combo moves such as a *fièche*, a difficult attack technique where the fencer extends his body as long as possible.

He also performs at least 100 wrist flicks against a dummy. "Fenc-

ing is all about muscle memory," says Mr. Luo. He finishes the workout by fencing an opponent or plays games on a machine that flashes a sequence of lights that he must hit with the tip of his blade. He and his sons often repeat similar muscle-memory drills at home.

Twice a week, he trains for 90 minutes to two hours at a local gym. Kettlebells are a staple of his strength workouts. His routine changes weekly but focuses on low-weight, between 25 pounds and 35 pounds, and high-intensity repetitions with a cadence of 30 seconds on and 30 seconds off for each exercise. He does four sets of eight exercises that might include one-arm kettlebell swings and triceps push-ups on the kettlebells.

Mr. Luo does cardio with ladder circuits focused on speed and explosivity. He performs four sets of eight drills, such as five hops and a sprint, side-straddle hops and single-leg shuffles, as quickly as possible with 30 seconds of rest between drills. This summer, he used his road bike to build his endurance and rode hills to work on explosivity. Sundays are his rest day.



### WHAT'S YOUR WORKOUT | JEN MURPHY

## CEO Carves Out Time for Fencing, Family

**M**any parents relive their athletic glory days through their children. Aaron Luo must choose between attending his sons' fencing contests and his own. "When tournaments overlap, it's such a dilemma," says Mr. Luo, who, like his sons, competes at a national level.

Mr. Luo, 42, fenced in high school and competed with a club at the University of Massachusetts Amherst. He took a 10-year hiatus from the sport to co-found Caraa, a New York-based luxury accessories brand, in 2014. One year in as chief executive, he knew he needed an outlet for stress. So he dusted off his epee, the largest and heaviest of the three fencing swords.

He joined Fencers Club in New York and started training with a coach. He also re-embraced an intense gym regimen. It took nearly a

year to regain his fencing fitness, but by 2016 he was competing again. In early 2022, Mr. Luo co-founded a second business, gourmet-food company Mercado Famoso.

"Fencing is physically demanding, but it leaves me clearheaded, so I'm very focused when I switch gears and put my business hat on," he says.

Speed is at least as important as strength, Mr. Luo says. "When you are fencing, it is important to set a certain rhythm, almost like a dance with your opponent, and if you can effectively break that rhythm through speed and tempo, you will gain advantage," he says. He also likens the sport to chess. "Some moves are set up like a trap," he says, adding that the effectiveness of the traps "depends on how real you can make them look."

Mr. Luo and his sons, Alexander, 9, and Sebastian, 6, began training for this season in August. His wife, Jill Luo, has occasionally fenced but prefers to get her fitness fix at barre classes. Mr. Luo serves as a strip coach—a designated sideline coach in fencing—for his sons. He provides tactical insights and advice during the minute break in between each of the three, three-minute periods of a bout. "I almost get more joy training them than competing myself," he says.

Mr. Luo tries to take part in three regional and three national events a year. He is ranked 26th in the nation in the veterans-under-50 class. His goal is to compete at the international level in the next two years.

### The Workout

Mr. Luo hones his fencing skills



## ARTS IN REVIEW



PHILIPP SCHOLZ, RITTERMAN/MCQASD (2)

Top: installation view: 'Alexis Smith: The American Way,' below: "Men Seldom Make Passes at Girls Who Wear Glasses" (1985).

## ART REVIEW

## Southern California Collage

By PETER PLAGENS

**A**lexis Smith is not quite a feminist artist, not quite a conceptualist, not quite an installation artist, not always an ironist, and in the beginning she wasn't even Alexis Smith. In her art, however, Ms. Smith is at times all of those things. Collage—intimate and mural-sized—is her metier, and her sensibility is more literary than plastic. One could easily get the idea from the 50 works on view in "Alexis Smith: The American Way" at the Museum of Contemporary Art San Diego in La Jolla that the artist has read most of the Great Books of the Western World and seen almost every movie and stage musical ever made. This is slyly accomplished by—to describe a typical Smith collage—a small pictorial souvenir from popular culture coupled with a few typewritten words from, for example, a Raymond Chandler L.A. detective novel.

The artist was born Patricia Anne Smith in Los Angeles in 1949. She changed her name to that of the movie actress when she was only 17 years old. Her father was a supervising psychiatrist at a state mental institution, and Ms. Smith's family lived on the grounds. She attended the University of California, Irvine, originally as a liberal-arts major, but taking one class in the school's high-powered art department (its faculty included such luminaries as Robert Irwin and



Vija Celmins) convinced her to change course. Unlike what was almost standard operating procedure with Southern California artists, Ms. Smith didn't go to graduate school to get the usual master of fine arts degree; according to the artist, graduate school consisted instead of employment as a girl Friday with the architect Frank Gehry.

Ms. Smith's aesthetic and intellectual home is Los Angeles in the late 1940s—the war is over,

Southern California is sunny and giddily prosperous, but a sinister side lurks in the shadows. For Ms. Smith, those shadows were best depicted by the mystery writer Raymond Chandler, whom Ms. Smith invokes in what she calls "Chandlerisms"—little phrases plucked from his Philip Marlowe novels. She invokes them not for their actually mirroring postwar Los Angeles, but for their language, their sound, their atmosphere: "Name of Marlowe," he

said. "Hell, the guy's a shamus. Just think of that, Cooney." The quote is from "Clues and Souvenirs" (1971-72), the earliest work in the exhibition, done when Ms. Smith was but a precocious 22 years old. A few more Chandlerisms are speckled throughout the show—either as early small stand-alone collages, or framed collages that are part of larger wall works.

The exhibition is, by the way, superbly installed in MoCA San Diego's more than ample, recently

rehabbed gallery spaces. Framed collages, which can sometimes seem a frieze of postage stamps when hung on a big museum wall, have just enough heft here. The larger works (see below), with portions painted directly on the wall, have breathing room and, with some clever placement, are positioned to surprise the viewer.

Although she never gave up making them, Ms. Smith's offhand, ironically twee collages soon morphed into installations containing horizontal rows of them. "Tightrope," "Sunset" and "Golden State" (all 1980) are positioned in white rooms with painted snippets from period advertising, vertical heliotrope stripes and a city skyline. (In their original gallery versions, sand covered the floor.) From there, she moved to gigantic piano keys painted on the wall for "The Promised Land" for Peggy (from Porgy & Bess) (1981), and to "Starlight" (1982), in which a painted streamlined train, embellished with simple collages of silhouetted passengers within train-window-shaped metal frames, seems to speed along the wall. All are re-created in the La Jolla exhibition.

Perhaps the punchiest work in the show, however, is "Men Seldom Make Passes at Girls Who Wear Glasses" (1985), a big black-and-white (no grays) wall portrait of a scarfed Marilyn Monroe whose sunglasses consist of two quadrilaterally framed collages.

"People who wind up doing a lot of public art have a sort of missionary quality," Ms. Smith has said, "the civic spirit of people who would like to upgrade the environment." This is a far cry from Ms. Smith's own work. She avoids head-on polemics (a "political artist" Ms. Smith is not), preferring to slide or sneak into such matters from the side; she's a kind of concrete poet (remember them?), concerned as much with words as pictures. At heart, though—and at her best—Alexis Smith is an intimist, which is perhaps why her large installations with a lot of the content painted directly on the wall don't entirely cohere.

In sum, Ms. Smith is a major artist operating in a minor key. Her work goes quietly but defiantly against the slick techno-polish of Southern California art of the time that was made almost exclusively by men. "I threw over my little delicate collages with a single image and a piece of text in favor of found objects and fragments of text from pulp novels," she said back at the middle-beginning of her art. "I don't know what came over me." It's a good thing for us—judging by this adroit and friendly retrospective—that it did.

**Alexis Smith: The American Way** Museum of Contemporary Art San Diego in La Jolla, through Jan. 29, 2023

Mr. Plagens is an artist and writer in Connecticut.

## MUSIC REVIEW

## A Piano Premiere And a Partnership

By DAVID MERMELSTEIN

**IF YOU'RE GOING** to write a piano concerto for the audaciously gifted Chinese-born superstar Yuja Wang, then why not make it a humdinger? That's certainly the approach that the Finnish composer Magnus Lindberg took in composing his Piano Concerto No. 3, a 35-minute work of formidable technical challenges and winning musical ideas written expressly for Ms. Wang and given its premiere by the San Francisco Symphony led by Esa-Pekka Salonen at Louise M. Davies Symphony Hall last Thursday night.

Mr. Salonen, now in his third season as the orchestra's music director, is also a Finn, and he and Mr. Lindberg are old friends, having effectively begun their musical careers side by side in Helsinki, where both acquired their initial fame. They were also born just three days apart, in June 1958, yet another link between two artists who have, by design, crossed paths repeatedly, with each enriching the other's career.

Mr. Lindberg was little known in California when Mr. Salonen began programming his works at the Los Angeles Philharmonic, where the latter enjoyed a 17-season tenure as music director beginning in 1992—and ultimately achieved renown

himself as a consequential composer. Now returned to the Golden State in the only conducting job to rival his earlier one, Mr. Salonen is once more focusing attention on his old friend.

Commissioned by a group of six ensembles, including the San Francisco Symphony and New York Philharmonic (where Mr. Lindberg was composer-in-residence from 2009 through 2012), the new piece was supposed to have its debut last year—but in China, where Mr. Salonen would not have led it, rather than in San Francisco. But pandemics have a way of disregarding cultural imperatives, and so the premiere ended up stateside, once more reuniting the Helsinki natives, and marking the first time since 2013 that a work by Mr. Lindberg was given its first performance by Mr. Salonen. Over the years, the conductor has led at least 20 different Lindberg pieces, among them the premieres of five with the Los Angeles Philharmonic between 1998 and 2005.

Yet Ms. Wang was no less central to this new work's creation, for its character was specifically shaped by the composer's impressions of her abilities and affinities. (Mr. Lindberg's two previous piano concertos were also bespoke works—for Paul Crossley and Yefim Bronfman, respectively.) In this

case, Mr. Lindberg heard Ms. Wang perform both of Dmitri Shostakovich's delightfully robust concertos at a single concert and, smitten, offered to write her a work she could call her own. He is hardly alone in this regard: In 2019, she gave the premiere of a concerto written for her by John Adams, "Must the Devil Have All the Good Tunes?," in which she partnered with the Los Angeles Philharmonic under Gustavo Dudamel; and earlier this year, her friend Teddy Abrams,

But in doing so, the composer achieves that rarest of admixtures, a work that recalls the greatness of others while creating a sound world entirely his own. If the work has a failing, it's that the third movement, at least on first hearing, seems to lack some of the sonic invention of what proceeds it. But the interplay between soloist and orchestra is superbly balanced—neither party seems shortchanged at any point—and Mr. Lindberg's cadenzas for Ms. Wang in the first and second move-

cally preternatural ease.

The piece also served to highlight the rapport now existing between the orchestra and its music director. Mr. Salonen has long been adept at drawing attention to a given work's architecture—perhaps it's the composer in him—but the transparent textures and unity of purpose he drew from the San Franciscans only increased one's pleasure in appreciating Mr. Lindberg's craft.

Nor should Mr. Salonen's gifts as a programmer be slighted. Context may not be everything, but it can aid how a new work is received. By opening the concert with the Danish composer Carl Nielsen's many-splendored yet underappreciated "Helios" Overture, a true gem of a piece, Mr. Salonen set a high bar. Yet the risk paid off by placing the new concerto within a larger Scandinavian tradition. Likewise, completing the program with Bartók's Concerto for Orchestra, a 20th-century landmark and the sole piece on this bill's second half, could have yielded unhappy comparisons. Instead, it fixed Mr. Lindberg along a proud continuum.

Because of its commissioning structure, Mr. Lindberg's new concerto is guaranteed further hearings by an assortment of prestigious ensembles. In fact, Ms. Wang brings it to Toronto this week, on Oct. 20 and 22. And the New York Philharmonic will present it early next year, in four concerts from Jan. 5 through 10. But the work deserves exposure well beyond that. Whether, when the time comes, other pianists can perform it as compellingly as Ms. Wang just has is a different matter.

Mr. Mermelstein writes for the *Journal on classical music and film*.



Clockwise from left: Yuja Wang, Magnus Lindberg and Esa-Pekka Salonen

music director of the Louisville Orchestra in Kentucky, wrote one for her to perform with his group.

Mr. Lindberg's work, in three distinct movements, teases music lovers with homages to Ravel and Debussy, Prokofiev and Rachmaninoff, Liszt and, in the finale, Gershwin.

ments prove spellbinding, not least because they require all manner of subtle dynamic shifts that produce a hitherto unappreciated kaleidoscopic quality in the pianist's tone. And though they must, in fact, be extraordinarily difficult to play, Ms. Wang dispatched them with typi-



# SPORTS

## The Rise of the Long Field Goal

More kicks than ever are coming from farther away, shortening the field for offenses and changing late-game dynamics

By Andrew Beaton

Baltimore Ravens coach John Harbaugh faced a difficult decision in a Week 5 game against the Cincinnati Bengals. The game was tied, both offenses were struggling to score, and Baltimore's drive had stalled on Cincinnati's 40-yard-line.

At his disposal, Harbaugh had Justin Tucker, the kicker who just a year ago made the longest field goal in NFL history. Harbaugh was also acutely aware of the risk from that far away: a miss would give the Bengals the ball back near mid-field.

"That was not an easy choice," Harbaugh said afterward, "but in the end, the scale tipped towards Justin."

The 58-yarder sailed through the uprights. Tucker is perhaps the greatest kicker ever, but he's definitely part of something even bigger: an evolution of big feet inside football.

Kickers now routinely attempt and make field goals from distances that once would have been astonishing. They're more powerful—and more accurate—from farther and farther away. This season, 23% of field goal attempts have been from over 50 yards. The previous high, which not so coincidentally was last year, was 18%.

Entering just the sixth week of the season, NFL teams in 2022 have already attempted more field goals of 50-plus yards than they did in the entire 2000 season. Sunday was yet another demonstration. Tucker, shockingly, missed a 56-yard kick in the team's loss to the New York Giants. The Pittsburgh Steelers' Chris Boswell hit a 55-yarder that bounced off the crossbar and then over, which proved crucial in a 20-18 win over the Tampa Bay Buccaneers.

Mike Westhoff, a special teams coach in the league for decades, rattled off a number of reasons why now has become golden age of lengthy kicks: Kickers are stronger than ever, rules have weakened the rush up the middle on attempts and long snappers are as precise as they've ever been because they're so protected.

"All of those things work in favor of the kicker," Westhoff says. "If you don't have a kicker in the 90% [range], then you have to go get another kicker."

These powerful kicks have also enabled a strategic shift: coaches are more prone to letting their kickers try even at distances where it isn't an especially high probability proposition. Kickers can execute from farther away because they have an increasingly long leash to do so.

This has a huge influence on the game. An offense used to feel like it was in comfortable scoring position only on a small area of the field. Now, that patch of grass encompasses nearly half of the grid-



Chris Boswell kicked a 55-yard field goal on Sunday. NFL teams in 2022 have attempted more field goals of 50-plus yards than they did in the entire 2000 season.

iron—giving teams more chances to score in even smaller amounts of time.

One of the minor crises in football in recent years has been, in the eyes of some, the diminishing relevance of the foot. Special teams these days can feel less special than ever. Kickoffs that result in a touchback are at an all-time high in 2022. Punts per game have reached an all-time low in recent years. Teams are more inclined to go for 2-point conversions after touchdowns now that the distance for extra points has been pushed back.

Rule changes have driven much of this. A good deal of it is also analytical: modern offenses go for it more than ever. And every time a team passes or runs the ball on fourth down, that eliminates a field goal or punt.

Yet there's something curious about this phenomenon that in many instances has taken the ball away from kickers. In some instances, the same logic empowers them even further.

When a team goes for it on fourth down, part of the thinking that underpins the decision is that field position can be overrated. Depending on the situation of the

game, it can be a statistically wise gamble for a team to go for it on fourth and short in its own territory. The reward of keeping possession and possibly scoring points outweighs the risk of possibly giving the ball to the other team with strong field position. When the option is trying to keep the ball, or willingly giving the ball back to the other team via punt, it can pay off to go for it.

### Kickers are stronger than ever and rules have weakened the rush up the middle on attempts.

The same idea has applied to field goals. Some teams will go for it in hope of a touchdown instead of settling for three points. But the notion that field position has been devalued also works to a kicker's benefit: Long field goals can result in three points or giving the opposing team the ball near mid-field. Coaches who have calculated that risk and let their kickers rip

this season have often been rewarded: Kickers entered Sunday 18 for 22 on kicks from 55 to 60 yards this season. (They were also 0-for-3 on kicks 61 yards or longer until the Chiefs' Harrison Butker hit a 62-yarder against the Bills on Sunday.)

"You're seeing coaches more willing to attempt those field goals because you're seeing the increased accuracy," said retired kicker Jay Feely, now an analyst on CBS.

What's even more telling than when teams attempt kicks this far late in games is when they do it even earlier. Deep into the fourth quarter, up against the clock, an offense might feel little choice but to try to send one through the uprights. Earlier in the game, a coach has two other options: attempting to convert the fourth down or punting to try to pin the opponent near its own end zone.

