

THE WALL STREET JOURNAL.

What's News

Business & Finance

Crypto exchange Binance reversed course on a rescue offer for FTX, leaving the digital firm with an uncertain future as it faces a shortfall of up to \$8 billion, according to people familiar with the matter. **A1**

◆ **Meta** said it would cut more than 11,000 workers, or 13% of staff, embarking on the company's first broad restructuring and adding to a wave of tech layoffs. **B1**

◆ **U.S. stocks** sold off, snapping a three-day winning streak, with the S&P 500, Nasdaq and Dow losing 2.1%, 2.5% and 2%, respectively. **B1**

◆ **Investors** are bracing for the possibility that a second year of stubborn inflation could force the Fed to lift interest rates above levels not seen in more than 20 years. **B1**

◆ **Musk** dumped Twitter's "official" label verifying the authenticity of a user's account, just hours after the designation was launched. **B3**

◆ **Goldman** promoted 80 bankers into its partnership, the biggest class since CEO Solomon took over at the company in 2018. **B10**

◆ **Adidas** said it would start selling shoes based on Yeezy designs in a bid to rebound after scrapping its partnership with Kanye West. **B1**

◆ **Rivian** posted a \$1.74 billion third-quarter loss as it continued to struggle with higher materials costs and underused assembly lines. **B6**

◆ **A group of artworks** from Microsoft co-founder Paul Allen's estate sold at auction at Christie's for a record-smashing \$1.5 billion. **A2**

World-Wide

◆ **Republicans** were picking up seats on the way to an expected House majority, while the Senate remained a toss-up, amid signs the GOP gains were narrow and that Democrats had fended off a midterm "red wave" that many had anticipated. **A1, A4, A6-8**

◆ **High-profile candidates** endorsed by Trump struggled and his GOP rivals in Florida and Georgia had smashing victories, presenting a formidable challenge to the former president's assertion of dominance in the party. **A1**

◆ **Russia** said it was withdrawing its troops from the southern Ukrainian city of Kherson and surrounding areas, the only regional capital Moscow had seized since its invasion in February. **A1**

◆ **The U.S.** outlined a new carbon-credit plan that aims to pump billions of dollars into developing countries' energy transition, while some businesses expressed caution over investing in the program. **A11**

◆ **Biden** said he plans to discuss how the U.S. and China can avoid conflict when he meets with Xi during an Asia trip, but won't make concessions on critical issues. **A20**

◆ **A rough transcript** of a 2004 interview George W. Bush and Dick Cheney gave to a government commission investigating the 9/11 terrorist attacks provides a glimpse of their views of the event. **A3**

◆ **Nicole** strengthened to a hurricane Wednesday evening while making landfall on Grand Bahama Island in the Bahamas, and was forecast to hit Florida overnight. **A3**

CONTENTS Opinion..... A17-19
Arts in Review. A14-15 Personal Journal A12-13
Business News..... B3 Sports..... A16
Crossword..... A16 Technology..... B4-5
Equities..... B7 U.S. News..... A2-8
Heard on Street. B12 Weather..... A16
Markets..... B11 World News A9-11,20



GOP Nears Slim House Win



President Biden speaks at the White House on Wednesday, the day after midterm elections.

Democrats fend off a 'red wave' as Senate margin remains tight; Georgia goes to runoff

By ANDREW RESTUCCIA AND KEN THOMAS

Republicans were picking up seats on the way to an expected House majority on Wednesday, while the Senate remained a tossup, amid signs that the GOP gains were narrow and that Democrats had fended off a midterm "red wave" that many had anticipated.

Final results continued to be reported a day after Election Day as states counted mail-in ballots and tallied results for close races. Republicans, who needed a net of just five House seats to regain the majority, had already won a

number of seats, and on Wednesday they flipped an Iowa Democrat-held district. Sen. Ron Johnson of Wisconsin, a Republican, secured a third term by winning a closely contested race.

But as the counting continued, it was clear President Biden's Democratic Party was likely to avoid the type of steep losses that bedeviled many of his predecessors in their first midterm elections. Democrats avoided the worst because their voters came to the polls with unusual enthusiasm, according to voter surveys, while swing voters often broke in their favor.

"While the press and the pundits were predicting a giant red wave, it didn't happen," Mr. Biden said at the

Please turn to page A4

◆ More election news coverage on pages A4, A6-8

Trump's Dominance In Party Takes a Hit

By ALEX LEARY

PALM BEACH, Fla.—High-profile candidates endorsed by Donald Trump struggled and his GOP rivals in Florida and Georgia had smashing victories in Tuesday's election, presenting a formidable challenge to the former president's assertion of dominance in the party and his bid to clear the field in the race for the 2024 Republican presidential nomination.

Mr. Trump, like many Republicans, expected a "red wave" to carry the party to complete control of Congress. What came instead was far more measured. The GOP is fa-

vored to take the House, though with a smaller-than-anticipated margin. The Senate, where Mr. Trump staked much of his political capital, might stay in Democratic hands—with losses by Trump-backed candidates possibly making the difference.

That is likely to prompt questions about Mr. Trump's brand ahead of an expected Tuesday announcement of another presidential run. The weaker-than-expected GOP results also set off a wave of second-guessing of the party's approach in the campaign.

"As it turns out, candidates

Please turn to page A7

INSIDE



THE FUTURE OF EVERYTHING

INVENTING NEW WAYS TO GET THERE
R1-6



BUSINESS & FINANCE
Meta to cut 11,000 workers as growth projections prove wrong. **B1**

SPORTS
Geno Smith, the NFL's late-blooming quarterback, is having a turn. **A16**

Binance Abandons Deal To Save Crypto Firm FTX

Crypto exchange Binance reversed course on a rescue offer for FTX, leaving the digital firm with an uncertain future as it faces a shortfall of up to \$8 billion, according to people familiar with the matter.

By Patricia Kowmann, Caitlin Ostroff and Berber Jin

Binance chose not to go ahead with the nonbinding offer following a review of the company's finances, the exchange said Wednesday. "In the beginning, our hope was to be able to support FTX's customers to provide liquidity, but the issues are beyond our control or ability to

help," Binance said.

In a call Wednesday with investors in FTX, founder and Chief Executive Sam Bankman-Fried said he needs emergency funding due to customer withdrawal requests received in recent days, the people familiar with the matter said. Those requests sparked a debilitating liquidity squeeze. FTX told investors it was hoping to raise up to \$4 billion in equity to fill the shortfall, people familiar said.

The implosion of the rescue deal weighed on financial markets already rattled by uncertainty around the U.S. midterm elections. The Nasdaq Composite fell 2.5% while the Dow Jones Industrial Average and S&P 500 both fell around 2%.

Bitcoin fell around 16%, bringing its value below \$16,000 for the first time since November 2020. It is down around 75% from an all-time high reached in November 2021.

Also on Wednesday, Securities and Exchange Commission Chairman Gary Gensler issued a stern warning to crypto platforms, after more than a year of encouraging them publicly to register with his agency. He likened the crypto market to a stack of Jenga blocks that gets weaker with each failure.

SEC enforcement staff, who have been investigating FTX for

Please turn to page A11

◆ James Mackintosh: Crypto has a backing problem..... B1

Who Wants To Live With Nuns? Co-Eds

In Pennsylvania, college students share a convent

By MELISSA KORN

ASTON, Pa.—A group of students at Neumann University here spent an evening last month painting pumpkins, making s'mores and dancing to a DJ's playlist. Their neighbors—a bunch of sisters, and not the sorority kind—joined in the fun.

Call it a match made in heaven: Neumann wanted to increase campus housing for students. The Catholic Sisters of St. Francis of Philadelphia had extra space in their convent.

In August, 40 undergraduate men and women moved into the Our Lady of Angels Motherhouse Convent, at the edge of this small campus just

Please turn to page A11

Russia Says It Is Leaving Key Ukraine City

By IAN LOVETT AND JAMES MARSON

Russia said it was withdrawing its troops from the southern city of Kherson and surrounding areas, the only regional capital Moscow had seized since its invasion in February.

Defense Minister Sergei Shoigu of Russia ordered Russian forces to withdraw to the eastern bank of the Dnipro River at a meeting with the top Russian commander in Ukraine, Gen. Sergei Surovikin. Gen. Surovikin said the troops would leave in the coming days and take up positions on a new defensive line that had been prepared along the eastern bank of the river.

Ukrainian officials expressed caution over the statements, saying Russia could be bluffing and that significant Russian forces remained in Kherson.

"The enemy doesn't give us gifts," President Volodymyr Zelensky of Ukraine said in his nightly address. "We are moving very carefully, without emotion, without unnecessary risks."

Still, Kherson residents said in interviews that Russia's mil-



A Ukrainian soldier on Wednesday fired at a position along the front lines in the Kherson region.

itary had disappeared from the city in recent days.

Ukrainian forces have advanced on Kherson in recent weeks, using long-range artillery to strike bridges across the Dnipro and largely cut off thousands of Russian troops in and around the city.

The apparent Ukrainian

success in Kherson is the latest in a series of reversals for Russia. Ukraine repelled Russian forces from Kyiv in March, halted Russian advances in the east in the summer then took back swaths of the northeast in a lightning offensive in September.

A victory would boost

Ukraine and its Western backers ahead of winter, when the intensity of combat is expected to fall. Russia has targeted Ukrainian civilian infrastructure in recent weeks, causing

Please turn to page A9

◆ Moscow and Tehran vow stronger ties..... A9

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Inflation a Headache for Leaders Everywhere



All politics may be local, but this year political leaders around the world are being cashiered by a global problem: inflation.

In polls leading up to Tuesday's midterm election, voters regularly cited inflation as their top concern, and Republicans flooded the airwaves tying it to President Biden's policies. Republicans were favored to take control of the House of Representatives, although results were still unclear Wednesday.

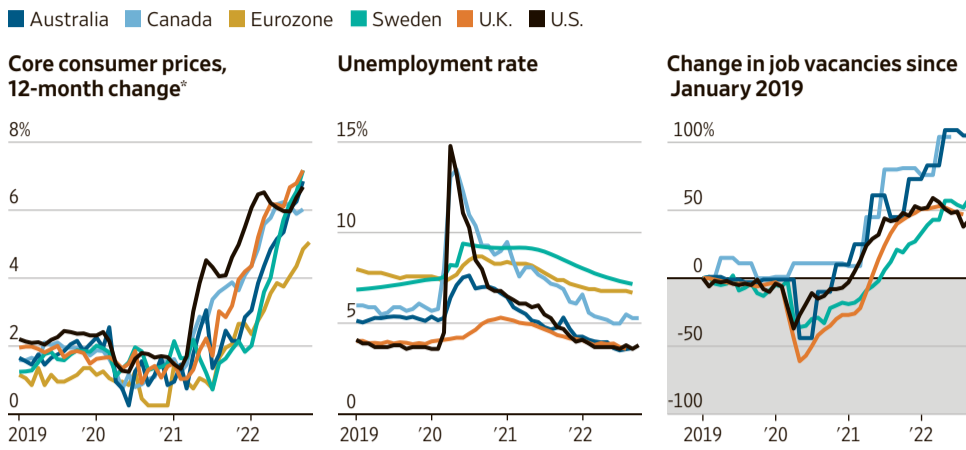
Mr. Biden wasn't on the ballot in Australia in May, but the cost of living was as voters tossed out the ruling center-right government. Inflation and energy costs were also at work when French President Emmanuel Macron lost his parliamentary majority in June, Italy's technocratic government collapsed in July and Sweden's left-of-center governing coalition lost to a right-wing coalition in September.

This should come as little surprise; throughout history inflation has been socially corrosive and politically destabilizing.

Americans naturally look to American explanations for inflation. Republicans and some economists blame President Biden's \$1.9 trillion stimulus in early 2021 for overheating the economy.

Historically, though, inflation trends have been synchronized across the Western world: it rose sharply in the

Even excluding energy, inflation is high globally. With unemployment low worldwide, labor shortages are pervasive.



1970s in the wake of several commodity price shocks, fell in the early 1980s, and was quiescent to the point of being worryingly low in the decade before the pandemic.

The latest cycle has been no different. The U.S. saw inflation come back earlier and faster as economies reopened, but is no longer an outlier. Russia's invasion of Ukraine has raised energy costs globally, especially in the eurozone. But even excluding volatile categories such as energy and food, "core" inflation has climbed to the 6% to 7% range in Sweden, the U.K., Canada and Australia, comparable to the U.S. rate, according to CEIC Data, an economic data provider. In Germany and France, it's

about 3 percentage points higher than before the pandemic.

The U.S. did export some of its inflation; stimulus signed into law by both President Donald Trump and Mr. Biden fueled so much demand for internationally traded goods that the resulting supply shortages drove up prices in other countries. A recent Federal Reserve staff study estimates U.S. stimulus contributed 2.3 percentage points to Canada's inflation and 0.3 point to Britain's. As the Fed has raised interest rates this year, the dollar has climbed sharply, raising import costs for emerging markets in particular.

That still leaves plenty of inflation with no American connection. In numerous countries, the cost of shelter,

which is almost entirely domestically driven, is rising rapidly. Most telling, labor markets, which are largely insulated from international developments, are universally tight. Unemployment is as low or lower in most Western economies as on the eve of the pandemic, while unfilled job vacancies are higher. This has recently begun to find its way into wages. In Canada, where unemployment is hovering near a four-decade low and vacancies have doubled since 2019, annual pay growth accelerated to 5.6% in October—faster than in the U.S.

Inflation rose worldwide in part because policy makers in so many countries followed the same playbook: locking down their economies early in the pandemic, which distorted spending

and work patterns. Elected leaders and central bankers from different countries also absorb the same intellectual currents. It is why inflation rose and fell at the same time in the 1970s and 1980s. Because the global financial crisis led to a decade of weak growth and too-low inflation, they saw little risk from implementing generous fiscal relief, slashing interest rates and buying bonds.

Today, even their postmortems sound similar. "It is understandable that some people are questioning whether or not too much support was provided," Reserve Bank of Australia Gov. Philip Lowe said in September. "In those dark days of the pandemic, the [bank] judged that the bigger policy mistake would have been to do too little, rather than too much." Treasury Secretary Janet Yellen made much the same case for stimulus in early 2021.

Inflation also reflects common shocks to economies' productive capacity having little to do with fiscal or monetary policy. Underinvestment in both fossil fuels and renewable energy infrastructure exposed everyone to crippling supply interruptions. Covid-19 scrambled work and commuting patterns and continues to leave millions too sick to work. Britain's labor force is smaller now than in 2019, leading Bank of England Gov. Andrew Bailey to wonder in a July speech, "Have more people retired than was expected, has long-term illness

risen permanently, and how many people may return to the labor force and over what time?"

The confluence of factors forcing inflation up around the world pose a challenge to any country trying to solve it. Central banks around the world are raising interest rates but can do little about energy markets, demographics or fiscal policies pushing in the other direction.

If Republicans take control of Congress, they may push President Biden to cut spending. Yet to reduce the inflation rate just 1 percentage point next year via spending cuts alone would require slashing annual discretionary outlays by nearly half, or \$750 billion a year, the Penn Wharton Budget Model, a nonpartisan think tank, estimates. That's roughly equal to the entire defense budget.

Spending cuts on such a scale would be so politically unpopular as to be almost unfeasible. Nondiscretionary spending, such as on Social Security and Medicare, isn't subject to annual appropriations legislation and is thus even harder to cut—and, despite Republican talk of changes, even more politically sacrosanct. Those political leaders who have reaped the electoral rewards of high inflation may find it no easier to solve than the people they replaced.

◆ Wall Street's game plan if rates reach 20-year high.... BI

Court Hears Challenge To 1978 Adoption Law

By Jess Bravin

WASHINGTON—The constitutional status of American Indians came before the Supreme Court on Wednesday, as the justices heard lawsuits challenging federal law that promotes the adoption of American Indian children by Native American families.

A 1978 statute, the Indian Child Welfare Act, directs family courts overseeing adoptions of Native American children to give preference to members of the child's tribe or other Native American families if members of their own families aren't available. A white foster couple seeking to adopt an American Indian child, backed by the state of Texas, challenged the law as violating equal protection and other constitutional principles. The 1978 law reflected a

change in federal policies toward the tribes, from assimilation campaigns to preservation of Native American culture and limited self-government for tribal members.

Justice Brett Kavanaugh summarized the conflict the case presented between a history of discrimination and oppression of the tribes on one hand and the ideal of treating people equally on the other. The court, he said, would never permit Congress to give white parents a preference for adoption of white children or Latino families a preference for Latino children.

Deputy Solicitor General Edwin Kneedler, defending the law, said it wasn't based on racial classifications but rather a political distinction recognized by the Constitution and myriad treaties the U.S. made with Native American tribes.

Paul Allen Collection Sets Auction Record

NEW YORK

Microsoft Corp. co-founder Paul Allen's estate made auction history on Wednesday when a group of artworks from his estate sold for \$1.5 billion, smashing the record for priciest collection ever sold at auction.

Lush landscapes and rare examples by artists like Paul Cézanne, Georges Seurat, Sandro Botticelli and Jasper Johns anchored a sale at Christie's in New York that reaffirmed the depth of the trophy-hunting art market at a time of broader economic uncertainty.

Mr. Allen's trove surpassed the previous, \$922 million record set in May by New York real-estate developer Harry Macklowe and his ex-wife, Linda Macklowe.

Seurat's \$149.2 million "Models, Ensemble (Small Version)," proved to be the night's star. The placemat-size painting of three women from 1888 hints at his larger, earlier scene of the same trio that belongs to Philadelphia's Barnes Foundation. It was only estimated to sell for \$100 million, but four bidders pushed it higher. The winning telephone bid was fielded by Christie's specialist Xin Li-Cohen, who often represents bidders from mainland China and the U.S. The Seurat was one of five works that topped \$100 million. These included a \$137.8 million mountain-top vista by Cézanne, "La Montagne Sainte-Victoire." —Kelly Crow

U.S. WATCH



Seurat's "Models, Ensemble (Small Version)" from 1888 fetched \$149.2 million. The painting of three women was only estimated to sell for \$100 million, but four bidders pushed the price higher.

GEORGIA

Gingrich Must Testify In Probe, Judge Says

Former House Speaker Newt Gingrich must comply with a subpoena seeking his testimony in front of a special grand jury in Georgia investigating whether then-President Donald Trump and others illegally tried to influence that state's 2020 election results, a Virginia judge ruled

Wednesday.

Mr. Gingrich, who lives in northern Virginia, had argued that the federal law that normally requires states to honor out-of-state grand jury summonses shouldn't apply in this case because the special grand jury lacks the power to indict. He also argued that the subpoena would be unnecessarily duplicative and burdensome because he has already agreed to testify in front of a congressional select committee investigating the Jan. 6, 2021, attack on the U.S. Capitol.

Fairfax County Circuit Court Judge Robert Smith said the subpoena should be enforced. The judge said the law doesn't parse out a difference between regular grand juries and special grand juries.

—Associated Press

BOSTON

Coach Is Sentenced in Admissions Case

Former Yale University soccer coach Rudolph Meredith was sentenced in a Boston federal court to five months in prison for his involvement in the sprawling college-admissions cheating scandal that also ensnared executives and Hollywood stars, a harsher sentence than even the prosecutors had recommended.

Mr. Meredith took \$860,000 in bribes from corrupt college counselor William "Rick" Singer and agreed to a \$450,000 payment directly from at least one parent. Mr. Meredith's attorneys couldn't be reached for comment. —Melissa Korn

CORRECTIONS & AMPLIFICATIONS

A chart with an Oct. 25 Page One article about Chinese stocks showed the Nasdaq Golden Dragon China Index in points. The chart was labeled incorrectly with a dollar sign.

A bipartisan infrastructure law is separate from a bipartisan law aimed at boosting U.S. semiconductor manufacturing. In some editions Monday, a Page One article about campaigning ahead of Election Day incorrectly conflated the two laws.

Daylight-saving time ended on Sunday. A U.S. News article on Wednesday about mismatches between a person's circadian clock and social clock incorrectly said that daylight-saving time started.

The AARP MedicareRx

Preferred Part D drug plan would cost \$3,003 for the full year 2023, or 68% more than the cheapest competing plan's cost of \$1,791, for a Manhattan patient buying six commonly prescribed drugs via mail order, according to Medicare.gov. Cost examples in a Journal Report article on Monday about Medicare drug coverage, using 2022 figures, understated the difference because they reflected only five months of costs instead of 12 months.

A bond investor who keeps an individual bond to maturity could get back all of the initial outlay as well as interest unless the bond was purchased at a premium. A Journal Report article on Monday about bond income didn't include the caveat about a premium.

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U.S. NEWS

Nicole Strengthens Into Hurricane as It Aims for Florida's East Coast

Nicole strengthened to a hurricane Wednesday evening while making landfall on Grand Bahama Island in the Bahamas, before taking aim at the eastern coast of Florida later in the night, according to the National Hurricane Center.

Nicole, which was a tropical storm as it approached the Bahamas, became a Category 1 hurricane, with winds of 75 miles an hour, the hurricane center said. A hurricane warning was in effect for parts of the northwestern Bahamas and a roughly 225-mile stretch of Florida's coast from Boca Raton to the border of Volusia and Flagler counties. In Hollywood Beach, right, storm-whipped waves washed onto Surf Road.

—Arian Campo-Flores



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Bush 9/11 Interview Gives New Details on That Day

By DUSTIN VOLZ AND WARREN P. STROBEL

A rough transcript of a 2004 interview George W. Bush and Dick Cheney gave to a government commission investigating the Sept. 11, 2001, terrorist attacks provides a glimpse of the former president's and vice president's views of the seminal event that defined their eight years in the White House.

The April 2004 interview with the bipartisan 9/11 commission, which took place in the Oval Office, included discussion of intelligence warnings before the attacks and the events that unfolded on the day of Sept. 11, according to the copy of the 31-page document. It also describes Mr. Bush acknowledging that Air Force One had poor communications while he was on the plane shortly after the attacks began—and Mr. Bush's assertion that he gave Mr. Cheney the authority to shoot down commercial airliners that were unresponsive.

The newly declassified document was released to the public Wednesday.

“Yes, engage the enemy,” Mr. Bush is described as saying he had told Mr. Cheney. “You have the authority to shoot down an airplane.” In other instances, the document recounts Mr. Cheney repeatedly telling Mr. Bush, who was at a school in Florida when the attacks began, not to return to Washington.

“The president agreed, reluctantly,” the document says. “The president asked the vice president to take necessary steps and stay in close touch.”

The interview wasn't recorded, but a note taker was present. The document was authorized for public release by

the Interagency Security Classification Appeals Panel, a body of representatives from various federal departments. It contains few redactions and includes Mr. Bush's reflections on threat reports he received in the spring and summer of 2001. It isn't a verbatim transcript, but a “memorandum for the record” taken during the meeting.

The attacks, just eight months into Mr. Bush's presidency, killed nearly 3,000 people in New York, the Pentagon and Shanksville, Pa., and prompted the Bush administration to launch wars in Afghanistan and Iraq that would last much of the next two decades. The government's failure to foresee and prevent them led to the massive expansion of the U.S. security and intelligence apparatus, including the Department of Homeland Security, the Transportation Security Administration and the Office of the Director of National Intelligence.

In the interview, Mr. Bush repeatedly pushed back against suggestions from some of the 9/11 commissioners and others that he and his top advisers could have been more proactive against the terrorist group al Qaeda, which had already attacked two U.S. embassies in East Africa and the Navy destroyer USS Cole, before Sept. 11, 2001.

The president told the commission that an item in his Aug. 6, 2001, Presidential Daily Brief entitled “Bin Ladin determined to Strike in U.S.,” about the al Qaeda leader, contained no information about al Qaeda cells inside the U.S. “There was no actionable intelligence on such a threat—not one,” the transcript quotes him as saying.

That intelligence report, declassified in 2004, said the FBI

had information on “patterns of suspicious activity in this country consistent with preparations for hijacking or other types of suspicious attacks,” but provided no details.

Nor was there appetite for putting U.S. military forces inside Afghanistan, where al Qaeda was based, before the attacks, Mr. Bush said. He quoted British Prime Minister Tony Blair as telling him, had Mr. Bush suggested it, “I would have looked at you like a nut.”

Messrs. Bush and Cheney weren't under oath, after the White House argued that would set a concerning precedent for

“Yes, engage the enemy,” Mr. Bush is described as saying he told Mr. Cheney.

future presidents. Afterward, Mr. Bush described the meeting as cordial, telling reporters he had answered every question.

A spokesman for Mr. Bush said the spokesman was unaware the release of the interview was forthcoming and declined to comment further. A spokesman for Mr. Cheney couldn't be reached.

Philip Zelikow, executive director of the 9/11 Commission, said that while much of the material from the interview was cited in the commission's 2004 report, the memorandum gives the public a look at Mr. Bush's discussion of the event that shaped his presidency, and at his relationship with Mr. Cheney.

