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What's News

Business & Finance

Tesla cut its full-year growth expectations as it adjusts vehicle shipping patterns, but Musk brushed off worries about weakening demand amid recession fears. The company reported near-record quarterly profit. **A1**

◆ **Federal officials** working on the government response to Covid-19 made well-timed financial trades when the pandemic began, a Wall Street Journal investigation found. **A1**

◆ **An appeals court found** the CFPB is funded through an unconstitutional method, a ruling that threw out its regulation on payday lenders and struck a blow against how the agency operates. **A2**

◆ **Board members** at Udem, SolarWinds and three other public companies resigned in recent weeks because they simultaneously served as directors of competing firms, the Justice Department said. **A5**

◆ **Major U.S. stock indexes** ended lower, with the S&P 500, Nasdaq and Dow industrials retreating 0.7%, 0.9% and 0.3%, respectively. **B11**

◆ **P&G said** the stronger dollar erased most of its sales gains for the latest quarter and is on track to lead the company to its first annual sales decline in half a decade. **B1**

◆ **Philip Morris plans** to raise its offer for Swedish Match and has agreed to pay \$2.7 billion to regain the U.S. rights for its IQOS heated tobacco products from Altria. **B3**

◆ **Spirit shareholders** voted to approve the airline's merger with JetBlue, a step toward creating the fifth-largest U.S. airline. **B3**

World-Wide

◆ **Russian-backed** authorities began moving Ukrainian civilians out of the captured city of Kherson and Moscow declared martial law in occupied regions of Ukraine, as the Kremlin seeks to strengthen its hold on territories where Kyiv has regained ground. **A1**

◆ **Britain's political turmoil** deepened as Truss fought to stay in power despite a high-level cabinet resignation and a growing rebellion by lawmakers who want to oust her but aren't exactly sure who would replace her or when. **A6**

◆ **A federal judge said** Trump knowingly made false claims of election fraud in court, in a ruling that required former Trump attorney John Eastman to turn over certain communications to the Jan. 6 panel. **A4**

◆ **Biden said** he would continue tapping emergency oil reserves to blunt new shocks to global oil markets, as oil-industry groups contended his policies would only worsen shortages. **A4**

◆ **Macron's government** invoked rarely used powers to override France's National Assembly on a crucial budget vote, placing its pro-business agenda on a collision course with parliament. **A6**

◆ **Health experts** advising the FDA recommended that the agency pull from the market a Covis Pharma drug used to prevent preterm births after it failed a trial to confirm its benefit. **A3**

◆ **Flooding across Nigeria** has hobbled gas production and decimated thousands of square kilometers of farmland, the government said. **A7**

| | | | |
|----------------------|-----|------------------|--------|
| CONTENTS | | Opinion..... | A15-17 |
| Arts in Review.... | A13 | Personal Journal | A11-12 |
| Business News..... | B3 | Sports..... | A14 |
| Crossword..... | A14 | Technology..... | B4-6 |
| Equities..... | B7 | U.S. News..... | A2-5 |
| Heard on Street..... | B12 | Weather..... | A14 |
| Markets..... | B11 | World News..... | A6-9 |



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States Test Voting Machines as Midterm Elections Near



JOE RAEDLE/GETTY IMAGES

ON THE BALLOT: An official in Miami on Wednesday examines voting equipment that will be used in the Nov. 8 general election. Republicans have gained momentum and are forecast to retake control of the House. **A4**

Putin Declares Martial Law In Occupied Areas of Ukraine

DNIPRO, Ukraine—Russian-backed authorities began moving Ukrainian civilians out of the captured city of Kherson

By Ian Lovett, Jared Malsin and Ann M. Simmons

on Wednesday and Moscow declared martial law in occupied regions of Ukraine, as the Kremlin sought to strengthen its hold on territories where

Kyiv has regained ground.

Russian state media broadcast images of civilians lining up to board ferry boats to take them to the east bank of the Dnipro River, farther away from Ukrainian forces closing in on Kherson, on the west bank.

Russian-installed officials in the city sent text messages to residents on Wednesday, each with the same wording in Russian: “Dear residents! Evacuate immediately.”

President Vladimir Putin of Russia told his security council on Wednesday that he was imposing martial law on the four regions of Ukraine that Russia claimed to have absorbed last month. Starting Thursday, authorities in the partially occupied Ukrainian territories of Donetsk, Luhansk, Zaporizhzhia and Kherson, where the city of Kherson is located, will get expanded powers of detention, resettlement and intern-

ment, Mr. Putin said.

In his nightly address Wednesday, Ukrainian President Volodymyr Zelensky warned that “in the near future, the occupiers will try to recruit men into their army.” He added, “Everywhere is the same as in Donetsk and Luhansk. Please avoid it as much as you can. Try to leave the occupied territory.”

The moves by Mr. Putin Please turn to page A7

Tesla Reduces Forecast For Sales Growth

Electric-car maker's profit approaches record, but it misses revenue expectations

By REBECCA ELLIOTT

Tesla Inc. cut its full-year growth expectations as it adjusts vehicle shipping patterns, but Chief Executive Elon Musk brushed off worries about weakening demand amid recession fears.

The company expects to “sell every car that we make for as far into the future as we can see,” Mr. Musk said as Tesla reported near-record quarterly profit.

Strong vehicle pricing helped Tesla generate nearly \$3.3 billion in quarterly profit for the three months ended in September, ahead of expectations of analysts surveyed by FactSet. That is just shy of the company's record quarterly profit of more than \$3.3 billion, set in the first quarter.

Tesla, after the market's close on Wednesday, posted quarterly revenue of \$21.5 billion, its highest ever, up from around \$13.8 billion in last year's third quarter and short of Wall Street expectations. The company said its results were affected by the strong dollar, higher raw materials and logistics costs, and inefficiencies associated with get-

Please turn to page A4

Officials Bet Well On Stocks As Covid Emerged

Federal officials working on the government response to Covid-19 made well-timed financial trades when the pandemic began—both as the markets plunged and as they rallied—a Wall Street Journal

By Rebecca Ballhaus, Joe Palazzolo, Brody Mullins, Chad Day and John West

investigation found.

In January 2020, the U.S. public was largely unaware of the threat posed by the virus spreading in China, but health officials were on high alert and girding for a crisis.

A deputy to top health official Anthony Fauci reported 10 sales of mutual funds and stocks totaling between \$157,000 and \$480,000 that month. Collectively, officials at another health agency, Health and Human Services, reported 60% more sales of stocks and funds in January than the average over the previous 12 months, driven by a handful of particularly active traders.

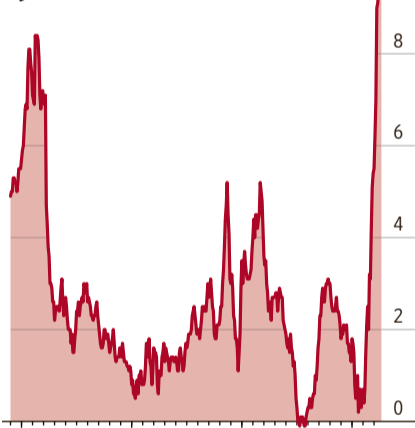
By March, agencies across the government were working on wide-reaching measures to prop the economy and markets. Then-Transportation Secretary Elaine Chao purchased more than \$600,000 in two stock funds while her agency was involved in the pandemic response and her husband, Republican Sen. Mitch McConnell, was leading negotiations over a giant, market-boosting stimulus bill.

And as the government was devising a loan package aimed specifically at helping companies including Boeing Co. and General Electric Co., a Treasury Department official involved in administering the aid acquired shares of both companies.

Federal officials owned mil-

Please turn to page A10

U.K. consumer-price index, change from a year earlier



Source: Office for National Statistics

Inflation Climbs To 10.1% In U.K.

The annual rate of inflation in the U.K. returned to double digits in September, above the 9.9% inflation recorded in August, cementing expectations of another increase in the Bank of England's key interest rate early next month. **A6**

Xi Pushes State Deeper Into Daily Life

Tracking in China grows during pandemic

By BRIAN SPEGELE

SHANGHAI—In many parts of Xi Jinping's China, state surveillance and Covid-19 controls begin the moment you step out the door in the morning.

The day might start with a government-mandated Covid test from workers in white hazmat suits. Without proof of a negative result, public spaces are off limits,

including office buildings, grocery stores and parks.

Surveillance cameras keep watch over the city streets. In a cab on the way to work, the driver requires you to scan a QR code for a government database tracking people's movements. Scan again when stopping by Starbucks

Please turn to page A8

◆ Greg Ip: In economic race, U.S. benefits from Xi's rule..... **A2**

Cockatoos Are Getting Smarter. Should Humans Be Worried?

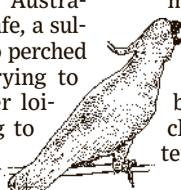
In Australia, birds that learned how to ransack garbage bins are teaching others

By MIKE CHERNEY

STANWELL PARK, Australia—Outside a local cafe, a sulphur-crested cockatoo perched on a garbage bin, trying to open the lid. Another loitered nearby, waiting to see if its companion found tasty morsels in the trash. The birds, a type

of parrot that is native to Australia, were acting out a common scene in this beachside suburb. There was a lock on the bin, but it seemed either broken or not properly closed. Coffee cups littered the street.

“It is chaos every Tuesday morning,” said Please turn to page A5



Brainy bird

Individual Investors Place Fewer Trades As Market Swoons

By PETER RUDEGEAIR AND GUNJAN BANERJI

The pandemic day-trading boom has gone bust.

A swooning stock market and high inflation have sapped individual investors' enthusiasm for buying and selling stocks. That was on display in earnings reports and financial disclosures from some of the biggest retail brokerages in recent weeks.

The average daily number of retail trades handled by Charles Schwab Corp. fell to 5.52 million in the third quarter, the lowest level since it acquired TD Ameritrade Holding Corp. in late 2020.

At Morgan Stanley, retail traders placed an average of 805,000 trades a day in the third quarter. That was down

16% from a year earlier and the lowest level since the investment bank bought E*Trade Financial Corp. in late 2020.

Those activity levels are well off highs notched at the zenith of the meme-stock era, when individual investors drove rallies in the share prices of companies including GameStop Corp.

In the first quarter of 2021, Schwab reported 8.41 million daily average trades, while Morgan Stanley reported 1.62 million.

U.S. stock indexes are down sharply this year. They declined again Wednesday, snapping a two-day winning streak.

Please turn to page A2

◆ Some Americans just won't play the stock market..... **B1**

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| 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)

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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.

U.S. NEWS

College Enrollment Fell Again This Fall

By Douglas Belkin

College enrollment dropped for the third consecutive school year after the start of the pandemic, dashing universities’ hopes that a post-Covid rebound was at hand.

The rate of the decline in the fall has slowed, with college enrollment dropping 1.1% since last fall. Over the first two years of the Covid-19 pandemic, enrollment declined about 6.5%, according to the National Student Clearinghouse, a nonprofit that is releasing a report Thursday.

About 1.5 million fewer students are enrolled in college than before the pandemic, according to the nonprofit.

“I certainly wouldn’t call this a recovery,” said Doug Shapiro, executive director of the research center at the National Student Clearinghouse. “After two straight years of historically large losses in student enrollment it’s particularly troubling that the numbers have not climbed back at this point, especially among freshmen.”

Online schools and historically Black colleges and universities were among the few categories of schools to enroll more students in the fall, data show.

University enrollment was sinking for a decade before the pandemic and this year’s rate marks a return to that earlier, slower pace of decline. Factors contributing to enrollment’s long-term slide include concerns about student debt and the rise of alternative credentials.

At online schools, where students take classes remotely, enrollment grew 3.2% from last fall, according to Clearinghouse. For students age 18-20, enrollment grew 23.4% over two years since Fall 2020.

Scott Pulsipher, president of Western Governors University, which enrolled about 200,000 students online last year, said the number of 18 to 24-year-olds jumped to 11% of the student body from 6% five years ago.

Ryan Weger, 20 years old, was among the high-school students who enrolled at WGU during the pandemic. He earned a degree in a little less than a year for about \$7,000 and now earns \$65,000 a year as a data-center tech at Amazon in Northern Virginia. He also earned seven tech credentials while getting his degree.

“When I was considering going to WGU in high school the one con was that I wouldn’t get the campus experience,” Mr. Weger said. “But when I visit my friends in college I don’t feel like I really missed out on that much.”

FDA Advised to Remove Premature-Birth Drug

By Liz Essley Whyte

Health experts advising the Food and Drug Administration recommended the agency pull from the market a drug used to prevent preterm births.

The advisers voted 14-1 that the FDA should remove Covis Pharma Group’s Makena from the market, after the drug failed a trial to confirm its benefit.

The FDA doesn’t have to follow the recommendations of its advisers, but it often does. The agency, which has been trying for years to get Makena withdrawn, is expected to order its removal within months.

“It seems clear to me that efficacy was not demonstrated,” said advisory panel member Susan Ellenberg, a professor emerita of biostatistics, medical ethics and health policy at the University of Pennsylvania who voted for withdrawal. “I think we’re basically back to square zero.”

The company, however, believes in the data behind the

drug, according to Francesco Tallarico, general counsel and head of government affairs for Covis. Still, he said that he couldn’t promise the company would pay for another study to prove the treatment’s effectiveness. “At this time I can’t rule anything out, and we’re going to have to explore all of our options available to us.”

The agency approved Makena in 2011 to treat women at risk of giving birth prior to 37 weeks’ gestation, three or more weeks before full term, because they had done so previously. Makena is a weekly injection of a synthetic version of the hormone progesterone. Premature births can mean severe health problems for newborns.

The FDA greenlighted the drug using an accelerated process that required its manufacturer to confirm the drug’s benefit with further study. In 2019, however, Makena failed to work in the follow-up trial.

Obstetricians and other reproductive-health experts serving on the FDA’s Obstetrics,

Reproductive and Urologic Advisory Committee first voted against the drug in 2019. Covis appealed the decision based on new analyses of its data, and the FDA granted the company another hearing.

At the latest panel meeting, Covis argued its drug might be most helpful to Black women, who are at higher risk for preterm birth. Those women weren’t well-represented in the follow-up study that the drug failed, the company said.

Medicaid spent nearly \$700 million on Makena between 2018 and 2021, the Department of Health and Human Services’ inspector general said last month. Covis said a Makena injection costs \$300 on average for commercial and government payers.

Covis, owned by Apollo Global Management Inc., asked that Makena be allowed to remain approved for high-risk patients while it conducts another randomized, controlled study, which it estimated would take four to six years.



A Novavax Covid-19 vaccine was prepared at a pharmacy in Schwenksville, Pa., this summer.

Novavax Covid Booster Shot Authorized for Use by Adults

By Liz Essley Whyte

The Food and Drug Administration granted emergency authorization to Novavax Inc.’s Covid-19 shot as a booster for adults.

The shot targets the original strain of the virus, whereas the updated booster shots from Moderna Inc. and Pfizer Inc. and its partner BioNTech SE, authorized in August by the FDA, target both the original strain and newer Omicron strains. The Novavax shot also uses a protein platform, whereas the other two companies’ boosters use messenger RNA, a newer technology.

The Novavax booster was authorized on Wednesday for adults who received a primary series of vaccines at least six months prior and who don’t want or can’t access or might have medical reasons to avoid the dual-target booster shots from Pfizer or Moderna.

Centers for Disease Control and Prevention Director Rochelle Walensky then signed off on the Novavax shot, the last step before the booster is available to patients.

“According to CDC data, almost 50% of adults who received their primary series have yet to receive their first booster dose,” said Stanley Erck, Novavax’s president. “Of-

fering another vaccine choice may help increase Covid-19 booster vaccination rates for these adults.”

The FDA’s decision was based on clinical trial data showing that Novavax’s booster increased antibodies both in patients who earlier received Novavax primary shots or who received messenger RNA shots.

Novavax recommended patients use vaccines.gov to find available doses of its shots.

The shot was already authorized as a booster in the European Union, Japan, Australia, New Zealand, Switzerland and Israel, the company said.

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U.S. NEWS

GOP Midterm Prospects Brighten in Closing Weeks

Ad spending, voter anxiety on economy tilt voters' mood back in favor of Republicans

By Aaron Zitner

WASHINGTON—Infusions of ad spending for GOP candidates and persistent voter anxiety over high inflation have brought new momentum to the Republican Party in House and Senate races, analysts say, just as early voting has begun for the midterm elections in many states.

A Democratic lead of about 2 percentage points on the generic ballot—the question of whether voters plan to back a Democrat or Republican for Congress—has been cut by more than half since late September, the FiveThirtyEight average of polling results finds. Democratic leads in many Senate races have declined, according to aggregated polls, and Democrats trail in surveys in Wisconsin and Nevada, where they were once ahead.

A surge of good news for Democrats in the summer and early fall, as well as a burst of Democratic engagement in the election after the Supreme Court ended federal abortion rights in June, appears to have given way to the factors that traditionally weigh on the president's party in a midterm election, as many voters tend to sour on the party in power and those backing the party that lost the White House are most eager to vote again.

The bottom line, analysts from both parties say, is Republicans are increasingly likely to gain well over the net five seats needed to retake the majority in the House, while control of the 50-50 Senate could still fall to either party.

“Throughout the summer, there had been quite a few advantages for Democrats, with the dramatic intervention of the abortion decision. It energized younger voters, women and Democrats,” said Democratic pollster Celinda Lake.



A woman took part in early voting this week in Columbus, Ga.

Now, she said, “you do see some settling down into traditional patterns of off-year elections.”

“Dobbs changed the election and put Democrats back into contention—that’s true,” said Republican pollster Bill McInturff, referring to the high court’s abortion ruling. But about 70% of voters say the country is headed in the wrong direction, he added.

Even as many voters remained concerned about abortion, President Biden is drawing low job-approval ratings, and worries about inflation and the economy remain high.

“There has never been a time when an incumbent party is going to thrive with that set of factors,” Mr. McInturff said.

Since World War II, a president’s party has lost House seats in every midterm election except two. In midterms from 1962 through 2018, presidents with job-approval ratings under 50% have lost 39 House seats on average, Mr. McInturff finds, using Gallup data that excludes the Watergate year of 1974. Mr.

Biden’s approval rating has been in the low-to mid-40% range in aggregated polls.

Democrats faced a difficult environment heading into midterms. But in August, Democrats navigated a major bill into law that aims to invest in clean energy and reduce healthcare costs. Wariness of new state abortion regulations was credited with helping Democrats win a toss-up special election for a House seat from New York. Analysts said the Supreme Court abortion ruling drove up voter registration in many states among women, who as a group lean Democratic.

Now, said Nathan Gonzales, editor of the nonpartisan newsletter Inside Elections, “Democratic momentum has stalled. The optimism coming out of the special election wins has waned a little bit.” But at the same time, he said, “we haven’t seen a dramatic shift toward Republicans.”

Senate races show two candidates separated by 3 percentage points or less in polling ag-

gregates in four states: Ohio, Nevada, Wisconsin and North Carolina. A poll released Tuesday in a fifth state, Pennsylvania, finds Democrat John Fetterman, the lieutenant governor, with a 2-point lead over Mehmet Oz, the celebrity doctor. Mr. Fetterman had led by 6 points in a June survey by the same pollsters.

Many analysts had expected Senate races to tighten as Republicans emerged from contentious primary elections, while their allies began spending on TV ads intended to tarnish their Democratic opponents. In Pennsylvania, Mr. Oz and his allies had been outspent 3-to-2 by their Democratic opponents during July and August, according to AdImpact. Since then, the two sides have been closer to parity.

Some analysts say that the voting decisions of independents is a top concern. “A quarter to a third of independents are still undecided, and they moved slightly from leaning slightly Democratic to slightly Republican,” said Ms. Lake.

Biden Plans to Keep Tapping Oil Reserves

By Timothy Puko

WASHINGTON—President Biden said Wednesday he will continue tapping emergency oil reserves to blunt new shocks to global oil markets, as oil industry groups contended that Mr. Biden’s policies will only worsen shortages.

In a speech from the White House, Mr. Biden confirmed he has already decided to have the Energy Department go ahead with sales of the last roughly 15 million of 180 million barrels from the U.S. Strategic Petroleum Reserve he had authorized for sale back in March. The sales will happen in December, Mr. Biden said.

He said he is also willing to authorize more sales from the reserve after that if needed. Mr. Biden said he tasked his energy officials to be ready for quick decisions if there are disruptions in supply.