In this gray zone—where a team is far enough out that it could still punt, close enough that it might kick or go for the fourth down conversion—the idea of punting is increasingly becoming obsolete. More often, teams are going for it or kicking. Punting, from inside the opponents' 40-yard-line, is on track to be down 44% from a decade ago.

For some teams, though, this season has also been a reminder that even in 2022, a long field goal is no sure thing. The longest attempt of the season, from 64 yards out, missed in the final seconds and sealed a painful 17-16 loss for the Denver Broncos in September.

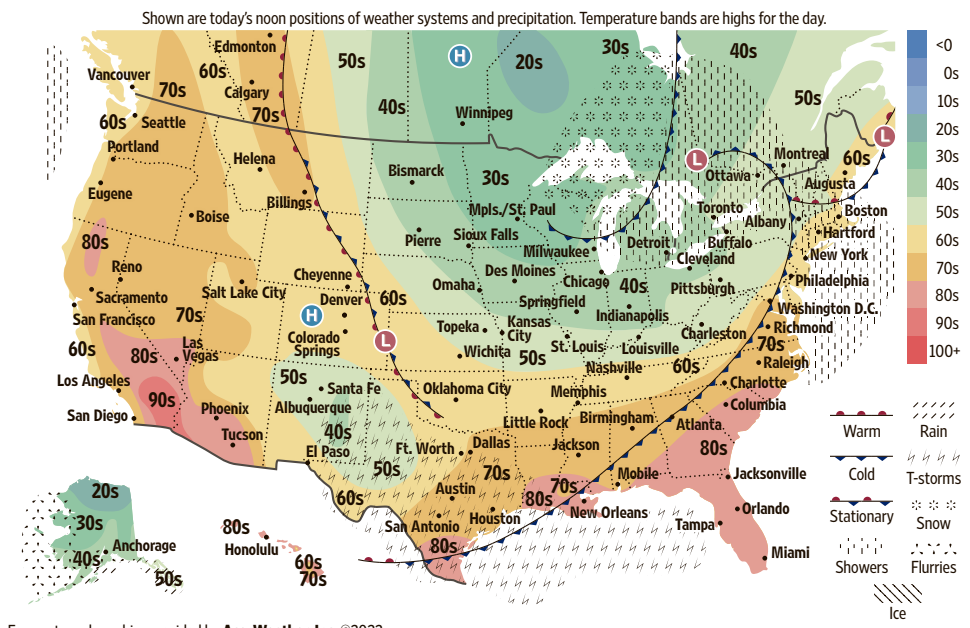
No situation exemplifies how this new mind-set can shift the dynamics of a game quite like the Saints-Vikings game a couple of weeks ago. It clearly reflected that, when coaches believe their kickers can execute from far distances, it shortens the field for their offense. The Saints attempted two 60-plus yard kicks in the final two minutes.

The first from kicker Will Lutz sailed through to tie the game. Unfortunately for New Orleans, Minnesota retook the lead with 29 seconds left with a 47-yard field goal.

These days, though, that's plenty of time to get a kicker into position. The Saints did just that when they set up Lutz for a 61-yarder.

When it sailed off his foot, it had the distance. It looked like it would be good. Then it dinked off the upright. It ricocheted and nailed the crossbar. The ball bounced the wrong way—and the kick was no good.

### Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

### U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; t., t-storms; r., rain; sf., snow flurries; sn., snow; i., ice

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major US cities and their weather forecasts.

### International

City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major international cities and their weather forecasts.

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major international cities and their weather forecasts.

### The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with 13x13 cells and some filled-in black squares.

- 63 Gave rise to
64 Chest muscles, for short
65 Warrior princess of TV
Down
1 "Dancing Queen" group
2 King with three daughters
3 Parking lot souvenir
4 Alan of "The Kominsky Method"
5 Number of letters in "Roma"
6 Loyal
7 Travails
8 Winter hrs. in WA
9 Peloponnesian War victor
10 Insect on Utah's flag
11 Similar
12 Arizona Museum of Natural History location
13 "The windows to the soul"
18 Nixon finger formations
21 Is suffering
23 "... ergo sum"
24 Urgent requests
25 Nonsense, informally
26 Fourth prime
28 Floating at sea
29 Dynamite inventor
30 Blow away
31 Missouri or Monongahela
32 Ranch animal
37 Queen who financed a 1492 voyage
39 Plant person
41 High point
42 Team lists
45 Dollhouse accessory
49 Where you might find spam
50 Wound cover
51 Muscle condition
52 Diana who played Emma Peel
53 Make a lot, say
54 "Wait \_\_\_!"
55 French head
56 Reclined
57 Hit for the Village People
59 Cut off

### MENTAL GYMNASTICS | By Naomi Klarreich & Daniel Shapiro

- Across
1 Alan of "M\*A\*S\*H"
5 "NOT a name for just any cotton swabs," per its website
9 It may cause you to hang your head
14 Ballpark beverage
15 Browser addresses
16 Slammer
17 Where Simone Biles might keep her gold medals?
19 Biscotti flavoring
20 Professional entertainers
21 Spots for games and concerts
22 Minor criticism
23 Washington or Cleveland, for example
24 Home of "Antiques Roadshow"
27 Snacks for Simone Biles?
33 Whopper
34 Prohibition posted at a beach, perhaps
35 Give off
36 "The King"
38 What you get when you drive someone home, for short
39 Hair salon offering
40 A really long time
41 Piazza San \_\_\_ (Vatican plaza)
43 Last letter
44 Where Simone Biles might testify in support of legislation?
46 Do the wrong thing
47 Outscore
48 Enjoy Aspen
50 Window-washing no-no
53 Without doubt
58 Mattress parts
59 What Simone Biles might use to cut metal?
60 One might be acute or obtuse
61 Finished
62 Ear-related

Previous puzzle's solution grid with words highlighted in different colors.

The contest answer is SEMI PROFESSIONAL. Hinted at by 38-Across (TEN-FOUR), there are 16 Across clues that consist of two words of lengths ten and four letters. The first letters of the answers to those clues spell the contest answer.



## OPINION

## Stocks Can Always Get Cheaper



INSIDE VIEW  
By Andy Kessler

Are stocks cheap yet? When I was a young Wall Street analyst visiting institutional investors in Boston, I sat in a money manager's office noting his framed prints of horseback riders in red jackets on a fox hunt. He asked me what I thought about a particular tech stock. I walked him through my forecast for the company and said the stock was a buy. "Why?" he asked. I said, "Because the stock is cheap."

Big mistake. He launched into a 10-minute tirade, screaming, "Who are you to know if a stock is cheap? Have you ever lived through a downturn?" He even told me my tie was too expensive before he threw me out of his office. Ah, the service business. But I never again said a stock was cheap and instead focused on fundamentals, emerging trends, expectations and market sentiment.

Cheap stocks can always get cheaper. Companies such as Peloton, Carvana and Rob-inhood are down 80% to 95% from their peaks. Buy the dip, right? Be careful—the biggest mistake is looking backward, not forward.

Later I worked as an investment banker until I found out you had to be nice to people. I discovered a graphics-software company with a \$5 stock and \$5 a share in cash.

Intriguing. If they could turn around their business, it could be a bargain. I won't ever say cheap! I kept an eye on it and visited a year later. Because of losses and restructuring charges, the company only had \$4 a share in cash and, sure enough, the stock traded at \$4. After another year, it had \$3 a share in cash and the stock was worth \$3. I stopped visiting. It eventually went out of business. No future, no upside.

Market bottoms form when everyone is negative. The International Monetary Fund says the world economy is headed for "stormy waters." Ray Dalio, who founded the hedge fund Bridgewater Associates, thinks we'll see five years of "negative or poor real returns." JP Morgan CEO Jamie Dimon says stocks could fall another 20%. Is that negative enough? It's a start, given that few said these words a year ago.

My sense is there is more ugly stuff coming. Eighty percent of hedge funds are down and dumping their losers. Short-term interest rates are heading to 5% or higher, which means stocks will trade at a lower price-earnings multiple. Even worse, quarterly earnings misses are starting, and, like cockroaches, you never see only one.

In the U.K., higher interest rates triggered selloffs of gilts (bonds) by pension funds that had hedged or insured against higher interest rates with liability-driven investing products—think lev-

eraged derivatives. When rates rise, investors get margin calls to put up more collateral, so they sell more bonds, which causes interest rates to rise even higher, triggering more selling. This "doom loop" was halted, at least temporarily, after the Bank of England's intervention. A previous doom loop involved portfolio insurance, which automatically sold as stocks went down, intensifying the 1987 stock-market crash. And remember the implosion of Archegos that forced selling? That was only last year. We could see many more.

### The bottom still feels far off as bad earnings reports and defaults begin to surface.

Last week we learned that former Peloton CEO John Foley borrowed against his inflated shares and now, with the stock down 95% from its \$162 peak, margin calls are coming fast and furious, triggering more selling and probably more margin calls. The bad advice that entrepreneurs should borrow against shares instead of selling happens every cycle. It's stupid. Debt kills. We don't yet know how prevalent this is. Heck, we still don't even know how many Tesla shares Elon Musk needs to sell to buy Twitter at \$54.20 a share. Without his bid, Twitter's stock might

be worth single digits.

Currency dislocations in Asia and Russia in 1997 and 1998 crushed markets. It feels similar today. There is more than \$13 trillion in foreign dollar-denominated debt that, as the dollar rises, gets more expensive to pay back. And now price controls are being set up to limit the effects of higher energy costs on consumers in the U.K., Germany and elsewhere—another potential doom loop requiring more subsidies if energy costs rise.

It's hard to buy during this period of dwindling expectations. Is sentiment negative enough? Are crypto blowups behind us? I doubt it. Wait for all the cockroaches to dance in the sunlight. Eventually there will be capitulation, with the meme-stock-buying Reddit crowd dumping shares and curling up in a fetal position under their desks, swearing off stocks forever. They caused the top; they'll create the bottom.

Dawn always follows our darkest hours. After the meek are washed out, markets go back up, driven by the next wave of productive entrepreneurs. We need visibility on inflation and interest rates rolling over to bring contrarian nibblers back to the market, figuring the earnings-miss cockroaches are finally dead. Once that happens, we might start seeing upside earning surprises. Until then, remember, "cheap" stocks can always get cheaper. Focus on fundamentals.

Write to kessler@wsj.com.

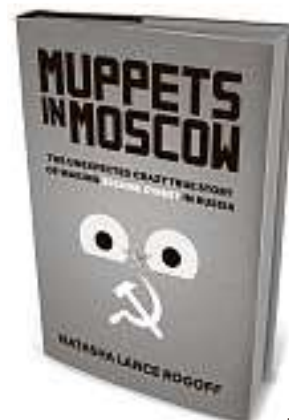
BOOKSHELF | By Meghan Cox Gurdon

## 'R' Is For Russia

### Muppets in Moscow

By Natasha Lance Rogoff  
(Rowman & Littlefield, 265 pages, \$26.95)

In 1993, commercial airplanes landing in Moscow were jammed with church and business types eager to establish a hold in the rowdy, risky atmosphere of newly post-Soviet Russia. Among the influx of hopeful foreigners was an intrepid American television producer named Natasha Lance. As a teenager, Ms. Lance had been so enamored of Russian literature that she'd changed her name from Susan to the more romantic and Chekhovian alternative. Fluent in Russian, having studied in the Soviet Union, Ms. Lance arrived in Moscow with an agenda that fell somewhere between the commerce and religion of her fellow passengers. At the behest of the Children's Television Workshop, she had been tasked with creating a



Russian edition of "Sesame Street."

The popular educational program had transformed children's television in the U.S. after its launch in 1969, and as those planes were entering Russian airspace in the early 1990s—when Boris Yeltsin was president and the world had not yet heard of Vladimir Putin—the creators of "Sesame Street" had already established a fleet of nearly two dozen foreign co-productions. Tweaked for local tastes, the American show's

cheerful, progressive mix of short animated segments, live actors and idiosyncratic Muppets appealed to families in countries as far-flung as Israel ("Rechov Sum") and Mexico ("Plaza Sesamo"). What delighted children elsewhere, it was thought, would surely delight children in post-Soviet societies. More to the point, for policy makers, a Russian "Sesame Street" was a way to spread American values such as racial and ethnic tolerance, the legitimacy of non-traditional sex roles, and the vigor of an open society.

Ms. Lance had a daunting task. Once in the chaotic Russian capital, she would have to identify creative and technical collaborators, find trustworthy ruble-rich investors, and, not least, secure a broadcaster capable of sending an initial series of 52 episodes across 11 time zones. In a sparkling memoir of the era and the enterprise, "Muppets in Moscow," Natasha Lance Rogoff (as she is now) re-creates the frantic and vertiginous efforts to launch "Ulitsa Sezam" against what turned out to be tremendous headwinds.

"Translating *Sesame Street's* ebullient and idealistic outlook to Mother Russia was not only incredibly difficult," Ms. Lance Rogoff writes, "but also incredibly dangerous." When she had left Russia as a student, the country had been in the dour grip of communism. When she returned as a television professional, former Soviet industries were sluicing into the hands of gangsters and oligarchs; chic restaurants and hotels were springing up on Moscow boulevards; and bombs were going off in limousines and newsrooms, without it always being clear who had planted them or why. People were going unpaid; people were on the take. The collapse of 70 years of control and propaganda had left many Russians demoralized and bewildered.

### It was tricky, adapting a television show beloved of gee-howdy Americans to a proud people steeped in melancholy and loss.

Every foreign gambit needs a fixer, a local who can pull strings and interpret social and business cues. For Ms. Lance Rogoff, this role was played by a resourceful and volatile old friend from her student days, Leonid Zagalsky. It is he who secures her an early meeting with the oligarch Boris Berezovsky. Over a tense lunch, Berezovsky (a fan of Big Bird, it seems) agrees to fund the Russian portion of the show's expenses—but when his limo gets blown up he leaves the country and Ms. Lance Rogoff is back where she started. It is a cycle that repeats. Finding a broadcaster for "Ulitsa Sezam" proves even more difficult, as assassination takes out one supporter after another.

Some of the most fascinating passages in "Muppets in Moscow" deal with the cultural clashes that arose in adapting a show beloved of gee-howdy Americans to a proud people steeped in melancholy and loss. "Russia has a long, rich, and revered puppet tradition dating to the sixteenth century," scoffs one collaborator. "We don't need your American *Moppets*." One writer's script comes in with a line about Russian folk musicians feeling "sadness in their souls as they play a song of suffering." Another writer suggests using a live-action sequence to teach the letter *D*: "His storyboard depicts a sad furry Muppet slowly mopping a linoleum floor and the letter *D* comes up on the screen as a voice narrates: '*D* for *Depressia*.'" When Ms. Lance Rogoff suggests teaching teamwork with a segment showing kids operating a lemonade stand, her interlocutors are horrified. One of them tells her: "Only desperate, poor people sell stuff on the street to survive and it's dangerous."

Throughout "Muppets in Moscow" we toggle between Russia and New York, where Ms. Lance Rogoff's public-television bosses struggle to accept that doing business in Moscow is "like doing business with the American Mafia in Chicago, but with onion domes." Finances are a constant worry, and the inconsistencies of banking (and backers) continually threaten to sink the operation. As "Ulitsa Sezam" approaches its air date, the author, now married and pregnant, stuffs \$8,000 into her maternity bra to keep a few people paid.

On Oct. 22, 1996, the first episode of "Ulitsa Sezam" went out on the airwaves. Ms. Lance Rogoff writes movingly of stepping outside on the night of the premiere, looking up at high-rise apartment blocks and realizing from the "colored lights reflecting in the windows, shifting simultaneously," that all sorts of families were already tuning in. The show became hugely popular. For a dozen years, millions of children across the former Soviet Union learned letters and numbers and concepts with Elmo and Grover and their specially designed companions Kubik, Businka and Zeliboba. And then in 2010—"no longer supported by Putin's people at the television networks"—"Ulitsa Sezam" went off the air. An era of exuberance and optimism was well and truly over.

Mrs. Gurdon, a Journal contributor, is the author of "The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction."

## Mexico's Military Gets Hacked



AMERICAS  
By Mary Anastasia O'Grady

Mexico's President Andrés Manuel López Obrador ran for office in 2018 as an honest politician out to clean up corruption. Now the largest hack in Mexican history and new revelations suggesting that the government uses spyware to surveil citizens are rewriting that narrative.

In September Mexicans learned that a group calling itself Guacamaya hacked Sedena, Mexico's ministry of national defense. The hackers claim to have pinched some six terabytes of data. In layman's terms, this could amount to nearly five million pages of text—although it's probably less because it includes photos and videos.

Even the most ambitious members of the fourth estate haven't been able to digest the full contents of the leaks in the weeks since an organization acting as an intermediary for Guacamaya began providing access to the stolen files. But journalists are eagerly nibbling on a veritable feast of data and reporting on what they've found. I have not downloaded it but have been reading the Mexican press.

One conclusion that's hard to avoid from the tidbits shared so far is that the army has a lot of information about alleged connections between the political class—including

the ruling party—and organized crime.

Mexico has five regional intelligence-gathering centers that combine the work of agents from the defense ministry, the Navy, the National Intelligence Center, the National Guard, the attorney general and the office of security and citizen protection, or SSPC. These agents gather information and file reports that are combined and sent to the National Intelligence Fusion Center, which is the country's nerve center for security intelligence.