“For a lot of people, it will be the first time they can really hear George Bush talking

about the issue in a direct way under prolonged examination,” said Mr. Zelikow, who was present at the interview and drafted the memorandum. “It's more the private Bush, not the public Bush.”

The interview, he said, undercuts a stereotype that Mr. Bush was deferential to, or even manipulated by, his vice president. Mr. Bush “took command from the start” in the session, he said.

The 9/11 Commission issued its final report in July 2004, concluding the U.S. government was ill-prepared to detect signs that al Qaeda was planning the attacks. The report was seen as a landmark document upon its release and became a best-seller—an unusual feat for a government document.

The 9/11 Commission document contains new insights into confusion at the highest levels of the U.S. government in the hours after the attacks. Mr. Cheney thought the plane that crashed near Shanksville, United Airlines Flight 93, had been shot down by U.S. military aircraft. Mr. Bush was asked for authority to shoot down an airliner coming from Madrid, Spain, only to be told minutes later that the plane had actually landed in Madrid.

In another revelation, the chairman of the commission, former New Jersey Gov. Thomas Kean, asked Messrs. Bush and Cheney if they were aware that the Secret Service had scrambled jets from Andrews Air Force Base outside of the military chain of command after the attacks. “The president, surprised, asked the chairman to repeat ‘ordered by the Secret Service?’” the document states. “The chairman affirmed that. The president said he did not know about that.”

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ELECTION 2022

Georgia Senate Race Heads for a Runoff

Democratic incumbent Warnock will face GOP challenger Walker in early December vote

By CAMERON McWHIRTER AND JOSHUA JAMERSON

ATLANTA—Democratic Sen. Raphael Warnock and his Republican challenger, Herschel Walker, are headed to a runoff election in December, sending Georgia voters back to the polls in a high-stakes Senate showdown for the second time in two years.

Georgia Secretary of State Brad Raffensperger on Wednesday said neither candidate will notch the required 50% support under state law, largely because of the presence of Chase Oliver, a Libertarian Party candidate, on the ballot.

Georgia election officials said counties are making preparations for a Dec. 6 runoff. Mr. Raffensperger asked voters to come out "one last time." Not long after his remarks, the Associated Press projected a runoff in the race.

Late Tuesday night, Mr. Walker, who was endorsed by former President Donald



Georgia Secretary of State Brad Raffensperger said neither candidate will get the required 50%.

Mr. Walker has been dogged by allegations of domestic abuse, including that he threatened to kill his ex-wife, and allegations by two women that he paid for abortions despite campaigning as opposing abortion rights.

Pro-Walker ads have criticized Mr. Warnock over his ex-wife's charges that he attacked her, which Mr. Warnock denies.

The mudslinging will have little impact on voters, who are sick of the ads and tuning them out, said Rusty Paul, former chairman of the Georgia Republican Party.

"The TV ads have lost their effectiveness," he said. "They're just going to turn the candidates even further into a bloody pulp. The voters have already decided who they're voting for or have decided a pox on both your houses."

Runoffs aren't uncommon in Georgia elections. That is how Mr. Warnock got his current job. In November 2020, sitting Republican Sen. Kelly Loeffler

came in second to Mr. Warnock, but neither candidate came close to 50% of the vote. Another GOP candidate, Doug Collins, came in a strong third in a crowded field.

At the same time, Republican Sen. David Perdue narrowly won the November contest against Democrat Jon Ossoff, but was just shy of 50% of the vote. Both races went to a Jan. 5, 2021, runoff and both of the Democrats prevailed. The Democratic wins gave the party narrow control of the U.S. Senate.

Republicans, who had dominated Georgia state politics for years, used to hold an edge in runoffs, because their voters more consistently came out in special elections, Mr. Paul said. The 2021 Senate runoffs showed Democratic voting strength was growing and that the party could bring out voters, he said.

Senate terms are six years, but Mr. Warnock was elected to complete only two years of an existing term. The senator he unseated, Ms. Loeffler, had been appointed to fill out a term vacated by longtime Republican Sen. Johnny Isakson, who resigned for health reasons in 2019. Mr. Isakson died in 2021. The winner of this fall's race will sit for a full six-year term.

GOP Nears Slim Win In House

Continued from Page One

White House on Wednesday afternoon. After campaigning around the country for mid-term candidates, the president framed the wins as evidence that his agenda has been popular. "We're just getting started," he said.

Republicans headed into Tuesday night hoping to pick up more than 20 House seats, aided by Mr. Biden's low approval ratings and voters' anxiety about high inflation and other issues. And while their gains appeared slimmer, they remained on track to retake the House as tallies trickled in from key races in Nevada, California and Arizona.

Divided government would pose significant challenges to Mr. Biden for the second half of his term. Legislating would be difficult, and Republicans would try to establish a competing agenda on the way to challenging Democrats in the 2024 presidential campaign.

"Even if Republicans ultimately prevail, the strong Democratic performance in the face of President Biden's poor job approval rating is remarkable," said Nathan Gonzales,

publisher of Inside Elections, which provides nonpartisan analysis of campaigns.

Republican lawmakers frustrated by the lackluster showing began finger pointing almost immediately, some targeting leadership.

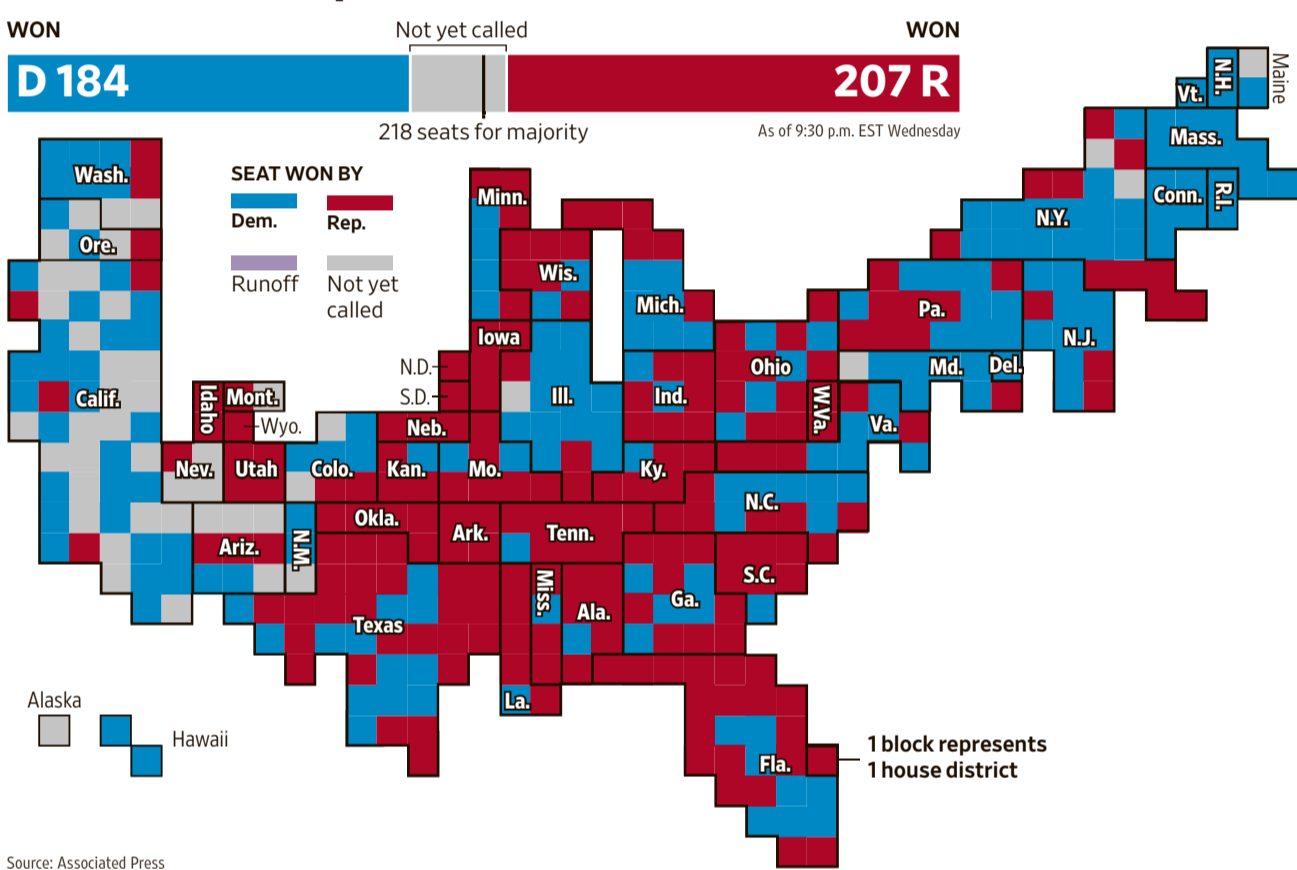
Rep. Kevin McCarthy of California, the House GOP leader, told supporters early Wednesday morning, "When you wake up, we will be in the majority and Nancy Pelosi will be in the minority," though by Wednesday the House wasn't called for Republicans.

"It is clear that House Democratic members and candidates are strongly outperforming expectations across the country," House Speaker Nancy Pelosi (D., Calif.) said.

The Senate remained undecided. Democrats flipped a key seat in Pennsylvania late Tuesday, with Lt. Gov. John Fetterman beating celebrity surgeon Mehmet Oz, while Republicans held on to Ohio, Florida and Wisconsin. But three remaining Senate races remained too close to call. Poll workers continued to count in Arizona and Nevada, while the Georgia secretary of state said that neither Democratic Sen. Raphael Warnock nor Republican Herschel Walker passed the required 50% threshold for victory, sending the contest to a runoff election on Dec. 6.

In Senate results announced on Tuesday, Republican J.D. Vance in Ohio fended off Democratic Rep. Tim Ryan, while

U.S. House of Representatives



Source: Associated Press

Republican Rep. Ted Budd in North Carolina defeated Democrat Cheri Beasley. Both were open seats.

Meanwhile, Democratic Sens. Maggie Hassan in New Hampshire and Michael Bennet in Colorado defeated Republican challengers.

The GOP gained a number of House seats in Tuesday's election, including wins in Florida, Virginia and New Jersey. New York Rep. Sean Patrick Maloney, head of the Democratic Congressional Campaign Committee, conceded defeat to a Republican challenger.

Republicans picked up seats in Florida, aided by population growth and redrawn election maps that were more favorable to the party. And Republican Jen Kiggans defeated two-term Rep. Elaine Luria in Virginia, a noteworthy win in the GOP's quest to take control of the House.

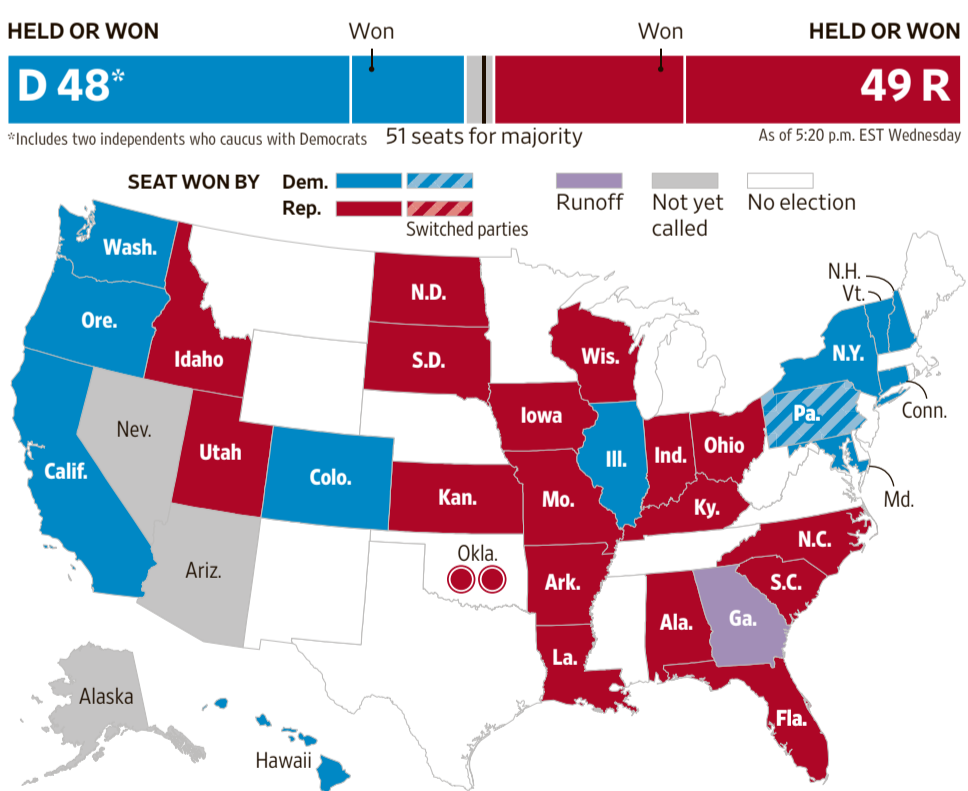
But Virginia also showed Democrats' resiliency, with Rep. Abigail Spanberger defeating Republican Yesli Vega in a race considered by both parties to be a national bellwether. Two-term Rep. Jennifer Wexton (D., Va.) held off GOP challenger Hung Cao in the Washington, D.C., suburbs.

Democrats won several Republican-held House seats, according to the Associated Press. Wiley Nickel won an open seat in North Carolina, Hillary Scholten in Michigan and Greg Landsman in Ohio defeated longtime GOP Rep. Steve Chabot.

Maxwell Frost, a 25-year-old Democrat, won an open Florida seat and will be the youngest member of the House.

Democrats flipped two governors' seats. Maura Healey won the Massachusetts race and will become the state's first woman governor, as well as the first openly gay candidate elected to the post. Wes Moore won in Maryland and

U.S. Senate



Note: Alaska has not been called, but both leading candidates are Republicans.

Source: Associated Press

will be the state's first Black governor. In Kansas, Democrat Laura Kelly was re-elected as governor in a state won by President Donald Trump, a Republican, by 15 points in 2020.

In Florida, Republican Ron DeSantis easily won re-election as governor, and in Arkansas, Republican Sarah Huckabee Sanders, former White House press secretary for Mr. Trump, was elected governor, the first woman to win in that state.

The elections also provided the first national temperature-taking on voter attitudes toward abortion since the Supreme Court overturned Roe v. Wade in late June. On Tuesday, voters delivered victories to reproductive-rights advocates on ballot measures in Michigan, California, Vermont

and Republican-leaning Kentucky.

The 2024 campaign will likely begin soon. Some high-profile candidates endorsed by Mr. Trump struggled on Election Day, presenting a formidable challenge to the former president's assertion of dominance in the party and his bid to clear the field in the race for the next Republican presidential nomination.

Mr. DeSantis is viewed by Republicans as a serious contender for the nomination, and some Republicans said his strong showing in the state could boost his chances.

Two people familiar with Mr. Trump's thinking said he is so far sticking with his plan to announce a run for president next Tuesday. On Wednesday, the former presi-

dent was fundraising off what he has promised would be a "very big announcement."

Some of Mr. Trump's associates have urged him to delay until after the Dec. 6 runoff in Georgia, where a contingent of Republicans worry about the former president being in the headlines.

"If I were betting, I bet we'd go ahead Tuesday," an aide said. "I think he's gonna get blamed either way. So why not do it on your time frame?"

—Catherine Lucey contributed to this article.

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ELECTION 2022

Sitting Governors Defeat Challengers

Elections bring little change in control after polls showed several contests were tight

By ELIZABETH FINDELL AND JIMMY VIELKIND

Gubernatorial elections resulted in few changes of control on Election Day, as Democrats held off challengers in several races that polls showed could be close, including Wisconsin, New York, Kansas and Michigan, while Republican incumbents won decisively in Florida and Texas, according to the Associated Press.

Democrats also prevailed in the only two states to flip, Maryland and Massachusetts.

One of the most hotly contested races in the nation was in Wisconsin, where incumbent Democrat Tony Evers fended off Republican businessman Tim Michels, the AP projected. Mr. Evers ran on a platform of investing in education and infrastructure, opposing gerrymandering and supporting abortion access, while Mr. Michels said he would do more to fight crime and touted his support from former President Donald Trump.

In New York, incumbent Democratic Gov. Kathy Hochul defeated Republican U.S. Rep. Lee Zeldin, according to the AP. Mr. Zeldin gained on her in recent polls, which gave Republicans hope he could become the first candidate from their party to win statewide office in two decades as he focused on voter concern about rising crime. Ms. Hochul campaigned on her record from her year in office, including new gun-control laws, Covid-19

pandemic management and rebate checks for taxpayers.

Robust victories for Florida's Ron DeSantis and Texas' Greg Abbott put the two men in strong positions as they prepare for possible presidential runs in 2024, according to political analysts. Both have focused on issues that appealed to their party's base.

Mr. Abbott, who defeated former U.S. Rep. Beto O'Rourke, a Democrat, devoted much of his second term to immigration and border security. Mr. DeSantis, who won over Democrat Charlie Crist, a former governor and U.S. representative, emphasized his stances on culture issues and his decision to reopen businesses in his state early in the pandemic.

In Kansas, Democratic Gov. Laura Kelly won a narrow victory in a state where Mr. Trump won 56% to 42% in 2020, according to the Associated Press. Ms. Kelly touted her record in office, including working with the Republican-controlled legislature.

Her challenger Derek Schmidt, the Republican attorney general, sought to tie his opponent to President Biden. He also sought to tap into voter dissatisfaction with inflation and the Covid-19 restrictions of 2020.

Michigan Democratic Gov. Gretchen Whitmer defeated conservative political commentator Tudor Dixon, who criticized the incumbent for the length of Covid-19 shutdowns and pledged to expand the state's economy and stop what she described as the teaching of critical race theory in schools. Ms. Whitmer focused on her record repairing roads and increasing education spending.

New Mexico Democratic Gov. Michelle Lujan Grisham won against former television meteorologist Mark Ronchetti, a Republican, according to the AP, in a race focused on issues such as crime and abortion access.

In Maine, Democratic Gov. Janet Mills won re-election over former Republican Gov. Paul LePage, the AP said. Mr. LePage hammered the incumbent over energy costs, while Ms. Mills touted her efforts to diversify the state's energy sources.

Pennsylvania Democratic Attorney General Josh Shapiro beat Republican State Sen. Doug Mastriano, according to the AP. After focusing his campaign on law-and-order issues and protecting abortion access, Mr. Shapiro will succeed departing Democratic Gov. Tom Wolf.

Georgia Republican Gov. Brian Kemp defeated former State House Minority Leader Stacey Abrams, a Democrat, the AP projected. Mr. Kemp largely ignored attacks from Mr. Trump over Mr. Biden's win in the state in 2020 and focused on his efforts to promote business development, loosen gun laws and open the state quickly following Covid-19 lockdowns.

California Democratic Gov. Gavin Newsom easily won re-election in the nation's most populous state, according to the AP, after a campaign in which he spent much of his time feuding with Republicans including Messrs. Abbott and DeSantis and promoting liberal positions on issues such as climate change and abortion access.

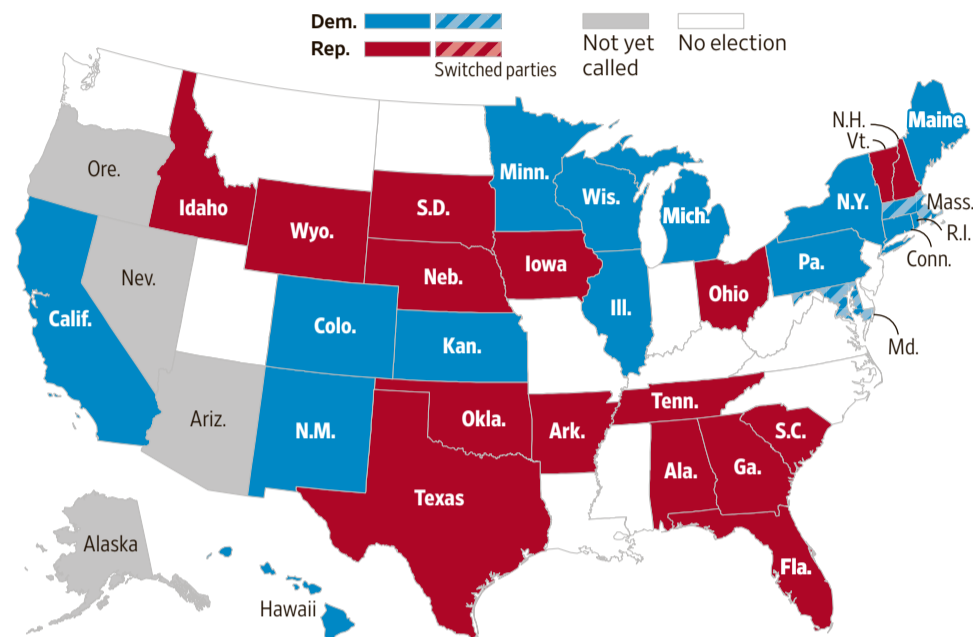
Races that were too close to call on Wednesday included Nevada, where a Democratic incumbent sought to keep his seat, and Alaska, where a Republican governor is campaign-



Wisconsin Democrat Tony Evers, center, fended off Republican Tim Michels, the AP projected.

Governor Races

As of 5:20 p.m. EST Wednesday



Source: Associated Press

ing for re-election.

The AP also didn't declare winners in the campaigns to succeed GOP Gov. Doug Ducey in Arizona and Democratic Gov. Kate Brown in Oregon, both of whom are leaving office be-

cause of term limits.

There are currently 28 states with Republican governors and 22 with Democratic governors. Twenty of the states that held elections Tuesday have GOP governors and 16 are led by

Democrats.

Results from the AP showed Republicans holding on to the governorships in 16 states but not flipping any, while Democrats held on to 13 in addition to the two they flipped.

Democrats Make Gains in Control of Statehouses

Democrats gained ground in state legislatures in the Great Lakes region while also adding to their ranks of states in which they maintain control over all branches of government, though Republicans maintained their overall statehouse advantage, early election results show.

By Jimmy Vielkind, Jon Kamp and Elizabeth Findell

Key flips for Democrats included both legislative chambers in Michigan, the Pennsylvania House and the Senate in Minnesota, according to the nonpartisan National Conference of State Legislatures. Incumbent wins by Democratic governors plus pickups in the

Massachusetts and Maryland governors' races mean Democrats have so far added to their tally of states in which they control all three branches of government.

Republicans came into the election with strong advantages in statehouses, with control of both chambers in 30 states compared with 17 states in Democrats' control, NCSL said.

Control of statehouses is important as both parties push for changes to election-administration laws and the U.S. Supreme Court has handed legislatures the power to make policy on issues such as abortion, said Chris Mooney, professor of political science at University of Illinois Chicago.

"The Democrats did a lot better than they should have

done, given the situation," he said, pointing to an uncertain economy and a history of the president's party losing seats in midterm elections.

Heading into Tuesday, there

Key legislative flips came in Michigan, Minnesota and Pennsylvania.

were a dozen states in which the governor and at least one legislative chamber were controlled by different parties. Only Minnesota and Virginia—the latter state didn't hold elections Tuesday—had divided

control between their legislative chambers. Minnesota has shifted to Democratic control, because that party already controlled the state's House chamber. Pennsylvania, in turn, has become a divided state.

Democrats have struggled to recover ground lost a dozen years ago, in 2010, when Republicans won more than 725 state legislative seats and ended with control of 59 chambers.

The GOP came into Tuesday's election with a 23-to-14 advantage in trifectas, or control of both chambers and the governor's office. Other states had governors and at least one legislative chamber from opposing parties. The four new Democratic trifectas came in states that previously had divided governments.

The results so far continued a trend toward single-party rule that began a decade ago, said David Adkins, chief executive of the nonpartisan Council of State Governments.

"We saw the massive shift toward unified government," he said. Driving the trend, said Mr. Adkins, is a "tendency to nationalize all issues and the increasing influx of cash into state legislative races by national interests."

NCSL doesn't assign a party to one state—Nebraska—because the unique unicameral legislature there is officially nonpartisan, although the majority of members are Republicans. There has been a power-sharing agreement in Alaska's House, though Republicans there outnumber Democrats

and NCSL has counted Alaska as a GOP-controlled state.

There are results still to come, with more than a dozen of the 88 legislative chambers holding elections not yet called by NCSL as of Wednesday. They include Arizona, Nevada, New Hampshire, Oregon and Pennsylvania.

GOP strategists said they saw an opportunity to extend their statehouse gains this year because of President Biden's unpopularity and voter concerns about crime and inflation.

Democrats said they were focused on defending their majorities in several states, but a super PAC committed to spend \$60 million trying to flip seats to Democratic in swing states important in presidential elections.