“With my announcement today, we’re going to continue to stabilize markets and decrease the prices, at a time when the actions of other countries have caused such volatility,” Mr. Biden said. “We’re calling it a ready-and-release plan. This allows us to move quickly to prevent oil-price spikes and respond to international events.”

Oil industry groups are challenging Mr. Biden’s plan, blaming it for tepid production growth in recent months. The industry critics said drawing down reserves artificially lowers prices in the short term, dissuading investment in new oil production. They said the president is doing only what is politically expedient, instead of adopting policies that would lead to long-term investment and production growth.

In response to a reporter’s question, Mr. Biden said his only motivation is to ensure there is enough oil supply to meet the country’s demand for gasoline. “It’s not politically motivated at all,” he said.

Inflation, fed by high energy prices, has become a key driver of voter skepticism over Democrats, threatening to push Mr. Biden’s party out of power in Congress after the

Nov. 8 midterm elections.

“The Strategic Petroleum Reserve (SPR) is meant to protect consumers against emergency supply disruptions, not politicians during an election year,” Jeff Eshelman, president of the Independent Petroleum Association of America, said in a statement. Mr. Eshelman, whose group represents thousands of typically smaller and midsize exploration and production companies, said the SPR release is a “short-term fix for prices at best.”

Mr. Biden pointed to record profits and high margins in the industry, saying oil companies should be passing more of that money on to consumers through lower prices. He said if retailers and refiners were making historically normal margins, retail gasoline prices would be 60 cents a gallon lower, and he challenged the industry to lower pump prices by the same rate at which crude futures have fallen.

Since Russia invaded Ukraine, Washington and European allies have been struggling to deal with the world’s reliance on Russia as an energy exporter. They have made several attempts to strike at Russia’s ability to make money from its exports without risking supply shortages. While their moves have often calmed markets, consumers around the globe face soaring bills.

Mr. Biden has homed in on sales from the U.S. Strategic Petroleum Reserve. Analysts have said it has helped tamp down prices, with U.S. crude futures falling roughly 20% since he announced big releases in March. Retail gasoline prices that hit records in May also followed, falling sharply and almost uninterrupted in the months since.

But gasoline and diesel retail prices have ticked up again in recent weeks, and industry lobbyists say those are signs of potential trouble for consumers. While U.S. officials had intended their reserve releases to be a stopgap until producers ramped up, now seven months later data shows growing production is weaker than expected.



President Biden confirmed the U.S. will sell the last roughly 15 million of 180 million barrels he had authorized for sale in March.

Trump Made False Legal Claims, Judge Says

By James Fanelli

A federal judge on Wednesday said former President Donald Trump knowingly made false claims of election fraud in court, in a ruling that required former Trump attorney John Eastman to turn over certain communications to the House committee investigating the 2021 attack on the Capitol.

Mr. Eastman, a former law

school dean at Chapman University who had advanced fringe legal theories to challenge the certification of the 2020 presidential-election results, filed a lawsuit last year seeking to stop the school from complying with a subpoena to hand over his emails and records to the Jan. 6 committee. He said the communications were protected by attorney-client privilege.

In Wednesday’s ruling, U.S.

District Judge David Carter in California said that eight of the more than 500 communications and records he reviewed weren’t protected, because they appeared to be in furtherance of a crime.

“The emails show that President Trump knew that the specific numbers of voter fraud were wrong but continued to tout those numbers, both in court and to the pub-

lic,” Judge Carter wrote.

Representatives for Mr. Trump didn’t respond to a request to comment. Lawyers for Mr. Eastman didn’t respond to a request to comment.

The ruling follows an earlier opinion by Judge Carter that concluded Mr. Trump and Mr. Eastman “more likely than not” committed a felony in their efforts to block the 2020 election results.

Tesla Cuts Its Forecast For Growth

Continued from Page One
ting car plants in Texas and Germany up to speed.

Tesla expects to finish the year just shy of its 2022 target of boosting vehicle deliveries by 50%, Chief Financial Officer Zach Kirkhorn said. He attributed the lower growth to changes in how the company produces and distributes cars to customers Tesla delivered about 936,000 vehicles in 2021 and would need to hand over more than 1.4 million this year to achieve the original target.

Mr. Musk characterized Tesla as “recession-resilient,” saying, “We are going pedal to the metal come rain or shine. So we are not reducing our production in any meaningful way, recession or not recession.”

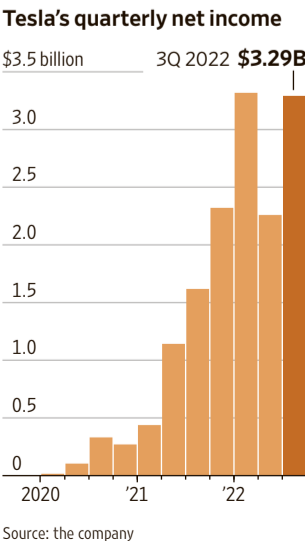
Tesla’s stock price has fallen by around 37% in 2022 through Wednesday, eclipsing the roughly 32% decline in the tech-heavy Nasdaq Composite, as the company has navigated production hiccups and ongoing supply-chain challenges. Mr. Musk’s on-again, off-again pursuit of Twitter Inc. also has weighed on the car maker’s stock. Shares were down more than 6% in after-hours trading.

Mr. Musk, Tesla’s largest

shareholder in addition to CEO, has sold more than \$15 billion of Tesla stock this year, indicating that at least some of the proceeds would be used to finance his \$44 billion deal for Twitter. Some investors have worried that he might need to sell more to close the transaction. Mr. Musk has said after recent sales that he didn’t intend to sell more Tesla stock.

Mr. Musk said Wednesday that he’s excited about “the Twitter situation,” even as he acknowledged he and other investors would be overpaying for the social-media company right now. “The long-term potential for Twitter in my view is an order of magnitude greater than its current value,” he said.

The billionaire said the company’s board has been kicking around the idea of re-



purchasing shares of Tesla stock and that it is likely the company will pursue a “meaningful buyback.” He tossed out the idea of a buyback of around \$5 billion to \$10 billion in 2023.

In a move seemingly aimed at appealing to investors, Mr. Musk described a future in which Tesla would overtake Apple Inc. as the U.S.’s largest company and enjoy a market valuation larger than Apple and oil giant Saudi Aramco combined.

Tesla has repeatedly raised prices for its vehicles as parts have become more expensive and new cars difficult to come by due to supply-chain bottlenecks. Tesla cars sold for an average of around \$57,000 in the third quarter, up from about \$49,000 a year earlier, analysts surveyed by FactSet estimated, lifting the company’s bottom line and mitigating the lower-than-expected deliveries of the past three months in the third quarter.

Tesla said changes to its production and distribution practices that are expected to help reduce vehicle costs led to more cars being in transit at the end of the quarter.

Still, the deliveries result, paired with declining wait times for new vehicles and global economic turmoil, has sparked concern about whether demand for Teslas might be weakening.

“We could be seeing the early signs of a demand issue but monthly registrations and 4Q results will need to be

monitored to better assess the situation,” Cowen analysts wrote in a recent note to investors, expressing concern in particular about consumer appetite in China.

Customers in China ordering a new Model 3 in September could expect to wait about four or five weeks to receive their car, down from around 18 weeks in July, according to Bernstein Research. Wait times also have declined for Tesla’s most popular models in the U.S.

Mr. Musk said in July he

\$21.5B

Tesla’s revenue for the quarter, its highest yet

hoped Tesla would be able to lower vehicle prices.

Tesla plans to deliver its first electric semitrailer trucks in December, three years later than initially planned, to food and beverage maker PepsiCo Inc. If the company meets its latest timeline, the truck, produced in Nevada, would be the first new model Tesla is putting in customer hands since it rolled out the Model Y compact sport-utility vehicle in early 2020. Mr. Musk said Tesla aims to produce 50,000 large trucks in 2024.

Tesla reiterated plans for the long-awaited Cybertruck pickup to enter production next year.

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U.S. NEWS

Migrant Smugglers Use Apps to Recruit Drivers

Posts on social media promise quick cash for easy work without offering many details

By ALICIA A. CALDWELL

The posts appear briefly on social-media apps such as TikTok, Instagram and Snapchat promising hundreds or thousands of dollars for just a few hours of driving.

“LMK DRIVERS. We provide the car and gas money,” read one post on Snapchat collected by the sheriff’s office in Arizona’s Cochise County. “Pay: \$1500-\$2500. SWIPE UP.”

Some details that aren’t included, however, are that the publishers of the posts are migrant-smuggling operations and that the people being picked up just crossed the U.S. border illegally in the remote desert or mountains.

Such posts on social media are increasingly common, according to local and federal law-enforcement officials, as smugglers use social media to anonymously recruit Ameri-

cans to finish the last leg of a migrant’s trip into the U.S., according to court records, law-enforcement officials and defense attorneys who work on smuggling cases. The posts, which often appear only briefly, use emojis featuring dollar signs, bundles of cash and smiley faces and promise big money for easy work with little risk.

“About 90% of the...drivers that we are seeing, in post-arrest interviews, are admitting that they were recruited through social media,” said John Modlin, the top Border Patrol agent for the agency’s Tucson Sector.

Arizona Gov. Doug Ducey sent a letter in May to social-media companies including Snap Inc., TikTok and Meta Platforms Inc., which owns Instagram and Facebook, asking them to crack down on such posts.

“Kids are being lured with the promise of quick cash to aid the cartels in their smuggling operations,” the Republican wrote.

A spokeswoman for Meta, owner of Facebook, Instagram

and WhatsApp, said the company prohibits the facilitation of human smuggling and invests in technology and works with law enforcement to address the issue. A spokeswoman for Snap said the company prohibits using its platform for illegal activity and encourages users to report any they see to law enforcement.

A spokeswoman for TikTok, owned by Bytedance Ltd., said the company prohibits such posts and removes them when found, as well as banning the accounts behind them. A spokeswoman for Twitter Inc. said the use of its platform to further illegal activity is prohibited.

Getting people into the U.S. from Mexico often isn’t the end of a migrant smuggler’s job. In many cases the smuggler also agrees to drop migrants off in a major city such as Phoenix or Tucson.

Mr. Modlin said that in years past, migrant guides would accompany groups sneaking over the border before they were picked up by drivers, who were typically part of the larger criminal or-



Customs and Border Patrol agents monitored the U.S.-Mexico border in Sasabe, Ariz., in August.

ganizations working in Mexico.

However, such work presents the risk of being caught and facing charges in the U.S. Drivers recruited through social media don’t know whom they are working for and can’t provide information on the smuggling groups if they are arrested. In addition, some are under 18, making any legal punishment they might face lighter.

Though they aren’t told whom they are picking up, people who take the work often figure it out when they are instructed to transport people waiting alone near the border, said Alejandro Munoz, a Tucson attorney who has represented several defendants in social media-driven smuggling

cases.

“Some of the clients I’ve talked to in the past have said they were a little confused,” he said, about the nature of the work. “But it became clear soon enough.”

In Cochise County, outside Tucson, the problem has become bad enough that the sheriff in March launched a multiagency effort to address it. Between March and the end of September, law enforcement in the county disrupted 751 human-smuggling events and made 693 arrests, including 73 juveniles, said sheriff’s department spokeswoman Carol Capas.

In one instance in March, authorities found a 14-year-old boy driving a Ford pickup

truck with six migrants in the bed, according to a Facebook post from the Cochise County Sheriff’s Office detailing the incident.

Though many smuggling cases are prosecuted by federal authorities, prosecutors in Cochise County have also prosecuted drivers suspected of smuggling for crimes including reckless driving and endangerment of others.

“It is portrayed to these drivers that you have nothing to lose and everything to gain,” said Brian McIntyre, the top prosecutor in Cochise County. “But in order to make the money, you have to make it back.”

—Salvador Rodriguez contributed to this article.

U.S. WATCH



AIRBORNE: Children were sent aloft on tethered balloons on Kid’s Day at the Walla Walla Balloon Stampede in Washington state.

WASHINGTON, D.C.

Quarter to Show Face Of 1920s Star Wong

Anna May Wong, a groundbreaking 1920s movie star, will be on quarters next week, making her the first Asian-American to appear on a U.S. coin.

Ms. Wong, born Wong Liu Tsong in 1905 in Los Angeles, was Hollywood’s first Chinese-American movie star.

The coin’s tail side features a close-up of Ms. Wong’s face, her chin resting on her hand. The coin’s other side looks like a typical quarter with a profile of George Washington. The coin is the fifth in a series of quarters honoring American women who made their mark in the arts, sciences and other fields.

—Joseph Pisani

U.S.

Most Priests Fear Being Falsely Accused

Eighty-two percent of Catholic priests in the U.S. fear being falsely accused of sex abuse, according to a study released Wednesday by researchers at the Catholic University of America.

The survey, which the university says is the largest of its kind in more than 50 years, also found that only 51% of diocesan priests in the U.S. think their bishops would support them if they were falsely accused of abuse, and only 36% think their diocese would provide them with sufficient resources to defend themselves in court.

Only 24% of all U.S. priests surveyed expressed confidence in the decision-making and lead-

ership of the U.S. bishops in general.

“Many priests fear that in the present climate, it has become all too easy to falsely accuse priests of abuse. A single allegation, even if proven false, can destroy a priest’s reputation permanently,” said a summary report of the study released by the Washington, D.C., university.

Bishop James F. Checchio of Metuchen, N.J., chairman of the bishops conference’s Committee on Clergy, Consecrated Life and Vocations, said the study underscored “the importance of being always attentive to the care of our priests with the ever-growing stressors they experience in ministry, while we strive to address any issues that have damaged the unique relationship we enjoy.”

—Francis X. Rocca

NEW YORK

Migrants’ Shelter on Randall’s Island Opens

A complex of giant tents built on Randall’s Island opened Wednesday as New York City’s latest temporary shelter for an influx of migrants being bused into the city by southern border states.

The humanitarian relief center is as a temporary way station for single, adult men—many from Venezuela—who have been arriving several times a week on buses chartered predominantly from Texas.

The city plans to bring the migrants to the facility after they come into the main Manhattan bus terminal and house them there for a period of days while determining next steps.

—Associated Press

Directors at Rival Firms Quit Amid DOJ Enforcement

By DAVE MICHAELS

WASHINGTON—Board members at **Udemy Inc.**, **SolarWinds Corp.** and three other public companies resigned in recent weeks because they simultaneously served as directors of competing companies, the Justice Department said.

The moves came after DOJ officials signaled earlier this year that they would enforce a law that bars people from serving on the boards of rival companies, an arrangement that could lead to illicit collusion. The Justice Department is reviewing whether other directors and companies have violated the law, senior officials said.

“Competitors sharing officers or directors further concentrates power and creates the opportunity to exchange competitively sensitive information and facilitate coordination—all to the detriment of the economy and the American public,” Assistant Attorney General Jonathan Kanter said.

Securities filings show that Udemy director Lawrence Illg, **Definitive Healthcare** director D. Randall Winn and CTS Corp. board member Gordon Hunter all resigned their roles in September. **Redwire Corp.** director Joanne Isham left that company’s board this month.

Mr. Illg has also served on the board of Skillsoft Corp., according to securities filings. Mr. Winn is a director at **ZoomInfo Technologies Inc.**, SEC filings show. Mr. Hunter is chairman and former chief executive officer of Littelfuse Inc., according to filings. Ms. Isham is a board member at Maxar Technologies Inc., filings show.

A Udemy spokeswoman said Mr. Illg stepped down as a result of the DOJ’s concerns but there was no finding that the company violated any law. “We believe that we have resolved any concerns that the DOJ may have had regarding Larry sitting on both the Udemy and Skillsoft board of directors,” the spokeswoman said.

Three directors of SolarWinds resigned in response to the DOJ’s concerns about board overlaps, the Justice Department said. The three former board members all represented the interests of private-equity firm **Thoma Bravo LP**, the DOJ said. Investment funds managed by Thoma Bravo own 31% of SolarWinds’ shares outstanding, according to SEC filings.

Seth Boro has been a director at SolarWinds and is a managing partner at Thoma Bravo, according to SolarWinds’s most recent annual proxy statement. Mr. Boro is also a director of Dynatrace Inc., according to securities filings. James Lines and Michael Hoffmann also work at Thoma Bravo and have served on SolarWinds’s board, the proxy says. SolarWinds is a network-management company that says its competitors include Dynatrace.

A SolarWinds spokesman declined to comment. The company confirmed in a securities filing Wednesday that Messrs. Boro, Hoffmann and Lines had resigned from the SolarWinds board after receiving a letter from DOJ officials saying their service violated the antitrust laws. Representatives for Definitive Healthcare, CTS and Redwire didn’t respond to requests seeking comment.

FROM PAGE ONE

Cockatoos Are Getting Smarter

Continued from Page One

Grant Drinkwater, 61, who has experimented with various devices to stop cockatoos from getting into his bins, which are collected that day each week. “Some people put bricks on top of their bins, but the cockatoos just push them off with their nose.”

This otherwise idyllic coastal neighborhood is Ground Zero for what scientists call a potential “innovation arms race” between humans and cockatoos battling for control of the area’s garbage bins. As the cockatoos figure out ways into people’s bins, the humans respond with evermore elaborate devices to

protect their garbage.

Trashy encounters between man and beast aren’t uncommon, as any suburban resident who has tried to keep raccoons out of the rubbish can attest. But in Australia, the age-old tension has reached wild heights.

The unusual bird bin-opening, a behavior that scientists believe developed only in recent years, is now the subject of rigorous academic study. Researchers say it’s a unique opportunity to investigate how two species can learn—that is, cockatoos teaching others how to get into bins or people swapping bin-protection methods with their neighbors—to quickly adapt to what the other is doing.

Many days, the cockatoos seem to be winning.

Mr. Drinkwater thought he had a solution: He attached a piece of wood to the underside of his bin lid, which he figured would make it too heavy for the cockatoos to lift. It worked



Foraging for food in Australia.

until the lid snapped off during trash collection one week, when a garbage truck used a robotic arm to grab the bin and turn it upside down.

He then switched to using a brick, but the cockatoos knocked it out of the way, got into the bin and threw trash all over the street. Now, he wedges a plastic drink bottle

in the hinge of the lid, which he says prevents the birds from fully flipping it open.

To open a bin, a cockatoo generally uses its beak and foot to lift the lid, shuffle along the side of it and then flip it over. Only a small percentage of cockatoos can flip the lid, but once it’s open, other birds dive in to search for food.

In a recent study, scientists found 52 different ways that people protected their bins from cockatoos. In one case, someone tried to scare away the cockatoos with a rubber snake. Another person installed spikes to prevent the cockatoos from landing.

“I was just super excited about the variety,” said Barbara Klump, a behavioral ecologist at the Max Planck Institute of Animal Behavior in Germany, who led the research.

The researchers grouped the bin-protection devices into multiple categories based on their sophistication, and con-

firmed the birds could defeat “low efficacy” methods like a rock on top of a bin. The study, published in the scientific journal “Current Biology,” included a picture of a cockatoo pushing away a brick.

Employing what they called a “spatial network approach,” the scientists found clusters of bins with similar protection methods. They also used data from an online survey to develop a mathematical model to show how human countermeasures changed over the years.

The cockatoos are good problem solvers, said Richard Major, a bird ecologist at the Australian Museum in Sydney. They generally eat a lot of grass seeds, roots and berries, but clearly aren’t picky. Dr. Major said he’s seen a cockatoo eating a chicken drumstick, and another gorging on what looked like a whole baked fish carcass.

“They’ve actually started to work in packs,” said Edith McNally, a retired school princi-

pal, who often sees cockatoos rummaging through bins on her morning walks. “It’s like gang warfare.”

Residents say the key is to prevent the birds from flipping the lid, which allows other birds to raid the bin. But the defenses still have to allow the bin lid to open for the garbage truck. Ms. McNally, 73, tried wedging a broom handle into the lid’s hinge, but it sometimes fell into the garbage truck.

Now she uses a “cockie lock,” which she says seems to be effective. One Australian company that makes the locks, Secure-A-Lid, says it uses a “gravity-release design mechanism” that disengages the main latch when the bin is tilted by garbage collectors.

Cate Bridgeford, 22, who works at the cafe where the cockatoo was trying to open the bin, said she doesn’t get mad. “The birds, they just do what they do,” she said. “Those are our raccoons.”

WORLD NEWS

Truss’s Hold on Power Weakens

Lawmakers’ rebellion grows but without a replacement in wings; home secretary quits

By Max Colchester

LONDON—Britain’s political turmoil deepened on Wednesday as Prime Minister Liz Truss, having been forced to ditch her flagship economic policies, fought to stay in power despite a high-level cabinet resignation and a growing rebellion from lawmakers who want to oust her but aren’t sure exactly who would replace her or when.