### Leaks show the army has information linking drug cartels with the ruling class.

An Oct. 5 story on the hacked data by the Mexican newspaper Proceso said that during his time as governor of Tabasco, Adán Augusto López Hernández put three men in positions of authority at the local SSPC and in the Tabasco State Police who were named by the southeast intel center "as members of the Jalisco New Generation Cartel." According to Proceso, the southeast intelligence center "even referred to one of them as the 'alleged leader'" of another criminal group in Tabasco: "Hernán Bermúdez Requeña, who remains at the head" of the SSPC in the state. According to Aristegui

Noticias, another Mexican news outlet, there are a total of five intelligence reports in the leaks—one in 2019, three in 2021 and one in August—linking Mr. Bermúdez to crime groups.

This might be chalked up to local links between the narcos and politicians except that Tabasco is the president's home state and former Gov. López Hernández is now the president's minister of government—the de facto deputy president.

Proceso reported Mr. Bermúdez's claim that the criminal group he is alleged to lead doesn't exist. He stressed that he "cannot answer for the 7,000 police under his command" and "he questioned the veracity of the hacked Sedena documents," the paper wrote. Proceso said that Mr. López Hernández didn't respond to requests for comment.

The U.S. war on drugs inevitably corrupts institutions. Mexico's large and wealthy neighbor with an appetite for consuming illegal substances was bound to enrich the Latin underworld, which was bound to use its profits to bribe officials and weaponize its operations.

Yet organized crime is now tearing Mexico apart, and allegations that Mr. López Obrador's own cabinet members are part of it can't be shrugged off. For the sake of the nation and of people like Mr. Bermúdez, who maintains his innocence, an investigation seems in order. Short of compromising operations,

Mexicans also deserve to know what action has been taken using the reports.

AMLO, as the president is known, has said there won't be any investigation. Sedena has remained silent. This is generating the sense of a coverup and fears that Mexican authorities, out of greed or terror, have given in to the cartels.

There is also fresh evidence from the hack that the military demands a greater role in the economy. Writing for the online news outlet *Latinus* on Oct. 3, Isabella González explained that the leaked emails reveal a plan for two new military companies to serve tourists on the Yucatán Peninsula, which would become "the seventh and eighth companies established by the Army since [AMLO] took office."

If this weren't enough to unnerve Mexicans, the Mexican NGO Network for the Defense of Digital Rights, working with other transparency groups including the Toronto-based Citizen Lab, alleged earlier this month that since 2019 the government has used Pegasus spyware to hack into devices of at least one human-rights activist and two journalists. Pegasus is designed to track terrorists and criminals, but former President Enrique Peña Nieto was accused in 2017 of using it to spy on his political adversaries. AMLO has promised those days are over. But then AMLO has made lots of promises, many of which seem to have slipped away.

Write to O'Grady@wsj.com.

## A Plan X for Elon Musk's Twitter

By Dennis Kneale

Assuming Elon Musk goes through with his takeover of Twitter, he'll have to make a real business out of a company that lost almost half a billion dollars on \$5 billion in revenue last year and trails TikTok and Snap in audience reach. He envisions something bigger. "Buying Twitter is an accelerator to creating X, the everything app," he tweeted on Oct. 4.

Imagine a platform for banking, payments, stock trading, crypto investing, professional and personal services, news, entertainment, and retail—an amalgam of the Apple app store, Netflix, the Salesforce platform for app developers, Tradeshift and PayPal.

This vision dates to 1999, when Mr. Musk co-founded X.com, an early online bank. A year later X.com acquired Confinity, a cash-strapped rival that had a more successful service called PayPal, and Mr.

Musk was ejected as CEO.

X.com renamed itself PayPal and focused on online payments, selling to Ebay a year later. Mr. Musk bought the X.com domain from PayPal in 2017, saying he had no plans for it. Mr. Musk's Twitter could bring community to commerce. Influencers and their fans could provide digital word of mouth, tied to membership privileges such as exclusive discounts, secret instant sales and access to new products.

First he'll have to address three thorny problems: Twitter's quashing of conservative and nonconforming views, the audience-inflating bots that Mr. Musk cited for wanting to pull out of the deal, and flimflam consumer scams.

He should start by moving Twitter out of Silicon Valley to Texas, Florida or another politically friendly place. Next up, lift the lifetime ban on @realDonaldTrump. It is unthinkable that a former

president is banned for life while the regimes of China, Russia, Iran and Afghanistan tweet lies and anti-American vitriol with impunity.

Twitter also should hire outsiders to conduct an independent audit of all previous company communications regarding censorship requests

### Before creating the 'everything app,' he needs to solve the company's problems.

by any government-related party—a violation of the First Amendment's prohibition against government-imposed prior restraint on free speech. This litany of past government meddling should be fully revealed to the public. Mr. Musk should create a formal process for logging, disclosing and adjudicating all future

government requests and providing targets with the right to object and respond.

Twitter has insisted its fake-audience bot problem amounts to only 5% of total users. Quantifying the real extent is doable, and Mr. Musk should disclose those results too.

Thwarting flimflam will be harder because of the human factor at play. Lately, I am in hot demand and making new friends on Twitter: Scarlett, Una, Vivi, Junia, Cheryl, Ava, Julie, Enron (she must've been teased a lot as a kid), Linda, Lucy, Vera, Miranda, Carolina, Jessica, Faye and Wendy.

These names are on 16 accounts that have sent me private messages, all of them adorned with profile photos of women 30 or 40 years younger than I am. This is in just the past two months. They really seem to like me.

Mr. Kneale is a writer based in New York.



## OPINION

## America Needs a New Civil Rights Act

By Philip Hamburger

It is time for a new civil-rights act that addresses the dangers of our time, not merely those of the 1960s.

The threat again comes from discrimination, but now by the federal government as well as states and private organizations. Most worrisome is federal and state encouragement for private entities to discriminate against Americans with dissenting views. Also significant is discrimination that bars Americans from participating in services ordinarily open to the public.

**The 1964 law targeted racial discrimination. Today's problem is the suppression of dissent.**

An example of the latter is PayPal's recent announcement that it will confiscate \$2,500 from customers who spread "misinformation."

The company later claimed the announcement was "incorrect information"—dare one say "misinformation"? But it turns out that PayPal still threatens to take \$2,500 from customers for promoting "intolerance that is discriminatory." Perhaps it should fine itself.

At least PayPal's sharp treatment of its customers ensured a sharp reaction. Many canceled their accounts, and the company's stock price dropped 6% in one day. When companies are too crude in their censoriousness, cancellation can go two ways.

Too often, however, private and government discrimination isn't as candid and doesn't provoke a concentrated response. Private professional organizations—for example, those overseeing lawyers and even real-estate agents—are taking aim at practitioners who don't have the

most up-to-date views on race under the guise of barring racial discrimination. Yet the response is muted because the assault on dissent is subtle and many critics within the professions are fearful. PayPal is exceptional only in its ham-handedness, and we can't assume market remedies will suffice for more sophisticated discrimination.

Private organizations don't always act on their own. Government works through social-media platforms to censor Americans who refuse to follow orthodoxy on Covid-19 and election fraud. It uses interpretations of Title IX, which bans sex discrimination in schools, to require private regulation of speech about sex, including dissent on sexual politics. For decades the federal government has demanded that universities establish institutional review boards to license much academic inquiry and publication, predictably with a tilt against scholars whose views are deemed old-fashioned or insensitive.

States are no better. Many leave the regulation of lawyers to bar associations, some of which are adopting rules that penalize lawyers for "discrimination," understood to include insufficiently advanced opinion. Some police forces tie promotions to education—provided by organizations that discriminate against the unwoke.

If federal or state governments engaged in viewpoint discrimination, they would violate the First Amendment. But they seem to think they can evade constitutional limits by getting private entities to do their dirty work.

One way to control such behavior would be to follow the example of civil-rights laws that tie antidiscrimination principles to federal funds and other privileges. Title IX, for instance, conditions federal education funding on the absence of sex discrimination. But as should be obvious from Title IX, conditioning antidiscrimination principles on federal



DAVID KLEIN

funding leaves much discretion for abuse.

The funding justification for regulation increasingly reaches not only subsidized programs but entire institutions. And almost every major institution receives federal funding. So the potential for privatized government discrimination is nearly unlimited. In education, conditions on funding interfere with academic speech and the freedom of private institutions.

The first step in a constitutionally more modest approach would be to recognize that government power shouldn't be exercised in ways that discriminate. On this basis, a new civil-rights act could bar discrimination in the exercise of government power. At the governmental level, this would prohibit viewpoint discrimination by federal and state officials and make their discrimination subject to suits for damages without qualified immunity.

The bar against discriminatory exercises of government power would also reach private bodies to

the extent they exercise the power of government. Just because government power is privatized doesn't mean it should escape the ordinary limits on such power. So when institutional review boards, Title IX committees, bar associations or other professional organizations exercise delegated legislative or judicial power, they should be vulnerable to pay damages for their viewpoint discrimination.

Second, government shouldn't be able to use private organizations to evade the First Amendment. So when private entities cooperate with government to execute its policies that violate the First Amendment, they should be accountable. The social-media platforms, for example, shouldn't be allowed to cooperate with the government in carrying out its viewpoint discrimination.

Third, private entities that generally hold themselves open to the public also shouldn't be permitted to discriminate. This is especially important because such enterprises are often vulnerable to government

pressure or inducements to discriminate—as revealed by Operation Choke Point. This Obama-era Justice Department program pressured banks to deny payment services to disfavored but lawful businesses—an effort at rule by boycott rather than by law.

The solution is to recognize and clarify the common-carrier antidiscrimination duties of private companies. The Texas free-speech statute recently upheld by the Fifth U.S. Circuit Court of Appeals (in *NetChoice v. Paxton*) requires large social-media platforms to live up their common-carrier duty by refraining from viewpoint discrimination. A new civil-rights act could apply common-carrier duties to payment systems, such as PayPal and GoFundMe, so they don't discriminate (except as allowed in narrow circumstances by common-carrier principles or by antiterrorism and anti-money-laundering rules).

A civil-rights law encompassing these three principles would be much less intrusive than the old civil-rights laws, which apply broadly to private employers and otherwise take aim at private discrimination. This act would restrict private parties only if they exercise government power, if they cooperate with the government in enabling it to evade the First Amendment, or if they function as common carriers by holding their services open to the public.

We live at a time when government and private parties unite in censoriousness. Government runs its power through private entities and uses them to discriminate, and many of them discriminate in crucial services that traditionally have been open to all. Such discrimination will further divide our society by making dissent a basis for exclusion. A new civil-rights law is profoundly necessary.

*Mr. Hamburger is a professor at Columbia Law School and CEO of the New Civil Liberties Alliance.*

## If You're Hunting for Heresy, You Aren't a Scientist



**LIFE SCIENCE**  
By Allysia Finley

within four weeks of receiving an mRNA vaccine. Actually, that's unfair to hornets. They aren't as mindless or vicious as the self-anointed experts attacking Dr. Ladapo.

Eric Topol, director of the Scripps Research Translational Institute and one of America's leading Covid scolds, condemned Dr. Ladapo's study as "baseless, reckless, and irresponsible" because it seemingly contradicted the expert consensus that myocarditis caused by vaccines is "typically mild and fully resolves in nearly all affected" (emphasis added).

The latter is probably true, but Dr. Ladapo's study shows that some young men may experience severe effects. And it's far from clear, as Dr. Ladapo notes, that the benefits of the mRNA vaccines for young, healthy men—who were at low risk

Florida Surgeon General Joseph Ladapo stirred a hornet's nest when he released an analysis of state death and vaccine records that showed young men experienced an 84% increased risk of cardiac death

to begin with, and the vast majority of whom now have some immunity from prior infection or inoculation—outweigh the risks.

This is a fair and important discussion to have, but the so-called experts don't want to have it because they worry it will undermine their assertion that vaccines are an unalloyed public-health good. Instead, they are denouncing Dr. Ladapo as "antiscience"—the same epithet they've used against critics of lockdowns, mask mandates and climate policies.

But science relies on challenging assumptions and debating evidence. People who refuse to do this shouldn't call themselves scientists. This includes the editor in chief of Science, H. Holden Thorp, who on Thursday published an ad hominem attack on Dr. Ladapo purporting to be a defense of science.

A "credentialed scientist from outside the field"—Dr. Ladapo trained in internal medicine—shouldn't question the "scientific consensus in a public manner that undermines trust in science," asserted Mr. Thorp, a former college administrator whose background is in chemistry. "Unequal perspectives do not deserve equal time, and challenging scientific consensus requires evidence that has been

subjected to peer review and published with all the data disclosed so that the scientific community can replicate the findings."

Centers for Disease Control and Prevention studies, including the ones that were used to support government vaccine and mask mandates, aren't peer-reviewed by outside scientists, and the CDC's underlying data aren't published for outside scientists to replicate.

**Joseph Ladapo is being condemned for something so-called public-health experts do all the time.**

Food and Drug Administration rules require that trial data for vaccines and drugs be made available to the public after their approval. The FDA didn't do so for the Covid-19 vaccines. Scientists seeking to replicate the safety and efficacy findings from Pfizer's trial sued the agency to release the data. A federal judge forced the FDA's hand in January, but it still hasn't released critical datasets.

The CDC also recommended the new bivalent Covid boosters without

any clinical trial data, based on a projected benefit-harm analysis that didn't undergo peer review. Pfizer on Thursday issued a press release claiming the boosters produced a stronger antibody response to the newer variants compared with its original Wuhan vaccine, but it included no data.

Dr. Ladapo is being condemned by the public-health pharisees for breaking cardinal commandments of science, which the government, drugmakers and scientists who conform to the "consensus" violate all the time.

Some experts have taken to Twitter to quibble with Dr. Ladapo's methodology. No study is flawless, and Dr. Ladapo includes a section in his analysis acknowledging its limitations. He tweeted: "I love the discussion that we've stimulated."

Mr. Thorp characterized Dr. Ladapo's "move" of encouraging debate as coming "from page 1 of the anti-science playbook." The actual antiscience playbook is the one Mr. Thorp and his team are running: Smear scientists who question orthodoxy as "antiscience" to shut down dissent. Remember Anthony Fauci's declaration that his critics were "really criticizing science because I represent science"?

Or recall how Dr. Fauci and former National Institutes of Health director Francis Collins conspired to discredit the authors of the Great Barrington declaration, which urged focused protection on the vulnerable while liberating young people from lockdowns. "There needs to be a quick and devastating published take down of its premises," Dr. Collins wrote to Dr. Fauci.

Mr. Thorp participated in the takedown of this approach too, writing that the "risky and misguided course" of "opening of colleges and schools has accelerated the spread of the virus and will mean untold suffering among both students and the people to whom they are now spreading the virus." Imagine how much bigger youth mental-health problems and learning loss would be if the "consensus" hadn't been challenged.

Now Mr. Thorp calls for a purge of scientists like Dr. Ladapo who challenge the consensus: "Until the scientific community deals with misinformation from within, it cannot expect to deal with it from without." One of America's scientific advantages over our adversaries is a political system that allows free inquiry and discourse. Too many scientists nowadays want to give it away.

## The U.S. Isn't Ready to Face China on the Battlefield

By Seth G. Jones

The Biden administration is doubling down on its recognition of China as America's main competitor. The recently released National Security Strategy and the soon-to-be-released National Defense Strategy—Congress has already received a version of the latter—conclude that China poses the most significant threat to the U.S. What administration officials haven't said, however, is that the U.S. isn't fully prepared to fight a major war against China.

The war in Ukraine has exposed

deficiencies in America's defense industrial base that could jeopardize the ability to fight a war with China. The capabilities for fighting are also essential for deterring China. Washington's assistance to Ukraine has depleted U.S. stocks of some weapons systems and munitions, such as Stinger surface-to-air missile systems, M777 howitzers, 155mm ammunition, and Javelin antitank missile systems.

These challenges highlight an even more serious concern: The U.S. defense industrial base is inadequately prepared for the wartime environment that now exists. It is operating

in a peacetime environment. In a major regional conflict—such as a war with China in the Taiwan Strait—U.S. munitions needs likely would exceed Pentagon plans and stockpiles.

In nearly two dozen iterations of a Center for Strategic and International Studies war game that examined a U.S.-China war in the Taiwan Strait, the U.S. expended all its joint air-to-surface standoff missiles and long-range precision-guided antiship missiles within the first week of the conflict. These missiles are critical because of their ability to strike Chinese naval forces from outside Chinese defenses.

The U.S. is not the only country facing this challenge. In a recent war game involving U.S., U.K. and French forces, the U.K.'s Third Division exhausted national stockpiles of critical munitions in just over a week.

Solving these problems will take time.

Defense companies are generally unwilling to take financial risks without contracts in place, including multiyear contracts. While the U.S. Defense Department signs multiyear contracts for ships and airplanes, it generally does not sign multiyear contracts for munitions. This risk aversion is compounded if companies have to make additional capital investments, especially brick-and-mortar ones.

There are also workforce and supply-chain constraints on increased

demand for weapons systems and munitions required for one or more major wars. Companies need to hire, train, and retain workers. Supply chains for the U.S. defense sector are also not as secure as they should be, with some businesses shutting down or moving supply chains overseas—

**The invasion of Ukraine has exacerbated critical deficiencies in America's defense industrial base.**

sometimes to unfriendly countries.