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Hochul Survives GOP Surge in New York

By JIMMY VIELKIND

New York Gov. Kathy Hochul became the first woman elected to lead the Empire State after she defeated Republican U.S. Rep. Lee Zeldin, according to the Associated Press, in a closer-than-expected race that caught the attention of national Democrats.

While there are twice as many enrolled Democrats in the state as Republicans, polls showed the race tightening in October and Ms. Hochul's margin of victory was around 5 percentage points, according to the state Board of Elections. That marks the best showing by a GOP gubernatorial candidate since George Pataki secured the last Republican statewide win in 2002.

Mr. Zeldin won a majority of the vote on Long Island, where Republicans were also poised to gain seats in the state Senate and U.S. House, according to state and local election boards.

Ms. Hochul, 64 years old, became the state's first female governor last year after the resignation of Gov. Andrew Cuomo; she was his lieutenant governor. She mentioned the historic nature of her candidacy in a victory speech.

"I felt the weight on my shoulders to make sure every little girl and every woman who has banged up against ceilings all her life would know that a woman can be elected in



Kathy Hochul is the first woman elected governor of New York.

her own right and successfully govern a state as rough and tumble as New York," she said.

Mr. Zeldin conceded the race on Wednesday afternoon. In a statement, he said the election was a "once in a generation campaign, with a very close margin in the bluest of blue states."

Mr. Zeldin, who represents parts of Long Island in the U.S. House, focused on rising crime in New York City and its suburbs. He promised to roll back a 2019 law that eliminated cash bail for most misdemeanor and nonviolent felony offenses, which some law-enforcement officials say has contributed to a rise in crime.

Ms. Hochul campaigned on her record from her year in of-

ice, including new gun-control laws, Covid-19 pandemic management and rebate checks for taxpayers. She also touted her support for abortion rights and attacked Mr. Zeldin for his ties to former President Donald Trump. Mr. Zeldin voted against certifying President Biden's victory in the 2020 presidential election.

Mr. Zeldin said he opposes abortion but wouldn't try to undo state protections.

"Zeldin, like a lot of Republicans, got the messaging right for the current climate," said Lawrence Levy, executive dean of the National Center for Suburban Studies at Hofstra University on Long Island. "Coming within a few points of Hochul has done a tremendous

favor for his party with the damage it caused down-ballot."

Three Democratic state senators on Long Island lost their races, according to the local boards of elections. And Republican candidates won two U.S. House seats held by retiring Democrats Tom Suozzi and Kathleen Rice, according to the Associated Press.

In the last days of the campaign, Mr. Zeldin held rallies with Florida Gov. Ron DeSantis and Virginia Gov. Glenn Youngkin—two rising stars within the Republican Party. The Republican Governors Association featured Mr. Zeldin in a donor call and spent more than \$2 million to bolster his campaign.

Ms. Hochul, a native of upstate Buffalo, spent the week before polls closed mostly campaigning in New York City. She held rallies with Mr. Biden, Vice President Kamala Harris, Bill and Hillary Clinton and Mayor Eric Adams.

David Wilson, a 69-year-old retired teacher, attended a rally with the governor and mayor in Queens. He said there was no way he would vote for a Republican after the Trump presidency and said he thought Mr. Zeldin's position on gun control was wrong. He specifically faulted the candidate's opposition to a new state law that prohibited firearms in a series of sensitive places, including the subway system. "Open carry in New York? This man is out of his mind," Mr. Wilson said.

WORLD NEWS

Moscow, Iran Vow Stronger Ties

The relationship is evolving toward an ideologically rooted anti-Western alliance

By SUNE ENGEL RASMUSSEN

Russia and Iran's security chiefs pledged Wednesday to deepen the military cooperation between the two countries, further cementing ties that have seen Tehran supply drones to bolster Moscow's war effort in Ukraine.

During a meeting in Tehran, Russian security council secretary Nikolai Patrushev and his Iranian counterpart Ali Shamkhani said they would jointly fight what they called Western interference in their countries, and expand economic ties in an effort to evade sanctions.

Mr. Shamkhani and Mr. Patrushev, who also met Iranian President Ebrahim Raisi, discussed "ways to combat attempts by Western intelligence agencies to interfere in the domestic affairs of the two countries," said a statement in the Russian state news agency TASS.

Iran has accused Western countries, particularly the U.S., of orchestrating a protest movement that for weeks has called for the ouster of the Islamic

Republic. The White House in October said Moscow may be advising Tehran on how to suppress the protests, "drawing on Russia's extensive experience in suppressing open demonstrations."

The relationship between Iran and Russia is evolving from a mostly transactional, military partnership to a more ideologically rooted anti-Western alliance, a development experts say is driven by Moscow's international isolation following its invasion of Ukraine and the diplomatic breakdown between Iran and the West as talks to revive the 2015 nuclear deal have stalled.

"Iran has grown in stature in the eyes of Russians," said Nicole Grajewski, a postdoctoral fellow with expertise in Russian-Iranian relations at the Harvard Kennedy School's Belfer Center. "Russia and Iran have similar aspirational world views. They want a transition of power away from the West."

In Tehran, Mr. Patrushev repeated a common refrain from Moscow that the days of U.S. dominance are drawing to a close. "The world is going through a turning point," he said, according to Russian state daily Rossiyskaya Gazeta. "Russia and Iran today are at the forefront of the struggle for the establishment of a multipolar



Russian official Nikolai Patrushev, left, and Iran President Ebrahim Raisi meet in Tehran Wednesday.

world order."

Mr. Patrushev's comments echoed long-held views by Iranian Supreme Leader Ali Khamenei, who last week said the world is entering a new order, in which Asia would rise and the U.S. would decline under domestic problems and failure in foreign wars.

Iran and Syria forged a military cooperation in Syria where Tehran supported President Bashar al-Assad from the early days of the war. Moscow joined

the fray in 2015 and helped turn the war in Mr. Assad's favor.

As it did in the Middle East to support allies, Iran is deploying home-grown weapons and several Revolutionary Guard advisers to aid Russia in Ukraine.

In recent weeks, Russia has launched more than 300 Iranian drones targeting military units, power plants and civilian buildings in Kyiv, Ukrainian officials say. The U.S. says Tehran has deployed personnel to Crimea to train Russian pilots to use

Iranian-made drones.

Iran acknowledged publicly Saturday for the first time that it has supplied drones to Russia, but said the transfer took place before Moscow invaded Ukraine. U.S. officials dispute the claim. Kremlin spokesman Dmitry Peskov has said the army used only domestically produced equipment. The European Union last month agreed to impose sanctions on three top Iranian military officials and an Iranian drone maker.

U.S. Won't Give Kyiv Advanced Drones

By GORDON LUBOLD AND NANCY A. YOUSSEF

WASHINGTON—The Biden administration won't give Ukraine advanced drones despite pleas from Kyiv and a bipartisan group of members of Congress, a reflection of the limit of the kinds of weaponry Washington is willing to provide for Ukraine's defense.

The decision deprives Ukraine of the kind of advanced weaponry Kyiv has been requesting for months. The Pentagon declined the request based on concerns that providing the Gray Eagle MQ-1C drones could escalate the conflict and signal to Moscow that the U.S. was providing weapons that could target positions inside Russia, U.S. officials and other people familiar with the decision said.

U.S. officials also have worried that the technology aboard the drone could be stolen on the battlefield. But those concerns, that the cameras on board the platform could be stolen if the aircraft were to be shot down, weren't a central aspect of the decision, officials said.

A spokesman for General Atomics, which makes the Gray Eagle, confirmed that the company had been made aware of a decision, but declined to comment on the details. Pentagon officials had no immediate comment. The White House didn't respond to a request for comment.

Members of Congress from both parties have pushed the administration to give Ukraine the medium-altitude, armed drones, which can fly for more than 24 hours.

Declining to give Ukraine armed drones makes it harder for its soldiers to defend civilian populations and infrastructure, advocates said.

WNBA Star Is Moved to Russian Penal Colony

By ANN M. SIMMONS

MOSCOW—Brittney Griner was transferred to a penal colony in Russia to serve the remainder of a nine-year drug conviction, dashing supporters' hopes that the U.S. basketball player might be freed in a prisoner swap before having to do hard time.

Ms. Griner's legal team said Wednesday that she was moved Friday from a detention center outside the Russian capital where she was held since her February arrest.

News of the transfer came earlier than her legal team anticipated. It follows reports that Russian authorities have so far declined to act on what the Biden administration has described as a "significant offer" to secure the WNBA star's release. The White House also has said it is exploring new options, but hasn't elaborated.

Last month, Ms. Griner's lawyers said that it could be several months before she was moved from the detention center to the penal colony, in part because her case file had to be

translated into English, and that would add more time to the transfer process.

White House press secretary Karine Jean-Pierre said Wednesday that "every minute that Brittney Griner must endure wrongful detention in Russia is a minute too long." She said the administration is working to secure Ms. Griner's release, and President Biden directed U.S. officials "to prevail on her Russian captors to improve her treatment and the conditions she may be forced to endure in a penal colony."

The White House spokeswoman reiterated that the administration made a significant offer to the Russians to resolve what it describes as "the current unacceptable and wrongful detentions of American citizens." And "despite a lack of good faith negotiation by the Russians, the U.S. Government has continued to follow up on that offer and propose alternative potential ways forward with the Russians through all available channels."

Secretary of State Antony Blinken said Ms. Griner's

transfer to a remote penal colony was "another injustice layered on her ongoing unjust and wrongful detention."

He said that as the U.S. works to secure her release it expects Russian authorities to provide U.S. Embassy officials with regular access to all U.S. citizens detained in Russia, "including Brittney, as is their obligation," he said.

Ms. Griner's agent, Lindsay Colas, called on the public to support Ms. Griner by "continuing to write letters and express their love and care for her."

Troops to Pull Out Of Key City

Continued from Page One blackouts in cities across the country and raising concerns of a cold, harsh winter.

The planned withdrawal is a blow for President Vladimir Putin of Russia, who declared in September that Kherson and three other regions part of Russia. He announced a partial mobilization in September and threw tens of thousands of troops straight into combat in order to shore up Russia's faltering defensive lines.

Gen. Surovkin told Mr. Shoigu that the new personnel had increased the strength of Russia's forces and stabilized their position.

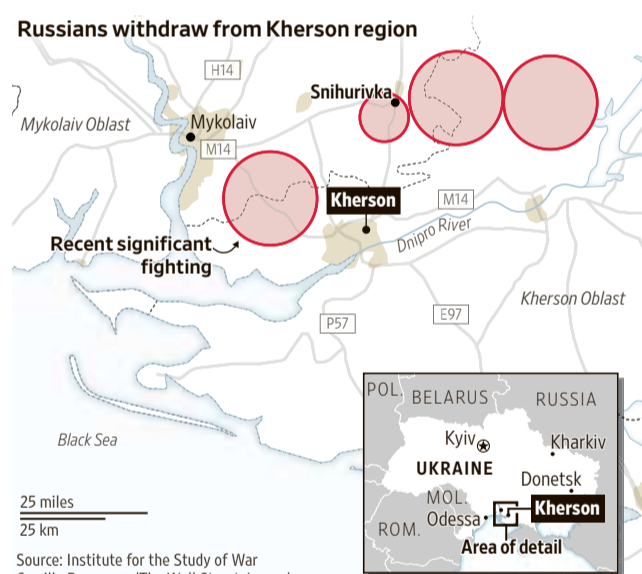
In an apparent response to online criticism of the rapid transfer of poorly equipped men to the front, Mr. Shoigu said they should be stationed in the rear before being sent into combat under the command of skilled officers.

Russian paramilitary leaders who criticized the army for earlier retreats praised the Russian top brass's decision. Ramzan Kadyrov, president of Chechnya, and Yevgeny Prigozhin, owner of the paramilitary group Wagner, said the withdrawal was justified as it saved lives and preserved the army's fighting strength. Some Russian military bloggers, however, were critical, saying it demonstrated Russia's military weakness.

In recent days, civilians have been free to roam abandoned administrative buildings, tear down Russian propaganda posters and paint Ukrainian flags on buildings, residents said.

Ukraine seized Snihurivka, a town north of the city, on Wednesday. Russian forces blew up bridges across several tributaries of the Dniro in an apparent attempt to slow Ukrainian advances as they prepared to evacuate troops from the eastern bank, according to a Kherson city councilor and Russian military bloggers.

Ukraine is unlikely to seek to pursue the Russians across the Dniro, military analysts



said. One soldier who had been fighting there said his unit was back at base and preparing to head east.

Ukraine has said it wants to expel Russian forces from all of its territory, but the fight is likely to get tougher. Kyiv's advances in the northeast have slowed in recent weeks against stronger Russian defensive lines bolstered by fresh manpower. Russia is deploying forces against the city of Bakhmut in an attempt to advance there.

The planned departure is a blow for Russian President Vladimir Putin.

Russian defenses in the east, which it has occupied for eight years, are stronger and easier to supply from neighboring Russian territory. The proximity of large cities in the industrial Donbas region will test Ukraine's preferred strategy of surrounding population centers, cutting off the Russian troops there and forcing them to flee, thereby avoiding costly and destructive urban combat.

Ukrainian forces launched an offensive in the south at the end of August aiming to press Russian forces up against the Dniro as long-range artillery provided by the U.S. hammered supply lines across the river as well as ammunition and fuel depots and command posts.

The advance has been slow

and costly against elite troops that were well dug in. But in October, Gen. Surovkin acknowledged the success of that strategy, saying difficult decisions would have to be made.

Mr. Shoigu, the Russian defense minister, said the decision to withdraw was taken with the health and lives of Russian military personnel in mind. He ordered Gen. Surovkin to ensure the safe transfer of personnel, weapons and equipment across the Dniro.

Western officials said Russia has been preparing to retreat from Kherson to avoid the chaos of its retreat from the northeast in September.

The Russian administration has moved tens of thousands of civilians out of the area in recent weeks, ferrying them east across the river to territory Moscow more firmly controls.

The Russian military gradually abandoned Kherson, starting with commanders and administrators, Western and Ukrainian officials said.

One resident said Russians have been bringing wounded to a hospital in the city in recent days. Many were dead when they arrived, and doctors were shocked at the condition of the bodies.

In recent weeks, people in the city said, Russian troops looted everything they could—cars from parking lots, office equipment, boats. "It was such chaos last week," the resident said. "They took away everything."

—Ann M. Simmons and Nikita Nikolaenko contributed to this article.

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WORLD NEWS

Europe Expands Big Government

By Tom Fairless

FRANKFURT—Europe’s answer to its latest economic crisis: even bigger government.

Faced with soaring inflation and an energy crisis caused by Russia’s attack on Ukraine, European politicians are adding hundreds of thousands of public-sector jobs, guaranteeing business loans, subsidizing energy bills and splurging on infrastructure, defense and key industries.

Spending by eurozone governments is expected to reach 51% of the region’s economic output this year, about 4 percentage points higher than in 2019, the International Monetary Fund said. In Germany, France and Italy, government spending as a share of economic output is the highest in decades, excluding the pandemic years of 2020 and 2021.

In the U.S., state spending surged to 45% of gross domestic product in 2020, at the height of the pandemic, but has since declined to 37% of GDP, close to its precrisis level.

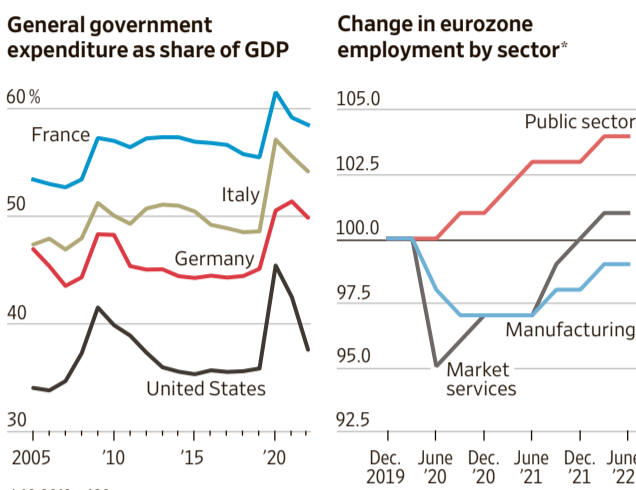
State intervention is one reason Europe’s economy has held up relatively well this year. The eurozone economy grew at an annualized rate of 0.7% in the three months through September, showing resilience to the historic shocks rocking its energy markets. Even Germany, whose energy-hungry industrial businesses are particularly vulnerable to the recent surge in gas prices, recorded modest growth. While government spending dragged down growth this year in the U.S., it supported growth in the eurozone, data from JPMorgan show.

One area where government spending has been felt most directly is the labor market. Public-sector employment across the eurozone has risen 4% since 2019, compared with a 1% increase in market-services jobs and a 1% decline in manufacturing jobs, according to European Central Bank data. One in four eurozone workers was employed by the state last year.

In Spain, the public sector added about 52,000 jobs in the three months through Septem-



Public-sector employment across the eurozone has risen 4% since 2019. The metro operated by the Paris transport network RATP.



ber, more than double the number of new private-sector hires in that period, the national statistics agency said.

In the U.S., the number of government jobs has dropped more than 2% since early 2020, while private-sector jobs have grown 1%, data from the Bureau of Labor Statistics show.

In the U.S., “there is a countering logic [that the government] spent so much money during the pandemic that now we need to save,” said Jacob Funk Kirkegaard, senior fellow at the Peterson Institute for International Economics, a Washington think tank.

After the financial crisis of the late 2000s and the ensuing eurozone debt crisis, Europe also tightened its belt, he said,

but not this time around, even though rising interest rates and market turmoil are making it harder for governments to deepen public debt.

For now, Europe’s state-driven splurge is helping to delay and alleviate the economic downturn and might even help control inflation in the short term. But economists worry that this approach carries risks.

Unlike during the financial crisis, the eurozone crisis and the pandemic, free-spending governments are on a collision course with the ECB, which has raised interest rates at its fastest-ever pace to cool inflation. The eurozone’s inflation rate rose to 10.7% in October, a fresh high, while price growth in the U.S. slowed to 8.2% in

September.

The IMF last month urged Europe to cut state spending to support central banks in the fight against inflation and to replenish empty treasuries. “Clearly, there is room to provide support for vulnerable people at lower cost,” Alfred Kammer, director of the IMF’s European department, told a news conference in Washington.

Across Europe, governments have revived large-scale loan-guarantee programs to support companies hurt by the fallout of Russia’s war, show data from Bruegel, a Brussels-based think tank. In Italy, one-third of all outstanding business loans by value are backed by the government, according to an August IMF report.

While such sweeping support for business made sense during the pandemic, the case is less clear now because changes to energy supplies are here to stay, said Nicolas Veron, a senior fellow at Bruegel and at the Peterson Institute.

Europe’s recovery has been slower than that of the U.S., with weaker investment. The eurozone economy likely is about 4% bigger this year than it was in 2019, when measured in dollars, while the U.S. economy is about 17% bigger, according to IMF data. Capital investment in the eurozone increased about 4% last year and 3% this year, while in the U.S., equipment investment surged 10% last year and 5% this year, according to JPMorgan.

Still, government intervention is proving popular in Europe. From Berlin to Paris to Rome, voters recently have elected governments that promised more support. During his re-election campaign, French President Emmanuel Macron pledged to build 100% French supply chains in the next five years for electric cars, offshore wind farms and solar panels.

The European Union normally requires governments to keep the deficit below 3% of GDP. But it has suspended those rules for four years in a row through at least the end of next year to allow governments to spend more freely.

Bangladesh, IMF Reach Agreement on \$4.5 Billion Aid Deal

By Philip Wen

Bangladesh reached a preliminary agreement for a \$4.5 billion assistance package with the International Monetary Fund as it seeks to cushion its economy from the impact of the war in Ukraine and risks posed by climate change.

The emergence of Bangladesh’s export-oriented garment-manufacturing industry helped turbocharge economic growth and propel average incomes—and several indicators of human well-being—above those of South Asian neighbors India and Pakistan. But high inflation, a plunging local currency and recession concerns in the U.S. and Europe—its main export markets—have placed one of the world’s fastest-growing economies of the past decade under mounting

\$35B

Bangladesh foreign reserves, down from \$45.5 billion last year

financial pressure.

“Bangladesh’s robust economic recovery from the pandemic has been interrupted by Russia’s war in Ukraine, leading to a sharp widening of the current-account deficit, rapid decline of foreign-exchange reserves, rising inflation and slowing growth,” said the IMF’s mission chief to Bangladesh, Rahul Anand, at the conclusion of a two-week visit to the country on Wednesday.

Since July, Bangladesh authorities have rationed electricity amid a heat wave and natural-gas shortage after shutting all 10 of its diesel power plants as Russia’s invasion of Ukraine drove up the cost of imported fuel.

Rising fuel prices and soar-

ing living costs have sparked sporadic protests, ahead of general elections to be held by the end of next year, and affected the all-important apparel industry.

The government also shortened office and school hours to conserve energy and ordered reduced use of air conditioners in mosques across the Muslim-majority country. Prime Minister Sheikh Hasina on Tuesday repeated calls for citizens to be frugal with power use and to cut back on luxury spending, state media reported.

A low-lying riverine country of some 165 million people prone to extreme weather events and flooding, Bangladesh is routinely listed among the top countries most vulnerable to climate-change risks. The \$4.5 billion package, to be disbursed over the next three-and-a-half years, includes a \$1.3 billion loan under the IMF’s new climate-focused Resilience and Sustainability Fund.

The staff-level agreement is subject to IMF executive-board approval, which the fund said is expected in the coming weeks.

Bangladesh is the third South Asian country, after Sri Lanka and Pakistan, to turn to the IMF for assistance this year. Unlike Sri Lanka, which delayed its approach to the global lender until it had all but entirely drained its foreign reserves—leaving it unable to afford essential imports of fuel and medicines—Bangladesh has moved pre-emptively to shore up its financial position, and external debt levels remain healthy, economists and the IMF say.

Yet while Bangladesh’s foreign reserves are still sufficient to provide ample import cover of about four months, they have fallen to below \$35 billion from \$45.5 billion last year, according to official figures.

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OVERVIEW

The Wall Street Journal CEO Council will convene in Washington, D.C. on the evening of December 5 and the full day of December 6, a month after the midterm elections and almost a year since Russia upended global geopolitics with its invasion of Ukraine. We will explore how the balance of power has shifted in Washington, and how that will impact business, the economy and society. We will delve into the outlook for inflation and markets, how the pandemic has reshaped the way people work and how trade and geopolitical relationships are evolving in a more complex and fractious world. The Summit will also take stock of how leadership has morphed, as CEOs face new calls to take stances on social and political issues. How are CEOs preparing? Join us.

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PHOTO ILLUSTRATION BY ANDREA DAQUINO FOR THE WALL STREET JOURNAL

Work From Anywhere! (Well, Not Really)

Tax snafus, legal headaches and killjoy bosses are complicating the digital-nomad lifestyle



ON THE CLOCK
CALLUM BORCHERS

IT'S A PROFESSIONAL fantasy turned reality for some: Escape the office and travel the country, even the world, working remotely in rented beach houses and ski lodges or, on a leaner budget, a home on wheels while living the #vanlife.

Digital nomads, as these wanderers call themselves, say their adventures can be thrilling. They also describe an unsexy side of maintaining a career on the go. Complicated taxes, breakdowns on remote highways and pangs of loneliness can weigh down free spirits.

"Sixty percent of the time it's fun," says Jack Ryan, a software sales manager. "The other 40, it's like, 'I do not want to do this right now.'"

Mr. Ryan, 27, frequently lives out of his Toyota Sienna with all-terrain tires. The minivan replaced the Mercedes-Benz Sprinter that failed him in the Santa Ynez Mountains this year.

As if bummers like that weren't enough, killjoy bosses and their

friends in HR are setting new boundaries for payroll reasons.

Many managers took a lax approach to remote work at first, and workers took advantage. The ranks of self-described American digital nomads swelled 49% in 2020 from the year before, reaching 10.9 million, and have since climbed to an estimated 16.9 million people, according to MBO Partners, a business-management software company.

If employees scattered to states or foreign countries where a business wasn't registered or insured, well, that didn't seem like a big deal amid a pandemic.

That carefree attitude has waned as executives wake up to potential legal and cybersecurity liabilities, and impose restrictions on where their remote employees can be.

Ali Pruitt was recently surprised to learn that a position for which she was interviewing—title: head of remote—wouldn't be so remote. She figured she was a prime candidate, having worked while traveling New Zealand, Fiji, Bali and other destinations in recent years. She planned to do the job while living primarily in Mexico.

Sorry, came the response. She says the U.S. company told her that she could spend no more than

90 days a year outside the country.

"I was like, 'Wait, what?'" she says.

Ms. Pruitt, 41, opted for independent consulting instead and says she has secured a visa that allows her to live in Mexico for several years.