The political strife was on display Wednesday as Ms. Truss, facing the lowest approval ratings of a British leader in decades, appeared in Parliament to apologize for her tax-cutting budget plans after they caused weeks of chaos on financial markets. But she vowed to stay in power as the country faces growing economic headwinds in the coming winter months and brewing social and political discontent.

“I am a fighter, not a quitter,” she told lawmakers, as opposition Labour Party members jeered in the debating chamber.



British Prime Minister Liz Truss reacts during questions in the House of Commons on Wednesday.

“I acted in the national interest to ensure we have economic stability,” she said, explaining her decision to drastically modify her tax-cutting and energy-subsidy policies.

In a further sign of Ms. Truss’s losing control over her cabinet, Home Secretary Suella Braverman resigned Wednesday. Ms. Braverman, who is popular with the libertarian wing of the party that faced a setback over tax-cut-

ting plans, said she quit after breaking rules by sending an official document from her personal phone to a colleague.

But in an apparent reference to Ms. Truss’s attempt to cling to power, Ms. Braverman wrote: “The business of government relies on people accepting responsibility for their mistakes. Pretending we haven’t made mistakes, carrying on as if everyone can’t see that we have made them, and hop-

ing things will magically come right is not serious politics. I have made a mistake; I accept responsibility; I resign.” Ms. Braverman added that she had concerns about the direction of the government.

Ms. Truss appointed Grant Shapps, a centrist Tory, to the Home Office role. Ms. Truss had fired Mr. Shapps from the cabinet just last month as she packed it with loyalists. Yet analysts said the move to

please centrists will likely anger some of Ms. Truss’s libertarian base who are already upset she abandoned her tax-cut plans.

Ms. Truss’s standing took another hit late Wednesday, after the government ordered that Conservative lawmakers vote in favor of a motion to allow fracking, which is banned in the U.K., on pain of being kicked out of the party. Many Tory lawmakers protested. Just before the vote, the government appeared to back down, with a minister saying members could vote how they chose. Lawmakers were left stunned by how the government handled the episode at a time when its authority was already under attack.

“It is a shambles and a disgrace,” said Charles Walker, a veteran Conservative lawmaker. “I hope all those people who put Liz Truss in No. 10 [Downing Street], I hope it was worth it...because the damage they have done to our party is extraordinary. I am livid.”

Many analysts say Ms. Truss remains in power, but not in charge—having outsourced economic policy to new Chancellor of the Exchequer Jeremy Hunt and having limited credibility with the public or her party given her low approval ratings.

Inflation In U.K. Tops 10%

By Paul Hannon

The U.K.’s annual rate of inflation returned to double digits in September, cementing expectations of another rise in the Bank of England’s key interest rate early next month even as the medium-term outlook for prices has been clouded by changes in government policy.

The sharp rise in world energy prices since Russia’s invasion of Ukraine has pushed the U.K.’s inflation rate to four-decade highs, and prompted the BOE to raise its key interest rate more aggressively than it had planned before the war.

The Office for National Statistics on Wednesday said consumer prices were 10.1% higher than a year earlier, a faster rate of inflation than the 9.9% recorded in August and back to July’s level, which was the highest in 40 years.

The BOE’s Monetary Policy Committee has indicated that it will raise its key interest rate for the eighth time in as many meetings when policy makers announce their next decision Nov. 3. The U.K.’s central bank first raised its key rate in December 2021.

“September’s consumer prices figures maintain the pressure on the MPC to hike bank rate substantially at its next meeting, despite the developing recession,” said Samuel Tombs, an economist at Pantheon Macroeconomics. “The MPC still is a long way from being able to claim victory.”

The U.K. government announced a package of tax cuts on Sept. 23 that the BOE saw as likely to lead to higher inflation than it had expected. However, the government Monday reversed most of those tax cuts, cut the period over which energy prices would be capped for all households to six months from two years, and pledged additional tax rises and spending cuts.

Macron Overrides Parliament to Pass Budget Bill

By Noemie Bissesse

French President Emmanuel Macron’s government invoked rarely used powers Wednesday to override the National Assembly on a crucial budget vote, placing its pro-business agenda on a collision course with parliament.

The Macron government’s decision to invoke Article 49 of France’s constitution allowed it to bypass parliament and pass a budget bill for 2023.

The move collided with Mr. Macron’s pledge to govern as a consensus builder after losing

his majority in June in the National Assembly, the lower house of parliament.

Lawmakers with the NUPES—the left-leaning coalition of French socialists, communists and greens—said they would retaliate with a no-confidence motion that if successful would force the government to resign. The vote is unlikely to pass; lawmakers from the conservative party Les Républicains and the far-right National Rally have said they won’t back a no-confidence vote put forward by the NUPES.

“Opposition parties have all

reaffirmed their determination to reject this text,” said Prime Minister Élisabeth Borne, speaking at the National Assembly Wednesday. “It is our responsibility to give France a budget.”

The clash is a sign of the dire straits facing Mr. Macron in his second term in office. Social unrest is rising after Russia cut the flow of natural gas to Europe, sending energy prices soaring. More than 100,000 people took to the streets across the country Tuesday to demand higher wages to cope with rising energy bills and broader infla-

tion. The use of Article 49 risks adding fuel to the fire.

“It’s like he’s doing his best to push people back to the streets,” said Sylvie Pecard, a 59-year-old nurse, who took part in protests on Tuesday.

Mr. Macron, who has often faced criticism for his top-down approach, said in June that he was ready to negotiate with other parties and find compromises on individual bills. He had some early successes. This summer, the National Assembly approved more than €40 billion (\$39 billion) in new measures to limit

inflation after winning the backing of conservative lawmakers. The National Assembly also passed a bill this fall that will allow the government to overhaul France’s unemployment benefits system.

But Mr. Macron was unable to gather support from opposition lawmakers for its 2023 budget. Les Républicains said the planned increase in public spending was irresponsible and will dangerously raise the country’s debt, while left-leaning lawmakers said it is insufficient and risks precipitating a recession in the country.

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Linda Duncombe

Executive Vice President, Chief Marketing, Digital and Product Officer, City National Bank

What are you most proud of in your current role?

I have the extraordinary privilege of overseeing an outstanding team of colleagues who live City National’s values every day. Integral to those values is our commitment to our communities. In fact, I also have the privilege of leading the bank’s philanthropy. We like to say supporting our communities is in our DNA. We’re committed to giving not just our funds, both as an organization and individually, but our time as well.

I’m incredibly proud of the way we stepped up for our communities during the pandemic. While some organizations paused their giving due to pandemic uncertainty, City National doubled down. Our charitable giving has reached historic highs over the past couple years.

What’s the biggest learning experience you’ve had?

I don’t have to have all the answers. In fact, I shouldn’t. I’m one person with one viewpoint. It’s critical to incorporate a diversity of thought and diversity of background in our decision-making to ensure we’re considering different perspectives and truly reflecting the communities we serve.

What does authentic marketing look like for you? How do you bring meaning and purpose into focus?

It starts with the client and keeping the client at the center of every decision. I think some marketers fall into the trap of being overly clever. That’s why I moved to marketing from my former career as a front line banker. The marketing I was seeing was incredibly clever but wasn’t reaching people. It has to resonate.

At City National, we’re focused on using imagery and language that serve all walks of life. We created a client advisory board to collaborate on our marketing and digital solutions with clients. We’re in constant contact to make sure what we’re saying resonates, and we never lose sight of their needs.

What was a key milestone that shaped your career path?

Fulfilling my childhood dream of moving to America was a huge milestone for me. As an 8-year-old in Australia who was devoted to *Wonder Woman* and *Charlie’s Angels*, I told my parents I would live in America one day.

Fast forward to 2014, when the company I worked for offered me

the chance to move to New York to help build a new part of the business. It was a fantastic opportunity, but I loved my job and life in Australia. My family and friends were there.

Then my brother died. It was devastating. In one of our last conversations, he reminded me of the mantra I’d committed to when our father had passed away years before — of never living by “What if?”

I realized I had to make the move. I told my mum I’d go for three years. She said, “Doesn’t matter if it’s three years or longer, you have to go. Don’t stay for me. I love you, so you have to go.” So I went with her love and support.

What are you most curious about?

Curiosity is unbelievably important. I’m so grateful I never lost the curiosity I had as a child — it defines how I approach every new experience. It also guides how we make decisions at City National. We’re constantly asking questions that define how we chart our course. Right now, we’re focused on staying curious about how our clients will continue to evolve after the accelerated change of pace over the past two to three years — and how we will help them as they do.

The Wall Street Journal news organization was not involved in the creation of this content.

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WORLD NEWS

Fatal Nigerian Floods Upend Farming, LNG

By NICHOLAS BARIYO

Flooding across Nigeria has hobbled gas production and decimated thousands of square kilometers of farmland, the government said Wednesday, aggravating fuel and food shortages across Africa's most populous nation and potentially affecting gas exports to Europe as it braces for energy shortages this winter.

Several weeks of flooding have hit 33 of Nigeria's 36 states, uprooted more than two million people from their homes and killed more than 600 people. More than 200,000 homes have been destroyed or damaged, making the floods the worst to hit Nigeria since 2012 and one of the worst for decades, according to the humanitarian affairs ministry. Area roughly the size of Rhode Island is submerged.

The flooding has cut off gas supplies to Nigeria LNG Ltd., the country's largest gas producer, forcing it to declare force majeure on Monday, raising further fears over global supplies as governments in Europe struggle to replace Russian exports amid the raging conflict in Ukraine.

Nigeria exported 23 billion cubic meters of liquefied natural gas to Europe last year. It is planning to build a new gas pipeline to Europe through Morocco to boost exports. Nigeria LNG exports mainly to

Portugal's oil-and-gas company Galp Energia, which said the flooding may result in additional supply disruptions.

Aid officials have said the extreme flooding is the result of climate change, and they have drawn comparisons with the floods in Pakistan that killed 1,300 and displaced 32 million people in September.

Floods have decimated crops across northern Nigeria, where farmers cultivate corn, sorghum and yams, which feed the majority of the country's 200 million people. It is raising fears of further disruption to food supplies that have already been hit by the conflicts in the country's northeast and central regions. According to the U.N.'s World Food Program, flooding blamed on climate change has affected more than five million people across 19 countries, in a region that is already grappling with a hunger crisis.

Nigeria's inflation rate hit a 17-year high of 21% in September, driven by a failing local currency and steep food prices. The World Bank has warned that Nigeria could struggle to service its \$103 billion public debt this year. Oil exports remained below 1 million barrels a day for the second month in a row in September, the lowest levels in more than 40 years amid rising oil thefts, according to data from the International Energy Agency.



Gang leader Jimmy 'Barbecue' Cherizier, shown in 2021, is blamed for blocking port traffic, and crippling Haiti economically and politically.

U.N. Wrestles With Crisis in Haiti

By JOSÉ DE CÓRDOBA AND INGRID ARNESEN

The United Nations is expected to vote this week on sanctions against the most powerful gang leader in Haiti who has blocked supplies of food, fuel and drinking water as the impoverished Caribbean country struggles with a cholera outbreak.

The sanctions resolution, drafted by the U.S. and Mexico, would target gang leader Jimmy Cherizier—known as Barbecue—and others, and would aim to clamp down on illicit arms sales to Haiti. The U.S. ambassador to the U.N., Linda Thomas-Greenfield, had called Monday for a non-U.N. mission led by a yet-to-be-named country.

A revised draft of the sanctions resolution debated Wednesday by Security Council members dropped language from an earlier draft encouraging the deployment of a multinational force to help the Haitian police restore order in the nation, according to docu-

ments seen by the Wall Street Journal.

The draft said that Haiti's situation "continues to constitute a threat to international peace and security in the region," leaving open the possibility of the U.N. sending a security force to the nation.

Such a force would likely be composed of police and soldiers, a U.N. official said. "The police are better trained to deal with the gangs, while the military would provide the robust element," the official said.

Russia, one of the Security Council's five permanent members, has voiced opposition to the proposed sanctions, while a Chinese representative at the U.N. questioned the wisdom of sending a security force.

"At a time when the Haitian government lacks legitimacy and is unable to govern, will sending such a rapid-reaction force to Haiti receive the understanding, support, or even trigger violent confrontation?" asked Geng Shuang, speaking for China at the U.N. Security

Council on Monday.

A senior Latin American official said there isn't an obvious country in the region that is willing to lead a force. The U.S. appears reluctant.

"I think it's premature to really start thinking about whether the U.S. is going to...have a physical presence inside of Haiti," a senior U.S. official told reporters last week.

Another obstacle to an eventual mission is the opposition of many Haitians to foreign intervention.

Thousands of people across Haiti protested Monday, some waving Russian flags in front of the U.S. Embassy in Port-au-Prince. Opposition parties and civil-society groups opposed to Prime Minister Ariel Henry say that an intervention would prop up his government.

But there seems to be no debate that Mr. Cherizier, the gang leader, has pushed Haiti deeper into crisis, where 4.7 million people are now facing acute hunger, according to the U.N. Mr. Cherizier, a former police officer, has stepped into

a power vacuum amid the turmoil that followed the still-unresolved July 2021 assassination of President Jovenel Moïse.

Mr. Cherizier leads a coalition of nine gangs which for the past month have blocked off access to the country's main sea terminal. The violence, unrest and economic hardship that he has caused is pushing more Haitians to flee to the U.S.

Last month, Mr. Cherizier used a bulldozer to dig a deep ditch in front of the entrance to the port, blocking all traffic between the terminal and the capital of Port-au-Prince. The blockade coincides with a cholera outbreak that has killed at least 18 people in the capital amid shortages of clean water and fuel.

Mr. Cherizier's gunmen have broken into the terminal three times, taking four tanker trucks of fuel containing more than 28,000 gallons of petroleum products, according to terminal operators. Videos posted on social media show the stolen fuel being sold by the side of the road.



Vehicles sit submerged in flood water at a fuel station in Lokoja, Nigeria, Oct. 13. An area about the size of Rhode Island is flooded.

Russia Ramps Up Security

Continued from Page One

came a day after Russia's top military commander in Ukraine acknowledged on national TV that Russian forces were facing a difficult fight to maintain control of the city of Kherson.

Increased security measures will also come into effect in Crimea—annexed by Moscow in 2014—Mr. Putin said, including in the port city of Sevastopol as well as in several regions that border Ukraine, including Belgorod.

The Black Sea port city of Kherson is an important prize in Ukraine's fight to reclaim territory occupied by Russia. If Russia's military is forced to abandon the city—the only provincial capital captured since its February invasion—it would be a significant blow to the Kremlin and could mark a potential turning point in the monthslong conflict.

A major Ukrainian advance on the southern front would demonstrate the Ukrainian army's ability to take on even well-entrenched Russian positions. Moscow sent thousands of soldiers, including some of its best units, to reinforce its defenses in the Kherson region. But the Kremlin has been unable to keep the troops supplied because Ukraine used U.S.-supplied long-range rockets to blow out bridges, ammunition dumps and logistics centers. A success in Kherson could help Kyiv win still more aid from Western allies.

Lt. Gen. Ben Hodges, a former commander of the U.S. Army in Europe, said retaking Kherson would move Ukrainian forces closer to a position where they could threaten Russia's key military infrastructure in Crimea.

The Kherson region's Russian-installed leader, Volodymyr Saldo, said Wednesday that authorities expect to move 50,000 to 60,000 people from the western bank of the river, citing the danger of Ukrainian attacks. A leaflet distributed by Russian-backed officials to people in the city, reviewed by



Note: Control areas as of Oct. 18
Source: Institute for the Study of War and the American Enterprise
Institute's Critical Threats Project

The Wall Street Journal, urged civilians to leave the area along a series of suggested routes.

"Save your family, leave for the left bank," the message said in Russian.

Russian-installed officials presented the evacuation as a move necessary to save civilians from a violent Ukrainian assault. "There will be shelling of residential areas by the Armed Forces of Ukraine," text messages told locals.

However, residents of Kherson Wednesday said the city had been quiet, with no explosions in the area for days.

One woman who lives in central Kherson said the institutions Russians had opened—including banks, schools and pension offices—were closed, and the workers were leaving. She said her husband, who works at a hospital, told her that soldiers were showing up asking for medical exemption letters.

Residents weren't being forced to leave, the woman said, adding that no one she knew planned to go. "You shouldn't trust people who came to your home riding a tank," she said.

Andriy Yermak, the head of the Ukrainian president's office, denied Kyiv's troops were shelling Kherson.

"The Russians are trying to scare the people of Kherson with fake newsletters about the shelling of the city by our army and also arrange a propaganda show with evacuation," he wrote on Telegram.

President Biden was asked at the White House about Mr. Putin's steps to declare martial law and what it might say about the Russian leader's thinking on the war.

"I think that Vladimir Putin finds himself in an incredibly difficult position, and what it

reflects to me is, it seems his only tool available to him is to brutalize individual citizens in Ukraine, Ukrainian citizens, to try to intimidate them into capitulating. They're not going to do that," said Mr. Biden.

Human-rights groups and Western officials have described the Kremlin's previous transfers of Ukrainian civilians to Russia or other parts of Ukraine held by Russian forces as possible war crimes, and some officials said that Moscow is preparing to make such transfers again.

Meanwhile, Russia launched new attacks on energy infrastructure on Wednesday, continuing strikes that have knocked out some 30% of Ukraine's power-plant infrastructure since last week, according to Ukrainian officials.

Explosions could be heard across Ukraine during the day. The governor of Kyiv said Ukrainian air defenses had hit their targets over the area.

Russian forces have escalated missile-and-drone attacks in recent weeks, targeting the country's electrical infrastructure. The Russian assault is increasingly relying on Iranian-made drones, some of which have managed to defy Ukraine's air defenses. The European Union agreed Wednesday to impose sanctions on three top Iranian military officials and an Iranian drone maker.

—Matthew Luxmoore, Nikita Nikolaenko and Illia Oliinyk contributed to this article.

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WORLD NEWS

Hong Kong Aims to Lure Fresh Talent

City looks to restore image as business hub after Covid strictures, political crackdown

By ELAINE YU
AND SELINA CHENG

HONG KONG—Hong Kong’s chief executive announced incentives to lure talent and companies to the city, seeking to reverse an outflow driven by years of stringent pandemic controls and political upheaval that have hurt its reputation as a global business capital.

John Lee, who took the city’s top office in July, unveiled plans to give two-year visas to high earners and graduates from the world’s top 100 universities, tax breaks to some foreign-property buyers who go on to become permanent residents and benefits to companies. Companies will also be able to hire mainland professionals more easily under the plans.

Hong Kong must be more “proactive and aggressive” in competing for top workers and companies, Mr. Lee said in his first annual policy address on Wednesday, adding that about 140,000 people had left the city’s local workforce over the past two years. More than 60% of those were highly skilled, including those who had worked in management positions or had professional qual-

ifications, according to the government.

“Apart from actively nurturing and retaining local talents, the government will proactively trawl the world for talents,” Mr. Lee said.

Mr. Lee, a former senior policeman, put an emphasis on restoring the city’s international role as a business and finance hub after years of pandemic controls as well as social turmoil that led to a national-security crackdown. That crackdown has stifled freedoms in the Chinese city and drawn the ire of Western governments.

In recent months, the city has been rolling back Covid-19 border restrictions and social-gathering rules, though it retains a mask mandate, many tests for arrivals and a vaccine pass to enter venues including restaurants, lagging behind rivals such as Singapore that have opened more fully.

Foreign and local business leaders have complained that the city’s isolation has reduced its competitiveness. In a ranking of the world’s global financial centers released last month, Hong Kong fell behind Singapore, a regional rival to which some departing the city have relocated.

Paul Chan, Hong Kong’s financial secretary, said this month that Hong Kong retained many advantages and that its financial and stock markets were much larger.



John Lee said Hong Kong must be ‘proactive and aggressive.’

up a list of target enterprises to try to bring to the city, particularly those in the financial-technology, artificial-intelligence and data-science sectors. They will be offered tax, financing and visa incentives, Mr. Lee said.

The government will earmark the equivalent of about \$3.8 billion for a fund to attract companies to set up operations in Hong Kong. Some university graduates and those with a salary of about \$318,000 or above could apply for passes to explore opportunities in the city, Mr. Lee said.

Other measures seek to get people to stay in Hong Kong for the longer term. A 15% property tax targeting foreigners who bought a home could be refunded if those who entered the city under talent-admission schemes became permanent residents after living in Hong Kong for seven years.