In other cases, there aren't alternative sources for key weapons systems and munitions. The Javelin, for instance, relies on a rocket motor without a major secondary option. There are also significant vulnerabilities with some rare-earth metals, on which China has a near monopoly; other elements such as titanium and aluminum; semiconductors and other microelectronics.

Finally, time is a major constraint. It can take roughly two years to produce some types of missiles and systems, such as the Patriot Advanced Capability PAC-2/PAC-3 air- and missile-defense system, Tomahawk V, air-launched cruise missile, and long-range precision strike missile. These lead times are generally to deliver

the first missiles—not the last ones. Filling inventories requires sustained multiyear investment. Brick-and-mortar investments for factories take even longer.

These challenges don't have quick or easy solutions. That means we have to begin now. One step is for the Pentagon to reassess total munition requirements for one or more major wars. This might include modeling the expenditure rates of critical guided munitions among land, naval and air forces in a major conflict at various levels of intensity.

The Pentagon also needs to focus on targeted investments in key munitions and weapons systems, such as long-range precision strike and integrated air and missile defenses. These investments should include signing multiyear contracts.

During World War II, U.S. and allied defense industrial production was essential to defeating both Germany and Japan. But it didn't happen overnight. If the U.S. is serious about competing with China, it needs to put its money where its mouth is. The defense industrial base is a critical place to start.

*Mr. Jones is senior vice president and director of the International Security Program at the Center for Strategic and International Studies and author, most recently, of "Three Dangerous Men: Russia, China, Iran and the Rise of Irregular Warfare."*

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## WORLD NEWS

## U.K.'s Truss Struggles to Save Her Job

By MAX COLCHESTER

LONDON—Having fired her chancellor of the exchequer days ago, U.K. Prime Minister Liz Truss is battling to save her own job after what many political analysts and members of her own party regard as the worst start to a British premiership in modern times.

Ms. Truss's popularity rating is the lowest of any British prime minister since the early 1990s, according to polls, after a turbulent few weeks that saw her plan to boost growth through the biggest tax cuts in a generation cause turmoil on U.K. financial markets, forcing the new leader to retreat from her signature economic program—the pillar of her campaign to replace ousted former Prime Minister Boris Johnson just six weeks ago.

Now, Conservative Party lawmakers are weighing a basic calculation: Can the party head to elections, which must be held within two years, with Ms. Truss as the face of the

party or is she irreversibly damaged? The outlook for her tenure in Downing Street appears grim, analysts say. Some in the party privately predict she could be pushed out as soon as this week. Downing Street declined to comment.

When asked about Ms. Truss's economic plan, President Biden said, "I wasn't the only one that thought it was a mistake." He described the outcome as predictable.

"I doubt if she can last long, I give her at most a few weeks, maybe less," said Vernon Bogdanor, professor of government at King's College London. Top of mind for many Conservative lawmakers will be whether Ms. Truss is so toxic now that going to the polls would mean an electoral wipeout and cost them their jobs. "They will be motivated by fear of losing their seats," he said.

On Sunday, several Tories called for Ms. Truss to reset her premiership. "There has to be, in a pretty short time, an apology and a fundamental re-

set of the government by the prime minister," said Robert Halfon, a Conservative lawmaker. Another called on Ms. Truss to quit. "The game is up," Crispin Blunt, a Conservative lawmaker, told the U.K.'s Channel 4.

So far senior cabinet members remain, publicly at least, loyal. "We are going to do

**The outlook for the new leader's tenure in Downing Street is grim, analysts say.**

things differently, charting a new course for growth," Ms. Truss wrote on Twitter on Sunday. On Friday, she said she still wanted to press ahead with reforms like deregulation that might help spur the sluggish British economy.

There are still some in the libertarian wing of the party

who are vocally loyal. John Redwood, a lawmaker and supporter of Ms. Truss's reforms, said the prime minister should remain. Those who want her out "want to stop all tax cuts, plunge us into recession and claim they warned us. Their economic remedies would be a return to austerity. They are playing political games at the expense of people's lives and hopes," he wrote on Twitter on Sunday.

The rate of collapse in Ms. Truss's political authority is unprecedented in modern British politics. What started a month ago as a grand plan for the ruling Conservatives to reshape Britain through ambitious economic reform has now boiled down to utilitarian political calculus as lawmakers weigh whether orchestrating the third defenestration of a Tory prime minister in as many years would hurt or improve their electoral chances.

"The threat of electoral wipe out versus the curiosity of having another leader so

soon is a trade-off," says Tony Travers, politics professor at the London School of Economics. Ousting Ms. Truss "might be the least weird thing to do." If she is evicted from office within the coming two months, Ms. Truss would become the shortest serving prime minister in British history, beating the record of George Canning who died in office in 1827 after 119 days.

Ms. Truss's experiment with Reaganomics—big tax cuts combined with spending increases—turned into a rout. Investors expressed concerns about the scale of borrowing required to fund both tax cuts and an energy subsidy for the British public and businesses at a time of high inflation and fast-rising interest rates. Higher interest rates and inflation increase borrowing costs and put government finances on a precarious footing.

The public, meanwhile, became alarmed at the prospect of much higher mortgage payments as the Bank of England

is almost certain to raise interest rates faster than it otherwise would to contain the inflation the plan would fuel.

There followed a series of embarrassing setbacks for the prime minister. Ms. Truss on Friday fired Kwasi Kwarteng, her longtime political ally and co-author of the economic plan. To replace Mr. Kwarteng as chancellor of the exchequer, she named Jeremy Hunt, a former health minister who backed her rival Rishi Sunak in the leadership contest.

During his first full day on the job on Saturday, Mr. Hunt announced he was effectively abandoning her economic plan—warning voters that some taxes would need to rise and some spending cuts take place to reassure financial markets that Britain's finances were stable. He will present a new economic budget on Oct. 31. Mr. Hunt denied that he is now effectively running the government. "The prime minister is in charge," he told the BBC on Sunday.

## Iran Protests Spread With Uprising at Prison

By BENOIT FAUCON AND DAVID S. CLOUD

The protest movement sweeping Iran spread to a Tehran prison known as a symbol of political repression in a new challenge to the Islamic Republic, with detained dissidents chanting antigovernment slogans before violence erupted and a deadly fire engulfed the facility, activists said.

Authorities said the fire killed four inmates and blamed a planned escape attempt on Saturday for the mayhem at Evin Prison, a complex in north Tehran that serves as a political prison for dissidents and foreigners. A large fire was visible at Evin from the densely populated neighboring communities, and loud bangs were heard through much of the night.

The melee started in a ward of the prison that houses inmates convicted of financial crimes and other criminal offenses but quickly spread to areas where political prisoners and dissidents are held, prompting guards to bring in reinforcements and firefighters to put down the protests and extinguish the fire, ac-

ording to officials and human-rights activists.

By Sunday morning, authorities said they were back in control, but the unrest marked another indication that the country's Islamic leadership is facing one of the gravest tests in its 43-year existence. The protests that first focused on the country's mandatory hijab, or headcovering, for women have morphed into something larger, calling for the end of the strict Islamic governance ushered in with the country's 1979 revolution.

While authorities said the prison violence had nothing to do with recent protests, witnesses and advocates for the prisoners said the extraordinary incident at Evin was another sign that the leaderless movement was spreading beyond the government's control.

Protests continued across Iran over the weekend, according to footage verified by Storyful, which is owned by News Corp, the parent company of The Wall Street Journal. In Ardabil, a town in northwest Iran, there were demonstrations after a teachers' association said a schoolgirl was beaten to death after a pro-re-

gime event turned into an antigovernment protest. The government has denied responsibility, saying the girl died from a heart condition.

By the accounts of both activists and the government, the violence at Evin began on Saturday.

In the women's ward of the prison, some inmates broke down the door of the two-story building housing around 45 prisoners, and moved into the staff area of the prison yard, where they started chanting antigovernment slogans, said Atena Daemi, a human-rights activist in Tehran who was released from Evin eight months ago after seven years imprisoned there. She said she had heard accounts of the riot from eight families, who received brief calls Sunday from prisoners in Evin's women's ward.

A prison guard warned the women, some of whom weren't wearing mandatory headscarves, that they would be killed unless they went back into the building, Ms. Daemi said, citing the accounts told by the families.

Guards fired tear gas and threw "something like a grenade," Ms. Daemi said she was



Authorities said four inmates died at the blaze at Evin Prison, a complex in north Tehran.

told. Women reported seeing guards armed with rifles aiming at them with laser sights, which project a visible beam.

Two women prisoners—Sepideh Kashani, an environmental activist, and Zahra Safaei, a political activist—were overcome by the tear gas and needed treatment, Ms. Daemi said, citing accounts from the families.

"They said everybody in the women's ward is safe, but the situation is tense," Ms. Daemi said. "Due to the large amount of tear gas used in the prison, some of them have burning eyes and shortness of breath."

The government has arrested hundreds of protesters, jailing the most politically active ones in Evin, said members of the protest movement and human-rights activists.

More than 15,000 inmates are said to be held at the sprawling complex on the outskirts of Tehran. Authorities said Saturday's melee began in Ward 7, which is supposed to be for inmates convicted of financial crimes. The inmates set fire to a sewing workshop, according to Iran's state media, adding that some prisoners had blades and tried to escape the prison.

When prisoners from Ward 7 broke out of their building, they freed prisoners in Ward 8, Ms. Daemi said.

Among those in Ward 8 was Emad Shargi, an Iranian-American incarcerated on what the U.S. has called false charges, according to his sister, Neda Sharghi. She talked to him briefly Saturday night by phone, she said, hearing shooting and yelling in the background.

"He was moved from where the riots were," she said. "We haven't been able to get much more information."

—Aresu Egbali contributed to this article.

## WORLD WATCH

FRANCE

## Thousands Rally Against Rising Prices

Thousands of protesters, including France's newly crowned Nobel literature laureate, piled into the streets of Paris on Sunday, in a show of anger against the bite of rising prices and cranking up pressure on the government of President Emmanuel Macron.

The march for wage increases and other demands was organized by left-wing opponents of Mr. Macron and lit the fuse on what promises to be an uncomfortable week for his centrist government.

Transport strikes called for Tuesday threaten to dovetail with wage strikes that have already hobbled fuel refineries and depots, sparking chronic gasoline shortages that are fraying nerves among millions of workers and other motorists dependent on their vehicles, with giant lines forming at gas stations.

Mr. Macron's government is also on the defensive in Parliament, where it lost its majority in legislative elections in June. That is making it much harder for his centrist alliance to implement his domestic agenda against strengthened opponents.

In a speech to the Paris march, far-left leader Jean-Luc Mélenchon charged that Macron is "fried" and that his leadership is plunging France into "chaos."

Organizers claimed that more than 140,000 protesters marched. Paris police said they didn't have an immediate estimate for the size of the crowd that filled squares and streets.

Demonstrating at Mr. Mélenchon's side was French author Annie Ernaux, who won the Nobel Prize for literature this year.

—Associated Press



Throng of demonstrators marched Sunday on the streets of Paris to protest inflation and call for wage increases.

TURKEY

## Mine Disaster Poses Challenge for Erdogan

A deadly explosion at a state-owned coal mine near Turkey's Black Sea Coast poses a new challenge for the government of President Recep Tayyip Erdogan.

The blast Friday evening killed at least 41 people while dozens of others were rescued, some after being trapped for hours underground, Turkish authorities said.

Mr. Erdogan traveled Saturday to the site of the disaster in the town of Amasra, about 180

miles northeast of Istanbul.

The explosion was caused by firedamp, or flammable gases in the mine, said Turkey's Minister of Energy and Natural Resources Fatih Donmez.

Turkish Interior Minister Süleyman Soylu said that 110 workers had been in the mine at the time of the explosion. At least 11 of the rescued miners were treated at hospitals, according to Fahrettin Altun, an aide to Mr. Erdogan and the head of the Turkish government's communications directorate.

"We see that many fatal disasters are taking place in our mines. We cannot accept that,"

said Mr. Erdogan. He said prosecutors had been assigned to investigate the cause of the explosion, which took place in a state-owned mine.

Turkish opposition figures and union officials raised accusations that the disaster was caused by a failure to uphold safety standards.

Deniz Yavuzylmaz, an opposition lawmaker from a nearby province, tweeted what appeared to be an excerpt of a 2019 report from Turkey's Court of Accounts, a government auditing agency, that described a heightened risk of accidents at the mine. A copy of what appeared to be the same report,

provided by a union representative and reviewed by The Wall Street Journal, says that the mine's "production depth" reached 300 meters in 2019. "This deepening increased the risk of severe accidents like sudden gas eruption or firedamp explosion," the report says.

Turkish Hard Coal Enterprises, the state-owned company that operates the mine, pushed back on the accusations. "In all our establishments in our institution, production is carried out in strict accordance with the mining occupational health and safety rules," the company said.

—Jared Malsin

MALTA

## Nation Marks 5 Years Since Car Bomb Killing

Malta on Sunday marked the fifth anniversary of the car bomb slaying of investigative journalist Daphne Caruana Galizia with calls for justice, just two days after two key suspects reversed course and pleaded guilty to murder on the first day of their trial.

Ms. Caruana Galizia's relatives, Maltese activists and the Maltese president of the European Parliament gathered at the site of the bombing on the small Mediterranean island nation to lay flowers. They were joined by the sister of Italy's crusading anti-Mafia investigator, Giovanni Falcone, who was himself assassinated by the mob in a highway bombing in Sicily in 1992.

Ms. Caruana Galizia, who had written extensively about suspected corruption in political and business circles in the EU nation, was killed Oct. 16, 2017, when a bomb placed under her car detonated as she was driving near her home. The murder shocked Europe and triggered angry protests in Malta.

A 2021 public inquiry report found that the Maltese state "has to bear responsibility" for the murder because of the culture of impunity that emanated from the highest levels of government.

When the trial opened Friday for brothers George Degiorgio and Alfred Degiorgio, the alleged hitmen reversed their pleas and pleaded guilty to carrying out the murder and were sentenced to 40 years in prison apiece. The sentencing brought to three the number of people serving time, after Vincent Muscat pleaded guilty last year for his part in the murder.

—Associated Press



# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Last Week: S&amp;P 3583.07 ▼ 1.55% S&amp;P FIN ▲ 0.20% S&amp;P IT ▼ 3.23% DJ TRANS ▲ 0.21% WSJ \$IDX ▲ 0.79% 2-YR. TREAS. yield 4.507% NIKKEI 27090.76 ▼ 0.09% See more at WSJ.com/Markets

## Bear-Market Rally Seen in Wild Shifts

BY AKANE OTANI  
AND KAREN LANGLEY

Stocks slumped most of last week. Then they unexpectedly surged Thursday, only to tumble again Friday.

What is driving the wild swings?

Some investors say the market's roller-coaster ride as of late seems like a classic bear-market rally: a case of beaten-down markets temporarily bouncing higher, only to resume selling off.

Stocks have often posted some of their biggest gains of the year amid their worst sell-offs, like after the dot-com bubble burst in 2000, in the months before Lehman Brothers collapsed in 2008 and after the start of the Covid-19 pandemic in 2020. That is because sometimes one-sided bets against the market can become so big that investors wager that prices have dropped too much—making it, in their eyes, a good time to start buying again.

Some of that dynamic appeared to be in play last week.

Markets had been hit by almost relentless selling heading into their short-lived rally Thursday. The S&P 500 had fallen in 16 of the previous 20 trading days and had dropped to its lowest level in nearly two years.

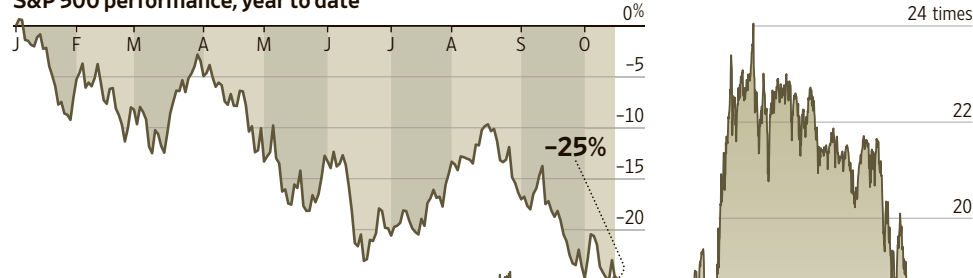
Investors had also grown increasingly pessimistic. The share of individual investors who believed stocks would be lower in six months rose last week to 56%, hovering above its long-term average for the 46th time in 47 weeks, according to the American Association of Individual Investors.

"Markets never move in one direction day after day after day for weeks on end, whether it be a bull market or a bear market," said Nicholas Colas, co-founder of DataTrek Research. "The more volatility you get on the downside, the more likely it is you get these snapback rallies."