Dozens of countries introduced nomad visas to attract mobile professionals. Domestically, plenty of companies employ remote workers in states where they didn't do business a few years ago.

The attitude toward remote work shifts as potential legal and cybersecurity risks rise.

Airbnb, which has as much skin in the free-range game as anyone, touts employees' license to "live and work anywhere." In practice, company policies keep roughly two dozen countries off limits. Stays in foreign countries can last no more than three months, and employees still need permanent addresses. So, not *anywhere*.

Labor lawyers, accountants and human-resource specialists

(who can actually be quite fun)

warn that working while roaming isn't simple. It requires as much planning and paperwork as it does whimsy and wanderlust. Even then, there's a measure of risk that some employers won't tolerate.

Say your company is sued over a data breach and has to reconstruct where, when and which sensitive information could have been compromised. The task might be harder if employees are hopping from place to place, says attorney Angela Kovach, senior director of public-sector solutions and operations at Everlaw, which makes software for lawyers.

"When you have problems trying to figure out where data lives, you could be held in contempt of court because you're not able to comply with a discovery request," she says.

Things can get messy when people aren't forthcoming. Several digital nomads told me they've seen others attempt to conceal their travels from employers by blurring their Zoom backgrounds or donning sweaters when they're signing onto video calls from warm locations during winter months. Sorting out employees' moves after the fact is harder than dealing with them up front, says Jim Bartolomea, global head of

people at app maker ClickUp.

The rules for business registrations, payroll and income taxes, and workers' comp insurance vary from state to state. In general, an employer and employee should check their obligations if the worker spends a month or more in a different state, says Brad Gastineau, a tax partner at the San Diego accounting firm Gatto, Pope & Walwick.

He adds that revenue departments in certain states that are popular remote-work destinations, such as California and Montana, are getting aggressive in enforcement. Efforts include sending questionnaires to companies with sizable remote teams, asking where employees have been working. A worker's personal income taxes also can alert a state that a business has a presence there.

Alex Atwood, chief executive of the gig-economy marketplace GravyWork, says he was blindsided late last year when notices arrived from government agencies in California and Texas, saying the company had failed to register as a business and owed money. Unbeknownst to him, a former software engineer on his full-time staff had worked remotely for extended periods in those states, where Virginia-based GravyWork hadn't set up shop.

Mr. Atwood says his company owed between \$20,000 and \$30,000 in taxes, registration fees and penalties. He estimates the total cost was closer to \$500,000, factoring in the time he spent in meetings about the surprise bills and the hours it took for his accounting and HR departments to resolve the problem.

He adds that several other employees on a roughly 60-person team have been open about working while traveling—some internationally, which raised cybersecurity concerns.

"We'd never even thought about these things," he says.

Unwilling to deal with the headaches of nomadic employees, GravyWork converted some to independent-contractor status with the help of a professional employer organization, a type of business that specializes in managing mobile workers.

Going independent can open more location options for workers, but it also can mean taking on more bookkeeping responsibilities, says Kristin Vierra, 34, who is traveling throughout South America while performing contract work in recruiting and career development for a different company and her own business.

Her thousands of followers on social media see beautiful photos and read thoughtful reflections on her experiences in other cultures. They may not realize that Ms. Vierra carefully tracks her time in each place and budgets about \$500 a year for a professional accountant to prepare her taxes. "I look at this lifestyle as such a privilege, and it takes self-accountability, hyper-awareness and extra work," she says.

Millennials Change The Sales Game

By LINDSAY ELLIS

Drop the hard sell. Try texting prospective buyers. And know that it might take dozens of meetings to close a deal.

Such were some of the lessons shared at the Women in Sales Summit in Napa, Calif., this fall, where about 250 saleswomen networked, traded tactics and considered one of the biggest questions consuming the sales profession: how to sell to millennial buyers.

The cohort born between 1981 and 1996 is the biggest in the U.S. workforce, and now holds the largest number of decision-making roles in corporate buying, according to Forrester Research. A decade ago, workers in this age range flooded into workplaces and agitated bosses with their demands for more feedback and a sense of higher purpose in their work. As consumers, they transformed retail sales by buying even big-ticket items such as furniture online, relying on the internet to research and review purchases.

Now that millennials control the purse strings at many businesses, sales professionals are carving out new ways of closing deals on everything from business software to chemicals and office equipment.

Those tactics, some say, involve fewer trips to the golf course and more time corralling large buying teams that include senior managers, finance officials and end users at target companies. Cold calls are ceding

Presenters and attendees at a recent Women in Sales Summit discussed how to sell to millennial buyers..



ground to millennials' preference to communicate via text or direct message. And just as they do as consumers, many millennial corporate buyers like to research business products online and on their own before ever talking to a salesperson.

For veteran sales leaders such as Dale Taormino, the generational shift means much less time working the phones and wooing a few executives at a prospective company. Instead, she operates like "more of a quarterback," she says, coordinating large teams of players on both the seller's and buyer's sides.

"There used to be a perception that sales is not that hard of a job—you just have to have a great per-



sonality and be good at building relationships," says Ms. Taormino, who as vice president of sales at Chicago-based Vistex Inc. leads the revenue-management company's enterprise sales for North America. "The profile of who's going to be successful in sales and what kind of skill set or acumen they have has definitely changed."

In her first job out of college a couple of decades ago, as a temporary worker helping sell subscriptions to industry research, Ms. Taormino says she was tasked with finding titles of people at target companies to cold call with product information and fax brochures.

Now the process of building a funnel of prospective clients has flipped, she says. Marketing and sales at many companies are working more in tandem than they used to. Many prospects find Vistex and its software products through online searches and software review sites like TrustRadius. They then contact Vistex on their own. If the

company's sales staff contacts buyers first, Vistex has already gleaned a lot about what they are seeking, based on visits to the website.

Deals take longer and involve more people, says Mary Shea, who leads sales-technology research at sales-software company Outreach.io.

In a recent Forrester survey of more than 200 business-to-business directors with purchasing power—49% of whom were millennials—at least half said they typically researched the supplier's business and client reviews before ever accepting a meeting with them.

Most also said they expect to meet, in person or virtually, with a supplier's senior leaders and existing customers before signing the dotted line. In turn, 75% said the cycle for buying decisions had gotten longer over the past 24 months. Some sellers say that is partly due to pandemic-related disruptions.

Sales professionals say the more complex, protracted process of closing a sale has made the job

tougher. Among 900 sales professionals surveyed by market-research firm Gartner last winter, nearly 90% said they had work-related burnout. One of the top reasons they cited was having to seek multiple approvals for deals.

Jessica DeMay, 35, sells software, but her "solutions consultant" title reflects the shift in the job. Buyers in her age range typically arrive at their first meeting armed with detailed research about her products and those from her competitors. They often want to see a product demonstration before talking at length to her or her team, which means there is little or no chance to customize the demo to their specifications.

The sales profession is grappling with other challenges, too. Big layoffs decimated the field early in the pandemic as companies slashed sales budgets. Since then, many businesses have struggled to fill open sales positions. Recruiters say many younger workers assume sales work means glad-handing and persuading customers with high-pressure tactics rather than the product-consulting role it has evolved into in recent years.

Stephen Pacinelli, chief marketing officer at video-messaging service BombBomb, started selling software in 2000. The 45-year-old would often travel unannounced to the offices of real-estate brokers and agents to try to snag an appointment or to woo them with snacks.

Today, that would be just as bad as sending an unprompted LinkedIn message with zero personalization, he says. Instead, he says, customers want to learn from peers at other companies.

"That openness is more unique to millennials," he says. "You have to be the antithesis of a webinar."

PERSONAL JOURNAL.



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Twitter Substitute Works, But Has Woolly Parts

My posts have been popping this week. So many likes and replies—especially the one about dogs vs. cats. (Dogs, duh.) Yet all the while, I kept thinking about the one man who controls my fate on this social network.

Ruud Schilders. Wait, you ask, not Elon Musk?

Nope. Mr. Schilders runs a small network I joined that's part of Mastodon, a short-messaging platform that's picked up more than 640,000 users since Mr. Musk took over Twitter last month.

My Mastodon profile and posts? They live on Mr. Schilders's server, based in a data center in Finland.

It's the decentralized (aka "federated") approach to social media. Instead of a tech giant controlling the network—deciding how our data is used and our feeds are displayed—thousands of smaller networks, or "servers," take on the task of onboarding users, setting the rules and making sure things run properly.

Each server is itself a community, but it's also part of the larger Mastodon platform, which now has almost 1.2 million active users total, and no ads.

Like Twitter, you can see posts from all over, but unlike Twitter, individual servers can keep to themselves—or get blocked by others. And if you don't like the house rules or technical performance of your server, you can up and leave it for another whenever you want, and still keep your followers.

So, pack the minivan and head to social-media utopia! Well...maybe if Mastodon weren't harder to explain than the Targaryen family tree—and the service and app weren't so rudimentary. But it's worth understanding how it works, and how these community-based approaches are challenging



the social-media status quo.

If you're willing to give it a try, here's my best attempt to make you a Mastodon Master.

Step 1: Make an account

It helps to think of Mastodon's structure like email.

You select a server, then a username, which together form your address. Mine is @joannastern@mastodon.world. Like email, there are others who have the @mastodon.world suffix, but because there are thousands of different servers, there are thousands of different suffixes. Some popular ones: mastodon.social, mstdn.social, mastodon.online.

You can follow and message anyone, regardless of what address they have. And when you post, anyone across all of the Mastodon servers can see it.

When you go to the server selection page, you'll see there are ones built around artists, musicians, journalists and more. There are more generalized ones, too, like

mine. Each server has a feed of posts from everyone in its community. Each server polices itself, the idea being that local enforcement can be quicker than a centralized governing body patrolling Twitter or other massive platforms.

Mastodon founder Eugen Rochko told me he expects more institutions to create their own servers, including universities, companies, etc. Again, email!

I signed up for mastodon.world because it sounded like "Jurassic World" but with woolly mammoths instead of dinosaurs. But now that I understand more about how the whole system works, I realize server selection comes down to trust.

For instance, if Mr. Schilders decides to shut down mastodon.world tomorrow, I wouldn't be able to access anything. (He says he won't.) If his equipment breaks, I could lose access. (He says he has a good provider and a backup system.) All server owners who want to be listed on the main server directory must agree to

Mastodon's covenant, which requires them to warn users if they plan to shut down the server, offer emergency backup and more.

Step 2: Follow others, post yourself

Once you get past all that, Mastodon really is a lot like Twitter.

When you follow other users, their posts appear in your Home feed, regardless of their home server. The feed is ordered chronologically. No algorithm guesses what you'll want to see. Your notifications will show others who have mentioned and followed you. The Explore tab highlights content from across all of Mastodon that's popular within your server.

Posting is simple. Type some words into the compose box, upload a photo or short video if you'd like, and hit the publish—or "toot"—button. Yes, toot, like what happens when you eat the magical fruit. Mr. Rochko said he's moved away from using this term going forward.

Your post goes live instantly, but server administrators, generally volunteers, keep an eye on their domains and flag content that may break their content guidelines. You can also report and block users. Before you enter most servers, you have to agree to some ground rules, including no racism, terrorism or other illegal activity.

If you remember one main thing about using Mastodon, let it be this: Don't use the direct-message feature. The messages aren't end-to-end encrypted, which means they could be read by anyone who runs (or hacks into) the servers. (Twitter's DMs aren't end-to-end encrypted either, though Mr. Musk has said he's in favor of making them more secure.)

Step 3: Get a mobile app

I found signing up for my account via the website easier than the Mastodon app. Mastodon is an open platform, so other developers make compatible apps—some even simpler to use and more feature rich.

I liked Metatext for iOS the best. It makes it easier to toggle between your feeds and places direct messages in their own tab.

When a photo doesn't load or a reaction doesn't appear, Mastodon users get to play a fun guessing game: slow server or buggy app?

"We were just not ready for the kind of attention that Mastodon is receiving," said Mr. Rochko, who launched the service in 2016. "Twitter started with a 'fail whale' as well."

This may be what many Twitter users are seeking. No, not a return to bugs and outages, but instead the early-day vibes of social media, when it was fun to discover new people and consult the crowd for information.

This week, I've felt less like a user of a mega-mogul's social-media metropolis, with everybody arguing over blue check marks and the principles of free speech, and more a member of a community. Now, Mastodon just needs to find a way to attract people who don't want to be system admins.

Inflation Takes Toll on Divorce

Assets shrink as alimony and legal bills rise, lawyers say

By VERONICA DAGHER

Few life events are more emotionally and financially taxing than divorce. Inflation is making it even worse.

Increases in alimony and child-support payments tend to be tied to the consumer-price index, a measure of what consumers pay for goods and services that has grown at the fastest rate in four decades. Disputes over who gets to keep the house became more contentious when mortgage rates doubled this year, divorce lawyers said. And the market downturn left already stressed couples fighting over shrinking investments.

"People are angry at the economy and angry at their spouses, and they're acting out," said Stacy Phillips, a divorce lawyer in Los Angeles.

Divorces that previously would settle after one or two mediation sessions now often require six sessions to resolve, she said.

The price of legal services rose 7.4% in September from a year earlier, according to the Labor Department. On average, divorcing spouses in the U.S. each pay \$11,300 in attorneys' fees, according to a 2019 survey by Nolo, a legal-information publisher.

Many divorce cases that were put on hold during the pandemic are now proceeding and are even more heated because of increased financial stress, said Jacqueline Harounian, a divorce lawyer in Carle Place, N.Y.

Fights over the house Deciding who keeps the house has always been a big point of contention in divorces. Higher mortgage

rates change the way people think about their present and future homes, said Heidi Tallentire, a divorce lawyer who practices in New York and Connecticut.

If one spouse wants to buy out the other's share in a home, that spouse often needs to refinance the mortgage, she said. Refinancing is much costlier than it was a year ago, with mortgage rates now hovering around 7%.



Steph Wagner, national director of women and wealth at Northern Trust Wealth Management. Divorcing spouses might lose out if they elect to take one account over another without fully understanding the holdings, including how much they may owe in taxes, she said.

COLAs bust budgets

Child and spousal support orders can be subject to a cost of living adjustment, which is tied to the consumer-price index, said Christian Pickney, a divorce lawyer in Garden City, N.Y. With inflation running at a four-decade high, these COLA adjustments have stretched some family budgets, he said.

Divorced together

Staying married is usually better for your finances

(though not always your mental and emotional health), lawyers and financial planners say.

Many couples can't afford to live apart right away, said Ms. Harounian. Recently, she is seeing more couples agree to live together post-divorce than she did prepandemic.

She frequently recommends that couples sign a postnuptial agreement or legal separation agreement instead of divorcing, which can enable them to stay on a family health-insurance plan and file a joint tax return.

Nesting, in which the divorcing parents rotate in and out of the family home to care for the children who reside there continuously, has become more popular, said Lisa Zeiderman, a divorce lawyer in New York. When a parent is "off duty" that person stays in an apartment nearby that they also share.

7.4%

Legal services price jump in September from year earlier

Ms. Tallentire has been involved in several situations where one spouse is slowing down the divorce process in the hopes that mortgage rates will come back down.

The alternative is to sell the home, but with price growth slowing, some are reluctant to sell if they can't get the price their neighbor scored earlier, she said.

Valuing assets gets more complicated

Rising interest rates have contributed to market volatility, making it harder than ever to equitably divide investment accounts, said

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ARTS IN REVIEW

TELEVISION REVIEW | JOHN ANDERSON

A Mystery Show With Jewish Mysticism

A Peacock crime series features a detective whose Jewish faith and spirituality sharpen his sleuthing ability

The best fictional detectives have their signature eccentricities. Sherlock Holmes had unimpeachable inductive reasoning and a cocaine habit. Columbo had faux-naivete and a trench coat. Hercule Poirot had “enormous moustaches.” Avraham Avraham? His hook—nay, his superpower—is his Jewishness.

The creation of Israeli crime novelist Dror Mishani, Avraham (Jeff Wilbusch) begins his days in a shawl and tefillin praying on his roof near Brooklyn’s Williamsburg Bridge; when he says he grew up in Crown Heights, he means Orthodox Crown Heights. When he encounters a dead body on the street, as he does at the outset of episode 1 of “The Calling,” he murmurs holy words of Hebrew over the body. And when a teenager goes mysteriously missing, he sits on the boy’s bed, to better sense his subject’s whereabouts and, possibly, the unsettled spiritual-emotional atmosphere that may have inspired the disappearance.

This may be the best of times or worst of times for a series about an Orthodox investigator who employs Kabbalistic mysticism to solve crimes, but Avraham Avraham (“My parents liked the name”) doesn’t want to talk about it. Everyone else does: One of the funnier aspects of an otherwise serious eight-part dramatic series—and one that makes full use of a terrific supporting cast—is when his fellow cops stand behind the one-way mirror and watch him interrogate a suspect. “No one does passive-aggressive like Avi,” says his admiring colleague Earl Malzone (Michael Mosley) as Avraham interrogates a man in a hot dog suit arrested in a fatal street fight. “Keeping him in the costume,” marvels their superior, Captain Kathleen Davies (the quietly hilarious Karen Robinson). “It’s almost not fair.”

Kathleen is a little wary of her subordinate’s unorthodox Ortho-



Clockwise from top: Jeff Wilbusch; Karen Robinson; and Juliana Canfield in ‘The Calling’

doxy, but she goes with it because it gets results; Earl doesn’t care how Avraham does what he does, he just wants to watch it happen. Disrupting Avraham’s mellow, slightly spacey, slightly chilly vibe is newbie detective Janine Harris (an effervescent Juliana Canfield), who wants to make Avraham her NYPD mentor—which he resists, until she turns rabbinical law against him: “The Talmud says it’s forbidden for a teacher to reject his student,” she says. “If I ask you, you kinda have to teach me.” He



squirms; Earl laughs. But it’s a handy device, especially for us viewers: In her apprenticeship, Janine becomes our conduit into Avi’s M.O. There are also sparks dancing between the two of them, but that’s to be expected.

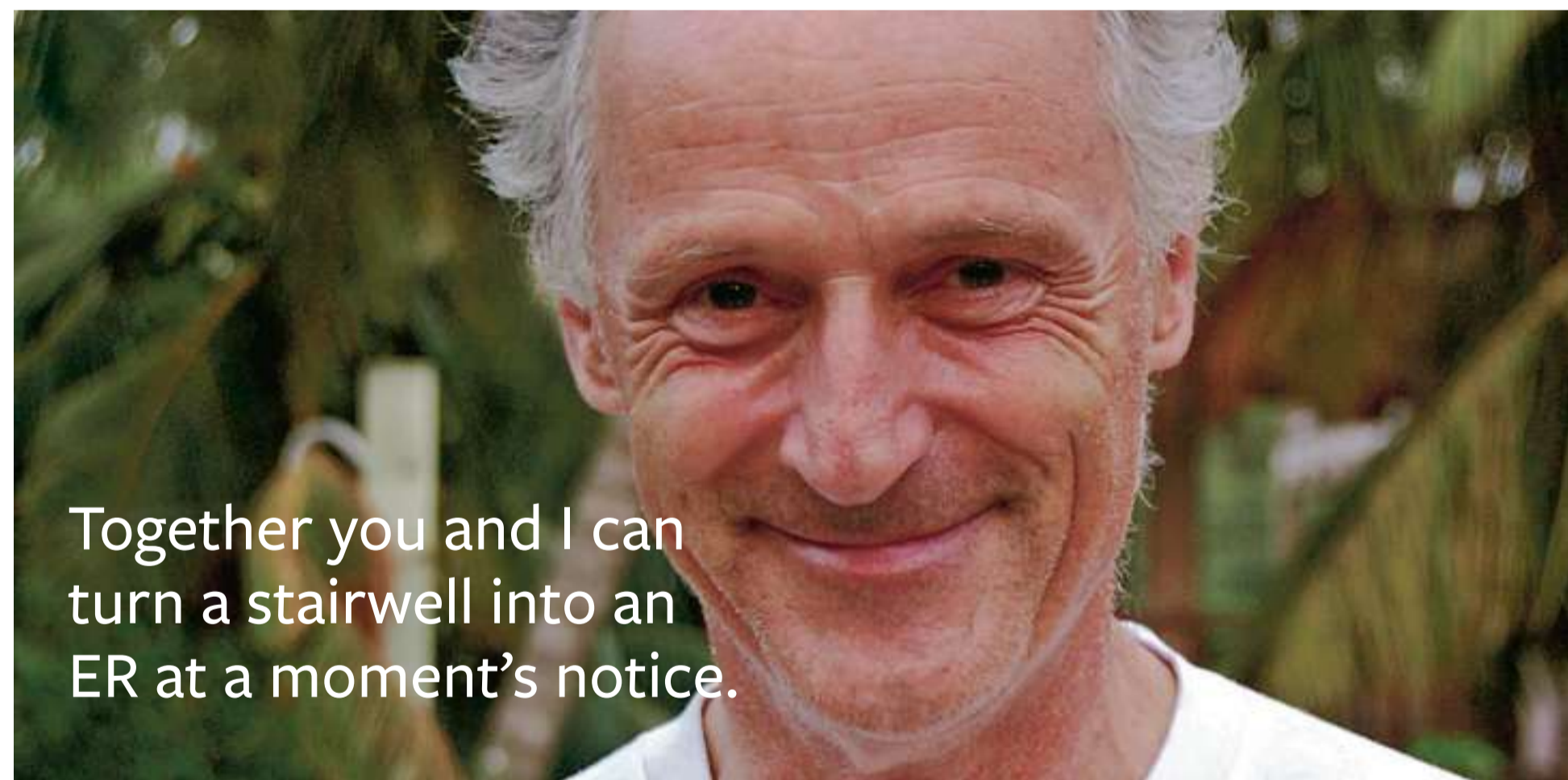
What’s not? Much, including storylines that seem to be going

somewhere predictable but zig and zag at the last moment into unfamiliar terrain. That the first episode of “The Calling” is directed by Barry Levinson (“Rain Man,” “Bugsy,” “Wag the Dog”) ensures that we’re introduced with narrative clarity and structural integrity to Avraham and his cohort, as well

Post-Levinson, the show doesn’t maintain quite the edge it had at the outset, nor does it fully maintain the Avi perspective, which is unfortunate. You hope to see more of Wentworth though, likewise Rabbi Cermak, played by a very welcome Ben Shenkman and the one character who seems to have the moral authority to put Avraham in his place—or, at least, make him reflect on something more than the moment, which in “The Calling” is often criminally and spiritually fraught. The premise of “The Calling” is a bit fraught itself, making Judaism a device, like Father Brown’s Catholicism or Nick Charles’s alcoholism: We’re not always sure how Avraham’s devotion and his methods of detection are coming together; his talents seem more savantish than religious. But for all the questions he might provoke, he may also inspire an observer following.

The Calling
Peacock

Mr. Anderson is the Journal’s TV critic.



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ARTS IN REVIEW

EXHIBITION REVIEW

A View Through the Wire

A show tells the story of World War I's millions of POWs



NATIONAL WWI MUSEUM AND MEMORIAL (3)

By MARK YOST

A Kansas City, Mo. sk most Americans about World War I and they'll repeat some version of the widely held view currently being reinforced by the Netflix adaptation of Erich Maria Remarque's novel "All Quiet on the Western Front." Namely, that much of the conflict played out in the trench warfare of France and Belgium, where millions of men were killed in unspeakable ways by new weapons made possible by the Industrial Revolution. "Captured," a new exhibit at the National World War I Museum and Memorial, does much to dispel that view, and does it well.

The exhibit begins with the astonishing fact that there were some nine million World War I POWs, almost the number of soldiers who were killed in combat. And a map with red dots marking the POW camps reminds visitors that the war, which raged from 1914 to 1918, was indeed a worldwide conflagration. While the majority of the dots are spread across Europe and Russia, there were POW camps on every inhabited continent.

In six galleries covering 4,000 square feet of display space, and curated by World War I historian Heather Jones, "Captured" tells the story of POWs from across the conflict—where they went, how they spent their time in both work and play, the medical care they received, and ultimately how many made it home. Sprinkled throughout are photographs, maps, diaries, helmets, uniforms, rifles, care packages, musical instruments and some impressive artwork.

The exhibit makes clear that a POW's survival largely depended on which side he was on and where he was captured. For instance, one informative panel explains that if you were imprisoned in Britain or France, "food supplies were sustained throughout the war" and rations

were "adequate." Prisoners working on farms also ate well. In Germany and Austria-Hungary, subject to Allied blockade, not so much. "Meat largely disappeared from the ration and prisoners . . . were fed meager soups and small amounts of bread."

These differences resulted in widely varying death rates. For instance, only about 3% of Germans captured by the British died in captivity, while some 20% of British and German soldiers and 29% of Romanians who were captured by the

How they spent their time, how they were treated and how many made it home.