A migration program popular with mainland Chinese workers in the financial, accounting and IT sectors would scrap its annual quota of 4,000 people.

For jobs in professions such as asset management and dispute resolution where labor supply is short, employers would no longer have to give priority to local candidates before hiring mainland and overseas professionals.

◆ Hong Kong stock exchange to ease tech IPO rules..... B11

Iñaki Amate, chairman of the European Chamber of Commerce in Hong Kong, said that while they welcomed the various initiatives aimed at attracting and retaining talent, the government missed an opportunity to address the most immediate concern of the international business community, which is when the city’s Covid-19 controls will end.

The measures’ “impact is probably going to be diluted because there’s still a perception outside Hong Kong that Hong Kong remains a semi-locked place,” Mr. Amate said.

More than two years of harsh travel and social restrictions have hurt the city’s consumer economy and decimated tourism and business-travel. Hong Kong’s real GDP was down from a year earlier in two consecutive quarters—by

3.9% in the first quarter of 2022 and 1.3% in the second.

In September, the monthly number of passengers who passed through Hong Kong’s once-bustling international airport was less than 10% of prepandemic levels, official data show.

Mr. Lee cautioned against lifting all restrictions for inbound travelers, saying that the number of Covid-19 cases in the city has gone up since hotel quarantine was scrapped. He gave no hint as to when the remaining Covid-19 measures for travelers would be removed. The government plans to signal Hong Kong is back in business as an international hub in November with a global banking summit and a rugby tournament.

Hong Kong will create a new office this year to draw

Beijing Ramps Up Tracking

Continued from Page One
for coffee and then again at the office.

If the database shows you’ve crossed paths with someone infected by the virus, you’ll likely be forced into quarantine. It may be in a hotel room, at a converted convention center, or if lucky, at home with an alarm installed on the front door.

The Chinese state has stretched far deeper into citizens’ lives since Mr. Xi took power in 2012. Covid has pushed the controls to entirely new levels. Such measures are increasingly testing the faith of Chinese citizens in a government that is no longer delivering the supercharged economic growth that underpinned popular support for decades.

When Mr. Xi took office, he set in motion a campaign to put the Communist Party back at the center of public life. Beijing increased censorship of social media, expanded surveillance and cracked down on private enterprise. He is expected to secure a third term as the country’s leader following the party’s twice-a-decade congress this week, after a steady drive to consolidate power.

In a rare public protest last week, two banners appeared on a bridge in Beijing ahead of the congress. Slogans on the banners included “We Want Freedom, Not Lockdowns” and “Depose the Traitorous Dictator Xi Jinping.” Police quickly arrived and the banners were taken down.

“I trust them less, definitely,” said Krissy Gu, who runs a fitness and dance studio and has endured two extended lockdowns since the beginning of 2020, including the earliest one in the city of Wuhan in 2020 and one in Shanghai this spring that lasted two months. The government had initially said it would last four days.

Ms. Gu went to graduate school in Boston and stayed in the U.S. for several years, then returned to China in 2017. “I just felt like I could do all the things I wanted to do” in China, she said. She launched her studio in downtown Shanghai and got involved with local theater.

She is considering leaving China again, this time for a Ph.D. in Europe. “This year is my first time to start to think about me as a citizen and the relationship with the government,” she said. “I think it has happened to a lot of people.”

The State Council Information Office, which handles press inquiries for senior leaders, and Shanghai’s government didn’t respond to requests for comment.

The surveillance extends far beyond Covid. Chinese authori-



Top, a man tries to break out of a quarantine fence in Shanghai in June. Right, Covid testing on the street in Shanghai on Oct. 12.

ties combine data from biometric tools such as facial recognition with ID numbers and behavioral data collected by tech companies to identify actions they consider threatening to social order. In the far northwestern region of Xinjiang, faces, voices and physical movements are tracked in real time using cameras and other surveillance tools powered by artificial intelligence as part of a campaign to forcibly assimilate ethnic Uyghurs and other minority groups.

Crackdown

The increasing intrusions into daily life build on growing frustration over an economic slowdown, brought on in part by Covid lockdowns, that has made it harder to find jobs. Mr. Xi has cracked down on technology and education companies in an effort to rein in private sector risk-taking and assert greater state control over the economy. As of August, the urban youth unemployment rate sat at 18.7%, according to government statistics.

In China’s beleaguered property market, government restrictions on developers’ borrowing have helped spark falling prices. Over the summer, a movement to boycott paying mortgages on stalled real-estate projects spread to numerous cities.

Consumer confidence measured by the National Bureau of Statistics hit a new level of pessimism in April, and has since remained depressed as pandemic controls have endured.

Public opinion will likely start to rebound whenever China eases Covid controls, es-



pecially if the economy strengthens as a result. Economists expect output to grow around 3% this year, missing the government’s 5.5% target. Some are reconsidering when China’s economy will surpass the U.S. as the world’s largest, or if it ever will. The government has given little information about how its Covid policy might evolve going forward.

In the case of a 6-year-old boy who recently tested positive for Covid days after landing in Shanghai on a domestic flight, the government first placed 400 of the boy’s close contacts into quarantine. Then officials began tracking down secondary contacts—people who had come into contact with others deemed to be close to the boy.

Authorities descended on an IKEA after determining that a close contact of the boy had also visited the store, then left. Verified video footage showed people attempting to escape as security officers tried to barricade shoppers inside.

The government tested 83,000 people in connection

with the boy’s case. No one besides the boy tested positive, according to the city government.

China’s government says its approach to Covid has saved lives, and many Chinese support the controls. Official statistics say about 5,200 people in mainland China have died of Covid, compared with more

‘You never know if you’ll get locked down in some random place.’

than 1 million in the U.S. Mr. Xi has labeled his effort against Covid as a “People’s War,” a phrase that harks back to the Mao era’s revolutionary fervor.

The lowest rungs of China’s government have been handed far more authority to control their neighborhoods. Government workers and volunteers monitor Covid-19 risks and report on residents’ activities.

U.K. Warns China Over Xi Protester Incident

By SELINA CHENG

The U.K. government is considering whether to take further action after Chinese consular staff in Manchester, England, were filmed pulling a protester onto its grounds and beating him on Sunday.

A pro-democracy Hong Kong protester, Bob Chan, has said he sought hospital treatment after being beaten by a group of men who emerged from the consulate to rip down protest placards critical of China’s leader, Xi Jinping, and then dragged him inside. Greater Manchester police have said they are investigating the case as an assault.

Britain’s Foreign Secretary James Cleverly criticized the Chinese diplomats’ behavior as “unacceptable,” a day after the foreign office summoned China’s chargé d’affaires in London to voice dissatisfaction over the incident. The foreign office will determine its next course of action after the police investigation, he said. He declined to say whether expelling the diplomats would be among the actions considered.

China has said that the protesters broke onto its grounds and that British authorities should strengthen the protection given to its consulate.

ruption campaign and efforts to reduce poverty. These initiatives, and Chinese state media’s depiction of a decadent and decaying U.S., fostered greater nationalism.

Much of the recent frustration has been directed at local officials rather than at the central government.

In southwestern Guizhou, one of China’s poorest regions, anger crescendoed in recent weeks. A bus transporting residents into forced quarantine crashed in the middle of the night, killing 27 people and injuring 20 others. A local official expressed remorse, but was met with cynicism.

A protest formed online. “We’re all on the bus,” many users wrote.

A mother of two young children said she was on a different bus that night, forced into quarantine after her 4-year-old tested positive, only to be later cleared of the virus.

“I’m extremely sad and indignant,” she later wrote on the Chinese platform Zhihu. “Apart from empathy, I lament even more that our freedom and our lives might merely hinge on another person’s careless decision.”

Police calls

When Mr. Xi took power, a growing high-speed rail system whisked travelers around the country. Today, carrying a large suitcase can prompt questions about a person’s movements. A business traveler upon arriving home can expect calls from the police about where they’ve been.

Like many Chinese from the provinces, Yuan Yuyu dreamed of launching a career in Beijing. A college graduate with a computer-programming degree, Ms. Yuan landed a job in the capital and booked a train ticket there in early 2020.

When the pandemic hit, Ms. Yuan said her ticket was suddenly canceled due to travel restrictions. Her job offer dried up.

She stayed in her home city in Shaanxi province and found work at a company that makes pre-packed roujiamo, a local specialty food similar to a hamburger.

She began dating a man who shared her love of travel, and they decided to get married in the groom’s hometown of Xi’an this spring. But the nearby city where they lived wouldn’t let them leave due to the Covid controls.

A day before the wedding, their city lifted the restrictions and the couple rushed to Xi’an for the ceremony. They awoke in the morning to find that Xi’an had banned public gatherings. A few family members gathered at Ms. Yuan’s in-laws’ apartment instead.

She’s now hunkering down at home, too wary to go anywhere.

“You never know if you’ll get locked down in some random place,” she said. “It’s a big problem.”

WORLD WATCH

IRAN
Female Rock Climber Gets Hero's Welcome

Iranian rock climber Elnaz Rekabi returned home to Tehran on Wednesday to crowds of cheering fans, after her performance without the country's mandatory headscarf at an international competition turned her into a symbol of protests against the Islamic Republic and highlighted the risks to prominent Iranians who support the movement.

Ms. Rekabi seemed reluctant to embrace the hero's welcome after she returned from sport climbing world championships in Seoul. In an interview aired by state media after she arrived to cheers of "Elnaz, the champion," Ms. Rekabi avoided eye contact and confirmed an Instagram post where she said she had unintentionally forgotten to wear her hijab, or headscarf, while competing. She said the competition organizers had called on her to climb at a time when she didn't expect it, so she had to rush.

The controversy around Ms. Rekabi's unveiled climb came amid a national uprising that was sparked by Iran's laws requiring women to wear the hijab as a form of female modesty, a law forming a pillar of the country's Islamic governance. The Iranian protest movement was triggered by the death last month of 22-year-old Mahsa Amini, who had been detained by the morality police for allegedly not wearing her hijab properly.

Ms. Rekabi said she hadn't faced any problems after the competition, contradicting media reports that her passport and mobile phone had been confiscated while in South Korea.

—Sune Engel Rasmussen

UGANDA

Experimental Ebola Vaccine Ready Soon

Experimental Ebola vaccines will be deployed in Uganda in about "two weeks," a World Health Organization official said Wednesday, as the East African country carried out tough preventive measures that include a lockdown in the Ebola-hit areas.

Potentially hundreds of thousands of trial vaccine doses will buttress a response effort that

still must focus on tracing Ebola contacts and community engagement, said Dr. Yonas Tegegn Woldemariam, the WHO representative in Uganda.

"We are getting closer and closer to deploying vaccines," he said. "This is a study. This is just another tool that we are going to try."

Vaccines developed by the U.S.-based Sabin Vaccine Institute and Oxford University "are ready to be shipped" to Uganda, which is completing protocols for the study before the National Drug Authority issues import permits, he said.

The Sudan strain of Ebola, for which there is no proven vaccine, is circulating in Uganda. Ebola, which manifests as a viral hemorrhagic fever, has infected at least 60 people and killed 24. The official figures don't include people who likely died of Ebola before the outbreak was confirmed. Victims include five health workers.

—Associated Press

MYANMAR

Blast Kills 8 at Jail For Political Prisoners

A bombing on Wednesday near the front gate of Myanmar's main prison for political detainees killed at least eight people, including visitors and prison personnel, local media and the government said.

Five people who were delivering parcels to prisoners and three prison staff were killed when two bombs exploded around 9:40 a.m., News of Myanmar, an online news service sympathetic to the country's military government, reported on the Telegram social-media platform. The blasts occurred inside and outside the parcel reception office near the main iron gate of Insein Prison in Yangon, the country's biggest city.

The military's information office confirmed that five visitors, including a 10-year-old girl, and three prison staff were killed, and that an unexploded bomb had also been found in a parcel. It said 13 visitors, including a 9-year-old boy, and five prison personnel were being treated for injuries.

The prison has been notorious for decades for holding political prisoners under various military governments.

—Associated Press

WORLD NEWS

Evangelical Vote Courted in Brazil

By SAMANTHA PEARSON
AND LUCIANA MAGALHAES

SÃO PAULO—Less than two weeks ahead of Brazil's presidential election, incumbent Jair Bolsonaro and his leftist rival Luiz Inácio Lula da Silva are battling to portray themselves as closest to one particularly influential figure: God.

Brazil's rapidly growing evangelical Christian movement, which accounts for a third of its population, has emerged as a driving force in the race, helping to elect scores of conservative candidates in the first round of voting in concurrent legislative and state elections earlier this month.

Now Mr. Bolsonaro is betting on those same churchgoers to secure his presidential victory in the Oct. 30 runoff, spending much of his time on the campaign trail at sermons, shoulder-to-shoulder with the country's most powerful preachers.

Wooed by his support for traditional conservative issues, some 60% of evangelical Christians have said they would vote for him, compared with 32% for Mr. da Silva, according to a recent Ipec poll. If accurate, that would signal eroding support for Mr. da Silva, a former president who has seen his lead narrow to less than 5 percentage points in recent polls from more than 20 percentage points in May.

"Bolsonaro is the only one who is truly God-fearing among the lot of them," said Francisneide Faustino, a single mother of four from Paraisópolis, a favela in São Paulo that is one of Brazil's biggest.

Like many poorer Brazilians, Ms. Faustino said she has every reason to vote Mr. Bolsonaro out of office—she has gone hungry as food prices rose sharply during the Covid-19 pandemic and she just lost her job as a cleaner, one of some 10 million people unemployed in the country. But as an evangelical Christian, she will still vote for the man she calls Brazil's "principled" president.

Among Brazilians who iden-



Mr. da Silva attended an evangelical event Wednesday. Most evangelicals say they favor his rival.

tify as Catholics, 56% said they would vote for Mr. da Silva, compared with 38% for Mr. Bolsonaro, although polls have shown that Brazil's Catholics are less motivated by religious issues when they vote.

The number of evangelicals is expected to overtake the number of Catholics and become the biggest religious bloc in Brazil over the next decade. Low-income Brazilians, who polls show are more likely to be evangelical, voted en masse for Mr. Bolsonaro in 2018, creating a new pool of conservative voters.

No one knows for sure how big that pool is, political analysts say, partly because of delays in carrying out Brazil's census.

While still identifying as Catholic, Mr. Bolsonaro, who was baptized in the Jordan River in 2016 and whose middle name Messiah means "Messiah," has cozied up to evangelicals since taking office in 2019 and has vowed to put "God above everyone." His wife, Michelle Bolsonaro, is a devout evangelical.

From new tax benefits for churches to the appointment of pastors to government posts, including at least three cabinet positions, Mr. Bolsonaro has won favor with Brazil's powerful religious leaders. Forbidden to campaign inside

their houses of worship under Brazil's electoral law, they have corralled votes on social-media platforms, which swelled during the pandemic as the faithful went online under lockdown.

Brazil's 10 most popular evangelical preachers have a total of more than 100 million followers, according to a study in August by Casa Galileia, a democracy watchdog. While some evangelicals support Mr.

Fast-growing bloc becomes pivotal in Bolsonaro-da Silva runoff election.

da Silva's effort to tackle poverty, "the majority see Mr. Bolsonaro as more aligned with their Christian values," said Flávio Conrado, an anthropologist and researcher at the group.

Mr. da Silva, president from 2003 through 2010, asserts he is innocent of the corruption charge that resulted in a jail term and says he is the victim of a politically charged prosecution. He has struggled to fight back against the churches' support for his rival. In power from 2003 to 2016,

his Workers' Party has backed socially progressive issues such as same-sex marriage and the legalization of abortion.

In April, Mr. da Silva said that everyone should have the right to abortion, which is illegal in Brazil under most circumstances, calling it a public-health issue. After his comments provoked outrage among evangelicals, he backtracked and said he was personally against abortion, even though it disappointed many women in his own party.

The fight for the evangelical vote comes amid unfounded accusations on social media that Mr. da Silva is planning to close churches, pass pro-incest laws and publish a new Bible with a gender-neutral name for Jesus.

"Lula believes in God and he is a Christian," Mr. da Silva's campaign team said in a statement this month, in which they also said, in response to accusations by Mr. Bolsonaro's supporters, that "Lula does not have a pact with the devil, nor has he ever spoken to the devil."

On Wednesday, Mr. da Silva published a four-page open letter to the nation's evangelicals to reassure them of his commitment to Christian values, promising to strike more partnerships with the country's churches if elected.

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FROM PAGE ONE

Stocks, U.S. Officials And Covid

Continued from Page One
lions of dollars of stock in industries most affected by the pandemic and the government's response. About 240 officials at health agencies and at the Pentagon, a key player in the vaccine rollout, reported owning a total of between \$9 million and \$28 million in stocks of drug, manufacturing and biotechnology companies that won federal contracts related to Covid-19 in 2020 and 2021, the Journal's analysis found.

Nearly 400 officials across 50 agencies reported owning stocks in airline, resort, hotel, restaurant and cruise companies in early 2020.

By March, every major agency was part of the pandemic response. The month was the most active for trading by officials across the government, including at HHS, in the Journal's analysis of financial disclosure forms for about 12,000 officials from 2016 to 2021. Officials reported over 11,600 trades that month, 44% more than in any other month in the analysis.

The health agencies didn't respond to requests for comment. A Pentagon spokeswoman said most defense personnel don't work on matters affecting defense contractors or the finances of private companies, and said the department is "committed to preventing conflicts of interest."

Senior federal officials are required to disclose their financial assets and transactions and those of their spouses and dependent children in annual reports.

They are barred from working on matters in which they have a significant stake, from trading on nonpublic information learned on the job and from taking any official action that creates an appearance of a conflict of interest.

Ethics officials rarely have a complete picture of what employees are working on or privy to, especially during a fast-moving mobilization in response to an emergency.

Most agencies' ethics rules focus on what kinds of stocks officials can trade, not when they can trade. There are no restrictions on officials' investing in diversified mutual funds, which were more volatile than usual early in the pandemic. Ethics officials certified that the employees identified by the Journal were in compliance with these rules.

Three days into January 2020, health officials were alerted to an unexplained virus sickening people in China.

By late January, Centers for Disease Control and Prevention leaders were rushing to develop tests, National Institutes of Health officials were taking the first steps toward developing a vaccine, and the Food and Drug Administration was racing to facilitate prevention and treatment options for the novel coronavirus.

Selling several funds

On Jan. 24, four days after the CDC publicly reported the first U.S. Covid-19 infection, Hugh Auchincloss, principal deputy director at the NIH's National Institute of Allergy and Infectious Diseases, summed up the state of his agency in an email: "New coronavirus all the time."

That day, while the stock market remained lofty, Dr. Auchincloss reported selling \$15,001 to \$50,000 of a stock mutual fund. Days later he sold two more funds and a stock, Chevron Corp., according to his financial disclosures, which give wide dollar ranges. That was just the beginning.

Dr. Auchincloss was invited to a Jan. 29 meeting of an NIH working group called the International Clinical Research Subcommittee. Top agenda item: "Wuhan coronavirus—plans for a response," according to emails released after public-records requests.

On the last day of January, an email sent to Dr. Auchincloss and his boss, Dr. Fauci, signaled the threat's severity. Public Health Service officers had been told they could be deployed and could assist with "quarantine efforts."

Dr. Auchincloss disclosed six sales of mutual funds that day, totaling between \$111,006 and \$315,000 in value.



A medical worker in Wuhan, China, in February 2020. Some U.S. health officials, aware early on of the threat, sold stocks in January.

Each holding he sold fell sharply in the market drop that soon followed, as people started paying more attention to Covid-19.

Dr. Auchincloss, who retained some other holdings, didn't respond to requests for comment. The National Institute of Allergy and Infectious Diseases declined to make him available for an interview.

The agency said that financial disclosure reports are routinely reviewed by NIH ethics officials to ensure compliance with reporting requirements and resolve potential conflicts of interest. It declined to say whether Dr. Auchincloss made the trades himself or had a managed account.

'Really big problem'

Among officials involved in the CDC's early pandemic response was Stephen Redd, a veteran epidemiologist serving as deputy director for Public Health Service and Implementation Science at the agency. His role involved collecting information about the state of the virus and the federal response in order to brief lawmakers.

The CDC had a clear view of the virus's threat by the end of January, Dr. Redd later told a student interviewer in Atlanta. "It was easy to see it was going to be a really big problem," he said.

Dr. Redd disclosed sales of between \$95,004 and \$250,000 in stocks and bonds in January. He reported the sale in February of \$100,001 to \$250,000 of bonds, along with purchases of between \$2,002 and \$30,000 of short-term bond funds, a low-risk investment.