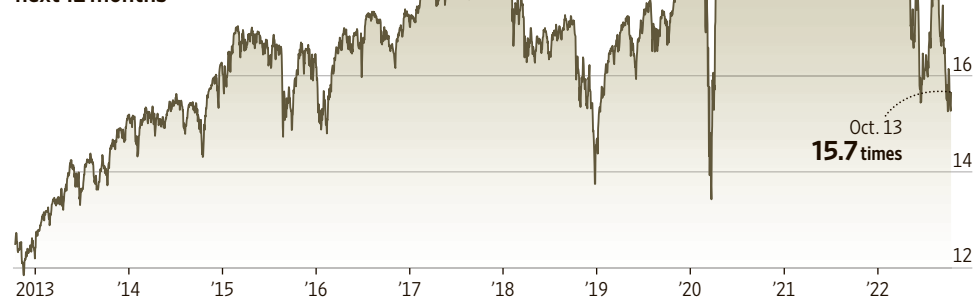
In theory, once the market has fallen enough, it might seem like investors have priced in all the bad news that could possibly materialize. The S&P 500's 25% decline this year, for instance, has put it on course for its worst year since 2008 and is greater than the median peak-to-trough decline for stocks in recessions going back to 1949, according to Goldman Sachs Group Inc. In the case of the selloff at the beginning of the pandemic, stocks eventually held their ground after bottoming in March 2020.

Yet many investors are wary of the potential for more pain, especially because stocks have made several attempts at a bounceback this year, only to

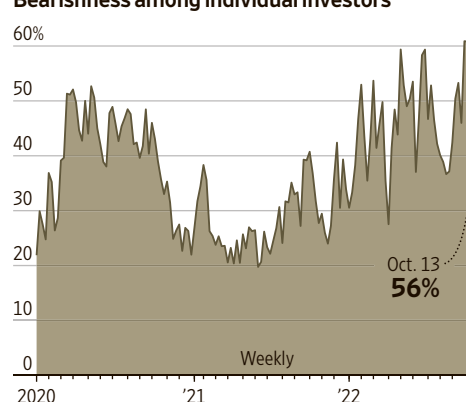
S&amp;P 500 performance, year to date



S&amp;P 500 price/earnings, next 12 months



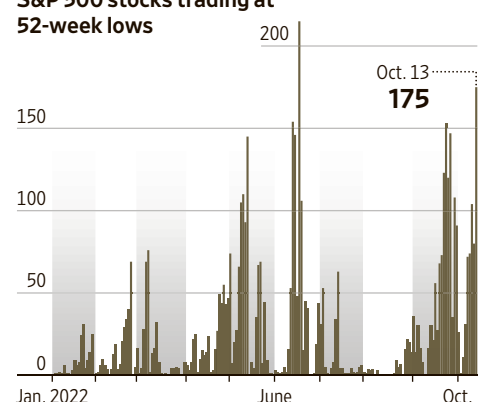
Bearishness among individual investors



Note: Data shows stocks at 52-week intraday lows

Sources: FactSet (performance, P/E, stocks trading at 52-week lows); American Association of Individual Investors (bearishness)

S&amp;P 500 stocks trading at 52-week lows



slide further down the line.

Adding to the pressure: On Friday, the yield on the benchmark 10-year Treasury note rose to 4.005%, its highest since October 2008 and up from just 1.496% at the end of last year. Higher interest rates present another headwind to markets because investors often are less willing to pay a

premium for stocks when they can get higher returns from less-risky Treasuries.

That helped the stock-market selloff resume. The Dow Jones Industrial Average fell 1.3% Friday, erasing nearly half of its gains from the previous day, which marked its biggest one-day rally since November 2020. Stocks also ran higher

over the summer, only to tumble to new lows for the year weeks after Federal Reserve Chairman Jerome Powell stressed at the Jackson Hole, Wyo., economic symposium that the central bank's job was nowhere near done.

Investors and analysts blame the market's malaise on

*Please turn to page B5*

## Higher Rates Spur Turnover At KFC

BY HEATHER HADDON

Senior managers at Yum Brands Inc.'s KFC are leaving the chicken chain, with the company citing the effect of higher interest rates on pension plans.

The Louisville, Ky., brand's U.S. chief operating officer, chief financial officer and national field operations director have all notified Yum Brands Inc., KFC's parent, that they will leave the chicken chain at the end of next month, according to company messages viewed by The Wall Street Journal.

Yum in an internal message to employees and franchisees attributed the departures to rising interest rates' impact on its company pension plan.

"Because of these interest rates, some associates across Yum! and its brands who qualify for pensions have decided to retire in 2022," KFC wrote in one of the messages.

A Yum spokesman said that a small number of U.S. employees were enrolled in the pension plan, which was closed to new participants in 2001.

Most of them have decided to continue with the company rather than pursue retirement this year, and retirements are an expected part of business operations, he said.

The size of lump-sum payouts in corporate pension plans depends on what are known as Internal Revenue Service-set segment rates, which are affected by benchmark interest rates.

As interest rates climb, it can be financially beneficial for an employee later in their career to retire and take the lump sum before potentially escalating segment rates reduce the payout.

The Federal Reserve in late September approved its third consecutive interest-rate increase of 0.75 percentage point, and the U.S. central bank is expected to keep lifting rates to reduce inflation.

Accountants who work with corporate clients and employees said that the impact of the benchmark interest rate's march higher this year is leading to more retirements.

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## Murdoch Plan Elevates Son, Bets on Scale

Nearly a decade ago, Rupert Murdoch decided it was a sound strategy to split his media empire in two. Now, he

By Joe Flint,  
Keach Hagey and  
Amol Sharma

wants to put it back together.

People familiar with Mr. Murdoch's proposal to reunite Wall Street Journal parent News Corp and Fox News parent Fox Corp. point to a number of differences—within the companies, industry and Murdoch family—between now and when they were split in 2013.

Both companies could benefit from being bigger, they say. Fox is a slimmer company after selling off major entertainment assets to Walt Disney Co. years ago. News Corp has struggled to lift its stock price, despite making strides in its publishing and digital real-estate units.

The combined company would have more balance-sheet strength to pursue acquisitions, people close to the proposed deal said. Some of them said the companies would be on stronger footing to compete for digital-ad dollars, using the scale of their combined prop-

erties. Those people also said the companies could join forces in sports betting, a growing sector where each side has interests.

Mr. Murdoch's succession planning is also at a different point than several years ago, when both his sons had major roles at the companies. Now, his younger son, James Murdoch, is no longer involved in operations. Lachlan Murdoch, who is co-chairman of News Corp and executive chairman and chief executive of Fox, would likely see a significant expansion of his responsibilities in a merger, people famil-

iar with the situation said. Robert Thomson, the News Corp CEO, who has had a good working relationship with Lachlan Murdoch, could retain a large role, they said.

There are several hurdles to completing a deal. Special board committees at each company were recently created to study the proposed transaction. They would have to agree on financial terms, such as the relative value of one company to the other in a stock deal. A majority of the non-Murdoch family shareholders also would have to approve a deal.

Mr. Murdoch family's trust

has major voting stakes in each company—about 39% in News Corp and 42% in Fox Corp. The 91-year-old media baron now effectively controls the trust, but when he dies his four adult children, who each have votes, will have substantial say in the companies' future. There could be significant takeover interest in his media properties, deal makers in the industry say. A bigger company could make any unwanted takeover attempts more challenging.

Some media executives, including people close to Fox

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## Activist Starboard Takes Stake in Splunk

BY CARA LOMBARDO  
AND LAUREN THOMAS

Activist investor Starboard Value LP has a sizable stake in Splunk Inc. and plans to push the software maker to take action to boost its stock price, according to people familiar with the matter.

Starboard's stake is just under 5%, the people said. The hedge fund often targets software companies that could benefit from operational and margin improvements or be attractive takeover targets.

Starboard founder and Chief Executive Officer Jeff Smith is

appearing at an activist-investing conference, the 13D Monitor Active-Passive Investor Summit, Tuesday, and is expected to detail the fund's plans then, the people said.

Splunk, founded in 2003, makes software used by companies' information-technology and security operations to monitor threats and analyze data.

It has a market value of \$11.4 billion after the shares dropped nearly 40% this year amid a broader selloff of technology stocks. In late March, its market value was nearly

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## Exxon Taps Ex-GM Executive to Turn Its Carbon Unit Into a Money Maker

BY COLLIN EATON

Exxon Mobil Corp. hopes an outsider who most recently headed General Motors Co.'s driverless-car unit can shake up its efforts to build a climate-friendly business unit.

The oil giant recently tapped Dan Ammann, a former investment banker and longtime GM executive, to lead its fledgling low-carbon business. Mr. Ammann's task is daunting: turn a new unit intended to cut carbon emissions into a profit center.

The selection is an unusual choice for the company, known for a conservative culture that prizes hiring employees out of school and typically promoting senior leadership from within its ranks. Mr. Ammann, a New Zealand native, never worked for an oil company before joining Exxon this summer. He was once a contender to become GM's chief executive and later clashed with current CEO Mary Barra, said people familiar with the matter.

At Exxon, Mr. Ammann says he will attempt to run the new unit like a startup within a storied oil-and-gas company that possesses vast resources and engineering prowess. "In many ways, we're starting with a blank sheet of paper," Mr. Ammann said, "but with this incredible set of capabilities."



Exxon plans to offer carbon capture services to other companies. Its Baytown, Texas, facility.

The venture, created in February 2021 and dubbed Low Carbon Solutions, is focused on technologies that complement Exxon's fossil-fuel business by cutting emissions associated with them. The technologies include capturing carbon emissions from industrial sites and storing them underground. The economics of many of the technologies are unproven, and carbon-capture projects have a high failure rate globally because of technological problems.

A big part of the job is figuring out a workable business model for the unit, said Mr. Ammann, 50 years old. Exxon has

for years used technologies such as carbon capture to cut emissions from its operations, but it plans to offer those as a service to other companies. "If you want to actually have a measurable impact to something as massive as climate change, you have to have a vision to build a business; that's actually really enormous," Mr. Ammann said.

The unit on Wednesday announced its first commercial deal under Mr. Ammann, an agreement with ammonia producer CF Industries Holdings Inc. Exxon will transport and permanently store carbon diox-

ide captured at a CF Industries manufacturing site in southeastern Louisiana. Exxon said it would sequester up to 2 million metric tons of emissions annually from 2025, pumping the carbon underground at a site it owns in Vermilion Parish. Exxon didn't disclose the financial terms of the agreement.

Exxon established the low-carbon unit last year as investors pressed the company to gear up for a shift in global energy demand toward cleaner resources and months before it lost a proxy battle to hedge fund Engine No. 1. During one of

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## BUSINESS & FINANCE

# Kroger Pauses Stock Buybacks

By KRISTIN BROUGHTON

Grocery giant Kroger Co. is pausing share buybacks ahead of its planned acquisition of rival Albertsons Cos. Inc., aiming to use the additional cash to reduce its debt as it closes one of the biggest deals in U.S. grocery-industry history.

The blockbuster transaction comes amid a slowdown in deal making, economic uncertainty and concerns among investors about companies that carry high levels of debt. Financing costs for companies across the credit spectrum have been rising in recent months since the Federal Reserve started raising interest rates to combat inflation.

Cincinnati-based Kroger said Friday that it will pay for the \$24.6 billion deal with cash and proceeds from a new debt financing. The company secured a 364-day, \$17.4 billion bridge loan from Citigroup Inc. and Wells Fargo & Co., it said in a securities filing. The loan is the second-largest global bridge loan this year, trailing Broadcom Inc.'s \$32 billion loan as part of its deal announced in May to buy VMware Inc., according to Dealogic, a financial



The deal is one of the biggest in grocery-industry history.

data provider.

Kroger will temporarily pause buybacks with the goal of giving priority to debt reduction after the transaction closes, the company said.

The company repurchased \$309 million in shares during the quarter ended Aug. 13 and said in September its board authorized a new \$1 billion repurchase program.

Kroger had \$1.1 billion in cash and temporary investments on its balance sheet as of Aug. 13, down from \$1.8 billion at the beginning of the year.

"We would expect, as we've paused buybacks, to have a sig-

nificant amount of cash for when we close the transaction," Chief Financial Officer Gary Millerchip said Friday during an analyst call. The company didn't respond to a request to make Mr. Millerchip available for an interview.

Kroger aims to achieve a ratio of net debt to adjusted earnings before interest, taxes and depreciation of 2.3 times to 2.5 times within 18 to 24 months after the deal closes, which is expected in early 2024. That figure stood at 1.63 times as of Aug. 13. The company on Friday didn't say what its leverage ratio will be after

the transaction closes.

Kroger had \$19.28 billion in net debt as of Aug. 13, compared with \$18.98 billion a year earlier, according to S&P Global Market Intelligence, a data provider.

"In this current market, given rising rates and a weaker economic cycle, investors are a bit more cautious around companies with high debt levels," said Rupesh Parikh, an analyst at investment firm Oppenheimer & Co Inc., referring to the additional debt the company is taking on to fund the transaction. Kroger's shares fell 7% on Friday, closing at \$43.16.

Halting buybacks will free up cash on the balance sheet that the company can use to deleverage, in addition to cash from the combined earnings of the two companies and cost savings, analysts said. The companies both have stores in locations including Southern California, Washington state, Texas and Washington, D.C., and said Friday they expect to sell overlapping stores to help win regulatory approval for the transaction. Moody's Corp. affirmed Kroger's investment-grade credit rating but changed its outlook to negative from stable.

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## Managers Leave Yum's KFC

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ing some company veterans to move up their retirements, cashing out traditional pension benefits sooner than planned rather than risk their dropping in value due to higher rates.

At Yum, those retiring include KFC Chief Operating Officer Monica Rothgery, who worked at the company for 30 years across its Taco Bell, Pizza Hut and KFC brands.

KFC CFO Trip Vornholt, who the company said would retire on Nov. 30, has worked at Yum since 1997 and helped the chicken brand with a U.S. turnaround, the company said in one of the messages.

Also set to retire is Jeff Griffin, KFC's director of national field operations, who the company said has worked for the brand for 34 years.

"No one in KFC U.S. knows more about our operations and fried chicken than he does," one of the messages said.

KFC said it was filling Mr. Griffin's position with two current leaders, as one executive couldn't replicate the breadth of his operations knowledge.

The three executives didn't respond to requests for comment. "Yum has a deep bench of experienced leaders across the system," the Yum spokesman said. "We're confident



As interest rates climb, it can be financially beneficial for an employee later in their career to retire.

that the KFC leadership team will continue to deliver on the strategic vision to accelerate the growth of the brand in the U.S."

KFC, the second-biggest chicken chain by U.S. sales behind Chick-fil-A Inc., got a boost from customers loading up on its family chicken buckets after the Covid-19 pandemic hit.

The brand's U.S. same-store sales fell 7% in the quarter ended June 30 compared with last year's period, though, as federal stimulus programs wound down and excitement from a 2021 chicken-sandwich launch leveled off, Yum said in

August. Many traditional pension plans allow beneficiaries to receive monthly payments upon retirement until their death, or a lump sum upon exiting the company.

Companies take into account various factors to determine a lump sum, including an individual's age and rates pertaining to pensions set by the IRS.

The IRS's calculations try to account for the total value of a traditional pension at one point in time by calculating how much it would be worth today given an assumed rate of return. The IRS resets its

monthly segment rate for pensions based on corporate bond yields, which are affected by rising benchmark rates.

In August, the IRS's first-tier segment rate climbed to 3.79% for the first five years of projected retirement cash flow, up from 0.66% in August 2021. The higher the IRS revises its segment rates monthly, the smaller a lump-sum pension payout to a retiree.

Wayne Titus, managing director at Michigan-based Savant Wealth Management, said he counseled about half a dozen longtime employees at Ford Motor Co. in recent

months about whether to retire now as the auto maker disclosed the revised segment rates to beneficiaries. Most of those individuals decided to take the lump sum this year, he said.

A Ford spokeswoman said the company in a notice last month told pension holders about the interest-rate increases and how they could affect lump-sum cash-outs. Potential retirees have until the end of November to decide if they want to retire by Dec. 1 and cash out their pensions before the IRS segment rates affect their holdings, she said.

In one scenario, Mr. Titus said, a 60-year-old Ford worker was trying to decide whether to retire early and take a lump-sum pension payment, given the rising IRS rates. Her lump-sum pension payment, currently valued at \$1 million, would drop to around \$700,000 if she waited until after Dec. 1 to retire and had the higher IRS segment rate applied, he said.

"They were enjoying their careers, but this forced them to take a look at retiring sooner," Mr. Titus said. He said he expects segment rates will continue to increase, and pension holders might not be able to benefit from lower levels for some time.

For many companies, early retirements mean losing experienced employees, as well as the challenge of managing large cash-outs in corporate pension plans, said Lou Mazawey, a Washington-based principal at Groom Law Group who advises companies on benefits.

## Activist Has Stake In Splunk

Continued from page B1

\$24 billion and at the peak in September 2020 was above \$35 billion as the pandemic stoked demand for cloud computing. Earlier this year, when Splunk was without a chief executive and its shares had plummeted following a series of disappointing earnings reports, it attracted takeover interest from at least one strategic suitor. Networking giant Cisco Systems Inc. made a takeover offer valued at more than \$20 billion for Splunk, The Wall Street Journal reported in February, noting that the companies weren't in active talks at the time. There isn't a sign that has changed.

Splunk named Gary Steele as its CEO in March after former Chief Executive Doug Merritt stepped down from the role late last year. Mr. Steele is the founding CEO of Proofpoint Inc., an information-security company that was acquired by software-investment firm Thoma Bravo in 2021.

The same week as Mr. Steele's announcement, Hellman & Friedman LLC disclosed a 7.5% stake in the software maker, in a bet on the company and him. That came after Silver Lake made a \$1 billion investment in the company last year to help support a transformation of the business.