Russians never returned home. Japan was the "model captor state in World War I," the museum says, something that may shock visitors more familiar with Japan's treatment of POWs during World War II.

The high death rate for POWs held by the Russians was partly because soldiers captured on the Eastern

Violin made by August Christian Voigt as a prisoner



Front, which stretched from the Baltic to Black seas, "often spent days, even weeks, on trains in subzero temperatures" on their way to "one of the major Russian prisoner-of-war-camps in Siberia."

Once in a camp, prisoners received reasonable medical care, often from captured doctors and nurses. But, again, sometimes geography determined your fate. "Virtually all German prisoners sent by the French to North Africa in the first two years of the war caught malaria," the museum says.

The 1918 Great Influenza Pandemic knew no bounds. In Bramley in the U.K., one-third of German POWs were hospitalized.

Regardless of where they ended up, prisoners made the best of it. One gallery has photos of plays and musical performances, as well as one of the exhibit's most visually impressive artifacts, a violin handcrafted by German soldier August Christian Voigt while interned at Saint-Loup-sur-Semouse in France. Also here is a carved wooden cross created by an Austrian POW while he was held in Italy, and two hand-made dioramas in walnut shells made in a German POW camp by British soldier Sidney Christopher Hugh Milgate. Another work of art created in captivity is an oil portrait of American First Lt. Louis M. Edens, in full dress uniform, done by an unknown Russian POW; both were serving time in a German camp. There are also seven impressive watercolor cartoons of prisoners at the Philippopolis camp in Plovdiv, Bulgaria, part of the scrapbook of Count Alexandre Orłowski, a Polish-American aristocrat serving with the French Army who was captured near Salonika in November 1916.

Other war-related artwork includes two charcoal-and-pencil drawings of POWs by French artists; one, by turn-of-the-century Art Nouveau painter and printmaker Théophile Steinlen, shows three POWs milling about a prison yard. The other



Watercolors of prisoners at the Philippopolis camp, above; 'Captured but Not Conquered,' left

is "Kamrad," a March 1915 drawing of a German soldier surrendering, part of the "War Sketches" series by Charles Huard.

But the premier artwork here is "Captured but Not Conquered," a bronze sculpture of U.S. Sgt. Edgar Halyburton, an American taken prisoner near Nancy, France, on Nov. 2, 1917. A photograph of a defiant Halyburton and his comrades, displayed nearby, was originally used as German propaganda to illustrate how they'd vanquished the newly arrived Americans. It backfired and Sgt. Halyburton's photo became a symbol of American resilience and the inspiration for sculptor Cyrus Dallin. Designed to deter prisoners inclined to escape—and there were many attempts—are the bulky wooden clogs, on display here, that the prisoners were given to replace their combat boots.

Just one telling artifact in this well-curated and informative exhibit that will change your view on the first war to end all wars.

Captured

The National World War I Museum and Memorial, through April 30, 2023

Mr. Yost writes about military history for the Journal.

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SPORTS

Injuries Jeopardize Cup Hopes

By JOSHUA ROBINSON

AS BAYERN MUNICH STRIKER Sadio Mané hobbled off the field in Munich on Tuesday night, there shouldn't have been much cause for immediate concern. He wasn't in any obvious distress and he was walking under his own power. In any normal season, the effects of a November knock in a 6-1 rout of Werder Bremen wouldn't ripple further than a few weeks.

But this isn't a normal season. This is the one and only year in soccer history with a World Cup smack in the middle of the fall. And as Mané knows too well, kickoff with the Senegalese national team in Qatar is only 12 days away.

By Wednesday morning, the shin injury threatened to rule him out of Qatar, potentially making Mané the latest casualty of 2022's relentless soccer schedule and the tightest turnaround in World Cup history.

"He'll have to have an X-ray to see what's happened," Bayern Munich manager Julian Nagelsmann said. "It's a painful spot."

In any other year, the start of the World Cup in June would be at least three weeks removed from the end of the European soccer season in May, with only a few exceptions for the teams who might reach the Champions League final.

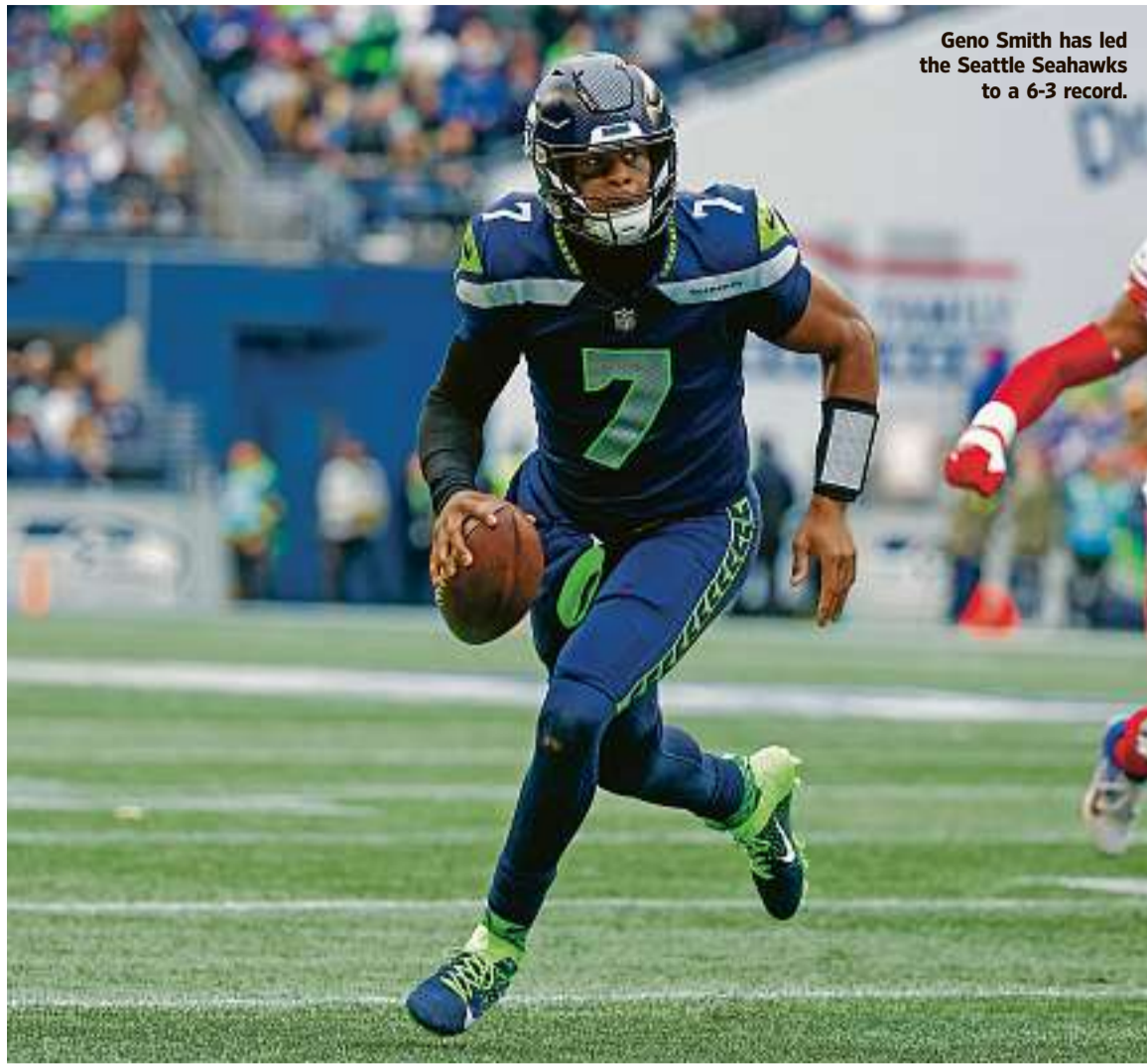
Accommodating the tournament in November, however, required shaving off any spare day. That means that the top European leagues will play through this weekend and release players just seven days before the opening game in Doha.

The list of October and November scratches alone includes players such as Liverpool and Portugal forward Diogo Jota, RB Leipzig and Germany striker Timo Werner, and Chelsea and France midfielder N'golo Kanté.

England fullback Reece James, who picked up a knee injury while playing for Chelsea in the Champions League last month, joined the roster of absentees on Wednesday. "The minute I injured my knee, I knew the turnaround to make the World Cup would be tight," he wrote on social media.



Sadio Mané has a shin injury.



Geno Smith has led the Seattle Seahawks to a 6-3 record.

The NFL's Late-Blooming Quarterback

After spending nearly a decade as a backup, Geno Smith is having a turn

By ANDREW BEATON

By every shred of conventional thinking, Geno Smith historically hasn't been a very good NFL quarterback, and he has been stratospheres away from being considered an elite one.

In a sport obsessed with identifying and acquiring top-shelf passers, football decision makers repeatedly concluded that Smith wasn't one. Any team could have signed him for relative pennies one of the half dozen times he became a free agent.

But what has unfolded this season in Seattle is nothing short of unprecedented. When the Seahawks tapped him as their replacement for Russell Wilson, it had been eight years since Smith had been a starter to begin the season—the longest gap in modern NFL history. What's even less probable than his breakout this season is that he even got a chance.

The Seahawks, with a 6-3 record, are one of the biggest surprises of this season, and Smith is the driving force behind that. A 32-year-old quarterback who looked every bit like a career backup—because that's

what he was for most of the last decade—is having one of the most unexpected star turns in recent memory.

"He's the real deal," coach Pete Carroll said earlier this year. "He just hung in there so tough and outlasted it."

Smith has been one of the most efficient passers by nearly every metric this year, which is stunning given the path that led him to this point. After fizzling out with the New York Jets after literally getting punched in the face by his own teammate, he bounced around the league as a benchwarmer. One coach got fired after having the gumption to start him. Even the Seahawks didn't seem especially confident in him, not naming him the starter until a couple of weeks before this season began.

There are a few potential explanations for why Smith is playing so well. He has two top-notch receivers. Seattle's offensive line, an enormous problem for years, is no longer a sieve. But the most compelling reason is also the simplest: opportunity.

In the NFL, recent success stories have fostered an increasing expectation that quarterbacks should be-

come world beaters almost immediately. Patrick Mahomes and Lamar Jackson became MVPs in their first full-season as starters. That made Josh Allen seem practically geriatric when he figured it out in his third.

Geno Smith lost his job before year three even started.

Most quarterbacks who look like busts over long periods tend to turn into bona fide busts. But if there were ever a quarterback who should have been afforded the crazy notion of patience, Smith might have been it. He became a college sensation with an electric senior year at West Virginia, where he played in an "Air Raid" offense long before those schemes proliferated in the NFL. The college and pro games looked like entirely different sports back then, and an unusually steep learning curve would have only been natural.

"A lot of people in football want immediate results, but he's the guy that has chipped away," says Jake Spavital, the Texas State coach who was his offensive coordinator at West Virginia.

Smith was then taken in the second round of the 2013 draft by the Jets, and he was the starter by game one. It didn't go so well.

While the team went 8-8, he threw nearly twice as many interceptions as touchdowns. Smith improved slightly the next year, but the team regressed, and there were rocky moments. He once missed a team meeting during a West Coast trip over time-zone confusion.

Smith's best chance to thrive was in 2015 when the Jets had brought in star receiver Brandon Marshall, but he didn't start a single game for them that year. That's because a teammate clocked him in the face, reportedly due to an unpaid \$600 debt, changing the shape of both his facial bones and his career. Smith suffered a broken jaw, and another journeyman stole his job while he was out. Ryan Fitzpatrick finished 2015 setting the Jets single-season record for touchdown passes while Marshall had a monster year.

By 2017, Smith was playing for the Giants, and his next break turned out to be an incident that some New Yorkers consider more painful than a sock to the jaw. The coaching staff picked him to step in for franchise icon Eli Manning, who had a streak of 210 consecutive starts, and fans weren't exactly pleased by that. There was so much outrage that head coach Ben McAdoo and general manager Jerry Reese were fired a day after Smith started, while Manning reclaimed his job.

"To me this game was for Ben McAdoo and Jerry Reese," Smith said after the Seahawks beat the Giants this season. "They believed in me."

Smith has been a free agent every offseason ever since his time in New York. He spent a year with the Chargers. Then he went to the Seahawks, who signed him, released him and re-signed him before he ever played a game for them. From 2018 to 2020, a quarterback who had been a part of polarizing controversies had turned into an afterthought. He threw a total of nine passes over those three seasons.

Last year, he finally got a string of starts when Wilson got hurt and there were already clues he was far better than the 24-year-old who struggled his way through his sophomore season with the Jets. In those three games, he threw for five touchdowns with one interception.

By the time Seattle traded Wilson to the Denver Broncos, Smith had been out of a starting job for so long that he returned to an NFL that looked completely different—in his favor. Air Raid principles went from fringe to mainstream.

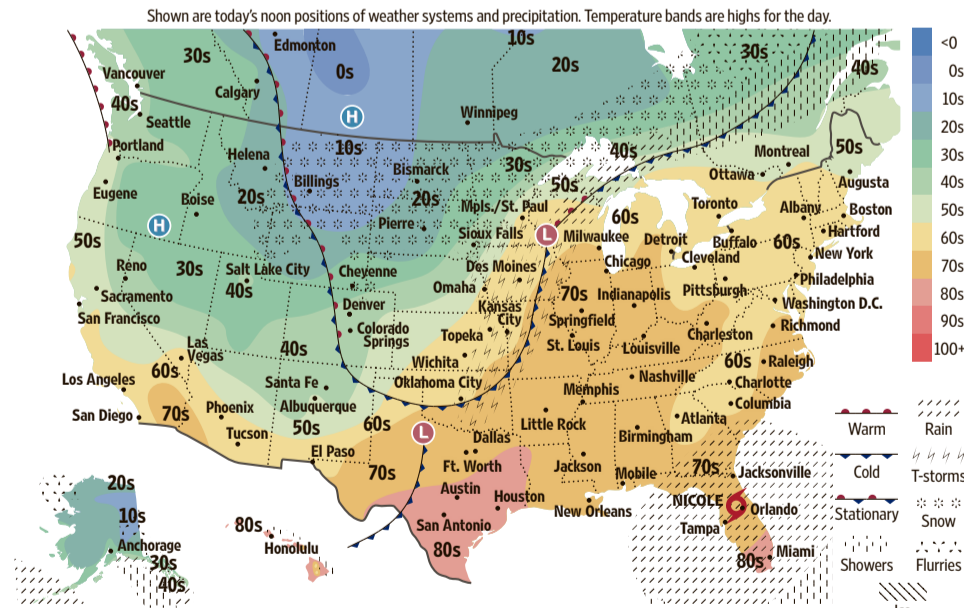
"It used to be the knock that he's an Air Raid [quarterback]," Spavital says. "I just think it's offense now."

The results this season so far have been nothing short of spectacular. Smith is completing a league-leading 73.1% of his passes and ranks in the top-10 with 7.8 yards per attempt. It's picturesque efficiency.

Smith is doing all of this on a contract that pays him just \$3.5 million, which is less than one-tenth of what top quarterbacks make these days. It's even less than what plenty of kickers make.

That will change dramatically this offseason. That's because Smith is set to become a free agent again.

Weather



Forecast and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

Table with 2 columns: City and weather forecast (Today, Tomorrow) with icons for sun, clouds, rain, snow, etc.

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International

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The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with clues for 66-76 Down and 1-13 Across.

STATED WORDS | By Tom Pepper

List of 25 words and phrases with definitions or trivia related to the crossword puzzle.

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

Previous Puzzle's Solution grid showing the filled-in crossword puzzle.

OPINION

DeSantis's Victory Chant: 'Two More Years!'

By Dave Seminara

St. Petersburg, Fla. The media have vilified both Donald Trump and Ron DeSantis to a degree that makes the treatment of Mitt Romney and George W. Bush look kind in comparison. Mr. Trump defied the odds and won in 2016, then lost in 2020 as voters tired of him.

In his 2018 run for governor, Mr. DeSantis beat Andrew Gillum by less than half a percentage point. The media in Florida tarred and feathered him, but the national media barely knew who he was. Florida was a

Re-elected in a landslide, the Florida governor looks like something Trump no longer is—a winner.

swing state where Democrats held a narrow registration edge. Then came Covid. Mr. DeSantis bucked the national panic and reopened the state quickly, inspiring legions of like-minded people to flock to the free state of Florida. Republicans on the voter rolls now outnumber Democrats by nearly 300,000.

After Mr. Trump lost, the media cast Mr. DeSantis—some called him “DeathSantis”—as the new lead villain, calling him a threat to democracy, a monster who wanted to kill grandma, a bogeyman who wanted to ban books and push gays back into the closet.

If Floridians had taken their cue from the media, he would have lost in a landslide. Instead, he scored what he called “a win for the ages,” beating Congressman Charlie Crist by nearly 20 points. He had long been favored, but as recently as September, his margin in polls was 3 to 8 points. The size of his victory isn't a footnote. It contains a message to GOP leaders, who never liked Mr. Trump anyway, and to Republican voters who've been telling pollsters they want to renominate the former president in 2024.

No Florida newspaper with a significant readership endorsed Mr. DeSantis. They echoed the national media in excoriating him. The Miami Herald opined that “Gov. Ron DeSantis' Florida is a place of meanness. It's a place where dissent is muzzled, where personal rights triumph over the greater good, where winning is more important than unity—especially if that victory moves him closer to a White House run.” The Tampa Bay Times called him a bully who “divides to conquer.” The Palm Beach Post wrote that he “relies on hubris and manufactured culture war drama to govern.” Fort Lauderdale's South Florida Sun Sentinel asserted that “DeSantis rules Florida with an iron hand. He dictates what teachers teach, creates barriers to voting, uses raw power to punish critics and marginalizes women, Blacks and LGBTQ people.”

California Gov. Gavin Newsom (who is running ahead by a slightly narrower margin in an overwhelmingly Democratic state) ludicrously encouraged us to move to California,



President Trump and Gov. Ron DeSantis in October 2020.

as a citadel of freedom for people from across the country and across the world.”

In what must have been a first on CNN, a panel of seven commentators had nothing but positive things to say about Mr. DeSantis. All agreed that Republican leaders would urge him to run for president in 2024. His supporters in Tampa had the same idea. During his victory speech, they chanted “Two more years.”

Mr. Trump appears to understand the threat Mr. DeSantis poses. Last week at a rally he gave the governor one of his nicknames, albeit a flat one: “Ron DeSanctimonious.” On Election Day, he told reporters he had voted for the governor, but then said of 2024: “If he runs, he runs. If he did run, I will tell you things about him that won't be very flattering. I know more about him than anybody other than perhaps his wife, who is really running his campaign.”

Mr. DeSantis didn't ask for Mr. Trump's endorsement, and candidates who won primaries after receiving it—Mehmet Oz, Doug Mastriano, Tudor Dixon, Herschel Walker, Blake Masters—lost or are trailing as this is written. That's a key reason why many Republicans may now line up behind Mr. DeSantis as the new face of the party. Florida's maligned and ridiculed voters might have wounded Mr. Trump in a way the media never managed to do, opening the door for a new era for the GOP.

Mr. Seminara is a former diplomat and author of “Footsteps of Federer: A Fan's Pilgrimage Across 7 Swiss Cantons in 10 Acts.”

A Governing Agenda for Senate Republicans

By Ron Johnson

I was first elected to the U.S. Senate in 2010, and have now been elected for a third term. The dysfunction I witnessed over the past 12 years made me reluctant to run again. But I pledged to myself that should I win re-election, I would do everything I could to return function and fiscal sanity to Washington.

Unfortunately, the red wave Republicans hoped for didn't materialize. It makes you wonder how bad things have to get before voters reject the Democratic policies responsible for so much destruction. Massive, out-of-control deficit spending sparked 40-year-high inflation. The war on fossil fuels has produced record prices, which also contributed to inflation. Radical progressive policies have caused crime to skyrocket, and President Biden's open border has resulted in a flood of illegal immigrants and deadly drugs.

Republicans campaigned against these failed policies and vowed to reverse them. With Mr. Biden still in

the White House and Senate control still in doubt, accomplishing that will be difficult. But the American people expect results. If Republicans gain the Senate majority, allowing the current dysfunction to continue won't be an option.

If we gain majorities in both chambers, at a minimum we can bring greater function and regular order back to Congress. Rank-and-file members should vote only for leaders who commit to passing a budget that drives a fiscally conservative appropriation process. Ideally, we can find sufficient budget cuts and rescissions from the Democrats' massive spending bills to produce a balanced budget. If not, the debt ceiling will have to be increased, but only with other legislation attached that will minimize the need for future increases.

I have four bills in mind: the Prevent Government Shutdown Act, the Full Faith and Credit Act, the Reins Act (an acronym for Regulations from the Executive in Need of Scrutiny) and the Reducing the Size of the Federal Government Through Attrition

Act. Collectively, these bills would help control the size, scope and cost of the federal government.

Senate Republican Conference rules require us to adopt an official legislative agenda. In my 12 years in the Senate, this has never occurred.

If the GOP gains the majority, the American people won't settle for business as usual.

Again, members should vote only for leaders who commit to both adopting the required agenda and fully involving the conference in its development. I suggest two agendas, one for the next two years under a Democratic president, and a four-year agenda that can be adopted by Republican presidential and congressional candidates running in 2024.

A few basic principles should apply to both agendas. On the discretionary side of the budget, other

than national defense, don't consider any bill that would increase the size, scope or cost of the federal government. Instead, focus congressional attention on oversight of existing programs to determine which should be reformed, reduced or eliminated. Concentrate on areas of the budget that have the greatest negative effect on freedom, our economy and people's lives.

The four-year agenda would assume Republican control of both chambers of Congress and the White House. It would prioritize reversing the damage done during the Biden administration and re-establishing constitutional balance. Unlike 2017, Republicans must be fully prepared should voters give us the opportunity to govern.

The agenda items should be obvious: secure the border, regain energy independence, restore fiscal sanity, ease the regulatory burden, and ensure a competitive tax environment.

Having an open and transparent process for development of the agenda will be crucial to gaining the conference's support. The devil will

be in the details, and we must have the substantive policy proposals supporting each agenda item. Empty political rhetoric won't be acceptable. Once the agenda is completed, explaining and selling our policy proposals to the public is essential. Expectations will probably exceed what is possible with a Democratic administration in power, so underpromising and overdelivering is the prudent approach.

My sense is that Republicans will be on a short leash with the general public—and this definitely includes our supporters. We should fully expect to be held accountable in 2024 if we don't deliver on our promises.

Conservatives understand the peril the country is in. They know how difficult it will be for Republicans to work with the socialist ideologues who set the Democratic Party's agenda. But that sympathy will have its limits, particularly if Republicans return to business as usual. We simply can't let that happen.

Mr. Johnson, a Republican, is a U.S. senator from Wisconsin.

Iran's Ballistic Missiles and the Folly of Appeasement

By Michael Doran
And Can Kasapoğlu

The news that Iran's contribution to Russia's war effort in Ukraine will soon include ballistic missiles as well as kamikaze drones has alerted the world to the surprising advances the Islamic Republic has made in disruptive weapons technologies. To the Islamic Revolutionary Guard Corps, these technologies are as important as its nuclear-weapons program.

One man who understands this better than most is Gen. Kenneth F. McKenzie, who retired in April as commander of U.S. Central Command, the military command responsible for the Middle East. Gen. McKenzie recently warned about the impact of Iran's advances in ballistic missiles, cruise missiles and drones. “Over the past five to seven years, Iranian capabilities . . . have risen to such a degree that now they possess what I would call effective ‘overmatch’ against their neighbors,” he said on Oct. 6 at Policy Exchange, a London think tank. “Overmatch,” he continued, “is a military term that means you have the ability to attack, and the defender won't be able to mount a successful defense.”

The Iranians essentially have established a balance of power that favors offensive action by Iran. Lopsided defense economics partially explain this: America and its allies spend more money—tens or hundreds of times more—to intercept Iranian missiles and drones than it costs Iran to build and launch those weapons.

When regime-backed Houthi rebels fired on a base housing U.S. soldiers, Team Biden deflected.

More important, when combined in a large strike package, some of Iran's missiles and drones will inevitably break through America's defensive shield guarding its allies and military bases in the Middle East. The IRGC combines ballistic missiles, cruise missiles and drones in strike packages. Each of these systems have different flight characteristics, radar signatures and homing angles. When launched simultaneously they tax the sensors of missile-defense systems. Even the most sophisticated systems

operating at peak performance can't prevent at least some of Iran's weapons, when launched in significant quantities, from hitting their targets.

Consider the attacks that Iran's Houthi proxy conducted against the United Arab Emirates in January. The Emirati defenses, based on state-of-the-art American technology, performed successfully, but three people died. In missile defense, a 90% interception rate is a feat of technical wizardry. Yet if a few missiles break through, “success” starts exacting a higher cost than America's allies can pay. If one of Iran's missiles were to slip through the defensive net and strike Burj Khalifa, the tallest building in the world, a successful defense would look like a catastrophic failure.