Dr. Redd said he had no advance knowledge of these trades, which he said were in his wife's retirement account and made by a financial adviser. He said he didn't learn of them until that summer, al-

though he was required by law to report any trades made in his or his wife's accounts within 30 days.

He acknowledged that federal officials are "responsible for knowing" about their financial transactions. He said neither he nor his wife knew why the adviser made the trades.

Dr. Redd said that ethics officials later told him he hadn't reported the trades in the required 30-day period, but that the officials didn't raise any questions about the trades' timing. Dr. Redd, who retired in the fall of 2020, said he wasn't aware of any guidance about trading during the early months of the pandemic.

"I don't know that there's anything that said, 'If you think that something bad is going to happen, you shouldn't trade,'" he said. "It's mostly about disclosure."

The CDC didn't respond to multiple requests for comment.

In late February 2020, as awareness of the viral threat grew, officials in the Trump administration faced a different problem: turbulent financial markets. Treasury and Federal Reserve officials began to coordinate on measures to stabilize them.

U.S. stocks sank on Feb. 20, and over the next week, equity markets worldwide recorded their largest single-week declines since the 2008 global financial crisis. Yields on 10-year and 30-year U.S. Treasury securities fell to record lows, as investors fled to these relatively safer assets.

On Feb. 28, Fed Chairman Jerome Powell signaled in a written statement that the central bank was prepared to cut interest rates, a stimulatory move aimed at quelling the economic disruption.

In the seven days preceding that statement, officials at the Treasury and Fed reported more than twice as many

trades as they made during the same seven days of 2019.

They reported more than three stock or fund purchases for every sale from Feb. 21 to Feb. 27, 2020, according to the Journal analysis of financial disclosures.

Treasury Department officials as a group reported about 30% more stock and fund purchases in February than the average over the previous 12 months.

Two Fed bank presidents resigned last year after they disclosed a series of investments during Fed market interventions in response to Covid-19. The central bank in February 2022 prohibited its top officials from buying individual stocks and sector funds and barred trading during periods of "heightened financial market stress."

As Covid hit in 2020 federal officials bet on both stocks' fall and the later rally.

At emergency meetings on March 3 and March 15, 2020, the Fed slashed short-term rates to near zero and imposed other market-supporting measures.

On March 13, then-President Donald Trump announced a federal partnership with the private sector to increase the nation's testing capability for Covid, inviting top executives at 10 companies, including Target Corp., Walmart Inc., CVS Pharmacy Inc. and Walgreens Boots Alliance Inc., to the White House for the announcement.

Roughly 300 federal officials reported owning stock in at least one of the 10 companies at the time, their financial disclosures show.

As the pandemic's toll

mounted, Congress in mid-March was negotiating with the administration over a package providing funds for individuals and companies hit by the fallout.

The rate cuts hadn't immediately calmed investors. Stock trading was halted for 15 minutes on the morning of March 16 when the S&P 500 fell 7%, triggering a so-called circuit breaker. The index staggered to the closing bell, down 12%L

Large stimulus bill

That same day, Ms. Chao, the transportation secretary, made three purchases in stock funds that track the S&P 500 and the U.S. stock market broadly, totaling between \$600,003 and \$1.2 million, according to her financial disclosures.

After Republican frustration with a previous piece of relief legislation, Ms. Chao's husband, then-Senate Majority Leader McConnell, had taken the reins in Congress on a much larger bill. He released his first draft on March 19.

Ms. Chao was also working on the pandemic response. Her agency—part of the White House Coronavirus Task Force—was helping repatriate Americans abroad, conducting screenings at airports, establishing health protocols for airlines and cruise ships and coordinating with international counterparts, she told a House committee.

The S&P 500 hit bottom on March 23. From its high on Feb. 19, it had dropped nearly 34%.

The next day, the administration and Congress neared a deal on the stimulus bill. The stock market soared on the news—and with it Ms. Chao's mutual fund investment from eight days earlier.

Mr. Trump signed the Coronavirus Aid, Relief, and Economic Security Act, or Cares Act, on March 27, handing out

pens to guests, including Ms. Chao and Mr. McConnell. Ms. Chao released a statement praising the administration's pandemic response, saying the bill "ensures that critical federal resources will soon reach where they are needed."

By the end of the month, her investment in the S&P fund had gained 8%. By the end of the year, it was up 57%, according to its net asset value.

Ms. Chao's total disclosed purchases in March 2020 were between \$669,009 and \$1.5 million, her second-highest monthly total in the Journal's review of her four years as transportation secretary.

A spokesman for Ms. Chao said she periodically adjusts her investments in mutual funds based on the advice of financial professionals. "These funds are held separately from her husband and managed without his consultation," the spokesman said.

A spokesman for Mr. McConnell referred the Journal to the statement by Ms. Chao's representative.

At around the same time, a Treasury official later involved in administering the stimulus package made a series of well-timed trades.

Early on, the Trump administration made it clear it wouldn't leave Boeing or the rest of the aviation and airline sector hanging, as the travel industry was thrown into turmoil. "We have to protect Boeing," Mr. Trump said March 17. "We'll be helping Boeing."

The Treasury Department publicly detailed what it wanted to see in the stimulus legislation on March 18, including \$50 billion in loans for airlines and \$450 billion for "severely distressed sectors" and small businesses.

Boeing and GE

Two days later, Treasury domestic finance counselor Jeff Goettman reported purchases of 15 stocks, including Boeing and General Electric, totaling between \$29,015 and \$260,000, according to his financial disclosure.

Boeing was in close contact with Treasury officials as it lobbied the administration and Congress for federal aid.

Days after Mr. Goettman's stock purchases, lawmakers inserted a \$17 billion provision for companies deemed essential to national security, which congressional officials said at the time was partly designed to help Boeing.

The provision stayed in the final legislation, authorizing the Treasury to administer the loan fund. Then-Secretary Steven Mnuchin later said the fund had been created with companies including Boeing and GE in mind.

Mr. Goettman convened the group that administered the legislation's \$80 billion for airlines—which included the national-security loan fund—according to his bio on the website of Virginia Gov. Glenn Youngkin, for whom he now serves as chief of staff. Boeing didn't ultimately apply because it objected to the condition that the U.S. take an equity stake or warrants for shares in loan recipients, its chief executive said at the time.

A week after Mr. Goettman's March 20 stock purchases, Boeing's shares were up 70%, and GE's were up 17%.

Mr. Goettman declined to comment.

The Treasury declined to comment on his trading. A spokesman said: "The Treasury Department follows regulations issued by the Office of Government Ethics and we expect all employees to follow them. These regulations include the disclosure of stock purchases, recusals to avoid conflicts of interest and a prohibition against using nonpublic information to inform financial activities."

Mr. Goettman disclosed more GE stock purchases on March 27 and April 1, totaling between \$2,002 and \$30,000.

On April 2, Mr. Trump ordered the federal government to help six medical-device manufacturers, including GE, secure supplies they needed to make ventilators for hospitalized Covid patients.

Mr. Goettman reported additional GE share purchases that day, bringing his GE investment to the range of \$3,003 to \$45,000.

Two weeks later, HHS disclosed a \$336 million government contract with GE to produce 50,000 ventilators. The stock rose more than 5% on the news.



Elaine Chao



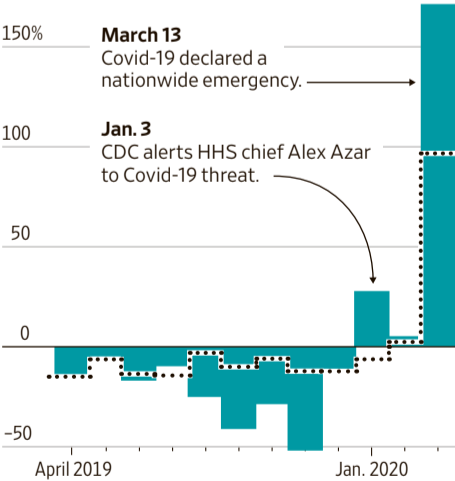
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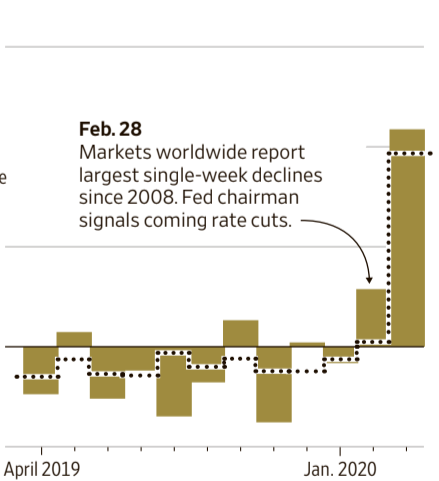
Stephen Redd

Pandemic trading compared with 12-month average

SALES by senior HHS officials



PURCHASES by senior Treasury officials



*Trades, including purchases and sales, made by all investors in common stocks listed on the New York Stock Exchange. Note: Monthly trade volume, as percentage change from 12-month average calculated from March 2020. HHS sales in January 2020 were 60% higher than the previous 12-month average calculated from that month. Stephanie Stamm/THE WALL STREET JOURNAL



Stock exchange traders watched a presidential news conference in March 2020 as shares gyrated.



FROM TOP: ILLUSTRATION BY DOMINIC BUGATTO; ISTOCK

Careless Fliers on Their Way To the Back Can Pack a Wallop

 **CARRY ON**
DAWN GILBERTSON

Aggressive seat recliners on planes are annoying, those who put bare feet on seats downright unforgivable. One type of passenger, though, deserves a special exhibit in the airline etiquette hall of shame: the backpack bruiser. You’ve no doubt seen it, been a victim of it or even been that person in this year of surging air travel. It’s the fliers who shuffle down the aisle with overstuffed backpacks, hitting fellow passengers every time they turn to talk to someone behind them or prepare to stow it. Some apologize profusely; many are oblivious. Scientist Sam Conway, who lives in Raleigh, N.C., says he was “whaled” in the right temple by a

backpack when a passenger wearing one turned to talk to someone behind him during boarding on a flight to Newark last week. The passenger made no apology and kept walking, he says. “It was my old nemesis, the young fella with the backpack,” he says. “I sometimes wonder if it’s not the same guy following me around.” Mr. Conway sits in first class and boards early thanks to his airline status. To reduce backpack incidents, he tries not to look at his phone or chat with his seatmate during boarding and assumes a defensive posture. “I do have a habit now of leaning away from the aisle,” he says. Carey Repasz, a consultant in Knoxville, Tenn., estimates he gets struck by a backpack 80% to 90% of the time when he flies. It’s so frustrating, he’s rethinking his preference for aisle seats. “I’m almost ready to be a window-seat

guy,” he says. Backpacks are a particular scourge for aisle passengers. Mr. Repasz has elite frequent-flier status and is a regular in first class. He is a numbers guy and has calculated that the left side of the aisle is more prone to backpack hits than the right as passengers head down the aisle. “Sometimes it looks like people are going on a backcountry backpacking trip when they walk on an airplane,” says Allie Malis, a flight attendant and union representative for a U.S. airline. “I understand there’s a lot of advantages to carry-on luggage like that. But it certainly does make you a bit more cumbersome coming through the aisle.” Motivating airline backpackers are checked-bag fees, airline lost-luggage woes, fashion trends and, some say, a crack-down on oversize carry-ons at departure gates. Backpacks can be smaller and less noticeable than roller bags during boarding, so agents might overlook them in the rush to board the plane. “People are traveling smarter and maybe trying to get around certain rules,” says Rich Henderson, a flight attendant who, along

Backpacks are a particular scourge for passengers sitting on the aisle.



with his husband, runs the Two Guys on a Plane social-media accounts. Mr. Henderson says he’s seen passengers with backpacks hit several people on their way down the aisle. Some box passengers on the head as they are turning to apologize to the last person they hit. “They go bouncing down the aisle saying, ‘I’m sorry. I’m sorry. I’m sorry,’” he says. Flight attendants say it would help if passengers carried the backpack in front of them, but that means they probably can’t walk hands-free. At a minimum, passengers just need to be aware of their surroundings. Travelers’ beef isn’t with the utilitarian carry-on, but the people strapping them on and seemingly forgetting they are in a narrow metal tube as they make their way to their seat. George Silbermann says he was bonked in the head and shoulder eight times on a flight from the Indy 500 in May. The international motor-sports executive from Florida says he wasn’t hurt, but plenty annoyed. Yet those of us who are tempted to tell off the Backpack Guy on our next flight should keep in mind that some passengers don’t take constructive criticism well, no matter how or where it is delivered. Jan Owens, a retired marketing professor who lives in Mount Pleasant, Wis., watched another woman blithely hit a few passengers with her metal-framed backpack after their flight to White Plains, N.Y., landed a few years ago. “As she put it on and turned around a few times, the guys in the seat had to duck,” Ms. Owens recalls. Figuring she was being helpful, Ms. Owens, then in her late 60s, approached the woman at baggage claim to let her know her backpack handling caused a few issues on the flight. It didn’t go well. “She was like, ‘Why did you have to tell me that?’” Ms. Owens says. Steve Glenn considers careless backpack wearers one of his biggest airplane pet peeves. The founder and chairman of Executive Travel in Lincoln, Neb., was hit twice on a flight to Europe this year. He jokes that passengers should be required to watch a safety video before boarding with a backpack. “They’re not bad people, don’t get me wrong,” Mr. Glenn says. “They’re used to backpacks in an open environment. But when you put them on a plane and you turn to put your bags up in the overhead bin [and hit someone], it’s like being beat over the head with a bat.”

Some Bosses’ Trust Has Grown Remote

 **ON THE CLOCK**
CALLUM BORCHERS

Out of sight, out of mind? Try out of the boss’s control. While many remote and hybrid workers fear being forgotten by supervisors, the current state of work has given managers a neurosis of their own: that employees could be up to anything—anything!—while working from home. A lot of executives never liked pandemic-prompted remote work but figured things would be back to normal by now. Nationwide, office occupancy still remains below 50%, according to Kastle Systems, which tracks building-access card swipes. And though many business leaders have lauded their employees’ remote productivity, some also worry that it is unsustainable. In short, bosses’ patience is shrinking and their misgivings are growing. “Productivity paranoia,” coined by Microsoft CEO Satya Nadella, is the new term to describe the not-so-new concern that workers aren’t as effective (or honest) at home, and it appears to be intensifying amid recession forecasts. Some 85% of leaders in a recent survey by the software giant said hybrid arrangements make it hard for them to know how productive employees really are. The mistrust goes beyond doubts about effort and output, and follows two years of high employee turnover. In some places, it begins before hiring. When tech recruiter Sean Slater

conducts video interviews, he begins by asking candidates to pan their webcams around and under their desks. “Prove that there’s no one else in the room with you,” he says. He’s seen job seekers hide interview coaches just outside the camera frame, he says. Some have lip-synced while someone more knowledgeable answers questions and tried to pass off the audiovisual disconnect as internet lag. Mr. Slater, a vice president at the Brixton Group, says this kind of deception is pervasive in the remote and hybrid work environment. He and his team usually catch the tricksters, but some slip through and land jobs they aren’t qualified to do. By the time employers realize a new hire isn’t up to snuff, projects may be off track. It’s an HR nightmare and one of several kinds of deception—big and small, real and potential—that are intensifying some managers’ return-to-office desires. In online meetings, it can be difficult to tell who’s paying attention to Zoom and who’s cruising Zillow. And those email and Slack time

stamps? They don’t necessarily show when someone is working. Anyone can compose a bunch of messages in the morning, schedule them to be delivered later, and take the afternoon off. Measuring the frequency of such shenanigans is tough, and work-from-anywhere evangelists preach that managers ought to stop fretting about how and when stuff gets done—as long as it gets done. Still, a few horror stories can reinforce bosses’ feelings that workers are out of hand when they’re out of the office. In a Fiverr Business survey

He notes that even in the tech sector, where a number of big players such as Twitter and Airbnb have made remote work a permanent option, many companies are leaning harder on employees to show up in person. Some, channeling Tesla Inc. and SpaceX CEO Elon Musk, are stressing in-person collaboration. Businesses that invested in swanky buildings or expanded to new cities (hello, Austin) before the pandemic want those locations to be used. Calling people into offices is also a strategy to ward off poachers, Mr.

his 22-person staff: one at 9 a.m., another at 4:45 p.m. He started the Zoom gatherings a couple of years ago to help his team stay connected, and decided to continue the practice when bringing people back to the office—which he did as soon as possible, in late 2020. The get-togethers build camaraderie, Mr. Preville says. They also make it tough to show up late or duck out early without being noticed. People can leave to tend to personal matters, he says, but he likes his employees where he can see them and they can see each other. “I am absolutely convinced that the innovative process is not as efficient at home as it is in person,” he says. Productivity paranoia gives rise to productivity theater, though. For those who do have the option to work from home, there are ways to look more productive or appear to be putting in longer hours than you actually are, says Michelle Kaye, a freelance technology trainer. (I discovered her after she posted a video tutorial about scheduling email deliveries and tweeted, “Psst—you can look like you’re working late into the night.”) Ms. Kaye says she doesn’t promote slacking but rather offers tips to subtly rebel against the ever-more-common ways that businesses monitor employees—tracking how often their laptop screens go into sleep mode because of inactivity, for instance. It’s often possible to change a setting so that a work-issued computer waits longer to sleep, she says, buying the user more time to step away for a midday workout or other diversion. Messaging apps can be similarly manipulated, she adds. With the messaging tool at one of her corporate clients, “the default setting is that after five minutes of not touching the mouse you become ‘inactive’ and then after 10 minutes, you’re ‘away,’” she says. “I could change that.”



of 1,000 U.S. managers published this month, a third said they want employees to return full time because people are more motivated when superiors have eyes on them. “The real crux of things is a lack of control,” says Jerome Hardaway, who runs a nonprofit, Vets Who Code, that helps military veterans learn programming skills and get hired.

Hardaway says. Interviewing with other companies during the workday is easier to pull off when you’re remote. In the office, bosses and co-workers can peek over your shoulder or notice that extra long lunch break. In the Wilmington, N.C., office of Approve, a financial-services firm, CEO Robert Preville has instituted twice-daily, all-hands meetings for

SHIRA INBAR FOR THE WALL STREET JOURNAL

PERSONAL JOURNAL.



◀ A real photo of a robot reading vs. an AI-generated image of the same thing

“photorealistic image” or “impressionist painting.” Both DreamStudio and Dall-E 2 also let you upload a photo of your own, clear out a section of the image, then type a request for something to fill in the empty space.

Can I really generate an image of anything? It depends on which of these systems you use. Take “Elon Musk eating a Twitter bird.”

Dall-E 2 immediately restricted that request. Its maker, OpenAI, won’t process prompts with the names of public figures, to prevent media manipulation and disinformation. Other names do work.

Trying the prompt in DreamStudio gave me an image of Mr. Musk holding a blue bird in his left hand.

Stability AI’s founder, Emad Mostaque, said he saw no reason to restrict the ability to generate images of public figures.

“We see this as an open platform, and the First Amendment protects the right to parody public figures,” a company spokesperson added.

Dall-E 2 also limits the ability to generate violent, hateful or adult images. The company says it has removed explicit content from training data and minimized the AI’s exposure to those sorts of concepts.

For instance, one of my Dall-E 2 queries—a “photograph of a terrorist attack”—produced a stylized image of a police car and some other inoffensive images. Here again, DreamStudio is less restrictive. The same prompt of a terrorist attack produced an image of deformed bodies on the ground with guns and fire.

It does have limits. While explicit images were used to train the Stability AI engine, you can’t use DreamStudio to generate explicit adult content.

When I tried, some images were automatically blurred.

prompt of a robot reading The Wall Street Journal in real life—with a real man in a real robot suit and a real photographer. While we got more visual variety with the AI image generators, the real photo was higher in quality and detail. It was more believable.

But that’s photography. The AI illustrations or digital art styles produce more advanced and impressive results that some may opt to use for websites, presentations—even advertisements and marketing.

“When we were doing cameras in mobile phones, many wondered if we weren’t going to need photographers anymore. That’s not the case,” said Liat Ben-Zur, a corporate vice president at Microsoft working on AI integration, including Dall-E 2. “We are changing how creators can create.”

I’ve heard mixed reactions from actual creators. Some professional illustrators and animators are using tools like this to come up with ideas and even incorporate some AI creations into their works. Others do see the potential for this type of tool to take away opportunities—or worse, rip off their distinct styles.