## Murdoch Proposal Boosts Son

Continued from page B1

and News Corp, said they don't see major strategic benefits of merging the two companies and were perplexed at the move for such a deal now.

Some of the people see potential risks in mashing together the vastly different journalistic brands of Fox News and News Corp, whose Dow Jones unit publishes the Journal. Others close to the

deal said the companies were together once before and can navigate a reunion.

Fox News would bring its robust business to the mix but also legal risks for the combined company. It faces defamation lawsuits by voting-machine companies—a \$2.7 billion claim from Smartmatic USA Corp. and a \$1.6 billion suit from Dominion Voting Systems—stemming from remarks Fox News anchors and guests made alleging widespread election fraud in the 2020 presidential election. Fox has denied wrongdoing, defending itself on First Amendment grounds, and said it was covering newsworthy matters.

When News Corp split up in 2013, with publishing assets

being cleaved from Fox News and entertainment assets, executives at the companies said each side would benefit from an increased focus on its business. Backers of a deal now are making a different case.

One area of potential cooperation between Fox and News Corp is sports betting, which many media companies are eager to tap into. Fox has a partnership with Flutter Entertainment PLC's Stars Group on Fox Bet, an online and mobile betting platform.

News Corp this year entered into a partnership with the Las Vegas digital sports-gambling investment firm Tekcorp Capital for an online gambling platform in Australia.

The combined assets of News Corp and Fox could present a stronger offering to advertisers in a marketplace increasingly dominated by large tech players, according to people familiar with the matter.

News Corp and its subsidiaries have been at the forefront of striking content deals with large tech platforms, including Alphabet Inc.'s Google, Apple Inc. and Meta Platforms Inc., formerly known as Facebook. The additional leverage from Fox's sports and news assets could help with future negotiations, though some of these programs, such as the Facebook News tab, seem unlikely to continue at current levels amid growing regulatory pressure around the globe.

## Exxon Taps Ex-Auto Executive

Continued from page B1

the most expensive activist campaigns ever, the fund argued Exxon didn't have a viable business plan for the transition.

Exxon has vowed to spend \$15 billion through 2027 curbing its emissions and helping other companies do the same. It has said its low-carbon investments will generate returns over 10%. Some critics say the industry's recent initiatives primarily serve to prolong the

lifespan of its oil-and-gas assets by reducing their carbon footprint. Others accuse Exxon of greenwashing—only paying lip-service to climate-change solutions to protect its public image.

Mr. Ammann rejects allegations of greenwashing and said he believes he and his team have the support of Exxon CEO Darren Woods and other leaders. "I wouldn't be here if I didn't think we were extremely serious about what we're doing," he said.

As the chief executive of autonomous-vehicle company Cruise, Mr. Ammann and Ms. Barra disagreed about the direction of Cruise, with Mr. Ammann in favor of at least a partial separation of the company and Ms. Barra looking to keep it in-house longer and integrate it

into GM, according to people familiar with the matter. That disagreement contributed to his departure from GM in December 2021, the people said. Mr. Ammann declined to comment.

At Exxon, Mr. Ammann said he is trying to get his employees comfortable reaching out to other companies despite not knowing exactly how Exxon's capabilities can help potential customers curb emissions. Taking that step is what brought about the agreement with CF Industries and is what it will take to generate more business, he said.

Carbon-capture projects have a poor commercial record. More than 80% of proposed commercial carbon-capture efforts have failed globally, primarily because the technology didn't

work as expected or the projects proved too expensive to operate, according to a 2020 study by researchers at Canada's Carleton University, the University of California, San Diego, and elsewhere.

Exxon has begun to build a backlog of projects similar to its CF Industries agreement and expects more projects to become economically viable as technology improves and costs fall over time, Mr. Ammann said.

"You're going to go from an environment where the costs are pretty high and the policy is kind of nascent, where only a very small slice of projects work," he said, into one "where things invert, and you've got higher carbon prices, scaled-up technology and lower costs."

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## BUSINESS NEWS

# Tesla, Netflix Lead Busy Earnings Week

By KATHRYN HARDISON

Procter & Gamble Co., Netflix Inc. and Tesla Inc. highlight a busy coming week of earnings as persistent inflation and climbing interest rates stoke talk of a recession.

Consumer healthcare giant Johnson & Johnson, tech bellwether International Business Machines Corp. and the investment bank Goldman Sachs Group Inc. are also slated to report their latest quarterly reports. Investors will hear from airlines, including United Airlines Holdings Inc. and American Airlines Group Inc., railroads such as Union Pacific Corp., and social-media company Snap Inc.

About 66 companies in the S&P 500 companies are slated to report earnings this week, according to FactSet. Eight members of the Dow Jones Industrial Average, including American



Netflix is scheduled to post its latest results on Tuesday.

Express Co. and Verizon Communications Inc., are on tap to report.

The latest earnings round comes as investors weigh a number of recent economic indicators, from flat retail spending in September to inflation hitting a new four-decade high in the U.S. The Federal Reserve

and other central banks have been aggressively raising interest rates to slow price increases. Large banks last week noted in quarterly updates that the economic picture remains uncertain, with indications consumers are spending at a healthy clip and businesses and households remain in good shape.

Companies such as Johnson & Johnson, which reports on Tuesday, and Procter & Gamble, reporting Wednesday, will provide glimpses into how consumers are handling higher prices and whether they are changing purchasing patterns.

Hasbro Inc. will post its quarterly results on Tuesday, with investors hoping to hear about how toy trends are shaping up ahead of the holiday season. PepsiCo Inc. this past week indicated that demand is holding up well for its brands, which include Doritos chips and its namesake sodas, even as prices are up 17% on average from last year. It raised prices in recent weeks again and is monitoring how consumers respond. "Our brands are being stretched to higher price points, and consumers are following us," CEO Ramon Laguarta said last week.

On Tuesday, Netflix is scheduled to post its latest results.

The streaming giant reported back-to-back quarters of subscriber losses, but the company in July forecast adding a million new users in its third quarter. Netflix is preparing to launch an ad-supported tier as a way to lure customers and improve its average revenue per user.

Tesla and IBM will report earnings Wednesday. Tesla's results come as the stock faces pressure after the company reported vehicle deliveries that fell short of Wall Street estimates, and as founder and CEO Elon Musk has renewed plans to buy Twitter Inc. for \$44 billion.

Earnings for the S&P 500 companies are on track to rise 1.6% this period, while revenue is projected to grow 8.5%, FactSet said.

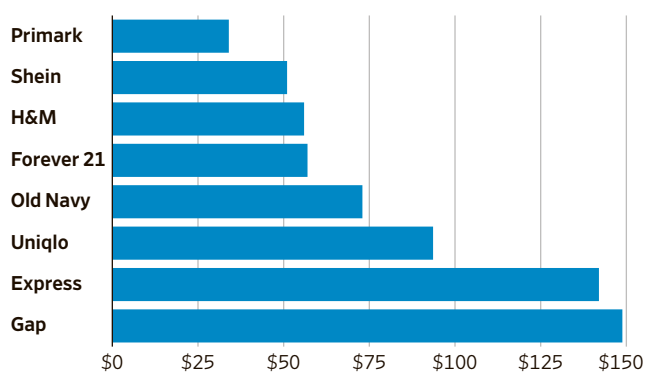
Supermarket operator Albertsons Cos. Inc. will report its earnings Tuesday, on the heels of Kroger Co.'s plans to buy the company in one of the

biggest deals in the history of the U.S. grocery industry.

United and American will give a glimpse of the pace of travel demand in recent months, as investors wait on a fuller recovery of business travel. Delta Air Lines Inc. last week said the outlook for travel remains healthy heading into the winter holidays and U.S. travelers are venturing to Europe despite travel disruptions this summer. "As we look into the fourth quarter, there's nothing that gives me pause to think that this momentum isn't going to continue," CEO Ed Bastian said.

Other companies slated to report include Bank of America Corp. and Charles Schwab Corp. on Monday, private-equity firm Blackstone Inc. on Thursday, and American Express on Friday. Telecommunications companies AT&T Inc. will report its quarterly results on Thursday, followed by Verizon on Friday.

Total price for a four-item shopping basket across retailers\*



\*Items include: women's camisole top and skinny jeans; men's graphic T-shirt and sweatpants  
Note: Pricing data excludes discounts  
Source: GlobalData PLC

## Budget Chains Lure Price-Leery Apparel Shoppers

By SUZANNE KAPNER

Let the battle for the \$5 T-shirt begin.

Primark, Shein and other budget-friendly retailers are winning over U.S. shoppers with cut-price clothes as high inflation has made many people more price-sensitive.

GU (pronounced "G" "U") earlier this month opened its first U.S. store, selling such items as \$30 sweaters and \$60 puffer coats. Owned by Japan's Fast Retailing Co., GU offers clothing and accessories about 20% cheaper than those sold by retail-chain sibling Uniqlo.

"This is the perfect time for GU to enter the U.S. because of the value we offer," GU Chief Executive Osamu Yunoki said at the new store in Manhattan's SoHo neighborhood.

This new generation of low-price retailers is aiming to shake up the U.S. apparel market the same way that such fast-fashion chains as H&M and Zara did a generation ago. Shein, Primark and GU offer low prices every day rather than requiring consumers to wait for sales and discounts.

Retailers selling low-price apparel—Walmart Inc., T.J. Maxx and Ross Stores Inc., for example—have been winning customers from full-priced chains in recent years. Value chains captured 22.4% of U.S. apparel spending in 2021, up from 19.1% in 2014, according to research firm GlobalData PLC. The land grab is raising the stakes for such retailers as Gap Inc. and Macy's as they grapple with uncertainty around consumer spending.

Spending by U.S. shoppers slowed in September from a month earlier as rising prices made everything from food to electronic devices less affordable for them. Consumer prices, excluding those for food and energy, grew at the fastest annual rate in four decades. Apparel prices last month were up 5.5% from a year ago.

Primark, owned by Associated British Foods PLC, plans to have 60 U.S. stores by October 2026, up from 13 now. Shein, the Chinese online retailer known for its cheap and trendy apparel, is making a bigger push in the U.S. by opening new distribution centers here, although it has recently experienced a backlash on social media over the harmful environmental effects of fast fashion.

After emerging from bankruptcy in 2020 with new owners, low-price retailer Forever 21 said this past week that it plans to open 14 new U.S. stores through June 2023. And shoppers continue to flock to fast-fashion chains Zara and H&M.

Melissa Sheer of Summit, N.J., used to buy her T-shirts at Gap, but recently switched to Shein. "When you can get a T-shirt for \$5 at Shein, why would I pay \$24.99 at Gap?" said the 49-year-old owner of a public-relations company.

Ms. Sheer said even though the Shein shirts are of lower quality, made of a polyester blend rather than the cotton and modal used by the Gap, they hold up well enough. "With inflation, price is taking precedence over quality for me right now," she said.

An analysis by Neil Saunders, a GlobalData managing director, found that Primark had the lowest prices on a basket of similar goods, followed by Shein, H&M and Forever 21. Old Navy, Gap and Uniqlo were more expensive, sometimes by a multiple as high as four times. The basket in the analysis included a women's camisole top and a men's graphic T-shirt and sweatpants.

Founded in 2006, GU has about 450 stores, mainly in Japan and elsewhere in Asia. The retailer's lease in New York City's SoHo neighborhood is for one year, Mr. Yunoki said. GU is hunting for another New York location that would be about triple the size of the 2,900-square-foot SoHo store he added.



Sellers of cut-price clothing such as Primark are gaining ground.

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## BUSINESS &amp; FINANCE

## SPAC Sponsors Win Big

Money managers who ran the companies profited as stock investors faced losses

By Eliot Brown

Since AEye Inc. went public by merging with a special-purpose acquisition company in August 2021, shareholders have had a rough go. The laser-technology company's stock is down over 90% in the midst of missed revenue projections and the rout in growth stocks.

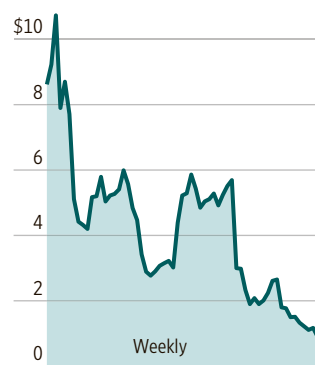
The company that ran the SPAC fared better. The financial-services firm Cantor Fitzgerald LP invested less than \$10 million in the deal, but reaped at least \$35 million in fees related to the listing, share sales and the value of remaining holdings, securities filings show.

A Cantor spokeswoman didn't respond to requests for comment. An AEye spokeswoman declined to comment.

As the air has come out of the SPAC boom of recent years, a clear winner emerged: the money managers who oversaw the blank-check companies and who kept making profits even in the face of significant losses to stock investors.

Stock-market investors in SPACs that merged with private companies since 2015 lost an average 37% of their investment a year after the merger through the end of September, according to the authors of a forthcoming paper on SPACs in the Review of Financial Studies, an academic journal. At the same time, SPAC managers, known as sponsors, turned an average investment of about \$8 million into about

AEye share price has fallen since it completed a SPAC merger



Source: FactSet

\$54 million, giving them average annualized returns of 110% on their initial investment in the SPACs, the authors found.

"There is no question that the sponsors had great returns at the same time that public market investors had very negative returns," said Jay Ritter, a finance professor at the University of Florida who wrote the paper along with Minmo Gahng at the University of Florida and Donghang Zhang at the University of South Carolina. Share prices of more than one-third of the 339 SPACs that merged with private companies since 2020 are down more than 80%, according to the data-tracking firm SPAC Research.

The authors' data doesn't include subsequent investments that sponsors often make in the companies when they merge. That means that for some poorly performing stocks, the sponsors have worse overall returns than for the figures examined in the study.

The mismatch of fortunes is largely due to the way SPAC sponsors are compensated.

SPACs are essentially publicly listed pools of cash in search of private companies to merge with—providing an alternative to an IPO. The sponsors who form the SPAC—private-equity managers, hedge funds and the occasional celebrity—commit an average of 5% of this initial funding and raise the rest from stock investors, according to the researchers.

When the SPAC sponsor completes a merger, the sponsor gets a bonus typically equivalent to 20% of the value of the SPAC. Many investors and academics have criticized this bonus—known as a promote—as overly generous given that it can lead sponsors to profit even if the SPAC's investors are down over 90% in many cases. Regulators from the Securities and Exchange Commission called SPAC sponsor compensation costly and drafted rules to make it more transparent to investors.

Backers of the promote structure say it allows sponsors to be compensated to take the risk to launch a SPAC, given that sponsors get little if they don't complete a merger. The rate, they say, is set by the market, and it has fallen some as competition has grown.

The promote "is fully and fairly disclosed and has been for decades," directors of the SPAC Association trade group wrote in a comment to the SEC in June. "If investors want to support a sponsor and pay them 50%, it's their right."

Precise sponsor returns can be difficult to track. Sponsors usually only report individual sales if they serve on merged companies' boards or hold large stakes. Hedge-fund managers that run SPACs also re-

port quarterly holdings.

For sponsors that sold shares of companies that rose in value, gains were particularly lucrative. Apollo Global Management Inc. put \$14 million from an Apollo-run fund into a company that merged with the electric-vehicle company Fisker Inc. in 2020. Apollo sold at least \$64 million of shares in the first quarter of 2021, and disposed of its remaining 12.9 million shares some time in the second quarter of 2021, records show. Based on Fisker's lowest share price in the second quarter, Apollo would have garnered about \$140 million from those sales.

The profits came as Fisker's share more than doubled to above \$20 soon after the merger. Fisker's share price has since fallen to less than \$7 from its \$10 initial merger price. Had Apollo held its shares, it would be sitting on a gain of more than \$70 million.

Cantor Fitzgerald's arrangement with AEye and other SPACs was more complex than that of the typical sponsor. Cantor, which has an investment-banking arm, served as the underwriter of the initial IPO of the SPAC, generating about \$4 million in fees, securities filings show. Then, when the SPAC merged with AEye, it received \$25 million more in fees for marketing, merger advisory and acting as the placement agent for a slug of additional investment in the deal, securities filings show. It disposed of one million shares in the first two quarters of 2022. If it had sold at the lowest share price during those quarters, it would have brought in \$2.3 million. Cantor held \$6.5 million in AEye stock as of June 30.

## THE TICKER

## MARKET EVENTS COMING THIS WEEK



Tesla is expected to report per-share earnings of \$1.01 Wednesday.

## Monday

## Empire Manufacturing

Sept., previous -1.5

Oct., expected -5.0

## Earnings expected

Estimate/Year Ago

Bank of America 0.78/0.85

Bank of New York 1.10/1.04

Charles Schwab 1.05/0.84

Equity LifeStyle Properties 0.37/0.38

## Tuesday

## Capacity utilization

Aug., previous 80.0%

Sept., expected 80.0%

## Industrial production

Aug., previous down 0.2%

Sept., expected up 0.1%

## Earnings expected

Estimate/Year Ago

Goldman Sachs 7.75/14.93

Intuitive Surgical 1.12/1.19

Johnson & Johnson 2.48/2.60

Lockheed Martin 6.66/2.21

Netflix 2.14/3.19

Truist Financial 1.19/1.20

## Wednesday

## Building Permits

Aug., previous 1,517 mil.