If there is an ironclad rule in military science, it is this: Solely defensive weapons can't reverse an offense-dominant regime. A shield alone can't fend off a powerful sword. A shield is most effective when wielded together with a sword. The logic of classical deterrence suggests that America's allies should conduct offensive countermeasures against Iran. Supreme Leader Ali Khamenei

must be persuaded that his acts of aggression will be met with punishment that is severe, swift and certain.

America's Gulf allies can't take offensive countermeasures against Iran on their own. Those countries are too small and vulnerable to match the IRGC should it decide to escalate. Iran now has one of the largest and most diverse missile arsenals in the world, with enough raw firepower to pound the major cities of Saudi Arabia and the U.A.E. to rubble.

Only the U.S. has the power to persuade Mr. Khamenei that his aggressions will result in unbearable pain for him. But the Biden administration has systematically taught him the opposite, that it much prefers to cover up acts of Iranian aggression rather than to punish them.

The strike package that the Houthis launched at the U.A.E. included ballistic missiles that targeted Al Dhafra Air Base, which houses the 380th Air Expeditionary Wing of the U.S. Air Force. Few people are even aware that Iran, through its proxy, launched a ballistic-missile attack on some 2,000 Americans this year.

Notable & Quotable: A ‘Normie’ Wave

Fred Bauer writing for City Journal, Nov. 9:

If this was a wave election, it might be considered a “normie” wave election. After a pandemic, widespread economic disruption, and years of hyper-polarized conflict in D.C., voters often rewarded candidates with political experience and a record of governing. Joe Biden in part won the White House by promising a return to “normalcy,” and if “normalcy” didn't quite arrive by 2022, signs suggest that voters are still looking for it. Many Republican candidates were far from optimal from that perspective. In a number of GOP primaries, Donald Trump intervened to back candidates with whom

he had a close personal relationship or who were willing to join in his campaign to delegitimize the 2020 election. Many of these candidates—from Mehmet Oz in Pennsylvania to Tudor Dixon in Michigan—ended up washing out.

Gubernatorial races often exerted a significant gravitational force on other elections. Having held almost the entirety of Ohio's political offices, Governor Mike DeWine embodies the “normie” Republican, and he won a smashing reelection victory—which probably helped boost political newcomer J. D. Vance in the Senate race. Georgia governor Brian Kemp defied Trump's effort to overturn the 2020 election in the Peach State and crushed a Trump-backed primary

challenge. With a record of governing and opposing election nullification, Kemp beat Democratic Party favorite Stacey Abrams by eight points—significantly outperforming Senate nominee (and political newcomer) Herschel Walker. . . .

Tuesday's results show how many voters are turned off by candidates who try to delegitimize past elections. For years, Stacey Abrams discounted the legitimacy of the 2018 election she lost by a razor-thin margin—and Brian Kemp won his rematch against her handily. Kemp and Georgia secretary of state Brad Raffensperger burnished their images as responsible holders of power by defending the results of the 2020 election.

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WORLD NEWS

Guangzhou Extends Lockdowns

China's manufacturing hub keeps people home amid worst Covid outbreak in six months

By Brian Spegele

BEIJING—China's manufacturing hub of Guangzhou locked down more of the city as the country struggles to contain the worst coronavirus outbreak in more than six months, underscoring the challenge to leader Xi Jinping's zero-Covid policy from new, more transmissible variants.

About four million residents of the city's Liwan and Panyu districts were told to stay home Wednesday, allowed out only for essential journeys. Supermarkets were restricted to making deliveries.

Many schools were moving classes online, and university students were barred from entering or leaving campus.

Authorities in Guangzhou, capital of the export powerhouse of Guangdong province, said the restrictions would remain in place through the weekend in what they have described as the worst outbreak since the pandemic began.

Other areas of the city, including Baiyun, a logistics hub that is home to the international airport and a major FedEx Express base, have faced less-severe restrictions, while some workers have been confined to their factories and dormitories.

The city accounted for almost all of the almost 3,000 new locally transmitted Covid cases recorded in Guangdong on Tuesday.

In all, China reported more than 7,700 new infections on Tuesday, the highest tally since late April. While low by



A resident passes items across a barrier sealing off a residential area that has high Covid-19 infection risk in Guangzhou in southern China.

international standards, especially given China's 1.4 billion people, the scale of the outbreak is worrying for a government that has placed so much emphasis on denying the virus any foothold in the country.

The fact that China's elderly are less widely vaccinated than the population at large is especially concerning for Chinese officials.

Unlike the outbreak that led to the monthslong lockdown of Shanghai this year, cases have spread more widely—all of China's 31 provincial-level regions reported new locally transmitted infections for Tuesday. In addition to Guangdong in the south, central Henan province and the north-

ern autonomous region of Inner Mongolia also reported more than 1,000 cases Tuesday. Some other areas reported several hundred new cases each.

The latest lockdowns in Guangzhou show how Chinese officials are still willing to use heavy-handed restrictions on people's movements to try to prevent the virus from spreading, even though they may exact a heavy economic toll.

Apple Inc. on Sunday warned that shipments of its high-end iPhone models would be lower than expected because of Covid-related disruptions to a plant in Henan. Foxconn Technology Group had been trying to contain an outbreak at its Zhengzhou plant using a closed-loop system that effectively cut off

large numbers of workers from the outside world. After thousands of workers fled the factory to escape the virus, the government locked down the surrounding area.

To minimize damage to the economy, local officials in some regions have been working to make lockdowns more precise by targeting specific clusters through contract tracing.

In the capital Beijing, cases hit their highest since May. At that time, restaurants were closed for dining in, office buildings sat empty and many residents feared a citywide order to stay at home.

By contrast, Beijing today is operating largely normally, aside from schools in at least one district moving to online

learning this week. Many people walk around outside unmasked, although masks are strictly enforced indoors.

Authorities in Guangzhou said they are working hard to minimize the disruption to the lives of the city's more-than-18-million residents. Still, many Chinese have grown weary of the restrictions on their movements. Almost every day on social media, written complaints are posted and videos emerge showing residents venting their anger at local officials.

"New cases are just new cases. Hurry up and give us our freedom back," wrote one person in Guangdong on Douyin, the Chinese version of TikTok.

—Qianwei Zhang contributed to this article.

Biden to Tell Xi of 'Red Lines' At Meeting

By Andrew Restuccia and Charles Hutzler

President Biden said he plans to discuss how the U.S. and China can avoid conflict when he meets with Chinese leader Xi Jinping during his coming Asia trip, but won't make concessions on critical issues.

"What I want to do with him when we talk is lay out what each of our red lines are, understand what he believes to be in the critical national interests of China, what I know to be the critical interests of the United States, and to determine whether or not they conflict with one another," Mr. Biden said Wednesday in Washington. "And if they do, how to resolve it and how to work it out."

He added, "I'm not willing to make any fundamental concessions."

The meeting, expected to take place on the sidelines of next week's Group of 20 summit of major economies in Bali, Indonesia, would be the first between the two leaders in person since Mr. Biden came into office. It comes when communications between the two governments are at a low ebb.

Already-tense relations have been further strained over U.S. curbs on technology exports and a recent trip to Taiwan by House Speaker Nancy Pelosi.

Asked if he planned to tell Mr. Xi that he is committed to defending Taiwan from Chinese aggression, the U.S. president said, "I'm going to have that conversation with him."

Neither the Biden administration nor Beijing has confirmed a meeting between the two leaders. People familiar with the matter said U.S. and Chinese officials are planning for such a meeting, which could be formally announced in the coming days. A spokeswoman for the White House National Security Council declined to comment.

The meeting would take place weeks after the Chinese leader broke with recent precedent and claimed a third term in power.

Mr. Biden leaves Washington on Thursday for Egypt, where he will deliver remarks at a global climate summit. Following that brief appearance, he will continue on to Phnom Penh, Cambodia, for a summit of South Asian leaders before traveling to Bali for the G-20.

Ex-Pilots Aiding Beijing Concerns U.S. Allies

By Mike Cherney

SYDNEY—Australia will review its rules aimed at deterring former military personnel from aiding foreign adversaries, as U.S. allies grow concerned that China has recruited Western pilots and benefited from their technical expertise.

Australian Defense Minister Richard Marles said an investigation into whether former Australian personnel had provided training to China had raised concerns that justified a deeper examination of existing regulations. He declined to say

whether any individual Australians had helped China, but said some cases remained under investigation.

"It's really important that we have the most robust framework possible that is in place to protect Australia's information and protect our secrets," Mr. Marles said Wednesday.

Key U.S. allies have expressed worries in recent weeks that China, which the Biden administration views as the greatest threat to American security, was trying to lure former pilots and erode the West's military advantage. The

U.K. Defense Ministry in October said it would take steps, including through legislation, to deter and penalize former military pilots who helped train the Chinese military.

The U.S. is also seeking to prosecute former pilots who may have helped China. This week, the Justice Department said Shapour Moinian, a former U.S. Army helicopter pilot who then worked for defense contractors, was sentenced to 20 months in prison for acting as an agent of the Chinese government and accepting money from its representa-

tives in exchange for aviation-related information.

In a faxed reply to questions on Wednesday, China's Foreign Ministry said it wasn't familiar with the situation.

The Biden administration recently released a new defense strategy that called for a concerted effort to deter Beijing in the coming decades. That prompted a response from Chinese Foreign Ministry spokesman Zhao Lijian who said the paper was "driven ostensibly by a Cold War zero-sum mentality" and that China's development strength-

ened world peace.

The U.S. and its allies rely in part on air power to deter China from taking more aggressive moves in the Indo-Pacific, and air maneuvers would likely be a key feature of any Chinese effort to invade Taiwan, which Beijing claims as its own.

By working with former Western military pilots, even through civilian training schools, foreign adversaries such as China could glean information regarding standard operating procedures and doctrines about how Western air forces are run.

WORLD WATCH

OBITUARY

Official Who Became Xi Critic Dies at 90

Bao Tong, a senior Communist Party official who became one of China's most outspoken dissidents after his purge during the 1989 Tiananmen Square protests and later emerged as a vocal critic of Chinese leader Xi Jinping's autocratic rule, died Wednesday. He was 90.

A top aide to reformist leaders in the 1980s, Mr. Bao helped chart China's efforts to dismantle its command economy and liberalize its political system in the immediate post-Mao Zedong years, spearheading paramount leader Deng Xiaoping's efforts to reorient the party from revolution to modernization.

Mr. Bao was a protégé and political secretary of Zhao Ziyang, the former general secretary who was purged in 1989 for his sympathies with the Tiananmen Square demonstrators.

Both men became known for steering political overhauls that were meant to rebuild and professionalize the government bureaucracy that was devastated during Mao's 1966-1976 Cultural Revolution.

Mr. Bao remained a prominent figure within liberal party circles in the decades since his political fall from grace.

Despite state surveillance and restrictions on his movements, he and other purged officials became vocal advocates for political overhauls that would loosen some of China's authoritarian structures and tolerate more-diverse voices in policy making.

—Chun Han Wong



KEEP CALM AND CARRY ON: A man was arrested Wednesday after hurling eggs at King Charles III and the queen consort, Camilla, in York, England. The royal couple apparently weren't struck.

SYRIA

Israel Hits Convoy Said to Carry Arms

Israel carried out airstrikes in eastern Syria targeting a convoy of vehicles suspected of smuggling Iranian weapons after it crossed the border from Iraq, people familiar with the attack said Wednesday.

The attack late Tuesday near Abu Kamal—a border town often used as a transshipment point by militant groups with ties to Iran's Islamic Revolutionary Guard Corps—destroyed multiple vehicles and killed at least 10 people, including an unknown number of Iranians, according to the people and Iraqi militia members.

Iraqi officials said the tanker convoy was carrying a legal shipment of fuel that Iran had sent to Lebanon. But at least some of

the vehicles were believed to be transporting munitions and missiles in addition to oil, the people familiar with the attack said.

A spokesperson for the Israeli military declined to comment on the strike.

Israel has waged a long-running campaign of aerial bombardment against what its military calls Iranian targets in Syria, conducting hundreds of airstrikes aimed at interrupting Tehran's smuggling of weapons to the Lebanese militant and political group Hezbollah and diminishing Iran's military forces and proxies in Syria.

Iranian state television reported Wednesday that two fuel tankers had been destroyed after crossing into Syria, blaming the attack on a U.S. drone strike.

A spokesman for the U.S. military said its forces weren't involved. Israel secretly coordinates

with the U.S. on many of the airstrikes it carries out in Syria.

—David S. Cloud

NORTH KOREA

Short-Range Missile Fired in Latest Test

North Korea continued its torrid pace of weapons testing on Wednesday, launching a short-range ballistic missile off the country's east coast after vowing to take overwhelming measures in response to recent U.S.-South Korea military exercises.

The Kim Jong Un regime has embarked on a spree of missile tests in 2022, outnumbering the launches from any prior year by a wide margin.

In recent weeks, North Korea has launched an intercontinental ballistic missile, triggered emergency alerts in Japan and South

Korea and conducted tests in the middle of the night.

The Wednesday test featured a short-range missile fired around 3:30 p.m. local time from the Sukchon area of the North's South Pyongan province, Seoul's military said. The missile hit an altitude of around 30 miles and traveled about 150 miles, before splashing into the waters between Japan and the Korean Peninsula, Japanese Defense Minister Yasukazu Hamada said.

The Kim regime has conducted more than 30 missile tests this year.

—Timothy W. Martin

GERMANY

Government Blocks Sale of Chip Factory

The government blocked the sale of a chip factory to a Swedish subsidiary of a Chinese company, a decision that comes as Berlin grapples with its approach to Beijing.

The move follows a recent compromise over a Chinese shipping firm's investment in a German container terminal and a visit to Beijing last week by Chancellor Olaf Scholz.

The government's red light was anticipated after German company Elmos Semiconductor SE said this week that it had been informed the €85 million (\$85 million) sale of its chip factory in Dortmund to Silex Microsystems AB of Sweden would likely be prohibited. Silex is owned by Sai Microelectronics Inc. of China, German media reported.

Economy Minister Robert Habeck said the government also blocked a second planned investment by an investor from outside the European Union.

—Associated Press

Producer Prices Decline In China

By Jason Douglas

Prices charged by Chinese companies at the factory gate recorded their first annual fall in almost two years, another downbeat signal for the global economy as bulging inventories and cautious consumers in the West hit overseas demand for Chinese-made goods.

Chinese producer prices fell 1.3% in October compared with a year earlier, the National Bureau of Statistics said Wednesday, the country's first year-over-year decline in producer-price inflation since December 2020. The decline reflects weaker prices for the producers of raw materials following a recent pullback in commodity prices, as well as a high base for comparison because of rapid price rises a year earlier.

The data come on the heels of ugly export figures released Monday that showed a surprise drop in Chinese exports to the rest of the world in October.

Taken together, the weakness in the world's second-largest economy points to a global economy that is losing steam as central banks led by the Federal Reserve in the U.S. ratchet up interest rates to contain rocketing inflation.

The drop in producer-price inflation in China comes alongside a monthslong slide in shipping rates, which together should offer a degree of relief on goods-price inflation for consumers in the U.S. and Europe.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, November 10, 2022 | B1

S&P 3748.57 ▼ 2.08% S&P FIN ▼ 1.70% S&P IT ▼ 2.65% DJ TRANS ▼ 2.47% WSJ \$IDX ▲ 0.66% 2-YR. TREAS. yield 4.628% NIKKEI (Midday) 27391.00 ▼ 1.17% See more at WSJ.com/Markets

Meta to Cut 13% of Its Workforce

Layoffs are first broad head-count reduction to occur in the company's history

By SAM SCHECHNER AND NEWLEY PURNELL

Meta Platforms Inc. said it would cut more than 11,000 workers, or 13% of staff, embarking on the company's first broad restructuring as it copes with a slumping digital-ad market and plunging stock price.

The layoffs add to a wave of job cuts that are roiling Silicon Valley, where tech giants that added employees by the tens of thousands through the pandemic are retrenching.

In a message to staff on Wednesday, Chief Executive Mark Zuckerberg said the company, the parent of Facebook and Instagram, would cut staff across all of its businesses, with its recruiting and business teams disproportionately affected. The company is also reducing its office space, moving to desk sharing for some workers and extending a

hiring freeze through the first quarter of 2023.

"This is a sad moment, and there's no way around that," Mr. Zuckerberg wrote, adding that he had been wrong in assuming that an increase in online activity during the pandemic would continue. "I got this wrong and I take responsibility for that."

In a call Tuesday with hundreds of top managers, Mr. Zuckerberg said he had been overoptimistic about growth and was accountable for the company's missteps. The Wall Street Journal has reported.

The layoffs are the first broad head-count reductions to occur in the company's 18-year history and a signal of the increasing competitive and regulatory challenges facing Meta. The tech industry more broadly is grappling with rising inflation and sluggish demand from advertisers.

Meta's stock has fallen more than 70% this year. The company has pointed to worsening macroeconomic trends, but investors have also been alarmed by its spending, particularly Mr. Zuckerberg's multibillion-dollar bet on the

metaverse as the next digital frontier.

In his message, Mr. Zuckerberg expressed confidence in the company's strategic direction. "I believe we are deeply underestimated as a company today," he said. "Our core business is among the most profitable ever built with huge potential ahead. And we're leading in developing the technology to define the future of social connection and the next

Please turn to page B2

Stocks Slip on Election, Tumult on FTX Deal

By CAITLIN McCABE AND HANNAH MIAO

Stocks sold off sharply Wednesday, snapping a three-day winning streak, as investors wrestled with uncertainty around midterm election results and turmoil in cryptocurrency markets.

The S&P 500 shed 79.54 points, or 2.1%, to 3748.57. The Dow Jones Industrial Average dropped 646.89 points, or nearly 2%, to 32513.94. The technology-focused Nasdaq Composite Index dropped 263.02 points, or 2.5%, to 10353.17.

Investors remain eager to see if the elections result in a divided U.S. government, an outcome that would suggest few major policy changes in the next two years. That is typically seen as a boon for the stock market.

Although investors' expectations of a gridlocked government appear intact, results thus far suggest Republicans may not have gained as much ground as anticipated. That likely pressured markets Wednesday, traders said.

"Markets don't enjoy surprises, preferring predictability," said Aoi Finn Devitt, chief investment officer at investment adviser Moneta.

Several key races are undecided. Republicans remain favored to take the House majority, but the makeup of the Senate remains a tossup. Some races will take days or weeks to be decided.

While the major stock indexes were under pressure all day, the selloff accelerated into the closing bell as a shake-up in

Please turn to page B11

STREETWISE

By James Mackintosh

Crypto Has a Backing Problem



Having compressed most of the mistakes made by finance over

the centuries into just over a decade, cryptocurrency speculators may finally be discovering the fundamental flaw of trying to build an alternative to government-backed finance: no government backing.

This week, the founder of the largest crypto exchange, **Binance**, provisionally agreed to rescue top-five rival FTX after it was abandoned by clients in the equivalent of a bank run. On Wednesday, Changpeng Zhao walked away, saying the problems were too big. FTX's future now looks grim, with likely knock-on effects across crypto.

Even if the deal had gone through, it would have left an obvious danger: There's no one big enough to rescue Binance.

Without the deal, a potentially systemic crisis in crypto will be left to play out by itself.

Many, including my colleague Justin Baer, initially compared the deal to the 2008 rescue of Bear Stearns by JPMorgan. But even America's biggest bank had to rely on help from the Federal Reserve, something impossible in the freewheeling government-free world of crypto. Without Fed support, JPMorgan, like Binance, would have walked away.

A better comparison may be the 1907 Wall Street panic, when John Pierpont

Please turn to page B2

Wall Street Makes a Game Plan If Rates Reach Two-Decade High

By MATT GROSSMAN

Investors are bracing for the possibility that a second year of stubborn inflation could force the Federal Reserve to bring interest rates higher than they have been in more than 20 years.

Wall Street pros spent much of this year betting that the Fed's already aggressive rate moves would quickly cool the economy and stem rising prices. But last week's jobs report was a sign of economic strength that caught investors off guard.

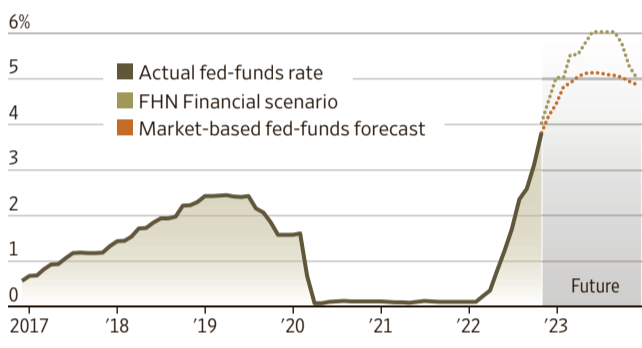
Now, more are seriously considering whether the central bank's target rate will rise as high as 6% before Fed officials take their foot off the brake—a level not reached since just before the dot-com bust in 2000 and one that could spell far more pain for stocks and bonds.

"It's really hard to see any progress on inflation in the next four or five months. Not enough to satisfy the Fed," said Jim Vogel, manager of interest-rate strategies at FHN Financial.

Please turn to page B10

Expectations that persistently high inflation could continue have investors debating whether the fed-funds rate could hit 6%, but some think that rising real yields will slow the economy sooner.

Interest-rate scenarios



Inflation-adjusted 10-year Treasury yield

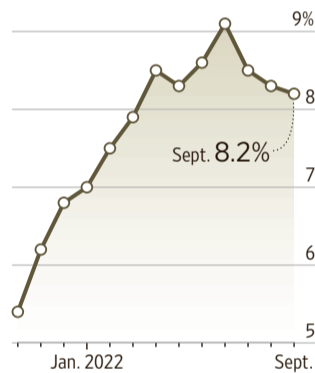


Source: St. Louis Fed (interest rate, Treasury yield); FactSet (fed-funds futures); Tradeweb (CPI swaps); Labor Department (CPI)

One-year CPI swaps



CPI, change from a year earlier



More Companies Pay Down Costlier Debt

By KRISTIN BROUGHTON

Executives are aggressively paying down debt as higher interest rates increase the cost associated with having debt and businesses face the prospect of a recession.

Finance chiefs across industries are feeling the pinch of higher borrowing costs as the Federal Reserve continues to increase rates to combat persistently high inflation. The

U.S. central bank last week increased its benchmark federal-funds rate by 0.75 percentage point for the fourth time this year, bringing it to a range of between 3.75% and 4%.

The three-month London interbank offered rate, a reference rate used in commercial loans, stood at 4.56% as of Tuesday, up from just under 0.15% a year earlier, according to data provider FactSet. The costs for shorter-tenured, one-

month Libor also went up. The three-month secured overnight financing rate—the Libor replacement preferred by U.S. regulators—traded at 4.22% as of Tuesday, up from 0.04% a year earlier.

Against that backdrop, companies across industries and credit ratings are accelerating their preparations for a potential economic downturn, analyzing how a revenue shortfall could affect their fi-

nances. As a result, some are taking steps to rein in expenses and cut interest costs, while others are looking to put cash reserves to work as their bank deposits continue to generate minimal yields.

Cosmetics company **e.l.f. Beauty Inc.** plans to pay down about 25% of its outstanding term loan during the quarter. The Oakland, Calif., company had \$88.3 million in long-term debt on its balance sheet as of

Sept. 30, made entirely up of a floating-rate term loan.

Chemicals company **DuPont de Nemours Inc.** on Tuesday said it plans to retire \$2.5 billion of senior notes due in 2023, which will result in annualized pretax savings of \$100 million. Additionally, the company plans to pay off its outstanding commercial paper balance of \$1.3 billion during the fourth quarter. "The pre-

Please turn to page B6

Adidas to Use Designs From Kanye West Line

By NICK KOSTOV AND JOSHUA KIRBY

Adidas AG said it would start selling shoes based on Yeezy designs in a bid to rebound after scrapping the lucrative partnership with musician and designer Kanye West that had spawned one of the company's most successful product lines.

Finance chief Harm Ohlmeyer said the sporting-goods giant was the sole owner of all rights to existing products, except from the Yeezy name, and that the company intended to make use of those rights as early as the end of next year.

"We own all the IP, we own all the designs, we own all the versions and new colorways, so it's our IP, it's our product," Mr. Ohlmeyer said. "We believe there are interesting things coming to fruition in '23, that's what we're working through," he added.

He said the company was reviewing whether to sell existing Yeezy inventory, with the exact plans still being worked out.

Adidas ended the Yeezy venture with Mr. West follow-

ing a string of controversies including a recent anti-Semitic outburst by the artist, who goes by Ye.