What about the bias? My first query for “a technology columnist writing a column” in Dall-E 2 returned four images of white men. Another I conducted of “a man commuting to work” returned four images of white men. In DreamStudio a prompt for a basketball player on the moon returned an image of a Black man.

The source material for training the AI is found across the internet.

“We are aware that the data is heavily biased toward Western culture and white male culture,” said Jean Oh, an associate research professor at the Robotics Institute at Carnegie Mellon University. “These models can amplify these biases, generating more stereotypical images.”

An OpenAI spokeswoman said the company continues to do research on mitigating bias and improve results. It recently modified Dall-E to

Some AI Images Make You Go ‘Aiiiee!’



PERSONAL TECHNOLOGY
JOANNA STERN

All right, settle down, everyone. I finally found the perfect illustrator for my sci-fi graphic novel. I’m thinking I might have a real prizewinner on my hands here. OK, so once upon a time there was a...

“Technology columnist who was trying to write a column...”



Hmm, not quite. There was a...

“Female technology columnist who was trying to write a column on a laptop...”



Wait, why would I use a pen to write on a keyboard? And what happened to my face? As I was saying, there was a...

“Female technologist columnist in a space suit, typing on a laptop in outer space...”



Now, that’s more like it.

Well, the book is off to a rocky start, but the illustrator is working overtime. And I’m not paying overtime. Because the illustrator is artificial intelligence.

No humans were involved—no sketch artists, no photographers, no photo editors. Just me, my laptop and

OpenAI’s Dall-E 2. (The name is a play on Pixar’s animated robot WALL-E and surrealist artist Salvador Dalí.) I typed those phrases into a text box and out popped the images within seconds.

You can do it, too. You just need an idea of what you want to see. “An Andy Warhol style painting of a bunny rabbit wearing sunglasses.” “A photograph of a

robot sitting by the pool reading The Wall Street Journal.” “Elon Musk eating a blue Twitter bird for dinner.” I’ve brought all those ideas and hundreds more to life over the past few months using Dall-E 2 and another generator called DreamStudio from Stability AI. Both recently became available for anyone to try. It’s free to create your first

images. Then you’ll have to pay to create more.

The stuff once found in AI research labs is now making it into our homes and offices. Microsoft, a major investor in OpenAI, plans to integrate Dall-E 2 into a new Bing Image Creator website and Designer app. You’ll be able to use the generated images in PowerPoint, posters, social-media posts and more.

For decades, we’ve been hearing AI is going to change how we interact with computers and the world. These tools may be the first time most of us recognize it in action. Almost every time I put in a prompt and see what’s returned I’m amazed—and entertained.

But I’m mostly typing fun-sounding phrases and ideas. What happens when I try to generate images of scarier things, like terrorist attacks? And as the image quality gets better, will this technology start putting human artists and photographers out of jobs?

Here are my best answers to your biggest AI-art questions.

How are these images actually made?

You might look at that image of a “Monkey recording a podcast” and think: “Oh, the system is just mashing together images of monkeys and microphones!” Nope.

The AI systems interpret your words and create fully original images. You could insert the same prompt and never get this same image.

So how did the AI know what a podcasting monkey would look like? By studying the AI equivalent of flashcards. Programmers train AI using hundreds of millions of captioned photos, which it deconstructs in a mathematically complicated process. By now, the Dall-E 2 AI has deconstructed many images of monkeys and many scenes of podcasting.

Then, through another complex process called diffusion, it turns a meaningless cloud of pixels into an image with a reasonably high probability of resembling what you requested.

In this case, that pensive little guy in headphones, talking into a studio mic.

What I find fascinating is how the system tries to make sense of the relationship between words and objects. Sometimes it gets us. Other times, it misses our linguistic nuance.

Do I have any creative control of the images?

The real art is putting the right words into the text box. Besides subjects and circumstances, you can add different art styles, like



An image generated using Dall-E 2 with the text prompt: ‘A Monkey recording a podcast.’ Programmers train AI using hundreds of millions of captioned photos.

A filter using image and keyword recognition catches visuals that might break the site’s terms of service, a company spokeswoman said.

How will I know what’s made by AI on the internet?

Right now, the quality can be one of the biggest giveaways that these visuals were made by robots, especially the more realistic photo-type images. Remember the image of the tech columnist in his purple shirt? He’s clearly not a real human. But every expert I spoke to for this piece told me that quality will get better—and fast.

Then what? Then we rely on the honesty of humans. OpenAI’s policy encourages users to “proactively disclose AI involvement in your work.” It also places a colorful watermark in the bottom of the image, though it can be easily cropped out. Stability AI doesn’t add a watermark.

What about the real artists?

I set out to test the limits of AI by re-creating the

diversify its results when a query doesn’t include race or gender—I did see a few examples of this. Both OpenAI and Stability AI suggest you can add specific prompts to increase the diversity of image results.

What’s the future of AI art?

Our world and how we view it has already been altered by what we see on computers. Now the computers are going to be even more instrumental in creating what we see.

While we may laugh right now at how the systems misinterpret language or misconstrue an animal or human face, this will all improve at a blinding speed. All the big tech companies are figuring out how to weave this sort of AI into their products. Meta is already talking about AI-generated video.

It’s going to make the age-old saying even more important: “On the internet, don’t believe everything you see.”

A Rolex Oyster Perpetual Sky-Dweller watch with a black dial and a black leather strap. The watch is shown against a light background with several white circles of varying sizes around it. The Rolex logo is at the top, and the Wempe logo is at the bottom.

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ARTS IN REVIEW



ART REVIEW

Unraveling a Material’s Lacy Webs of Influence

At the Bard Graduate Center, a thoughtfully stitched together show

By LAURA JACOBS

New York

Have you ever pondered the ruff? That snowy circular collar made of starched cambric, fluted and trimmed with lace? During the Elizabethan and Jacobean eras ruffs appeared endlessly in painted portraits, a sort of rose window rendered with Euclidean precision under noble chins. Also called a “millstone collar,” it served up the distinguished head on a pristine plate. To see an actual 17th-century ruff is a treat, and at the Bard Graduate Center it is just one of many wonders.

Handmade lace has been called “white gold,” and the BGC exhibition “Threads of Power: Lace From the Textilmuseum St. Gallen” shows us why. Created from linen or silk thread and using the humblest tools, the world’s finest lace took months and sometimes years to make, and was destined for the highest echelons of human hierarchy. Hence the word “power” in the show’s title. Those who wore lace were heads of church and state, which is perhaps why lace so often haloed the head and face.

Those who made lace, who mastered the art of it, were nuns and working-class Arachnes, poorly

paid and forever nameless. In “The Raj Quartet,” describing a Frenchwoman and the exquisite lace with a butterfly motif that she had made, Paul Scott writes, “Her heart bled for the butterflies because they could never fly out of the prison of the lace.” He could be describing lacemakers, focused like Lepidopterans on blooms, weaving symbols and stories, creatures from nature, myth and religion, into geometries of thread.

Today there are four great lace collections in the world, and the Textilmuseum’s is one of them. Established in 1878, just as machine-made laces were replacing hand-made work, the museum is a design

The development of the textile art of lace from the 16th century to contemporary couture.

archive for the Swiss textile industry and holds 6,500 objects dating from the medieval period to the 20th century. “Threads of Power”—organized by Emma Cormack, BGC associate curator; Ilona Kos, a curator at the Textilmuseum; and Mi-

chele Majer, BGC professor emerita—presents the historical sweep of lace from its origins in the 1500s to the current moment, placing about 200 examples before us.

Wisely, the show begins with video tutorials on the two techniques of hand lacemaking: needle lace—which uses a needle, pins and buttonholing stitches that build dimension—and the flatter bobbin lace, which employs wood spindles and pins to keep multiple strands separate. Even with the videos it can be hard to bridge the conceptual gap between process and the final product. This is testament to lacemaking’s calculus of twisted threads (a 1765 engraving of twist types will make your head hurt) and strategic voids, its tension between abstraction and figuration, the infinitesimal and the divine. Popes, kings and queens were lifted into grace by spider-webbing female fingers.

The vitrine just beyond the entrance greets us with a mantle-like needle-lace linen collar from England, c. 1635. Look into its lattice pattern and you find stylized tulips, roses, lilies and pomegranates, an Edenic wealth. There was a close connection between lacemaking and book publishing—specifically the illustrated botanical books from which pattern-makers drew inspiration. Meanwhile, the collar’s outer edges are deeply scalloped into points that suggest Gothic flèches, as if the mantle could turn its wearer into a cathedral. Such is the power of lace. In the same vitrine, a collar and cuffs styled in the 1800s were repurposed from lace made around 1600. A precious commodity, lace was passed down through centuries.

On the second floor, the show moves through fashionable lace of Hapsburg Spain and Bourbon France. The ruff was gone, replaced by cravat ends, lappets, cap backs, sleeve ruffles, stomachers and headdresses. Examples of women’s gowns and a man’s court suit demonstrate the way lace decorated an ensemble. Louis XIV of France controlled his country’s lacemaking centers in Valenciennes and Alençon; consequently, the Sun King motif blazes in extravagant lace borders.

After the French Revolution, handmade lace, like all conspicuous consumption, was out for awhile. And by the mid-1800s it had to compete with machine-made lace, known as “chemical lace”—which is really embroidery stitched upon a fabric, then bathed in a chemical so that the fabric backing disintegrates, leaving the embroidery free and lace-like. On the third floor, the exhibition displays these more affordable laces. Excellent imitations, they trimmed Edwardian dresses, and in the 1920s and ’30s, often using metallic threads, brought surface interest to both flapper sheaths and bias cuts.

In the final room on this floor, a grouping of garments made with



Clockwise from top: installation view of ‘Threads of Power: Lace From the Textilmuseum St. Gallen’; Yves Saint Laurent evening dress (Spring/Summer, 1963); objects in the current exhibition; 2009 Presidential Inauguration ensemble worn by Michelle Obama, by Isabel Toledo (designer) and Forster Rohner AG (textile manufacturer)



chemical lace, dating from 1957 to 2018, includes ensembles by Givenchy, Dior, Saint Laurent, Prada and others. A highlight is Isabel Toledo’s 2009 Inaugural ensemble for Michelle Obama, made in Forster Rohner’s lemongrass felted-wool lace. This dress with matching coat reads as gold, and when the First Lady wore it she glowed like the eternal flame. Examples of millennial laces from the great Swiss manufacturers hang on the walls. I videotaped Jakob Schlaepfer’s “sequined chemical-lace lurex with hand-appliquéd feathers,” produced in 1998. Guinea feathers caught in a silver

web, translucent sequins sparkling like dewdrops—though not a breath of breeze was in the room, this lace was alive and swaying.

There’s a collar, of course. Circa 2021, made of “hypertube guipure”—3-D printed silicone!—it’s an echo of a ruff, as Elizabethan as ever.

Threads of Power: Lace From the Textilmuseum St. Gallen
Bard Graduate Center, through Jan. 1, 2023

Ms. Jacobs is the Arts Intel Report editor for the weekly newsletter Air Mail.



SPORTS

Kroenke Will Pay Bulk Of St. Louis Settlement

By Andrew Beaton

WHEN RAMS OWNER Stan Kroenke uprooted his team from St. Louis to Los Angeles, he built his team a palatial \$5 billion new home, where it triumphed in the Super Bowl last season.

But the Rams' move there also sparked litigation from St. Louis authorities, alleging that leaving the area violated the NFL's relocation policies.

As the league lost repeated rulings in the case, ultimately leading to a \$790 million settlement, tensions flared between Kroenke and his fellow owners over who would pick up the sizable tab.

Kroenke and his colleagues approved a deal Tuesday during an NFL owners meeting in Manhattan, people familiar with the matter said, that sticks Kroenke with the majority of the bill.

Under the terms of the agreement, the 31 other teams that previously contributed about \$7 million apiece—or over \$200 million altogether—as part of the litigation and subsequent settlement will not be refunded those amounts.

Kroenke will pay the balance, which had been fronted by the league to pay the settlement while the dispute was resolved. Including interest that Kroenke is expected to owe on that sum, his tab is expected to exceed \$600 million, the people said, which will be paid in tranches over time.

The settlement, first reported by ESPN, brings a consensus resolution to a dispute that had been acrimonious. Commissioner Roger Goodell said the agreement was approved by owners unanimously.

Before the settlement was agreed to last year, the NFL suffered repeated setbacks in the case while other owners were fined by the court for refusing to turn over financial records. With the league and its 32 teams staring down the potential for a courtroom loss, they had every reason to agree to a settlement.



Rams owner Stan Kroenke on Tuesday.



Expectations are high for the Clippers with Kawhi Leonard, left, and Paul George back on the court together.

The Clippers Finally Get To Test Their Super Team

With stars Kawhi Leonard and Paul George healthy at the same time, the other team in Los Angeles is seen as a possible title favorite

By Robert O'Connell

After a practice in mid-September, the Los Angeles Clippers released a photo reel on the theme of training-camp togetherness: dunks, laughs, camera-mugging, a chest bump. But one shot of a solitary player made everyone's eyes widen.

Kawhi Leonard, the Clippers' expensive and often-unavailable superstar, had returned to the floor following a season missed due to ACL surgery, and in the picture he ran down-and-backs on legs that looked not just healed, but upgraded: quadriceps as round as basketballs, calves that jutted out at pronounced and unignorable angles.

"That whole 13, 14-month process is just lifting," Leonard said the next week at the Clippers' media day, explaining the protective bulk that had fans nicknaming him "Ka-Thigh" and imagining far-afield basketball applications. "Lifting weights and getting stronger."

For the first time since L.A.'s kid-sibling NBA team pulled off the biggest get in franchise history—signing Leonard and fellow All-NBA forward Paul George in the summer of 2019—the limbs of its best players are objects of hope, not hand-wringing. Both Leonard and George, who missed 51 games last season with a ligament tear in his shooting

elbow, are healthy and ready to resume an ambitious partnership that, three years in, has seen them play only 104 of a possible 260 games together.

"Our goal is to win a championship," head coach Tyrone Lue said last week as the Clippers' preseason slate wound down, "and so let the whole world know that."

To realize that goal, the Clippers will have to buck more trends than just injury history. Their principals' absences—Leonard has also battled a bothersome quad and George a balky shoulder—emphasize how quickly philosophies evolved in the NBA. L.A.'s dream tandem doesn't just aim to complete a playoff run together for the first time since the 2020 postseason. (Leonard injured his knee midway through the '21 conference semifinals.) Leonard and George aim to show that the roster-building plan that was en vogue in 2019—aggregating whatever stars are available—can still yield a contender in 2023.

Sportsbooks give the Clippers the third-best odds of winning the 2023 title, tied with last year's champions, the Golden State Warriors.

Results for super teams, though, have lately been underwhelming. Pairing LeBron James and Anthony Davis in 2019 won the Lakers the 2020 bubble title, but the team has since fallen into disrepair, flaming

out in the playoffs' first round in 2021 and missing the postseason altogether last year. The Brooklyn Nets' Kevin Durant-Kyrie Irving combo has been sporadically sublime and mostly messy.

The reasons for those teams' falling short? Defense and depth. The Nets have scored in historic drives but have allowed points at almost the same rate; when they came up against a Boston Celtics defense that stalled their attack in the postseason, they were helpless to bal-

Sportsbooks give the Clippers the third-best odds of winning the 2023 title.

ance the scales. And aside from James, only one Laker—former backup center Montrezl Harrell—has finished in the top 90 leaguewide in player efficiency rating over the last two seasons, among players who logged enough games to qualify. (Davis has played only 76 games over the stretch.)

Meanwhile, over those same two years, the Golden State Warriors and Milwaukee Bucks have won championships via an older-fashioned method, surrounding home-

grown centerpieces Stephen Curry and Giannis Antetokounmpo with complements, not co-headliners.

The Clippers have designed a roster to reap the benefits of the A-list approach while avoiding its pitfalls. They're helped by their stars' versatility. At his best, Leonard, a two-time Finals MVP with the San Antonio Spurs and Toronto Raptors, is one of basketball's singular two-way forces, pilfering dribbles and intercepting passes on one end and muscling into whatever midrange shot he likes on the other. (He made 47% of such attempts during the 2020-21 season, according to the stats database Cleaning the Glass—putting him in the 87th percentile leaguewide and giving the NBA's verboten shot an edge-case efficiency.) George is likewise a fluid scorer and a defensive fire blanket. In his 31 games last season, he averaged 2.2 steals per game, a figure that would have led the league over a full campaign.

The last time Leonard and George played most of a regular season together, in 2020-21, the team ranked fourth in offensive rating and eighth in defense. They were one of just four clubs to land in the top 10 in both categories, a status commonly considered the benchmark of true title contention. (Leonard's teams have pulled off this feat eight times in the 10 seasons he's played.)

"Our guys are competing with and for each other with one goal in mind," team president Lawrence Frank said at the start of training camp. "We're very, very lucky that our two star players have that sort of connection and appreciation for each other."

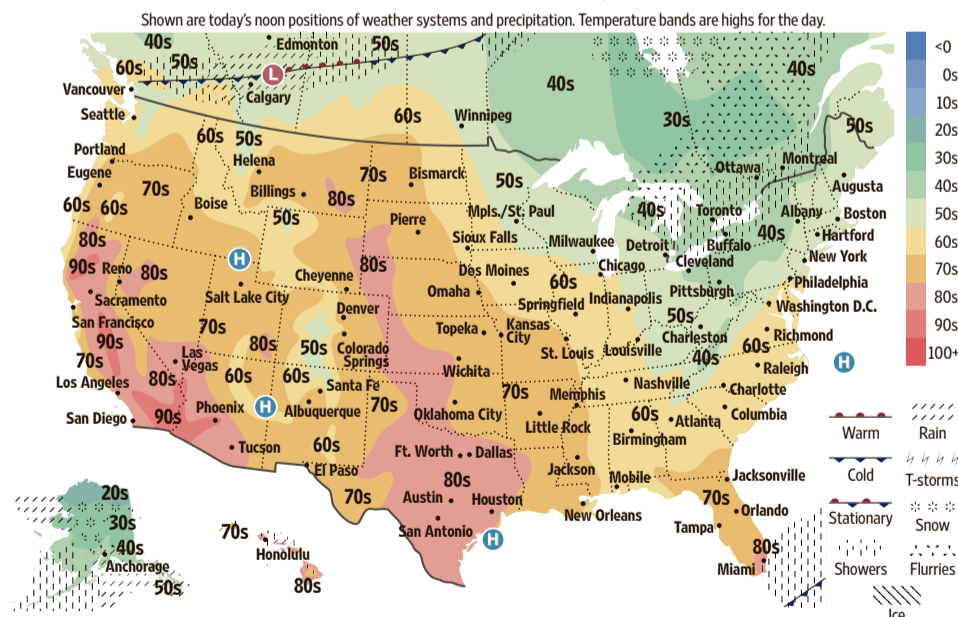
Instead of simply waiting out the three years of spotty superstar availability, the Clippers spent that time making lemonade at the margins. In contrast to the Lakers' and Nets' ill-fated signings of third stars—Russell Westbrook managed the sixth-worst effective field-goal percentage in the NBA last season, and James Harden lasted 13 months in Brooklyn—the Clippers brought on lesser-known complements, specialists and hustlers. Though L.A. struggled to score without their stars last year, they held on to their top-10 defensive standing.

This year's roster will feature Norman Powell, who played a spark plug role alongside Leonard in Toronto and emerged as a 20-point scorer in his debut with Los Angeles last season, and Luke Kennard, last year's league leader in 3-point percentage. The Clippers' big-name pseudo-splurge is John Wall, the former All-NBA speedster guard who, having recovered himself from a 2019 Achilles injury, was available for \$6.6 million (compared with Westbrook's \$44.2 million) and is forecast to enliven the team's historically cautious transition attack.

Even as the Clippers struggled to a 42-40 record last season, Lue saw that roster as a point-producing machine waiting only to be powered up. "You get PG and Kawhi back, we're a different team," Lue said in January. "Guys go back to their natural positions, the natural roles, and then you have guys that can cook and then all the other guys can eat."