Sept., expected 1,540 mil.

## EIA status report

Previous change in stocks in millions of barrels

Crude-oil stocks up 9.9

Gasoline stocks up 2.0

Distillates down 4.9

## Housing Starts

Aug., previous 1,575 mil.

Sept., expected 1,480 mil.

## Mort. bankers indexes

Purch., previous down 2.0%

Refinan., prev. down 2.0%

## Earnings expected

Estimate/Year Ago

Abbott Laboratories 0.95/1.40

Elevance Health 7.15/6.79

IBM 1.79/2.41

Procter & Gamble 1.55/1.61

Prologis 1.29/0.97

Tesla 1.01/0.62

## Thursday

## EIA report: natural-gas

Previous change in stocks in billions of cubic feet

up 125

## Existing home sales

Aug., previous 4.80 mil.

Sept., expected 4.70 mil.

## Initial jobless claims

Previous 228,000

Estimate/Year Ago

AT&T 0.61/0.66

Blackstone 0.98/1.28

Danaher 2.26/2.39

Marsh & McLennan 1.15/1.08

Philip Morris Int'l 1.35/1.58

Union Pacific 3.07/2.57

## Friday

## Earnings expected

Estimate/Year Ago

American Express 2.40/2.27

HCA Healthcare 3.88/4.57

Huntington Bancshares 0.38/0.22

Regions Financial 0.59/0.66

Schlumberger 0.55/0.36

Verizon Communications 1.29/1.41

FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split Note: Forecasts are from Dow Jones weekly survey of economists

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## CLASS ACTION

## LEGAL NOTICE

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

PALM TRAN, INC. AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. CREDIT ACCEPTANCE CORPORATION, BRETT A. ROBERTS, and KENNETH S. BOOTH, Defendants.

Case No. 20-cv-12698

Honorable Linda V. Parker

SUMMARY NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF CLASS ACTION AND  
MOTION FOR ATTORNEYS' FEES AND EXPENSES

To: All persons and entities that purchased or otherwise acquired the publicly traded common stock of Credit Acceptance Corporation during the period from May 4, 2018 through August 28, 2020, inclusive, and were damaged thereby (the "Settlement Class")

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of Michigan, that Lead Plaintiffs Ontario Provincial Council of Carpenters' Pension Trust Fund and Millwright Regional Council of Ontario Pension Trust Fund ("Lead Plaintiffs"), on behalf of themselves and all members of the Settlement Class, and Defendants Credit Acceptance Corporation ("Credit Acceptance"), Brett A. Roberts and Kenneth S. Booth (collectively, the "Individual Defendants" and, with Credit Acceptance, "Defendants" and, together with Lead Plaintiffs, the "Parties") have reached a proposed settlement of the claims in the above-captioned class action (the "Action") and related claims in the amount of \$12,000,000 (the "Settlement").

A hearing will be held before the Honorable Linda V. Parker on December 7, 2022, at 1:00 p.m. via Zoom video conference from Courtroom 206 of the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, MI, 48226 (the "Settlement Hearing") to determine whether the Court should: (i) approve the proposed Settlement as fair, reasonable, and adequate; (ii) dismiss the Action with prejudice as provided in the Stipulation and Agreement of Settlement, dated August 24, 2022; (iii) approve the proposed Plan of Allocation for distribution of the proceeds of the Settlement (the "Net Settlement Fund") to Settlement Class Members; and (iv) approve Lead Counsel's Fee and Expense Application. The Court may change the date of the Settlement Hearing without providing another notice. You do NOT need to attend the Settlement Hearing to receive a distribution from the Net Settlement Fund. Instructions to join the video conference will be posted on the Settlement website and Lead Counsel's website.

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Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel:

LABATON SUCHAROW LLP  
Michael P. Canty, Esq.  
140 Broadway  
New York, NY 10005  
settlementquestions@labaton.com  
(888) 219-6877

If you are a Settlement Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Claim Form *postmarked or submitted online no later than December 2, 2022*. If you are a Settlement Class Member and do not timely submit a valid Claim Form, you will not be eligible to share in the distribution of the Net Settlement Fund, but you will nevertheless be bound by all judgments or orders entered by the Court, whether favorable or unfavorable.

If you are a Settlement Class Member and wish to exclude yourself from the Settlement Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice so that it is *received no later than November 16, 2022*. If you properly exclude yourself from the Settlement Class, you will not be bound by all judgments or orders entered by the Court, whether favorable or unfavorable, and you will not be eligible to share in the distribution of the Net Settlement Fund.

Any objections to the proposed Settlement, Lead Counsel's Fee and Expense Application, and/or the proposed Plan of Allocation must be filed with the Court, either by mail or in person, and be mailed to counsel for the Parties in accordance with the instructions in the Notice, such that they are *received no later than November 16, 2022*.

PLEASE DO NOT CONTACT THE COURT,  
DEFENDANTS, OR DEFENDANTS' COUNSEL  
REGARDING THIS NOTICE

Junk-Rated Firms Seek  
Right Time to Tap Investors

By Nina Trentmann

CNX Resources Corp. was initially planning to raise funds in the bond market in January, but the natural-gas firm decided to wait until its earnings were out at the end of the month—only to find that Russia's invasion of Ukraine in late February effectively closed the market for speculative-rated companies.

The Canonsburg, Pa., company, which is rated below investment grade, waited until August, and then until September before it pulled the trigger, raising \$500 million at 7.375% that will come due in 2031. CNX is using the proceeds to pay back \$350 million in 2027 bonds that carry a slightly lower coupon of 7.25%. "We timed it just about as well as it could be timed," said Alan Shepard, the company's chief financial officer.

"We're constantly looking at refinancing to keep our maturities out as far as possible because the high-yield market is so fickle," he added. "It can close down for long periods of time, so if you're not careful, you get caught out."

Executives at junk-rated companies are facing sharply higher financing costs as the Federal Reserve continues to raise rates, leading some to look for alternatives, while others like Mr. Shepard swallow the increase in price in return for later due dates. While there is limited pressure overall as many businesses refinanced in 2020 and 2021 when funding was cheaper and investor appetite stronger, high-yield companies with immediate financing needs have to find the right time to tap investors, corporate bankers say.

"This is a market of windows and our advice for clients is to be ready to access those windows when they present themselves," said Alexandra Barth, co-head of the leveraged capital-markets business at Deutsche Bank AG. "Even if the market is choppy, there are options."

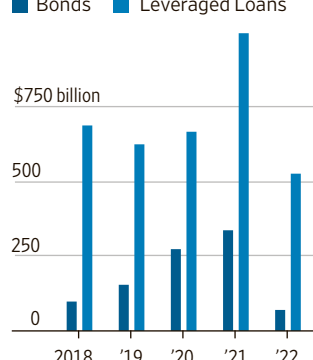
Those opportunities are crucial for finance chiefs as there is about \$11 billion in high-yield bonds coming due through the end of the year, followed by roughly \$62 billion in 2023 and \$107 billion in 2024, according to Deutsche Bank. Adding loans and revolving-credit facilities, speculative companies have maturities of around \$147 trillion through 2027, ratings firm Moody's Investors Service said last week. Companies with urgent cash



CNX Resources waited months to raise funds in the bond market.

Bond and leveraged loan sales  
by high-yield companies  
through Oct. 14 of each year

■ Bonds ■ Leveraged Loans



Source: Refinitiv

demands have options, including renegotiating with lenders or searching for investors in the private credit market, which grew sharply in recent years. Companies can do follow-on or at the market offerings to sell equity to the secondary market, said Anna Pinedo, co-leader of the capital markets practice at Mayer Brown LLP, a law firm.

And the high-yield bond market isn't closed, it just became more expensive, bankers said. Companies raised \$15.7 billion in speculative bonds in the third quarter, compared with \$85.7 billion during the prior-year period, according to Refinitiv, a data provider. Average coupon rates for such deals climbed to 7.63% in the third quarter, up from 5.13% a year earlier, Refinitiv said.

The average yield on leveraged loans rose to 9.42% in the third quarter, when companies borrowed \$125 billion, compared with a year ago when lower-rated businesses took out \$296.8 billion in leveraged loans, with yields averaging 4.57%, Refinitiv said.

In addition to CNX, specu-

lative-grade rated businesses including auto maker Ford Motor Co. and cruise operator Royal Caribbean Cruises Ltd. secured new funding in recent weeks, according to Refinitiv. Dearborn, Mich.-based Ford borrowed \$600 million from investors for 6.5% that will mature in 2022, and agreed to a \$1.75 billion green bond, which has a coupon rate of 6.1% and matures in 2032. The company declined to comment.

Royal Caribbean, based in Miami, recently raised \$2 billion in funds to redeem debt that would have come due in 2023, agreeing to pay investors between 8.25% and 9.25% for notes that will mature in 2029. "We have access to capital," Naftali Holtz, the company's CFO, said last month.

But financing options have tightened and the worsening economic outlook could hurt consumer-facing companies in particular, with a chunk of recent downgrades falling into that category, according to S&P Global Ratings.

"For a generation, we had a decline in interest rates and a decline in borrowing costs. That has led to higher and higher debt loads and lower credit ratings," said Gregg Lemos-Stein, chief analytical officer for corporate ratings at S&P.

Low rates in recent years brought with them weak covenant requirements, meaning some borrowers didn't have to take out hedges to protect their exposure to floating rates, for example, the Secured Overnight Financing Rate. That can spell trouble down the road as both the London interbank offered rate and term SOFR traded higher in recent months and exceeded 3.4% for one-month tenors on Oct. 14, according to Refinitiv.



BUSINESS & FINANCE

STREETWISE | By James Mackintosh

# Market Swings Remain a Mystery



With volatility comes opportunity. And what volatility! Thursday saw the biggest intraday gain in the S&P 500 since the wild swings as stocks were approaching their lows in March 2020. On Friday much of the rise was given back. Could the opportunity be that—whisper it—the swings are a sign that the great bear market of 2022 is finally getting close to bottoming out?

The truthful answer is that no one has a good explanation for the huge price moves. There is talk of short covering, psychologically important levels for the market technicians and put options reaching pay-out points, but none can be proved.

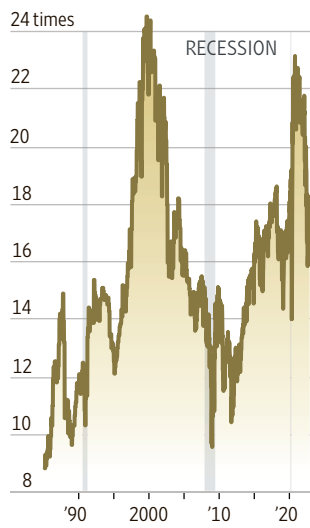
Fundamentals certainly don't provide an explanation, because the big news was that inflation was coming in hotter than expected, pushing up bond yields and initially hitting stock prices.

"It's interesting that a piece of news that we would think is a crystal-clear negative turned out to be positive," says Russell Napier, a market strategist and keeper of Edinburgh's Library of Mistakes, a collection dedicated to market errors. "That's telling us something—we just have to work out what."

Viewed in hindsight, the large intraday bounces during the pandemic were a sign that the market just wanted to go up. Investors were deeply pessimistic, so anyone who was likely to sell already had. When buyers stepped in, they overwhelmed the remaining sellers.

Investors are again deeply pessimistic. At the same time, the size of the fall in prices has many actively discussing when it might be time to buy, with the S&P down 26.7% at Thursday's low since the start of the year. The combination of the pessimism and the willingness to buy raises the likelihood that the market starts going up

## S&P 500 12-month forward price-to-earnings ratio



Source: Refinitiv

again before it becomes clear that the Federal Reserve's rate increases—the most obvious threat to stock prices—are done.

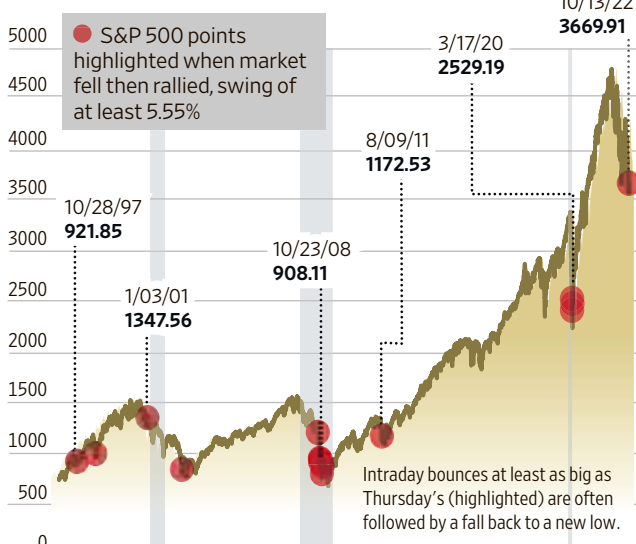
Even bond investors are beginning to argue that the rise in bond yields makes them a good value despite the threat of more rate rises on the way.

In this way of telling it, someone thought Thursday's fall meant prices were down enough to start buying. Once prices started to rise, others who had been waiting for a low worried that they might miss out, and piled in, some perhaps because of technical factors, aka, lines on charts, others to lock in a profit on put options or short bets that make money when prices fall.

It is a plausible story. But go back through history and you will see that similar intraday rallies didn't often mark the low and tended to miss the true bottom by many months.

Since 1990, the biggest days with intraday rebounds after a fall came amid the turmoil that followed Lehman Brothers' collapse in 2008.

## Intraday swings offer mixed signals



They were followed by large bear-market rallies that fizzled out. Investors who bought and held at that point would have regretted it by the time the low came in March 2009.

There were similar temporary but large rallies after the big intraday jumps in October 1997, August 1998, April 2000, January 2001, July 2002, May 2010 and August 2011 (the last a brief burst of optimism shortly after the downgrade of the U.S. credit rating).

The bad news: Out of all similarly large intraday rebounds since 1990 at least as large as Thursday's, only two—those of March 2020 and October 1997—were sustained. The others lasted a maximum of three months before making new lows.

The good news: Except in the 2001 and 2008 cases, the new lows weren't much below the low reached on the day with the big bounce.

Maybe huge gains amid a mood of deep gloom tell us we are getting close to lows, even if it tends to work out badly the first time. If you think we

will have a soft enough economic landing for earnings to rise next year by at least the 7.9% forecast by Wall Street analysts, stocks look reasonably cheap at about 16 times forward earnings. That's down from an overpriced 22 times at the start of the year.

My concern remains that there is a high chance the economy weakens next year and earnings come in worse than expected. The lagged impact of tighter monetary policy will hit hard. Europe faces recession combined with the risk of energy shortages if the winter is cold. Geopolitics are grim, while China remains committed to its economy-crushing zero-Covid policy.

Stock prices have come down a lot, so it is possible investors are anticipating all this bad stuff. Personally, I doubt it and expect this to be merely another bear market rally. But there is no denying that we're closer to the bottom than we were, so it isn't surprising that investors are again trying to work out when to buy, rather than when to sell. Eventually they'll be right.

# Bear Market Rally Seen

Continued from page B1

a difficult economic environment. Inflation has remained stubbornly high, despite the Fed raising interest rates at its most aggressive pace since the 1980s.

Expectations for corporate earnings have been coming down, and high mortgage rates have pinched the housing market.

Over the coming week, investors will get a look at corporate earnings from companies including **Bank of America Corp.**, **Netflix Inc.** and **United Airlines Holdings Inc.**, as well as fresh data on existing-home sales.

"All of a sudden, we've got elevated uncertainty on both valuations and earnings," said Brad McMillan, chief investment officer at Commonwealth Financial Network. "It's the deep uncertainty in both of the factors that literally we haven't seen since the financial crisis."

In his work as a financial adviser, Mr. McMillan said he has reduced equity positions for some clients in recent months because of elevated market volatility and the possibility that interest rates continue to rise.

This year's selloff has had one silver lining. It has left

stocks looking cheaper than they have in some time. The S&P 500 traded late last week at 15.7 times its projected earnings over the next 12 months, down from 21.5 times at the end of last year, according to FactSet. On Thursday, 175 stocks in the U.S. benchmark traded at new 52-week intraday lows, the highest number since the stock market's mid-June low.

With stocks on sale, many investors are eager to get in at the ground floor of an eventual

**The more volatility on the downside, the more likely it is you get a snapback rally.**

rally. That means they are focused on any sign of a development that would spark a turnaround, like when the Fed finally gets to the point of slowing or stopping its interest-rate increases.

The trouble is identifying when exactly that move is happening. "Everybody wants to be first in line to call that pivot," said Michael Cuggino, president and portfolio manager at the Permanent Portfolio Family of Funds.

## Watch a Video



Scan this code for a video on how inflation is handled around the world.



United is among several companies reporting earnings this week.