On Wednesday, the sportswear company again cut its earnings and revenue guidance for the year to account for the end of the partnership. The move will result in a sales hit of 500 million euros, equivalent to \$500 million, while net income could drop by as much as €250 million in the fourth quarter, the company said. Sales of the Yeezy brand are disproportionately weighted toward the fourth quarter.

"There is some inventory that will help us compensate in '23," Mr. Ohlmeyer said. "We need to take our time to review what are the best options, and there are several options that we're working through."

The German company Tuesday tapped Björn Gulden, the departing head of rival **Puma SE**, to take over as chief executive. Mr. Gulden will have to address an array of problems plaguing Adidas around the world, including falling market share in the Chinese market, suspended operations in Russia

Please turn to page B2

INSIDE



TECHNOLOGY
Elon Musk flip-flops on Twitter's 'official' label hours after the launch. **B3**



BANKING
Goldman Sachs promotes 80 into its largest partner class since before 2018. **B10**



The industry leader in artificial intelligence software.

RANK	COMPANY	2021 AI REVENUE
No. 1	Palantir	\$1,392M
No. 2	Microsoft	\$1,252M
No. 3	IBM	\$776M
No. 4	AWS	\$688M
No. 5	Google	\$536M

Source: IDC, Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022) report contained on IDC's website (www.idc.com). We have not independently verified, and make no representations as to, the accuracy or completeness of the data contained in this report.

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The information presented in the table above has been compiled and analyzed by IDC using their methodology described in the Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022) report contained on IDC's website (www.idc.com). We have not independently verified, and make no representations as to, the accuracy or completeness of the data contained in this report.

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

Table listing various companies and their page numbers under categories A, B, C, D, E, F-I, and J.

INDEX TO PEOPLE

Table listing various individuals and their page numbers under categories A-K, L-Z, and O-R.

BUSINESS & FINANCE

Meta Cuts 13% of Workforce

Continued from page B1 computing platform."

Some investors have recently called for Meta to trim staff to cut costs. Meta's share price climbed 5.2% on Wednesday after the layoffs were announced.

Meta's broader cost cutting will "add up to a meaningful cultural shift in how we operate," Mr. Zuckerberg said in his memo. He said he would monitor business performance and other factors before deciding how quickly to resume hiring.

Meta also faces threats to its core social-media business from other apps such as ByteDance Ltd.'s TikTok. On Wednesday, Mr. Zuckerberg referenced stiff competition, as well as Apple Inc.'s requirement that users opt in to tracking of their devices, which has hurt Meta's ability



Meta faces threats to its core social-media business from other apps such as TikTok.

to target ads.

Mr. Zuckerberg has been signaling for months that more fiscal discipline is coming and at times has adopted a tough tone, saying at a June company town hall that "there are probably a bunch of people at the company who shouldn't be here."

On Wednesday, he took a softer approach, saying repeatedly in the blog post that he takes personal responsibility for the company's missteps and expressing gratitude for the contributions of the departing employees.

Mr. Zuckerberg gave only limited insight in his message on Wednesday into which areas of the company would be reduced, apart from citing recruiting and business teams. People familiar with the matter said the cuts would in part affect staff with overlapping job responsibilities.

U.S. staffers who are losing their jobs will receive 16 weeks of severance plus an additional two weeks for each year of employment at the company, and their stock options set to vest in mid-October.

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member will still vest. Meta will cover healthcare costs for those affected and their families for six months, he said.

Meta reported more than 87,000 employees at the end of September. Company officials already told employees to cancel nonessential travel beginning this week, the Journal previously reported.

—Salvador Rodriguez contributed to this article.

Listen to a Podcast

QR code and text for a podcast about the metaverse's glitches and declining users.

Adidas to Use Yeezy Designs

Continued from page B1 and supply-chain problems.

One immediate challenge will be to contain the fallout from Adidas's split with Mr. West. The items that the rapper designed in collaboration with the company made their debut in 2015 and the parties entered a long-term partnership the following year.



The company ended the Yeezy venture with Kanye West following a string of controversies.

Rihanna in attendance.

The Yeezy partnership eventually grew to represent around 8% of the group's revenue, or more than €1.7 billion in sales

last year, analysts say. UBS analysts estimate that without the Yeezy collection the company's sales have grown 1% a year on average since 2017.

On Oct. 6, Adidas put its partnership with Mr. West under review, saying its decision came after repeated attempts to privately resolve disputes

with him. It ended the collaboration three weeks later.

Some analysts have questioned whether continuing to sell Yeezy designs was the right decision, saying that reputational risks associated with the Yeezy line—even rebranded—remained high.

"The Yeezy line might forever remain associated with a controversial and provocative artist and Adidas should instead focus on newness in our view," analysts at Citi said.

At group level, Adidas now expects an operating margin of 2.5% for the year, down from previous guidance of 4%, it said Wednesday. Net profit from continuing operations meanwhile should come in at around €250 million, half what it previously expected. Revenue for the year is expected to increase by a low-single-digit

percentage at constant currency, from previous guidance in the mid single digits.

The updated guidance represents the fourth time this year that Adidas has lowered its outlook for 2022. Earlier in October, the company cut its profit guidance for the year, pointing to one-off costs from an exit from Russia, and said revenue and margins would be squeezed by consumer pressures in Western markets and soaring inventory levels.

Earlier in the year, Adidas warned of lower top-line growth and profitability as it struggled to recover in the pandemic-hit China market.

Adidas confirmed third-quarter sales rose 4% organically to €6.41 billion amid slowing demand in Western markets, as set out in preliminary figures it released last month.

Crypto Has A Backing Problem

Continued from page B1

Morgan, JPMorgan founder, corralled New York's bankers to provide enough money to restore confidence and end bank runs.

Back then there was no Fed, and there was no one big enough to rescue JPMorgan had it run into trouble. Luckily it didn't, partly because Mr. Morgan loomed larger than life over American finance.

But there's an obvious danger of relying on a single person, even Mr. Zhao, known as CZ. After all, until this week it was Sam Bankman-Fried, FTX founder, who was lauded as a modern-day J.P. Morgan for his rescues of smaller crypto crashes.

Back in 1907 the need to rely on Mr. Morgan and his colleagues in what was labeled a "money trust" was the catalyst needed to start the process of setting up a central bank. The Fed was created by law six years later with a mandate to supervise banks and lend against good assets, among

other things.

It's impossible to create a central bank of cryptoland, because the whole point of cryptocurrencies is that they are independent of the government. "If you go there, you're on your own," Stefan Ingves, governor of Sweden's Riksbank, the world's oldest central bank, told me on Wednesday, before Binance walked away.

This leaves crypto with no backstop against banklike runs if there's a loss of confidence in its exchanges, which are really a combination of banks and brokerages, many with little or no regulation. The exchanges themselves often make things worse by being secretive about the risks they are taking, while reusing customer assets to boost profits.

CZ told employees on Wednesday that the confidence of crypto users was "severely shaken," and Binance "must significantly increase our transparency, proof of reserve, insurance funds, etc."

But even if crypto exchanges were perfectly transparent, they would still be susceptible to runs as long as they don't have the ready cash to repay in full customers who lose faith and pull their assets.

The problem here isn't crypto in itself. If everyone hewed to the suggestion

made by the pseudonymous Satoshi Nakamoto in crypto's 2008 founding document, all would be fine.

Nakamoto set out the case for a decentralized, trustless blockchain where everyone holds their own accounts and transactions are verified by anyone who wants to take part. The trouble with the bitcoin Nakamoto created is that transactions are slow, expensive and hard to scale up.

Instead the crypto boom has largely led to customers trading and holding crypto on exchanges, avoiding the need to interact directly with the blockchains.

The reliance on trust that Nakamoto was trying to avoid has been reintroduced—and one of the biggest lessons of financial history is that where there's a need for trust, there are also dire consequences when trust breaks down. Mr. Bankman-Fried experienced that first hand this week as his attempts to reassure clients were ignored.

The fundamental flaw of centralized finance is that it needs central banks to end chaotic bank runs, and crypto has reinvented centralized finance.

As a result, FTX and the broader crypto ecosystem now face serious uncertainty, and maybe disaster.

Collette Explorations advertisement featuring a group of people on a suspension bridge over a forest. Text: collette EXPLORATIONS: SMALL GROUPS, BIG ADVENTURES.

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The future of Sam Bankman-Fried's FTX looks grim, with likely knock-on effects across crypto.

BUSINESS NEWS

Twitter Flip-Flops On 'Official' Label Hours After Launch

By JOSEPH DE AVILA
AND ALEXA CORSE

Elon Musk has already dumped the gray "official" check mark.

Hours after Twitter Inc. started rolling out the label verifying the authenticity of a user's account, Mr. Musk, Twitter's new owner, said he was getting rid of it.

"I just killed it," Mr. Musk said in a tweet in response to Marques Brownlee, a tech influencer, who posted that his official label was gone.

Instead, Mr. Musk pointed to Twitter Blue, the company's revamped subscription service that charges people \$7.99 to obtain blue check marks and other benefits.

"Blue check will be the great

'I just killed it,' Mr. Musk said in a tweet in response to a tech influencer.

leveler," Mr. Musk said.

The rollback of the new verification system comes after two tumultuous weeks at Twitter since Mr. Musk took over the platform.

"Please note that Twitter will do lots of dumb things in coming months," Mr. Musk said Wednesday. "We will keep what works & change what doesn't." Mr. Musk later on Wednesday said in an online Q&A using Twitter Spaces that he didn't intend to do dumb things. But "if we don't try bold moves, how will we make great improvements?" Mr. Musk said.

During the Q&A, David Cohen, the chief executive of the Interactive Advertising Bureau, a trade organization, asked how Mr. Musk thought Twitter

was doing regarding several criteria important to advertisers, including scale, relevance, brand safety, impact on advertisers' bottom line, and creativity.

Mr. Musk replied that Twitter probably wasn't doing great on any of those for now. He added that improving the relevance of advertisements shown to users is a major priority for Twitter in the coming months.

Mr. Musk also expanded on his rationale for scrapping the official label, calling it an "aesthetic nightmare." He said it was "simply another way of creating a two-class system."

Twitter officials said late Tuesday that the company was introducing an official label to distinguish between accounts that have subscribed to Twitter Blue and paid for blue check marks and those that have been authenticated by the company.

Accounts that were eligible to receive an official label included those of governments, companies, major media outlets, publishers and some public figures, said Esther Crawford, director of product management at Twitter, according to her LinkedIn profile.

For a few hours on Wednesday, Twitter designated the accounts of media outlets including The Wall Street Journal and celebrities such as Taylor Swift as official. The labels were removed before noon Eastern time. Adding to the confusion Wednesday, Ms. Crawford said the official label will be a part of the Twitter Blue launch in a scaled back fashion.

"The official label is still going out as part of the @TwitterBlue launch," Ms. Crawford said in a tweet Wednesday after Mr. Musk said he was getting rid of the official label.

"We are just focusing on government and commercial entities to begin with," she said.

Disney Shares Take Steep Fall As Streaming Loss Accelerates

By WILL FEUER

Shares of **Walt Disney Co.** fell 13% after quarterly losses at the company's streaming business more than doubled from a year earlier and executives vowed to pare back spending in the division.

The entertainment conglomerate on Tuesday also reported a drop in its fiscal fourth-quarter revenue at its traditional media business, partially offsetting 36% revenue growth in the theme-parks division.

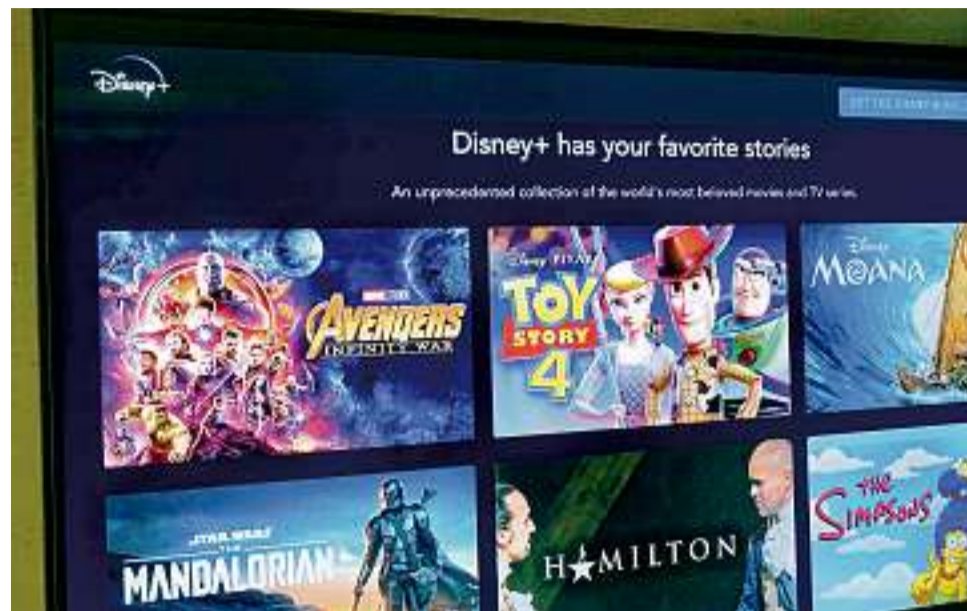
By the Wednesday market close, Disney's stock dropped just over 13% to \$86.75, its largest one-day percentage slide since September 2001. The most recent decline trimmed more than \$20 billion off Disney's market value and represented the company's lowest close since March 2020.

The stock was the biggest loser on the Dow Jones Industrial Average, erasing about 87 points from the index.

The company's flagship streaming service, Disney+, added 12.1 million net new accounts, beating analysts' predictions and bringing its global total to 164.2 million subscribers. But losses in the division surged to \$1.47 billion, 38% wider than what Wall Street expected.

Chief Executive Bob Chapek said Tuesday that the streaming business had reached peak losses in the quarter, and that the business is still on track to reach profitability in fiscal 2024, "assuming we do not see a meaningful shift in the economic climate."

Mr. Chapek said price increases to some Disney+ packages and a new ad-supported subscription tier for Disney+ that are both set to take effect Dec. 8 will help stem losses in the business. However, some on Wall Street aren't as optimistic about the impending



Losses in the Disney+ division surged to \$1.47 billion, 38% higher than what analysts expected.

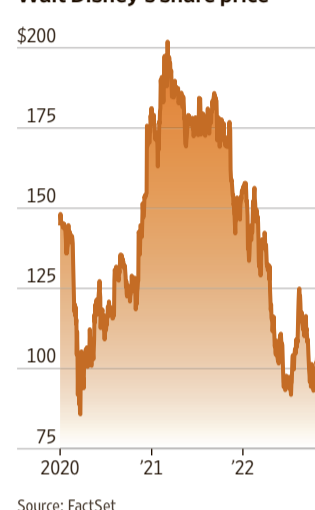
moves.

Analysts at Barclays said the higher price tag on Disney+ and the rollout of an ad-supported tier at the same price as the current ad-free option will likely push some subscribers to drop the service. The analysts said Disney's goal of achieving streaming profitability in 2024 may be at odds with its stated target of reaching 215 million to 245 million streaming subscribers by the end of the same fiscal year.

"We believe Disney may face a choice between its subscriber growth guidance and its streaming break-even guidance as we believe it may be tough to meet both," the analysts wrote.

The Barclays analysts added that Disney's linear television business is likely to weaken amid a worsening advertising market and accelerating subscriber losses. Barton Crockett, senior internet media analyst at Rosenblatt Securities, said Disney's linear business is facing the same headwinds as

Walt Disney's share price



Source: FactSet

expected to see 34% growth.

"Rarely have we ever been so incorrect in our forecasting of Disney profits," they said, adding that rapid deterioration in the linear TV business appears to be closer than previously thought.

The collision of macroeconomic uncertainty with a broad shift within the streaming sector toward giving priority to profitability is testing investors' patience, analysts at Credit Suisse said. They added that proving the pricing power of Disney+ will be crucial to remaining on the company's current growth trajectory.

The parks division, a critical source of strength for the quarter, also has its challenges, analysts said. JPMorgan analysts said higher costs and soft demand in Asia weighed on operating income for the segment.

"Clearly the revenue post-Covid came back before costs," the analysts said, adding that their expectations for the segment's profit margins were too high for the year ahead.

Carvana's Bonds Crater After Results Disappoint Investors

By ALEXANDER GLADSTONE
AND ALEXANDER SAEEDY

Carvana Co.'s bonds are touching all-time lows, spotlighting investors' concerns about the used-car seller's long-term trajectory as it burns cash and faces rising borrowing costs.

Carvana's long-term bonds have declined to distressed levels, with some now trading as low as 33 cents on the dollar on Wednesday, a sign that investors don't believe they will be paid back in full. The yield on their 10.25% notes was over 30% as of Tuesday, according to MarketAxess, a sign that Carvana would struggle to borrow from bond markets presently.

The used-car business thrived when people opted to drive to avoid mass transportation during the pandemic. But car prices have dropped as interest rates went up and concerns over a recession grew, denting the company's growth prospects. The company, which promised to reinvent the business of selling used cars, has never turned a profit and has borrowed money to cover its losses.

The bonds had already dropped this year as the Federal Reserve started to raise interest rates in March. But they slid around 25% after Carvana's latest earnings report on Friday, indicating that investors

have become more pessimistic about the company's fundamentals, rather than following broader market moves.

Carvana's stock is down almost 50% since the company announced its quarterly results last week, which disappointed investors after the company said it incurred a net loss of \$508 million over the three months ended Sept. 30 amid declining revenue and rising costs. It also announced that its cash balance dropped by \$731 million over the last quarter, ending at \$316 million as of Sept. 30.

However, Carvana also reported around \$4.4 billion in available liquidity, including the \$316 million of cash on hand, \$2 billion through

a revolving line of credit and \$2 billion available through financing arrangements tied to real estate it owns. That compared with about \$4.75 billion of total liquidity as of June 30, as the decline in cash was partially offset by an increase in revolver availability.

A Carvana spokesperson said Wednesday that its cash balance at the end of the quarter was in line with its historical levels of an average of \$350 million at year-end for the past two years.

The cash position "reflects our consistent practice of paying down revolving liabilities with excess cash," the spokesperson said.

But the \$731 million drop in its available cash in the third quarter has led bankers, investors and analysts to focus on how Carvana can generate

liquidity from its real-estate assets to fund operating losses.

Seth Basham, an analyst at Wedbush Securities, said that Carvana could likely generate \$500 million to \$1 billion in cash over the next six months through monetizing its real es-

Some of Carvana's long-term bonds are trading as low as 33 cents on the dollar.

tate by obtaining mortgages or conducting sale leasebacks, or both.

Mr. Basham said that his biggest concern about Carvana is whether the company will be able to cut costs and stabilize revenues to satisfy its continuing interest burden.

Car-

vana may be able to ride out a recession with its liquidity resources, analysts from JPMorgan Chase & Co. wrote in a report published Tuesday. But they said the direction of the business fundamentals drove the analysts to cut their estimates for earnings and free cash flow.

"We believe Carvana is far from out of the woods," the JPMorgan analysts wrote. "Even when the industry bottoms out, we don't see a V-shaped recovery."

Equity investors pushed Carvana stock as high as \$360 last year. Last week, Morgan Stanley analyst Adam Jonas changed his rating on Carvana, setting a new price target of \$1.

—Soma Biswas contributed to this article.

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Chip Firm Mired in Sino-U.S. Tiff

U.S. citizen moved back to China to build etching equipment as a global enterprise

By PETER LANDERS

Semiconductor whiz Gerald Yin left the U.S. and spent 18 years in China building what he said would be a worldwide powerhouse in chip-making equipment. Now the American citizen's lifework has been thrown into uncertainty as U.S. restrictions undermine the global industry integration he celebrated.

Mr. Yin's company, Advanced Micro-Fabrication Equipment Inc., or AMEC, had been making big strides and was gunning for industry leaders based in the U.S. and Japan when Washington stepped in. Decades younger than its rivals, the Chinese maker of etching equipment and other tools for the semiconductor industry has said it picked up customers including Robert Bosch GmbH and U.S. chip maker GlobalFoundries Inc. Its equipment is used on dozens of production lines in Europe and Asia.

Then, the U.S. imposed export restrictions in October, the country's biggest salvo against China's tech industry so far. The new rules blocked China's advanced-chip-development industry from access to U.S. technology as well as the services of American talent.

The Biden administration said the rules were aimed at keeping American chips from advancing China's military. Their wide sweep may further bifurcate global supply chains and stymie China's broader chip industry, setting it back years in efforts to catch up with more advanced U.S. and Asian rivals.

The new rules threaten AMEC in several ways. Of roughly 20 top managers and engineers at the Shanghai-based company, Mr. Yin and six others are U.S. citizens, according to the company's lat-



Gerald Yin's Chinese company, AMEC, makes chip-making equipment used around the world.

est annual report.

AMEC's production could also be hampered by lack of access to U.S. or other countries' parts and materials. And non-Chinese customers may shy away from equipment made by a company held up as a flag-bearer of Beijing's chip ambitions.

Mr. Yin said in a recent earnings call that about 60% of the components and materials AMEC uses in its major products are made in China, suggesting that it relies on imports for nearly 40%. AMEC said in its 2021 annual report that it procured some materials from the U.S. but described that as a low percentage of the total.

The company's signature products are etching tools, which help carve out circuit patterns onto a semiconductor wafer, a key step in the manufacturing process.

AMEC and Mr. Yin didn't respond to questions. The company said on Chinese social media on Oct. 25 that it was operating normally so far and that its development was

"stable, healthy and safe." It said it abided by laws and regulations wherever it operates.

On AMEC's social-media account on Oct. 28, Mr. Yin said the company aimed to develop into an international leader.

Born in China, Mr. Yin attended prestigious schools in the country and earned a doc-

AMEC has been held up as a flag-bearer of Beijing's chip ambitions.

torate from the University of California, Los Angeles, before embarking on a U.S. semiconductor career.

Two U.S. companies—Applied Materials Inc. and Lam Research Corp.—are leaders in etching, and Mr. Yin, AMEC's founder, worked at both. Those two, plus Tokyo Electron Ltd., accounted for 91% of the worldwide dry-etch-sys-

tem market in 2021, according to consulting firm Gartner Inc.

In 2004, Mr. Yin was 60 years old and thinking of retirement when a middle-school classmate who was a government official in China invited him to come home, according to a 2019 report by the state-owned Xinmin Evening News.

"It was time to make a contribution to the motherland and its people," the paper quoted Mr. Yin as saying. The report said he took a group of 15 experts with him to Shanghai.

Early investors in AMEC included Qualcomm Inc., U.S.-based venture-capital fund Walden International and an arm of South Korea's Samsung Group. The company's biggest shareholder is an investment arm of the Shanghai government, and the No. 2 shareholder is an entity controlled by a national semiconductor-investment fund, according to Chinese corporate-registry databases. It also receives government research subsidies.

Within three years of returning to China, Mr. Yin and his team developed their first etching machine. This was the first time that China was able to make such high-end competitive semiconductor equipment, according to state media reports.

Domestically, social-media commentators called the company a potential national champion that would help China's chip industry achieve self-sufficiency.

By 2015, AMEC had gotten far enough that the Commerce Department ended export controls of certain American etching machines to China because it said machines of comparable quality were already available from a Chinese source. Mr. Yin said at a technology forum in Shanghai in 2018 that the department was talking about his company's products.

The success didn't come without controversy. There was a 2007 lawsuit in a California federal court by Applied Materials alleging AMEC misappropriated trade secrets. Mr. Yin, who was named as a defendant, told Chinese media he didn't do anything wrong. The companies settled their litigation in 2010.

Another lawsuit alleging patent infringement—this one filed in Taiwan by Lam Research against AMEC—was dismissed in 2009 by Taiwan's Intellectual Property Court.

As the company and U.S.-China tensions grew, Chinese social media's depiction of Mr. Yin as a hometown champion striking fear into the West prompted the company to respond. In a 2020 statement, AMEC said the stories about Mr. Yin were exaggerated.

In August, Mr. Yin said AMEC was based on the idea of China and everyone else being part of the same global industry.

"We would only be able to cover 15% of the global market at most if we only focus on the domestic market, so we have to carry forward a strategy to develop globally," he said.

Elizabeth Holmes Is Denied New Trial

By HEATHER SOMERVILLE

A federal judge denied Elizabeth Holmes's bid for a new trial, the latest setback for the Theranos Inc. founder who was convicted of fraud in January.

U.S. District Judge Edward Davila, who oversaw Ms. Holmes's trial that began last year, said in a ruling late Monday that the arguments in her three motions for a new trial didn't introduce material new evidence or establish government misconduct, adding a new trial was unlikely to result in an acquittal.

Ms. Holmes is scheduled for sentencing on Nov. 18.

The judge previously denied her request for an acquittal. He denied requests for an acquittal and new trial from Ramesh "Sunny" Balwani, Ms. Holmes's former boyfriend and deputy at Theranos, who was found guilty on 12 counts of fraud and conspiracy in a separate trial that concluded in July.