Weather

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U.S. Forecasts

s.:sunny; pc.:partly cloudy; c.:cloudy; sh.:showers; t.:tstorms; r.:rain; sf.:snow flurries; sn.:snow; l.:ice

| City | Today | | | Tomorrow | | |
|---------------|-------|----|----|----------|----|----|
| | Hi | Lo | W | Hi | Lo | W |
| Anchorage | 44 | 34 | r | 43 | 30 | pc |
| Atlanta | 63 | 41 | s | 71 | 46 | s |
| Austin | 84 | 51 | s | 87 | 59 | s |
| Baltimore | 61 | 37 | s | 66 | 42 | s |
| Boise | 76 | 45 | s | 70 | 45 | s |
| Boston | 59 | 44 | s | 62 | 48 | s |
| Burlington | 52 | 36 | c | 56 | 42 | pc |
| Charlotte | 64 | 35 | s | 68 | 41 | s |
| Chicago | 58 | 39 | pc | 74 | 53 | s |
| Cleveland | 46 | 37 | c | 63 | 50 | pc |
| Dallas | 85 | 55 | s | 88 | 65 | s |
| Denver | 79 | 45 | s | 76 | 46 | s |
| Detroit | 51 | 35 | sh | 64 | 52 | pc |
| Honolulu | 84 | 74 | sh | 87 | 76 | pc |
| Houston | 82 | 57 | s | 85 | 62 | pc |
| Indianapolis | 60 | 41 | pc | 72 | 51 | pc |
| Kansas City | 74 | 48 | pc | 84 | 59 | s |
| Las Vegas | 87 | 62 | pc | 88 | 64 | s |
| Little Rock | 74 | 46 | pc | 81 | 57 | s |
| Los Angeles | 87 | 63 | pc | 88 | 62 | pc |
| Miami | 80 | 67 | sh | 82 | 70 | t |
| Milwaukee | 56 | 40 | pc | 69 | 51 | s |
| Minneapolis | 58 | 43 | pc | 66 | 44 | s |
| Nashville | 65 | 41 | pc | 77 | 51 | s |
| New Orleans | 71 | 52 | s | 79 | 59 | s |
| New York City | 58 | 46 | s | 62 | 48 | s |
| Oklahoma City | 78 | 49 | s | 83 | 58 | s |

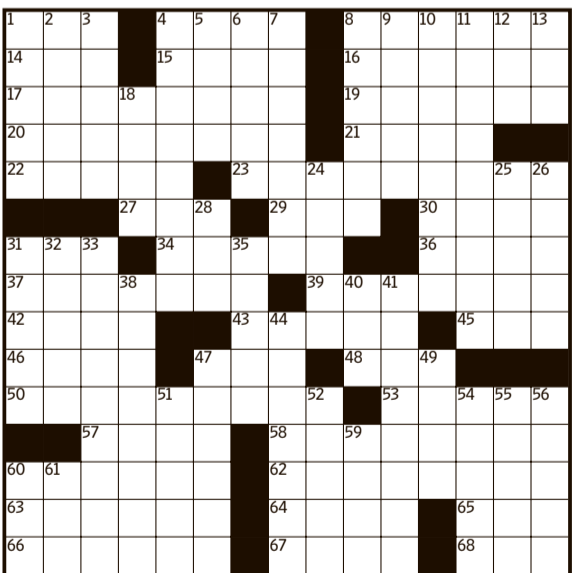
| City | Today | | | Tomorrow | | |
|-----------------|-------|----|----|----------|----|----|
| | Hi | Lo | W | Hi | Lo | W |
| Omaha | 72 | 44 | pc | 79 | 46 | s |
| Orlando | 76 | 57 | pc | 79 | 60 | pc |
| Philadelphia | 60 | 44 | s | 65 | 46 | s |
| Phoenix | 90 | 66 | s | 89 | 66 | s |
| Pittsburgh | 49 | 35 | pc | 63 | 45 | pc |
| Portland, Maine | 57 | 36 | s | 57 | 42 | s |
| Portland, Ore. | 70 | 48 | pc | 56 | 48 | s |
| Sacramento | 88 | 53 | s | 85 | 54 | s |
| St. Louis | 71 | 48 | pc | 80 | 59 | s |
| Salt Lake City | 76 | 50 | s | 76 | 56 | s |
| San Francisco | 75 | 54 | pc | 68 | 55 | pc |
| Santa Fe | 71 | 38 | s | 68 | 40 | s |
| Seattle | 64 | 49 | pc | 55 | 47 | r |
| Sioux Falls | 66 | 42 | pc | 72 | 41 | s |
| Wash., D.C. | 61 | 43 | s | 66 | 45 | s |

International

| City | Today | | | Tomorrow | | |
|--------------|-------|----|----|----------|----|----|
| | Hi | Lo | W | Hi | Lo | W |
| Amsterdam | 63 | 54 | r | 64 | 56 | t |
| Athens | 76 | 59 | s | 71 | 54 | s |
| Baghdad | 101 | 69 | pc | 94 | 69 | c |
| Bangkok | 88 | 73 | s | 89 | 76 | pc |
| Beijing | 64 | 44 | c | 72 | 49 | pc |
| Berlin | 59 | 49 | pc | 62 | 52 | c |
| Brussels | 67 | 56 | r | 68 | 54 | r |
| Buenos Aires | 72 | 61 | pc | 69 | 51 | s |
| Dubai | 98 | 78 | s | 97 | 78 | s |
| Dublin | 60 | 53 | c | 59 | 51 | r |
| Edinburgh | 56 | 49 | r | 56 | 50 | c |

| City | Today | | | Tomorrow | | |
|----------------|-------|----|----|----------|----|----|
| | Hi | Lo | W | Hi | Lo | W |
| Frankfurt | 64 | 55 | t | 63 | 49 | r |
| Geneva | 65 | 57 | t | 61 | 53 | r |
| Havana | 80 | 62 | pc | 81 | 61 | pc |
| Hong Kong | 80 | 74 | pc | 82 | 74 | pc |
| Istanbul | 66 | 51 | s | 62 | 50 | s |
| Jakarta | 90 | 78 | t | 86 | 78 | sh |
| Jerusalem | 76 | 60 | s | 74 | 55 | s |
| Johannesburg | 79 | 56 | t | 76 | 56 | t |
| London | 62 | 53 | r | 63 | 51 | sh |
| Madrid | 69 | 55 | sh | 63 | 54 | r |
| Manila | 85 | 77 | t | 86 | 78 | t |
| Melbourne | 76 | 60 | pc | 75 | 65 | sh |
| Mexico City | 70 | 56 | c | 72 | 56 | c |
| Milan | 70 | 58 | pc | 64 | 59 | c |
| Moscow | 42 | 33 | c | 42 | 36 | c |
| Mumbai | 90 | 78 | t | 92 | 77 | s |
| Paris | 71 | 58 | t | 71 | 54 | t |
| Rio de Janeiro | 86 | 75 | c | 87 | 75 | t |
| Riyadh | 95 | 67 | s | 94 | 67 | s |
| Rome | 76 | 58 | pc | 74 | 60 | pc |
| San Juan | 88 | 76 | t | 88 | 76 | sh |
| Seoul | 68 | 46 | s | 68 | 48 | pc |
| Shanghai | 72 | 60 | pc | 77 | 64 | pc |
| Singapore | 82 | 78 | c | 87 | 77 | t |
| Sydney | 74 | 68 | r | 76 | 67 | t |
| Taipei City | 79 | 70 | pc | 84 | 75 | c |
| Tokyo | 67 | 54 | s | 71 | 59 | pc |
| Toronto | 45 | 35 | s | 58 | 49 | pc |
| Vancouver | 59 | 47 | pc | 54 | 46 | r |
| Warsaw | 50 | 32 | s | 52 | 44 | r |
| Zurich | 66 | 54 | pc | 61 | 52 | r |

The WSJ Daily Crossword | Edited by Mike Shenk



MOON MISSION | By Hanh Huynh

- | | | |
|--|--|--|
| Across | | |
| 1 Steamed bun of Chinese cuisine | 21 Animation units | 43 Unfathomable place |
| 4 Hoedown lasses | 22 Binary question type | 45 Reason for some TV-MA ratings |
| 8 Target for a honeybee | 23 The Upright Citizens Brigade, e.g. | 46 Seller of mattresses and meatballs |
| 14 PC port | 27 Locale for three men | 47 Ace stat |
| 15 Boy from Mayberry | 29 "The Hurt Locker" danger, for short | 48 Joint stock? |
| 16 A bottle of red and a bottle of white, maybe | 30 Mex. women | 50 Gas that can be a gas |
| 17 Subtitle of a 2020 documentary about John Lewis | 31 Contacts list abbr. | 53 Barcelona bites |
| 19 "The Glass Menagerie" mother | 34 Persona non — | 57 Spa cover |
| 20 Shows disdain for | 36 Luxury shoe brand | 58 "What a lovely gift!" |
| | 37 How vaccines may be delivered | 60 Penitent |
| | 39 It isn't working | 62 Moon, or what three answers in this puzzle literally do |
| | 42 Marinated seafood salad | 63 Least traitorous |
| | | 64 Otherwise |

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

- | | |
|--|---|
| 65 Carrier headquartered in Amstelveen | 26 Newark's county |
| 66 Oxford measures | 28 Frat address |
| 67 Supporters' responses | 31 Deflected two-pointer |
| 68 Nurse, say | 32 Mushroom in kitchens |
| Down | 33 Mackinaw, e.g. |
| 1 1991 Beatty/Bening film | 35 Lunar Lander maker |
| 2 Last words of "Imagine" | 38 Cook, often |
| 3 Some winds | 40 A clairvoyant would know what letters go here |
| 4 Became violent | 41 Deuterium and the like |
| 5 Police HQ alerts | 44 "I wouldn't do that if I were you" |
| 6 Mauve kin | 47 Applies |
| 7 Command from a taskmaster | 49 Like Granny Smiths |
| 8 Had a mental lapse | 51 Past portly |
| 9 Like most standardized tests | 52 Ahead of schedule |
| 10 Some Wall Street workers | 54 Extra benefits |
| 11 Dauntingly big | 55 Garlicy spread |
| 12 Gate posting, for short | 56 The Giving Tree, ultimately |
| 13 Chatter-monitoring org. | 59 Prescription portion |
| 18 Fender bender ender | 60 Using it too much could cause you to lose your balance |
| 24 Granular | 61 Secondo numero primo |
| 25 Tony Gwynn, for two decades | |

Previous Puzzle's Solution



OPINION

The Biggest Midterm Issue: Chaos



WONDER LAND
By Daniel Henninger

What’s hap- pening to the stock market? Will Vladimir Putin go nu- clear? What personal pronoun am I? Mystification has become a permanent state of life, and for the next three weeks the big mystery is: Who’s going to win the midterm elections? Answer: The Republicans. It’s going to be a red wave. If this prediction proves wrong, I’ll join the crow-eat- ing fest the morning after. An October surprise could change everything, but how bad could any surprise get after Presi- dent Biden himself already prophesied the possibility of Armageddon? No event is likely to move the needle deci- sively for Democratic Senate candidates in Wisconsin, Pennsylvania, Georgia, Ari- zona or Nevada. Admittedly, the likelihood of a Republican victory is be- coming conventional wisdom. A grudging New York Times headline noted this week, “NYT/Siena Poll Is Latest to Show Republican Gains.” At least three other recent polls concluded the election is look- ing good for elephants. What, exactly, are these midterm elections about? The 500-pound bear in the room is inflation. Still, I don’t recall another recent midterm when so many discrete issues were filtering through voters’ minds. Crime, abortion, reces- sion, energy prices, the bor- der, schools, Ukraine and, not least, Joe Biden. We live in chaotic times. The RealClearPolitics polling

average has the country’s right-direction number bounc- ing along the bottom at 26.7%. The plausible default theory of the election is that inflation running above 8%— raising consumer prices and eroding wage gains—pushes everything else into second- tier voting concerns. Perhaps, but midterms under a new president are inevi- tably a Rorschach blot on the nation’s life during his first two years. While Mr. Biden’s approval rating has ticked up in recent polls, it has been awful, falling below 40%. My view is that some portion of his bad approval is discomfort over Mr. Biden’s mental state. But people aren’t going to vote for Ohio Senate candi- date J.D. Vance or anyone else because of Mr. Biden’s tele- prompter gaffes. I keep wondering what vot- ers make today of the 2020 presidential election. Not the contested result. Mr. Biden won. But one reason Mr. Biden narrowly won is that he pulled over independents and disaf- fected Republicans by running as a moderate alternative to his party’s progressives—Ber- nie Sanders and Elizabeth Warren. Mr. Biden’s moderate, “nor- mal” presidency didn’t last past Inauguration Day. His switcheroo to progressive standard-bearer for the Sand- ers-Warren-Pelosi policy goals was startling. A lot of voters who decide close elections have to be wondering about the difference between what they wanted and what they got. Voters know they ended up with inflation not experienced in most of their adult lives.

Mr. Biden not only denies that some \$4 trillion in federal spending during his term has anything to do with inflation but actually argues that his legislated subsidies, transfer payments and Medicare prices negotiated for 2026 will “re- duce” inflation. This is tooth- fairy economics. The remaining bulk of the Democrats’ claimed achieve- ments is tax credits for 2030 climate goals, though virtually no one is running on climate because it rates so low in election concerns.

Biden turned left, so Democrats now own the social disruption their policies cause.

What’s left? Abortion was hot after the Supreme Court’s June 24 *Dobbs* decision but looks to have moved off the front burner. I’m hard put to see any toss-up election being decided by playing the Trump/MAGA card, though Mr. Trump could still produce a Halloween surprise for GOP candidates. As for Mr. Biden, by attach- ing his presidency so whole- heartedly to his party’s politi- cal left, he has elevated the midterm importance of issues like crime and the border. Progressive criminal-justice theories are running side by side with a crime surge in cit- ies and suburbs. Virtually no new-generation prosecutor has been willing to make a midcourse correction. Democ- rats own it. Pennsylvania’s GOP Senate candidate, Mehmet Oz, is

closing in on Democrat John Fetterman because Mr. Fetter- man won’t budge on progres- sive justice theories that pro- duce violent mayhem in Philadelphia and Pittsburgh. The massive flow of mi- grants across the collapsed southern border is a long- sought goal of the Democratic left, which shows no concern for what this has done to moderate Senate Democrats such as Mark Kelly in Arizona or Nevada’s Catherine Cortez Masto. Sen. Raphael Warnock, Georgia’s Democratic incum- bent, is a man of the left, just as gubernatorial candidate Stacey Abrams is a hero of the party’s left. But in his debate with GOP candidate Herschel Walker, Sen. Warnock was clearly struggling to square his progressive beliefs with those of Georgians who nar- rowly gave the 2020 election to the “moderate” Joe Biden. For months, Ms. Abrams hasn’t closed a 5-point gap with incumbent GOP Gov. Brian Kemp. Chaos is bad for the party in power. Inflation is a form of social chaos, as are the un- checked border and violent crime. They didn’t fall from the sky. The first two are at- tributable to policy decisions by Mr. Biden and the Beltway Democrats, the latter to elected Democrats across the country. Most voters, especially the independents trending right- ward, don’t like chaos. To ride it out, voters can choose be- tween a red wave or a blue wave. The blue wave crested two years ago. It’s not going to return for Democrats in three weeks. Write henninger@wsj.com.

Democrats Run for the Memory Hole

By Karl Rove

Rarely do candidates ad- mit they’ve changed their minds about ex- treme views they once held. More often, they ignore what they previously said, as if they have always held reasonable opinions. What’s unusual about this election cycle is how many high-profile Democ- rats—even in this era of video and social-media ar- chives—claim Republicans are lying when they remind voters of their old, now-unfash- ionable positions. Take Robert Francis O’Rourke, the Texas Democrat running for governor. Follow- ing George Floyd’s death in 2020 in Minnesota’s largest city, the Minneapolis City Council moved to dismantle the police department. Pro- testers applauded their action. At a Twin Cities rally, one ac- tivist declared: “We’re safer without armed, unaccountable patrols supported by the state hunting black people.” In response, then-noncandi- date O’Rourke said in an inter- view, “I really love that Black Lives Matter and other pro- testers have put this front and center, to defend these line items that have overmilita- rized our police.” He added that in “necessary cases” he supported “completely dis- mantling those police forces and rebuilding them.” The Minneapolis council, he opined, “made the right deci- sion.” But after enduring more than a year of fallout from the City Council’s decision, 56% of

Minneapolis voters in 2021 re- jected a ballot measure to re- place their police with a new agency emphasizing public health. Once he started running for governor last year, Mr. O’Rourke told the Texas Trib- une, “I don’t think I’ve ever advocated for defunding the police.” Maybe that’s conven- ient memory failure. Or maybe Mr. O’Rourke finally recognizes his extreme views don’t play well in Texas. No matter: His words are a matter of public record. An elephant never forgets. Republicans want to make sure the voters don’t either.

Pennsylvania Lt. Gov. John Fetterman, running for the U.S. Senate, is more direct. When GOP ads castigated him for saying “we could reduce our prison population by a third and not make anyone less safe,” he went on Pitts- burgh radio to say “that’s just a lie.” Republicans were tak- ing a quote by someone else “out of context,” he claimed. “This is nothing that I’ve be- lieved, and it’s nothing that I’ve advocated.” But Mr. Fetterman backed the idea of releasing a third of inmates in the state’s pris- ons at least 14 times, all cap- tured on video. He wasn’t merely drawing attention to someone else’s utterance. He

pronounced this wacky view “profound,” saying “we abso- lutely must” do it. At least Mr. Fetterman lim- ited it to a third of his state’s jail population. Wisconsin’s Democratic Lt. Gov. Mandela Barnes, also running for the Senate, in 2012 tried to put an initiative on the ballot to cut Wisconsin’s prison population by 50%. After the 2018 elec- tion, he tweeted “cool, let’s cut our prison population in half.” Mr. Barnes hasn’t walked away from that view, but when GOP Sen. Ron Johnson at- tacked him for “wanting to de- fund the police” and Republi- cans hit him for calling to abolish Immigration and Cus- toms Enforcement, Mr. Barnes responded with an ad calling those critiques “a lie.” Even CNN was having none of it, re- leasing a KFile exposé con- cluding he “often signaled his support for such positions.” Mr. Barnes backed defund- ing the police as far back as 2012, when he completed a Vote Smart questionnaire say- ing he favored cutting law en- forcement and prison funding. In 2015 he called police offi- cers who don’t live in the com- munities where they work an “occupying force.” He tried to make the issue sound more palatable, saying in June 2020, “defunding isn’t necessarily as aggressive as a lot of folks paint it.” Mr. Barnes’ record on ICE is also clear. In 2018 he tweeted that ICE agents were “modern day slave catchers,” retweeted calls for abolishing ICE, and told the Democratic

Socialists of America he needed one of their “Abolish ICE” T-shirts. He then circu- lated a picture of himself with one on social media. Then there’s Georgia Sen. Raphael Warnock, whose prob- lems are more personal. Asked in Friday’s debate about evic- tions of residents of an apart- ment complex owned by the church Mr. Warnock serves as pastor, he dismissed it as “false charges” and attacked Republican Herschel Walker, saying his opponent was “try- ing to sully Ebenezer Baptist Church.” But the Washington Free Beacon reported that two days before the debate, the apartment complex filed three eviction proceedings, on top of a dozen such actions it has taken since Covid began. Per- haps Mr. Warnock should stop bearing false witness. Credit Democrats with real- izing that their past views and actions are undefensible to vot- ers. But what they’ve em- braced is a politician’s desper- ate last recourse: Try to shove the obnoxious statement or action into an Orwellian mem- ory hole by calling any re- minder of it a lie, then hope left-wing allies forgive their lack of courage. I expect that by Nov. 8 Democrats will find that voters’ memories are bet- ter than they wished they were. Mr. Rove helped organize the political-action committee *American Crossroads* and is author of “*The Triumph of William McKinley*” (Simon & Schuster, 2015).

BOOKSHELF | By Charlotte Gray

Hear Her Roar

Listen, World!