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# MARKETS DIGEST

## New to the Market

### Public Offerings of Stock

#### IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Bookrunner(s)
10/18	10/28	Intensity Therapeutics Inc Biotechnology company developing treatments for cancer.	INTS Nq	2.2	4.00/5.00	Roth Cptl Ptnrs, Benchmark
10/20	2/22	Beamr Imaging Ltd Provider of video encoding, transcoding and optimization solutions.	BMR Nq	3.0	5.00/5.00	Fordham Financial Management
10/18	3/4	Alopecx Inc Clinical stage biotechnology company developing novel immune therapeutics.	ALPX Nq	3.0	5.00/5.00	Fordham Financial Management
10/19	9/23	Prime Medicine Inc Gene editing and sequencing technology company.	PRME Nq	8.9	16.00/18.00	JPM, GS, MS, Jefferies

#### Lockup Expirations

None expected this week

#### IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/offer price	Friday's close (\$)	Offer price	1st-day close	% Chg From	Company	SYMBOL	IPO date/offer price	Friday's close (\$)	Offer price	1st-day close	% Chg From
Hudson Acquisition I	HUDAU	Oct. 14/\$10.00	10.01	0.1	...	...	THIRD Harmonic Bio	THRD	Sept. 15/\$17.00	17.06	0.4	-13.3	
TenX Keance Acquisition	TENKU	Oct. 14/\$10.00	10.03	0.3	...	...	Wearable Devices	WLDS	Sept. 13/\$4.25	0.97	-77.2	-65.9	
Spring Valley Acquisition II	SVIU	Oct. 13/\$10.00	10.09	0.9	-0.1	...	EF Hutton Acquisition I	EFHTU	Sept. 9/\$10.00	9.98	-0.2	0.3	
Aquaron Acquisition	AQUUN	Oct. 4/\$10.00	10.02	0.2	...	...	Yoshiharu Global	YOSH	Sept. 9/\$4.00	1.03	-74.2	-75.2	
dMY Squared Technology	DMYU	Sept. 30/\$10.00	9.96	-0.4	-0.4	...	bioAffinity Tech	BIAT	Sept. 1/\$6.13	2.62	-57.3	-68.4	
Laser Photonics	LASE	Sept. 30/\$5.00	4.91	-1.8	90.3	...	Shuttle Pharmaceuticals Hldgs	SHPH	Aug. 31/\$8.13	3.44	-57.7	-91.1	
Qomolangma Acquisition	QOMOU	Sept. 30/\$10.00	10.03	0.3	0.4	...	Hempacco	HPCO	Aug. 29/\$6.00	2.78	-53.7	-64.3	
Global Star Acquisition	GLSTU	Sept. 20/\$10.00	10.02	0.2	0.5	...	Jeffs' Brands	JFBR	Aug. 26/\$4.16	0.98	-76.6	-63.6	
Nexalin Technology	NXL	Sept. 16/\$4.15	1.28	-69.2	-43.1	...	Onfolio Hldgs	ONFO	Aug. 26/\$5.00	1.10	-78.0	-54.2	
Corebridge Financial	CRBG	Sept. 15/\$21.00	20.02	-4.7	-3.4	...	PaxMedica	PXMD	Aug. 26/\$5.25	2.17	-58.7	-55.8	

Sources: Dow Jones Market Data; FactSet

## Public and Private Borrowing

### Treasuries

Monday, October 17	Thursday, October 20
Auction of 13 and 26 week bills; announced on October 13; settles on October 20	Auction of 4 and 8 week bills; announced on October 13; settles on October 20
Wednesday, October 19	Auction of 5 year TIPS; announced on October 13; settles on October 31
Auction of 17 week bill; announced on October 18; settles on October 25	

## Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	in US\$	Fri	YTD %	Country/currency	in US\$	Fri	YTD %
<b>Americas</b>				<b>Vietnam dong</b>	.00004143	24135	5.6
Argentina peso	.0066151	67.1	47.7	<b>Europe</b>			
Brazil real	.1878	5.3256	-4.4	Czech Rep. koruna	.03952	25.304	15.7
Canada dollar	.7205	1.3880	9.8	Denmark krone	.1307	7.6502	17.0
Chile peso	.001039	962.01	12.9	Euro area euro	0.9722	1.0286	17.0
Colombia peso	.000213	4698.01	15.6	Hungary forint	.002329	429.45	32.3
Ecuador US dollar	1	unch	...	Iceland krona	.006919	144.54	11.4
Mexico peso	.0498	20.0769	-2.1	Norway krone	.0935	10.6966	21.5
Uruguay peso	.02423	41.2650	-7.7	Poland zloty	.2024	4.9401	22.6
<b>Asia-Pacific</b>				Russia ruble	.01596	62.650	-16.2
Australian dollar	.6202	1.6124	17.1	Sweden krona	.0886	11.2915	24.7
China yuan	.1391	7.1910	13.1	Switzerland franc	.9946	1.0054	10.2
Hong Kong dollar	.1274	7.8501	0.7	Turkey lira	.0538	18.5816	39.5
India rupee	.01213	82.418	10.6	Ukraine hryvnia	.0271	36.9500	35.1
Indonesia rupiah	.0000648	15427	8.2	UK pound	1.1183	.8942	21.0
Japan yen	.006723	148.75	29.2	<b>Middle East/Africa</b>			
Kazakhstan tenge	.002101	476.01	9.4	Bahrain dinar	2.6518	.3771	0.04
Macau pataca	.1236	8.0889	0.7	Egypt pound	.0509	19.6627	25.2
Malaysia ringgit	.2127	4.7020	12.9	Israel shekel	.2817	3.5499	14.2
New Zealand dollar	.5562	1.7979	23.0	Kuwait dinar	3.2190	.3107	2.7
Pakistan rupee	.00457	218.875	24.2	Oman rial	2.5975	.3850	-0.01
Philippines peso	.0169	59.024	15.7	Qatar riyal	.2746	3.641	-0.03
Singapore dollar	.7011	1.4264	5.8	Saudi Arabia riyal	.2661	3.7575	0.1
South Korea won	.0006936	1441.67	21.3	South Africa rand	.0545	18.3606	15.2
Sri Lanka rupee	.0027397	365.00	79.9				
Taiwan dollar	.03127	31.975	15.4				
Thailand baht	.02610	38.310	15.3				

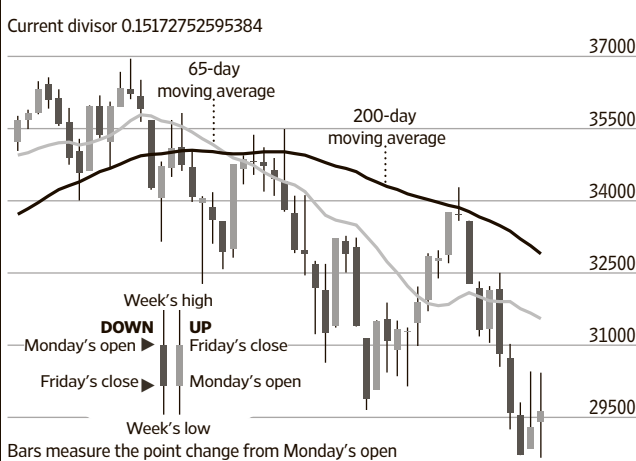
Sources: Tullett Prebon, Dow Jones Market Data

## NOTICE OF PUBLIC SALE

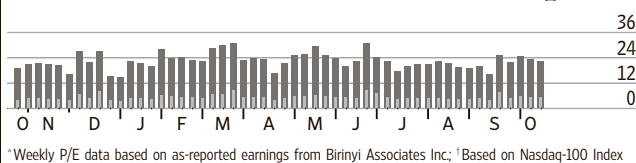
NOVA-Skywire HoldCo, L.P. ("NOVA") will conduct a secured party sale by way of public auction (the "Auction") of the ownership interests of Xchange Telecom LLC (the "Borrower") comprising NOVA's collateral (the "Collateral"). Such Auction is being conducted pursuant to Section 9-610 et seq. of the Uniform Commercial Code and applicable law, including securities laws. The Auction will be conducted on the following date and time and at the following location: November 4, 2022, 10:00 A.M. E.T at the offices of Jones Day, 250 Vesey Street, 32nd Floor, New York, NY 10281. All bidders must qualify in advance of the Auction by contacting counsel for NOVA - Thomas Wearsch, Esq. at 216-586-7015 or twearsch@jonesday.com. Counsel will provide written bidding procedures. Pre-qualification requirements will include certain obligations and representations required by applicable securities laws. Parties that do not pre-qualify for the Auction shall not be permitted into the Auction. The Collateral will be offered for sale in bulk only, which means the successful bidder at the Auction must bid on and be prepared to purchase all of the Collateral. For Auction rules and a list of the Collateral, contact Thomas Wearsch, Esq. at 216-586-7015 or twearsch@jonesday.com.

## Dow Jones Industrial Average

**29634.83** ▲338.04, or 1.15% last week  
 Last Year ago: 17.46 23.79  
 P/E estimate: 16.19 19.07  
 High, low, open and close for each of the past 52 weeks  
 Dividend yield: 2.40 1.81  
 All-time high: 36799.65, 01/04/22



## NYSE weekly volume, in billions of shares



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

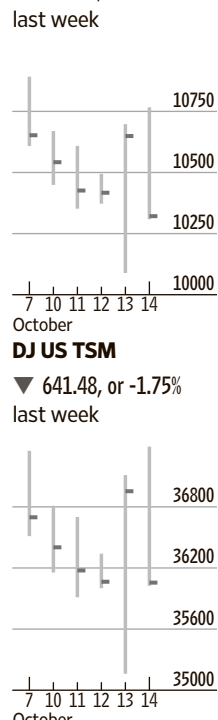
Index	High	Low	Latest Week Close	Net chg	% chg	Low	52-Week Close	High	% chg YTD	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	30428.82	28660.94	<b>29634.83</b>	338.04	1.15	28725.51	36799.65	-17.0	-18.4	3.4
Transportation Avg	12898.55	12172.34	<b>12503.38</b>	26.06	0.21	11999.40	17039.38	-17.7	-24.1	6.8
Utility Average	877.27	823.64	<b>847.11</b>	-16.32	-1.89	838.99	1071.75	-5.7	-13.6	-0.5
Total Stock Market	37391.57	35161.32	<b>36056.21</b>	-641.48	-1.75	36056.21	48929.18	-22.3	-25.9	6.0
Barron's 400	896.17	861.38	<b>862.18</b>	-12.00	-1.37	825.73	1127.2	-17.2	-22.1	8.6
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	10766.69	10088.83	<b>10321.39</b>	-331.02	-3.11	10321.39	16057.44	-30.7	-34.0	8.6
Nasdaq-100	11152.89	10440.64	<b>10692.06</b>	-347.41	-3.15	10692.06	16573.34	-29.4	-34.5	10.9
<b>S&amp;P</b>										
500 Index	3712.00	3491.58	<b>3583.07</b>	-56.59	-1.55	3577.03	4796.56	-19.9	-24.8	6.5
MidCap 400	2327.86	2191.72	<b>2245.21</b>	-21.68	-0.96	2200.75	2910.7	-18.3	-21.0	5.6
SmallCap 600	1129.13	1061.11	<b>1091.05</b>	-2.68	-0.25	1064.45	1466.02	-20.0	-22.2	5.4
<b>Other Indexes</b>										
Russell 2000	1747.84	1641.94	<b>1682.40</b>	-19.75	-1.16	1649.84	2442.74	-25.7	-25.1	3.8
NYSE Composite	14041.94	13278.56	<b>13607.31</b>	-190.95	-1.38	13472.18	17353.76	-19.3	-20.7	1.8
Value Line	513.87	484.41	<b>495.91</b>	-9.39	-1.86	491.56	696.4	-25.8	-26.2	-1.0
NYSE Arca Biotech	4745.51	4471.72	<b>4615.01</b>	21.43	0.47	4208.43	5815.27	-18.1	-16.4	3.0
NYSE Arca Pharma	768.09	737.88	<b>757.21</b>	10.20	1.37	737.50	887.27	1.9	-8.5	9.1
KBW Bank	102.30	92.73	<b>98.19</b>	0.64	0.66	94.66	147.56	-28.3	-25.7	-0.2
PHLX Gold/Silver	104.04	95.33	<b>96.42</b>	-6.89	-6.67	91.40	167.76	-27.0	-27.2	2.6
PHLX Oil Service	69.89	65.14	<b>66.72</b>	-2.521	-3.64	49.14	88.37	2.9	26.6	0.9
PHLX Semiconductor	2347.22	2089.82	<b>2162.32</b>	-194.43	-8.25	2162.32	4039.51	-34.8	-45.2	10.8
Cboe Volatility	34.53	31.14	<b>32.02</b>	0.66	2.10	15.01	36.45	96.4	85.9	30.0

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## Nasdaq Composite

▼331.02, or -3.11% last week



## International Stock Indexes

Region/Country	Index	Close	Latest Week	% chg	Low	52-Week Range	High	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	552.08	-1.94		550.37	758.86	-26.9	
	MSCI ACWI ex-USA	246.56	-2.18		244.35	352.75	-28.4	
	MSCI World	2376.64	-1.70		2367.69	3248.12	-26.5	
	MSCI Emerging Markets	863.33	-3.83		854.53	1301.13	-29.9	
<b>Americas</b>	<b>MSCI AC Americas</b>	1363.36	-1.86		1363.36	1836.68	-25.4	
Canada	S&P/TSX Comp	18326.35	-1.38		18206.28	22087.22	-13.6	
Latin Amer.	MSCI EM Latin America	2121.95	-3.84		1912.59	2761.97	-0.4	
Brazil	BOVESPA	112072.34	-3.70		96120.85	121570.15	6.9	
Chile	S&P IPSA	3041.31	-2.18		2631.83	3546.47	8.4	
Mexico	S&P/BMV IPC	45443.35	-0.62		44626.80	56609.54	-14.7	
<b>EMEA</b>	<b>STOXX Europe 600</b>	391.31	-0.09		382.89	494.35	-19.8	
	STOXX Europe 50	3367.28	-0.33		3310.09	3866.60	-11.8	
Eurozone	Euro STOXX	369.75	0.11		359.45	487.72	-22.8	
	Euro STOXX 50	3381.73	0.19		3279.04	4401.49	-21.3	
Austria	ATX	2749.82	-0.22		2647.43	4057.59	-28.8	
Belgium	Bel-20	3387.10	0.62		3313.82	4402.32	-21.4	
France	CAC 40	5931.92	1.11		5676.87	7376.37	-17.1	
Germany	DAX	12437.81	1.34		11975.55	16271.75	-21.7	
Greece	Athex Composite	832.32	2.24		779.20	971.09	-6.8	
Israel	Tel Aviv	1872.68	0.27		1775.89	2071.10	-5.3	
Italy	FTSE MIB	20930.81	0.14		20353	28163	-23.5	
Netherlands	AEX	630.58	-2.55		630.58	827.57	-21.0	
Portugal	PSI 20	5340.00	-0.27		5190.28	6349.21	-4.1	
Russia	RTS Index	990.66	-1.43		742.91	1919.58	-37.9	
South Africa	FTSE/JSE All-Share	64271.36	-2.14		63263.94	77536.12</		



CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12-month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, October 14, 2022

Table with columns: Fund (SYM), NAV, Close, Disc, Ret, 52 wk Prem, 52 wk Ttl. Includes sections for General Equity Funds, Specialized Equity Funds, and Convertible Sec.'s Funds.

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A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 338.04 points, or 1.15%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$24,849, or a loss of 17.17%, on the \$30,000 investment, including reinvested dividends.

Table showing stock performance for the week of Oct 11-13, 2022. Columns: Pct chg, Stock price, Point chg, Company, Symbol, Close, \$1,000 Invested (year-end '21), \$1,000. Lists companies like Amgen, Walgreens, Merck, JPMorgan Chase, McDonald's, etc.

\*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on October 14, and year-to-date stock performance of the company.

KEY: B: beneficial owner of more than 10% of a security class; CB: chairman; CEO: chief executive officer; CFO: chief financial officer; CO: chief operating officer; D: director; DO: director and beneficial owner; GC: general counsel; H: officer, director and beneficial owner; I: indirect transaction filed through a trust; insider spouse, minor child or other; O: officer; OD: officer and director; P: beneficial UT: unknown; VP: vice president. Excludes pure options transactions.

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value in transaction (000s), Close (\$), Ytd (%). Lists trades for companies like TD SYNNEX, Enviva, Veris Residential, etc.

Sellers

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value in transaction (000s), Close (\$), Ytd (%). Lists sales for companies like TD SYNNEX, AutoNation, Molina Healthcare, etc.

\*Half the transactions were indirect \*\*Two day transaction p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table with columns: Sector, Buying, Selling, Sector, Buying, Selling. Lists sectors like Basic Industries, Capital Goods, Consumer durables, etc.

Sources: Refinitiv; Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Ret, 52 wk Prem, 52 wk Ttl. Includes sections for General Equity Funds, Specialized Equity Funds, and Convertible Sec.'s Funds.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

October 14, 2022

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table showing various money rates including Inflation, U.S. government rates, Other short-term rates, U.S. consumer price index, International rates, Prime rates, Policy Rates, Secondary market, Fannie Mae, Overnight repurchase, and Notes on data.

Cash Prices | wsj.com/market-data/commodities

Friday, October 14, 2022

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Commodity, Friday, Friday, Friday. Lists prices for Energy (Iron Ore, Shredded Scrap), Metals (Gold, Silver, Platinum), Fibers and Textiles (Burlap, Cotton), Grains and Feeds (Barley, Bran), and Fats and Oils (Beef carcass, Grease).

KEY TO CODES: A=ask; B=bid; BP=contract elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; NA=not quoted or not available; P=Soiland Publications; R=SNL Energy; S=Platts-TSI; T=Gotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=international coffee organization; Z=not quoted. \*Data as of 10/13

Source: Dow Jones Market Data