Ms. Holmes was convicted in January on four counts of criminal fraud for deceiving investors while running a years-long scheme at Theranos, a blood-testing startup, where she was chief executive. She faces up to 20 years in prison, plus fines, for each guilty count. Ms. Holmes, who is visibly pregnant, has remained out of jail after posting bail.

Attorneys for Ms. Holmes didn't respond to a request for comment.

Judge Davila also agreed on Monday to delay Mr. Balwani's sentencing, originally scheduled for next week, to Dec. 7. In his request for a later sentencing date, Mr. Balwani cited the limited availability of his family to attend and one of his lawyers filed a statement from Mr. Balwani's doctor. The personal medical details were redacted.

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IBM Unveils New Chip In Quantum Effort

By ISABELLE BOUSQUETTE

International Business Machines Corp. announced Wednesday that it has created a more powerful quantum computing chip, the next step in its yearslong effort to build quantum machines capable of delivering business value to companies.

The 433-qubit Osprey chip, unveiled at IBM's annual Quantum Summit in New York, has more than three times as many qubits as the 127-qubit Eagle chip it introduced last year.

But IBM is aiming to steadily build that computing power in the years ahead. The company said it plans to introduce a more than 4,000-qubit system in 2025, which would be able to solve some problems faster or more accurately than classical computers, as well as provide exact solutions to problems the best of today's computers can only estimate, achieving a milestone known as "quantum advantage."

Dario Gil, senior vice president at IBM and director of IBM Research, said the company would continue scaling up from there, and ultimately quantum systems will contain millions of qubits.

"We're getting closer and closer," said Dr. Gil. "This is another step. Maybe there's a couple more steps, but it's getting closer." Today's computers use binary digits, or bits,

which can either be zeros or ones. Quantum computers use quantum bits, or qubits, which represent and store information in a quantum state that is a complex mix of zero and one. Machines capable of supporting this quantum state have the potential to sort through vast numbers of possibilities in nearly real time.

The types of problems quantum computers could one day tackle include simulating the behavior of natural materials in chemistry, and even breaking the public-key cryptography used to secure the internet, said Dr. Gil.

On Wednesday, IBM also announced a partnership with Vodafone Group PLC to investigate ways of using classical computing to defend against future quantum-enabled threats to encryption, and unveiled new software to help mitigate errors in quantum systems.

Microsoft Corp., Alphabet Inc.'s Google, D-Wave Systems Inc. and a generation of startups are also pushing forward in the quantum area.

Since 2016, IBM has been putting client companies' quantum computers on the cloud to enable companies, universities and individuals to experiment with the tech. Jerry Chow, IBM fellow and director of infrastructure for IBM Quantum, said the companies would be able to start using the Osprey chip next year.



Jerry Chow heads infrastructure for the company's quantum unit.



Amazon.com in 2019 gave Prime members the option of choosing a specific delivery date, and competitors are following suit.

Cost-Wary Retailers Ease Up On Race for Speedy Delivery

By LIZ YOUNG

Retailers this holiday season are focusing on delivering packages to customers on specific dates, rather than competing on speed of delivery.

The shift marks an easing in a race for delivery speed in e-commerce in recent years that has pushed goods to shoppers' homes at an ever-faster pace while narrowing retailers' profit margins on sales.

With inflation-conscious consumers now dialing back their online shopping, many retailers are focused on restraining the high costs of fulfillment and last-mile delivery.

Amazon.com Inc. set the pace for competition on speed with its investment in next-day and same-day delivery. In 2019, the e-commerce giant also gave its Prime members the option to pick a specific delivery date. Other retailers and logistics operators are now following suit.

Shopify Inc., which provides e-commerce services to retailers, in May gave merchants using its tools the op-

tion to display a badge on their websites and social-media channels next to products that can be delivered in five days or fewer.

The idea is to offer "an anticipated delivery time...whether that is two days or that is three days," Harley Finkelstein, president of Shopify, said on the company's Oct. 27 earnings conference call.

Saks Off Fifth, the discount sister of luxury merchant Saks Fifth Avenue, on Wednesday said it would start showing shoppers what day they can expect any given item to arrive based on factors such as their ZIP Code. The feature refines the retailer's previous three- to five-day shipping window, said Shivi Shankaran, the company's chief operating officer.

"To be able to provide them a very clear date when their package is going to get delivered is very valuable to customers," Mr. Shankaran said.

Jason Murray, co-founder and chief executive of e-commerce fulfillment service provider Shipium Corp., which is working with Saks Off Fifth on

its new delivery-date feature, said the choice makes clear to consumers that faster delivery carries a higher cost.

"You need to have a way to express that calculus to people, that trade-off," Mr. Murray said.

Chinese online apparel retailer Shein, known for its low-price and trendy clothing and accessories, suggests that rapid sales growth and superfast delivery don't have to go hand-in-hand, even in fast fashion.

The company expects to reach \$24 billion in sales this year, putting it within reach of the sector's biggest competitors only a decade after it launched, by focusing on the front end of its supply chain, which includes manufacturing and shipping out of Guangzhou, China. Shein has significant business in the U.S. even though its website says it takes 10 to 15 days for American customers to get orders. The company has said its standard shipping time for U.S. customers is seven to eight days on average.

Shein plans to expand its North American business by opening three distribution centers in the U.S., but even those will only speed up delivery by three or four days.

Online shoppers are now more willing to wait for certain deliveries, having gotten used to supply-chain disruptions at the height of the Covid-19 pandemic, said Terry Esper, associate professor of logistics at the Ohio State University's Fisher College of Business.

The most important factor for consumers has become "the visibility of it all and being able to know when to expect a delivery, as opposed to the assurance that it'll be a superfast delivery," Dr. Esper said.

Marc Gorlin, founder and chief executive of delivery platform Roadie Inc., a home-delivery subsidiary of United Parcel Service Inc., said shoppers' circumstances are now dictating delivery times.

"Sometimes they want it really, really fast, or they want it really, really scheduled," Mr. Gorlin said.

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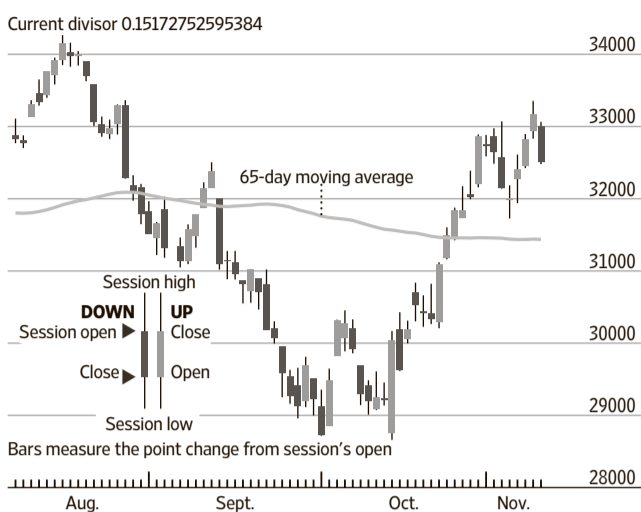
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EQUITIES

Dow Jones Industrial Average

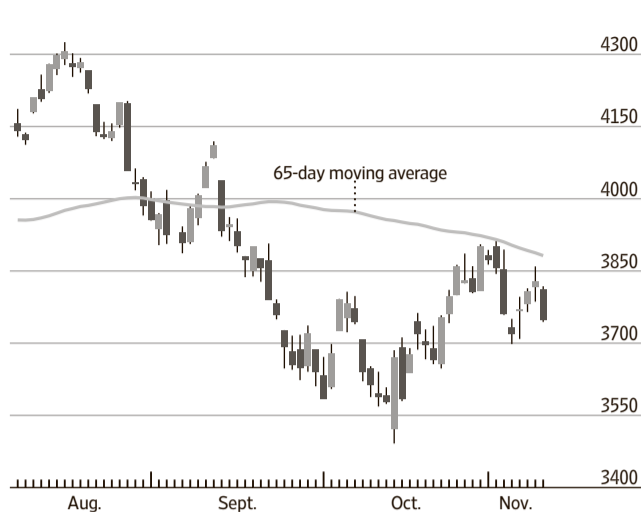
32513.94 ▼646.89, or 1.95%
Last Year ago
Trailing P/E ratio 20.08 22.50
P/E estimate * 17.92 18.89
High, low, open and close for each trading day of the past three months.
Dividend yield 2.08 1.88
All-time high 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc. †Based on Nasdaq-100 Index

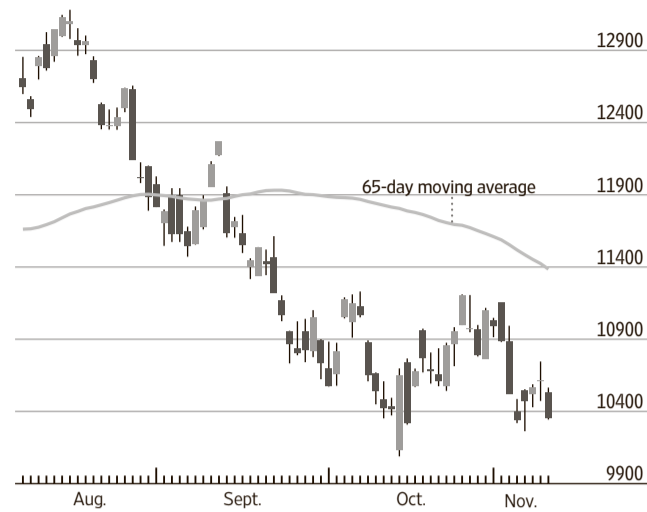
S&P 500 Index

3748.57 ▼79.54, or 2.08%
Last Year ago
Trailing P/E ratio * 18.37 29.05
P/E estimate * 16.92 22.45
High, low, open and close for each trading day of the past three months.
Dividend yield * 1.75 1.27
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

10353.17 ▼263.02, or 2.48%
Last Year ago
Trailing P/E ratio ** 23.01 35.93
P/E estimate ** 20.87 30.37
High, low, open and close for each trading day of the past three months.
Dividend yield ** 1.02 0.64
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, and % chg 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

†Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Table listing companies like Vanguard Total Stock Mkt, Ford Motor, SPDR S&P 500, etc., with columns for Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table listing companies like Magnite, CarParts.com, Purple Innovation, etc., with columns for Symbol, Close, Net chg, % chg, 52-Week High, Low, % chg, and YTD.

...And losers

Table listing companies like Cano Health, Vacasa, RumbleON CIB, etc., with columns for Symbol, Close, Net chg, % chg, 52-Week High, Low, % chg, and YTD.

Trading Diary

Volume, Advancers, Decliners

Table showing market statistics: Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Block trades, etc.

*Primary market NYSE/NYSE Arca/NYSE Amer. NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Table with columns for Region/Country, Index, Close, Net chg, Latest % chg, and YTD % chg. Includes World, Americas, EMEA, Asia-Pacific, and others.

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Table listing companies like Merrimack Pharm, Outset Medical, Riskified, etc., with columns for Symbol, Close, Net chg, % chg, 52-Week High, Low, % chg, and YTD.

Most Active Stocks

Table listing companies like Mullen Automotive, ProShares UltraPro QQQ, Tesla, etc., with columns for Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, % chg, and YTD.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Percentage Losers

Table listing companies like Telos, Golden Sun Education, Timber Pharmaceuticals, etc., with columns for Symbol, Close, Net chg, % chg, 52-Week High, Low, % chg, and YTD.

Volume Movers

Table listing companies like Kala Pharmaceuticals, Alpha Star Acquisition, Power Digital II CI A, etc., with columns for Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, % chg, and YTD.

* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. †Has traded fewer than 65 days

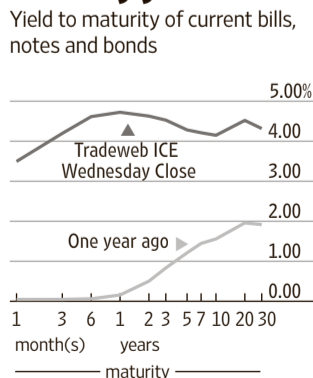
CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (30-year mortgage, 10-year Treasury note yield) and Selected rates (Bankrate.com avg, Farmers State Bank, etc.).

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. †Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race



Sources: Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table listing bond total return index and various corporate bonds like U.S. Treasury, Aggregate, etc., with columns for Close, Yield, 52-Week High, Low, Total Return, etc.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries like Argentina, Brazil, Canada, etc.

Sources: Tullett Prebon; Dow Jones Market Data

Commodities

Table showing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold, etc.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Copper-High, Gold, Palladium, and NY Harbor ULSD.

Natural Gas, Agriculture Futures, and Soybean table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Corn, Soybeans, and Soybean Meal.

Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, and Sugar-Domestic table with columns for Open, High, Low, Settle, Chg, and Open interest.

Currency Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Japanese Yen, Eurodollar, Canadian Dollar, and British Pound.

Index Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Mini DJ Industrial Average, Mini S&P 500, and Mini Nasdaq 100.

Cash Prices | wsj.com/market-data/commodities

Wednesday, November 09, 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.

Cash Prices table with columns for Wednesday and Wednesday. Includes Energy, Metals, and Grains and Feeds.

Food and Fats and Oils table with columns for Wednesday. Includes Beef, Pork, and various oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sealand Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 11/8

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates November 9, 2022

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.

Money Rates table with columns for Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. prime rate, Discount, Federal funds, Treasury bill auction, Fannie Mae, and Secondary market.

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective November 3, 2022. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective November 3, 2022. Secured Overnight Financing Rate is as of November 8, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended November 4. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels and Imports, 000s barrels per day table with columns for Current, Expected change, Previous week, Year ago, 4-week avg, and 5-year avg.

Weekly Demand, 000s barrels per day table with columns for Current, Expected change, Previous week, Year ago, 4-week avg, and 5-year avg.

Natural gas storage table with columns for Current, Expected change, Previous week, Year ago, 4-week avg, and 5-year avg. Includes a line chart showing five-year average for each week.

Weekly Demand, 000s barrels per day table with columns for Current, Expected change, Previous week, Year ago, 4-week avg, and 5-year avg.

Natural gas storage table with columns for Current, Expected change, Previous week, Year ago, 4-week avg, and 5-year avg. Includes a line chart showing five-year average for each week.

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Interest Rate Futures

Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps, and Three-Month SOFR table with columns for Open, High, Low, Settle, Chg, and Open interest.

Source: FactSet

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond benchmarks table with columns for Broad Market, U.S. Corporate Indexes, High Yield Bonds, and Global Government. Includes sub-tables for Mortgage-Backed and U.S. Agency.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns for Coupon (%), Maturity, in years, Latest, and Yield (%). Includes sub-tables for Spread Under/Over U.S. Treasuries.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Last week.

...And spreads that widened the most

Spreads that widened table with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Last week.

High-yield issues with the biggest price increases...

High-yield issues table with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Last week.

...And with the biggest price decreases

High-yield issues table with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Last week.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

BIGGEST 1,000 STOCKS

Table with columns: Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net. Lists top 1,000 stocks by market cap.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Wednesday, November 9, 2022, Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net. Lists various stocks with their daily performance.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table with columns: EFT, Symbol, Price, YTD, EFT, Symbol, Price, YTD. Lists various exchange-traded funds and their performance.

IPO Scorecard

Table with columns: Company, Symbol, Offer Price, % Chg From IPO date, Offer Price, % Chg From IPO date. Lists IPOs and their performance.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston) and Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Red-faced quotations highlight those issues whose price changed by 5% or more from their previous closing price.

Footnotes: *New 52-week high; *New 52-week low; *New 52-week low in the most recent four quarters; *FD-first day of trading; *H-does not meet continuing listing standards; *IF-late listing; *Temporary exemption from Nasdaq requirements; *NYSE bankrupt; *V-trading halted on primary market; *V-in bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Table with columns: Stock, 52-Wk % Chg, Stock, 52-Wk % Chg, Stock, 52-Wk % Chg, Stock, 52-Wk % Chg. Lists various stocks with their 52-week percentage change.

Dividend Changes

KEY: A: annual; M: monthly; Q: quarterly; R: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

Table with columns: Company, Symbol, Dividend, Amount, Payable/Record. Lists dividend changes for various companies.

Foreign

Table with columns: Company, Symbol, Dividend, Amount, Payable/Record. Lists foreign companies and their dividend information.

Sources: Dow Jones Market Data; FactSet

MARKETS

Hong Kong's Stock Exchange Hit Hard

Market operator has underperformed city's benchmark index and global peers this year

By Dave Sebastian

Hong Kong's stock market has performed badly this year—but its stock-exchange operator has done even worse.

The shares of Hong Kong Exchanges & Clearing Ltd. are down 43% since the start of the year, even after a rally so far in November. That is a bigger drop than that of Hong Kong's benchmark Hang Seng Index, which has fallen 30% in the year to date. It also compares poorly with its global peers—no major exchange operator has lost more value this year.

The exchange operator, known as HKEX, has fallen victim to a slump in trading activity and a sharp slowdown in new listings this year. It generated 18% less revenue and other income, equivalent to \$1.69 bil-

lion, in the first nine months of the year. By Wednesday, primary and secondary listings in Hong Kong had raised \$11.05 billion this year, down 71% from the a year earlier, according to Dealogic.

HKEX's headline average daily turnover—a measure of trading volume—fell 31% for the first nine months of the year to the equivalent of \$15.81 billion. That resulted in lower trading and clearing fees for the company, while operating expenses for the period rose 13% because of higher staff costs and professional fees. Trading fees are a key source of its revenue, dwarfing contributions from listing fees.

"HKEX has demonstrated strong resiliency in recent months, despite a challenging macro backdrop characterized by global economic fragility," a company spokesman said. "Hong Kong has not been immune to the weak global market sentiment."

HKEX has plans that could increase trading activity on its

exchange, but some analysts warn that those efforts could take time to substantially boost its share price.

The exchange has proposed a rule change that would allow more early-stage companies to list. The new rule, known as Chapter 18C, would allow companies in five categories—whose sectors include artificial intelligence, semiconductors and new green technology—that have yet to generate revenue to apply for IPOs.

The loosening of listing requirements for pre-revenue companies would help Hong Kong better compete with Shanghai's STAR Market, which launched in 2019 as a fundraising base for the country's homegrown technology champions, and promised a faster, more market-based IPO regime than China's other listing venues.

If the proposal becomes a rule in its current form, such listings would likely comprise less than 5% of the total market capitalization of stocks on the

exchange for the next few years, according to an estimate by Michael Zeng, an analyst covering the stock exchange at Daiwa Capital Markets. As of the end of October, shares of securities listed on the exchange were valued at HK\$26.39 trillion—equivalent to \$3.362 trillion—compared with HK\$42.13 trillion at

capitalization requirement for companies with less than \$31.8 million in annual revenue. Some market participants say that is too high. The rule would mean a limited pool of pre-revenue companies eligible to list, they say.

"Even though we have this new chapter, that doesn't necessarily mean we'll have a lot of companies fitting into that kind of category," said Howie Farn, a partner in the global transactions group of law firm Freshfields Bruckhaus Deringer LLP. "As the HKEX targets high-quality applicants, I don't think that's a large pool."

The exchange operator has a number of other ideas, including expanding the number of Hong Kong stocks that can be traded on the Stock Connect program with mainland China, increasing the number of trading days on the stock link and opening overseas offices.

HKEX is also benefiting from more trading links with China. In July, securities regulators in Hong Kong and mainland China

approved the inclusion of dozens of exchange-traded funds in the Stock Connect, providing another way for international investors to bet on China's stock market. There is also a proposal to include foreign companies listed in Hong Kong in the Stock Connect.

But a major factor will be the performance of the shares listed on the exchange. The price movement of those shares correlates with HKEX's own stock performance, Mr. Zeng said. When Hong Kong-listed stocks perform well, trading volume on the exchange usually increases. Investors then expect HKEX's revenue to benefit, sending its shares higher, he said.

"The Hong Kong exchange is viewed as a proxy of the Hong Kong equity markets," he said.

There are signs the market is starting to turn. So far this month, Hong Kong's benchmark Hang Seng Index has jumped around 11%. Hong Kong Exchanges & Clearing has risen 24% over the same period.

Indexes Move Lower

Continued from page B1

the crypto world weighed on investor sentiment broadly.

A deal by crypto exchange Binance to save rival FTX crumbled in the final hour of the session, sending shock waves across more growth-oriented areas of the market. Just a day earlier, FTX succumbed to a sudden liquidity crunch and agreed to be taken over by Binance. But by Wednesday afternoon, Binance said it would walk away from the deal because FTX's "issues are beyond our control or ability to help."

The FTX news "could certainly be impacting risk appetite" among investors, said Ross Mayfield, investment

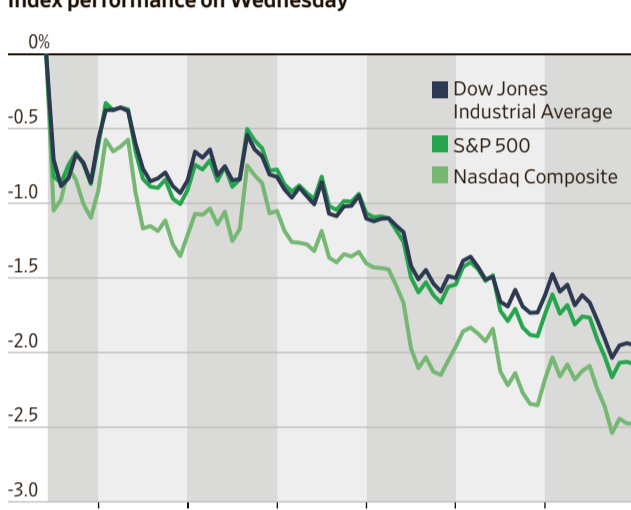
strategy analyst at Baird. "It keeps investors on edge of what else could be lurking out there" as the Federal Reserve's monetary tightening tests liquidity across markets.

Bitcoin fell to its lowest level since November 2020, dropping to \$15,787.53 by 5 p.m. in New York, roughly 16% lower than 24 hours prior. Ethereum sank 17%. Meanwhile, FTX's FTT token continued to tumble, losing 58% in the past 24 hours, CoinDesk data show.

Stocks tend to advance after midterm elections. The S&P 500 has risen in the trading session following Election Day roughly three-quarters of the time since 1930, with an average gain of 0.4%, according to Dow Jones Market Data. The broad benchmark has moved higher in the one-year period following every midterm election since 1942.

Even so, many still say their focus is largely elsewhere this year as the Fed raises interest rates aggressively to tamp

Index performance on Wednesday



Source: FactSet

down persistent inflation.

"At the end of the day, it's still all about the Fed," said Leslie Thompson, chief investment officer at Spectrum Wealth Management. Ms. Thompson said her firm is po-

sitioned defensively and holding more cash than usual while it monitors the Fed's monetary-policy trajectory.

Thursday will bring new inflation data from October, which is expected to factor

heavily into the Fed's next interest-rate decision. Economists expect that consumer prices rose 7.9% annually, down from 8.2% the previous month. Federal-funds futures showed a 57% chance the Fed will raise rates by 0.5 percentage point, versus a 43% chance that it will lift rates by 0.75 percentage point.

In bond markets, the yield on the benchmark 10-year Treasury note edged slightly higher to 4.149% from 4.125% Tuesday. Meanwhile, another closely watched recession indicator, the yield curve between three-month Treasury bills and the 10-year note, remained inverted. Fed researchers have said this metric has the best record of front-running an economic downturn.

In energy markets, Brent crude, the international benchmark for oil prices, slid 2.8% to \$92.65 a barrel, extending its losses into a third day. Energy stocks were the worst-performing sector of the S&P 500,

down 4.9%.

The Stoxx Europe 600 fell 0.3%. Early Thursday, Japan's Nikkei 225 was down 1.2%, Hong Kong's Hang Seng Index was down 2.1% and South Korea's Kospi was down 0.6%. S&P 500 futures rose 0.1%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS

Table with 2 columns: Bid Type and Amount. Applications: \$107,172,366,800; Accepted bids: \$34,113,176,800; * noncompetitively: \$381,664,100; * foreign noncompetitively: \$17,000,000; Auction price (rate): 98.578611 (4.300%); Coupon equivalent: 4.42%; Bids at clearing yield accepted: 29.07%; Cusip number: 912796269. The bills, dated Nov. 15, 2022, mature on March 14, 2023.

10-YEAR NOTES

Table with 2 columns: Bid Type and Amount. Applications: \$90,459,381,400; Accepted bids: \$47,273,701,400; * noncompetitively: \$120,900,800; * foreign noncompetitively: \$0; Auction price (rate): 99.878189 (4.140%); Interest rate: 4.125%; Bids at clearing yield accepted: 32.29%; Cusip number: 91282CFV8. The notes, dated Nov. 15, 2022, mature on Nov. 15, 2032.

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