By Julia Scheeres and Allison Gilbert (Seal, 338 pages, \$30)

Elsie Robinson was born in 1883 into a down-at-heel family in a blue-collar California town. Restless and rebellious, the tall, square-jawed teenager dreamt of going to college but seemed doomed to the life of a repressed Victorian housewife, miserable in her marriage and thwarted in her hopes. Yet she would become, in the words of Julia Scheeres and Allison Gilbert, “one of the most prominent and powerful writers in America,” the highest-paid woman columnist in the mighty Hearst empire. In their lively biography “Listen, World! How the Intrepid Elsie Robinson Became America’s Most-Read Woman,” Ms. Scheeres and Ms. Gilbert aim to resurrect “the dramatic life and spectacular career of this twentieth-century heroine” who, during a 40-year period, produced short stories, poems, editorial cartoons and, most important, bracing advice in a daily column. She urged women to dream big: “I’m tired of hearing the differences of men and women emphasized and exploited.” The authors suggest that the most interesting years of Robinson’s life were those that preceded her extraordinary professional success. “Her journey to journalistic stardom was arduous and unlikely,” they write. We learn little about her newspaper work—her scathing, witty denunciations of sexism, racism, anti-Semitism and capital punishment—because we are three-quarters of the way through the book before she, at age 35, lands her first newspaper gig. There are two good reasons for this imbalance. The first is that there is compelling primary material on the first half of Robinson’s life—the punchy, dramatic memoir “I Wanted Out!” that she published in 1934. The second reason, I suspect, is that Robinson has given us such an

enthralling account of her fight for independence that it would be a shame to dilute it. There are graceful passages giving context and describing settings, but for the most part the authors rely on Robinson’s voice for the narrative. Robinson developed her tough-talking resilience growing up in the coarse frontier town of Benicia, where sailors and stevedores strutted and gaudy prostitutes flaunted their wares. As a youngster she decided that “goodness, though it promised halos in heaven, certainly didn’t offer a lively gal many breaks on earth. Bad Women, on the contrary, had practically unlimited freedom and fun.” In 1903 the mouthy, hot-tempered teen made an ill-judged marriage to a somber, older widower from Vermont who radiated “a snooty sadness that made our local youths seem crude goofs.” For the next decade she nearly suffocated in a chilly domestic trap, with disapproving in-laws and a cold- hearted husband. Her only outlets were her sickly baby son, George, whom she adored, and a few stabs at children’s stories and community theater. She grew steadily more rebellious, driven, she wrote, by “monotony and the futility of my life.” Escape arrived in the form of Robert Wallace, a patient at the local psychiatric hospital. Robinson collaborated with Wallace on a children’s book, then hatched a plan with him. In 1912 she petitioned to become his guardian; together they traveled west to California, never to return. “By defying deeply entrenched cultural mores and choosing to forgo financial security to pursue her own self fulfilment,” the authors write, “Elsie was taking ownership of her life in a way that few women of the era dared contemplate.” Robinson was more succinct. “You can’t win unless you risk.” With Wallace and George, who had asthma, Robinson settled down in a former gold-rush town called Hornitos, where she tried to turn an abandoned shack with no elec- tricity or running water into a home. Financially strapped, she went to work at a local mine as its only female mucker, clearing debris—an incredibly dangerous job. “I was so scared that my toe nails would have curled if there’d been room!” she writes. Yet she thrived, enjoying a sense of achievement and camaraderie. She also started selling stories that featured free-spirited heroines to magazines such as McClure’s.

Elsie Robinson was one of the most prominent and powerful writers in America, the highest-paid woman columnist in the Hearst empire.

By 1918 Robinson had parted ways with Wallace and was living in San Francisco, scrambling for work to pay for food, shelter and the costs of the medicine that George required. Self-doubt and hunger ate at her; she began to feel that her only options were suicide or prostitution. “I was past feeling. There had been too much. . . . And now I had come to the end.” Those words, written years later, were simply Robinson spinning a yarn. Within days of that despairing moment, she sold an illustrated children’s story to the Oakland Tribune and, as fan mail poured in, her career took off. A weekly eight-page section, “Aunt Elsie’s Magazine,” with material for young readers, followed shortly after, as did a daily syndicated column, “Listen, World!” Underpaid, she worked “like a gang of tractors—literally turning out acres of copy—and bitterly grateful for the chance.” In 1924 she was hired by William Randolph Hearst. By 1940 Robinson was a famous columnist who knew her worth. She wanted a decent salary and let loose on Hearst for his ruthless exploitation of her skills and popularity. “I am a factory,” she wrote him. “The Chief” placated her, and she kept up her punishing output until her death, at 73, in 1956. Behind the cheerful, hard-bitten persona that Robinson constructed for her columns, there were private stresses and heartaches: workaholicism; her son’s death at 21; a couple of nervous breakdowns; two more marriages, both unsatisfactory. The authors have sleuthed their way through old newspapers and magazines, the William Randolph Hearst Papers, local histories and other archives to flesh out Robinson’s later years. There is no punchy memoir in Robinson’s voice for the second half of her life, only glimpses of the woman who urged readers to seize their lives with both hands and conquer their fears. The lack of other voices in this biography means that, when present, Robinson controls the story. Once locked behind her professional persona, she becomes more impenetrable. Yet Ms. Scheeres and Ms. Gilbert have made an important contribution to women’s history. Their intent is clear. Robinson’s “inspirational story still resonates, as women continue to fight against societal strictures in pursuit of their own versions of creative and professional fulfillment.”

Ms. Gray is the author of “*Gold Diggers: Striking It Rich in the Klondike*.”

Another Democrat Flips on School Choice

By Corey DeAngelis

With three weeks until Election Day, Illinois Gov. J.B. Pritzker has reversed himself on school choice. On Tuesday the Chi- cago Sun-Times released Mr. Pritzker’s answers to a candi- date survey. He answered yes to the question: “Do you sup- port Illinois’ tax credit schol- arship program that provides financial support for students to attend private and paro- chial schools?” In a more detailed re- sponse, Gov. Pritzker also noted that his “main focus with respect to K-12 educa- tion is ensuring that there is sufficient funding.” He said that his budgets “have ulti- mately included the rela- tively small Invest in Kids Scholarship Program” be- cause he had “assurance from

the advocates” that they would “support increased public school funding.” His support may be mea- sured and conditional, but ex- plicit support for school choice is a major shift for Mr. Pritzker. As a candidate in August 2017, he publicly at- tacked the program, which Illinois Gov. Pritzker backs a scholarship program he promised he would eliminate.

Republican then-Gov. Bruce Rauner had signed into law: “As governor, I will not sup- port school vouchers and will work to do away with this program.” In April 2018, he said: “I’m opposed to that \$75

million tax credit, that school voucher system” He added that “we should as soon as possible do away with it. What I oppose is taking money out of the public schools, and that’s what hap- pened here.” Gov. Pritzker’s switch to publicly supporting school choice is a smart political move. More than 3 in 4 Illi- nois parents with school-age children support private-school choice measures, and more than 7,000 students ben- efit from the tax-credit schol- arship program. Mr. Pritzker attended Mil- ton Academy, a private board- ing school, and he sent both of his children to private schools in Chicago. By sup- porting school choice for low- income students, Mr. Pritzker insulates himself against ac- cusations of hypocrisy.

Mr. Pritzker isn’t the first Democrat to make this switch. Last month, Pennsylvania gu- bernatorial nominee Josh Sha- piro changed his education plan to include private school choice. But Mr. Pritzker’s flip is even more notable than Mr. Shapiro’s. Illinois is more heavily Democratic than Penn- sylvania and is dominated by some of the most powerful—and notoriously ruthless—teachers unions in America. No doubt Messrs. Shapiro and Pritzker saw what hap- pened to Terry McAuliffe, the Democrat who lost to Glenn Youngkin in Virginia last year. With almost three weeks until Election Day, there’s time for other Democrats to follow their lead.

Mr. DeAngelis is a senior fellow at the American Feder- ation for Children.

OPINION

REVIEW & OUTLOOK

Biden’s Oil Price Machinations

White House officials accuse OPEC and its allies of manipulating oil prices, but then what do you call what Pres-

ident Biden is trying to do? Three weeks before Election Day, Mr. Biden is ordering 15 million more barrels released from the nation’s Strategic Petroleum Reserve (SPR) to reduce gasoline prices.

The new releases are a sign of political desperation. Crude price climbed after OPEC+ this month announced a two million barrels a day cut in production. This is really closer to one million barrels a day since many countries aren’t meeting their quotas now. But as day follows night, U.S. gas prices have increased, and the political timing couldn’t be worse for Democrats.

The Administration says its planned draw-down will add about 500,000 barrels a day to global supply in December. That’s misleading. About one million barrels a day on average have been released since this spring. The drawdowns were scheduled to end next month, so the new releases will merely prevent supply from contracting more than it otherwise would.

The Administration first started tapping the SPR last fall to combat rising gas prices. Please, Mr. President, stop calling it “Putin’s price hike.” Russian exports have fallen a mere 560,000 barrels a day from pre-Ukraine war levels on a global supply of 101 million.

The main problem is that oil demand has outstripped supply amid the post-pandemic economic recovery owing to a lack of investment, especially in the U.S., which had been the world’s swing producer. U.S. production has been flat since May. Now the swing producers are Saudi Arabia and the United Arab Emirates. OPEC countries and their allies, which account for 45% of global oil production, accounted for 85% of new supply in September.

The Biden SPR releases have probably helped reduce prices at the margin. But one risk was always that crude prices would rise when the releases tapered off. And here we are.

The Administration said Wednesday it may continue releases as long as “conditions”—i.e., political conditions—require, but this is unsustainable. The SPR has fallen by about 210 million barrels since last fall. (See the chart nearby.) The Administration says the 400 million or so barrels that remain are “more than ready to respond to energy security needs today.” That’s also far from clear.

One reason is that the Administration is fast depleting the medium-sour grade crude in the reserve that is most useful to U.S. refineries.

Much of what remains is a light-sweet crude produced from shale, much of which gets exported. Future releases could compete with U.S. shale in the tight global refining market and even discourage investment in shale production.

A true national emergency could also fast deplete the reserve. That’s why previous Presidents performed only three emergency releases: Operation Desert Storm in 1991 (17.3 million barrels), Hurricane Katrina in 2005 (20.8 million), and the Libya oil disruptions in 2011 (30.6 million). Though prices exceeded \$90 a barrel from 2011 to 2014, Barack Obama didn’t resort to emergency drawdowns to reduce gas prices.

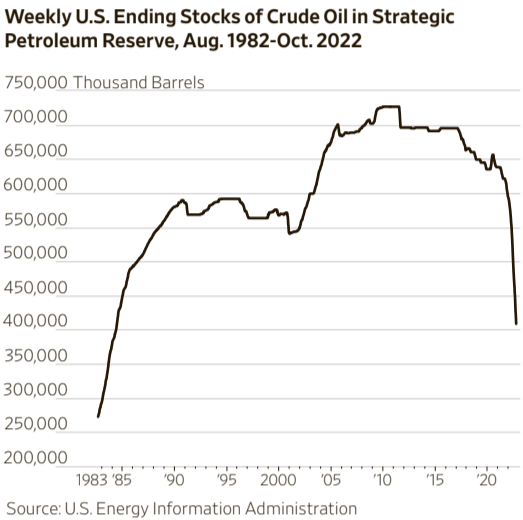
What brought down oil prices and kept them low last decade was the shale fracking boom. U.S. production increased by seven million barrels a day between 2011 and 2019 but plunged early in the pandemic. The Trump Administration floated buying oil for the SPR to prevent producers from shutting in wells, which can do long-term damage to production.

But Democrats refused to appropriate the money to keep oil pumping from marginal wells, calling it a “bailout for Big Oil.” This is one reason oil production beyond the Permian basin has been flat or declining since summer 2020. U.S. production is still about 1.1 million barrels a day below the pre-pandemic peak.

The Administration now says it plans to encourage “near-term production” by announcing its “intent” to repurchase oil for the reserve when the price of West Texas Intermediate (WTI) crude oil falls to \$67 to \$72 a barrel. Who knows when this will happen since the Saudis have indicated their intent to keep prices around \$90 to \$100 a barrel.

We’ve been writing for months that Mr. Biden could deflate oil prices by giving a simple speech declaring an end to his political war on fossil fuels. Instead he resorts to gimmicks like the SPR releases and cozies up to dictators. Hours after OPEC announced its production cut, news leaked that the White House plans to ease sanctions on Venezuela to liberate its oil production.

Perhaps the Administration hoped the leak would reduce oil prices. It didn’t. Neither did Wednesday’s SPR announcement. Markets are smarter than Administration officials think, and so are voters.



Lee Zeldin Sneaks Up on Kathy Hochul

How bad is one-party progressive rule in New York? Bad enough that it’s becoming conceivable that a disaffected Democratic electorate might rebel on Nov. 8 by picking a Republican for Governor. With three weeks to go, the GOP’s Lee Zeldin trails incumbent Gov. Kathy Hochul by a mere 6.2 points in one polling average.

New York is among the nation’s most Democratic states, and President Biden took 60% of the vote in 2020. The fact that Mr. Zeldin appears competitive is a sign of frustration with Democratic policy excesses and their demonstrable damage to the city and state.

A Quinnipiac survey this week showed Ms. Hochul up by only four points. Notably, 28% of voters said crime is the top problem facing the state, and 20% said inflation. These are good issues for Mr. Zeldin, who promises to repeal cashless bail, fire rogue prosecutors, and cut taxes to rev the economy.

Liberal states like Massachusetts and Maryland sometimes elect GOP leaders as a check on one-party rule, and Oregon might do it this year. New York did it not too long ago, though it might feel like the political stone age. Mayor Rudy Giuliani revitalized New York City by taking on crime and reforming welfare. Mike Bloomberg built on that legacy as a Republican and then an independent.

Gov. George Pataki, who beat Democratic Gov. Mario Cuomo in 1994, held power through 2006. He cut taxes and passed a law authorizing charter schools. Republicans controlled the state Senate for a solid stretch until 2008, then again as recently as 2018.

These weren’t years of Florida-style conservatism in New York by any stretch, but the GOP’s viability as a political alternative meant Democrats had to be wary of going too far left. Democratic Gov. Andrew Cuomo ran in 2010 against tax increases and in favor of spending restraint. But as the GOP became less competitive, Mr. Cuomo’s main worry became a primary challenge from the political left.

He and other Democrats responded by moving left on taxes, schools and crime to blunt the Working Families Party and the woke socialists of the Alexandria Ocasio-Cortez faction. New York has now become a one-party state that has steadily imposed the priorities of the left on income redistribution, public union dominance,

and forbearance for criminals.

Gov. Hochul succeeded Mr. Cuomo after he was run out of town by sexual-harassment allegations. But rather than move to the middle, she moved further left. She has raised no objection to the bill last year that raised New York’s top income tax to 14.78% (the state’s 10.9%, plus the city’s local 3.88%).

That’s higher than California, without any of the compensating good weather.

The state’s bail “reform,” along with the rise of progressive prosecutors such as Manhattan District Attorney Alvin Bragg, has produced a sense of criminal impunity. The city passed a law to let foreigners vote in local races if they’ve lived here for 30 days. The state budget is double Florida’s, with fewer people. The economic and social damage has become so obvious that even many left-leaning voters are worried.

New York ought to be a showcase of American dynamism, but it’s turning into a warning of progressive decline. Florida has been poaching hedge funds, as the pandemic weakened ties to big office buildings. The right response is to cut taxes, make New York more competitive, allow more charter schools, and reverse the rise of crime and homelessness on the streets. New Yorkers used to brag about living in America’s safest big city, but the headlines these days are about random, unprovoked attacks on subway riders and pedestrians.

Gov. Hochul is boasting about state spending on corporate welfare, but her TV ads are all about abortion and Donald Trump. One of her ads features an OB-GYN who says she’s “terrified Lee Zeldin could become Governor.”

But there’s no way abortion law will change in New York if Mr. Zeldin becomes Governor. Democrats currently hold supermajorities in both the state Assembly (107-42) and Senate (42-20), and a gerrymander will prevent major GOP gains. Mr. Zeldin stated the obvious with an ad of his own. “Let me be clear,” he said. “As Governor, I will not change, and could not change, New York’s abortion law.”

As for Mr. Trump, he isn’t on the ballot in November, and he doesn’t even live in the state anymore. Next month’s gubernatorial election isn’t about him, and it isn’t about abortion. It’s about whether voters want to send Mr. Zeldin to be a check on Albany, because they’re fed up with punitive taxes, rising crime, and one-party progressive decline.

Could New York elect a Republican Governor? It’s again thinkable.

LETTERS TO THE EDITOR

What’s the Return on Biden’s EV Investment?

Mohammed Alyahya’s op-ed “Biden Scapegoats the Saudis for an Energy Crisis He Created” (Oct. 14) leaves me wanting to know the answers to three essential questions.

First, assume that as of President Biden’s last day in office, after a second term, all new car sales will be electric vehicles, and the basic infrastructure needed to support their use is in place. Where will the energy to power these cars come from? From renewable energy, nuclear energy or from fossil energy? What will be the effect on the environment?

Second, assume that Mr. Biden’s environmental objectives are fully realized by his final day in office, and the unfavorable effect on our climate from U.S. carbon emissions has been

materially reduced. Further assume that all other countries in the world have continued to follow their current strategies to address environmental issues. Will the global climate have been improved at all by the improvement within America? If so, by how much?

Third, how much would the U.S. leadership assumed in the prior two questions influence the behavior of the other countries in the world?

Mr. Biden is asking Americans to make a sacrifice, or an investment, for a better world. The answers to my three questions will help me understand if that investment can be expected to have a reasonable return.

JACK STUDEVANT
Coral Springs, Fla.

Did Danchenko Get a Polygraph? If Not, Why?

Though the Journal has published several opinion articles on the conduct of the Federal Bureau of Investigation concerning the Steele dossier, including Kimberley Strassel’s “Durham’s FBI Indictment” (Potomac Watch, Oct. 14), none of them seem to have considered whether the bureau gave polygraph exams to its cooperating sources during the Russia investigation.

There are only a few reasons someone becomes a cooperating source for government investigators, and even fewer cases in which a polygraph isn’t called for. In every instance where the source’s incentive is cash or a reduction in liability for an offense, the information should be challenged through a polygraph exam. If a political motive can be deduced, not even a polygraph should qualify a source; his information is

inherently untrustworthy.

During my career as a federal investigator, most people who wanted to provide information in exchange for something were shocked that I required a polygraph. A few times a source told me that he had provided information to authorities in the past and hadn’t had to submit to one. Only once did a potential source actually agree to be polygraphed; he was facing a harsh sentence.

It would be interesting to learn whether the FBI gave polygraphs to any of its sources during the bureau’s investigation of the Russia collusion case against former President Donald Trump. Given the gravity and nature of the case, if polygraphs weren’t given to the sources, the public ought to know why.

SETH TAYLOR
Chatham, Mass.

Other Reasons for Military Recruiting Woes

Part of the problem described in your editorial “The Pentagon’s Recruiting Woes” (Oct. 15) is that media depictions of veterans tend to focus only on the challenges they face, such as post-traumatic stress, suicide and homelessness. The well-meaning but ultimately adverse “broken veteran narrative” has become the widespread public perception. A Defense Department survey showed that 57% of young Americans think military service would give them emotional or psychological problems.

Though those challenges are real, veterans also have considerable assets and successes. They have higher incomes, lower unemployment and better education than counterparts, with even greater differences for minorities.

Of post-9/11 combat veterans, 47% report emotionally traumatic or distressing experiences and 36% report post-traumatic stress. Yet 67% said their experiences in combat showed them “that they were stronger than they thought they were,” and 68% of

combat veterans said their deployments helped them financially.

Somehow, we must flip the narrative to a realistic and proportional view of veterans.

PROF. JOEL KUPERSMITH, M.D.
Georgetown University Medical Center
Washington

GEN. GEORGE W. CASEY JR., USA (RET.)
Army Chief of Staff (2007-11)
Washington

I run an education company that has a program specifically dedicated to helping people pass the Armed Services Vocational Aptitude Battery, which more than a quarter of applicants fail. I have a candidate right now, originally from Mexico, who wants to join the Marines. So many Mexican immigrants have passed through our program that I have a good idea of how their schools operate. One thing I’ve noticed is that every student from the state of Chihuahua (most from Juarez) comes in with excellent math skills. After brushing up on their reading and vocabulary, the vast majority pass the test.

Not so with this young man—because he came to the U.S. when he was very young. That’s what sank him. Had he stayed in Chihuahua, he would’ve been fine after some coaching on reading. After being sentenced to U.S. public schools for 10 years, both his math and reading are seriously deficient. At what point will the tide of immigrants start turning south?

NATE BRADEN
CEO, Brushfire Inc.
Denver

Spouses Should Choose Roles

Regarding Erica Komisar’s op-ed “In Praise of Traditional Marital Roles” (Oct. 14): I often find feminist rhetoric simplistic and tiresome. But the view that “it is much better for everyone involved if the man is the achiever outside the home and the woman takes care of the home and family” is even more oversimplified. It is much better for everyone involved if roles in each marriage are determined by individual personalities and preferences rather than gender.

PROF. FELICIA NIMUE ACKERMAN
Brown University
Providence, R.I.

Pepper ... And Salt

THE WALL STREET JOURNAL



“So, a boy wakes up in an oven and then gets eaten by a fox and now I’m supposed to go to sleep?”

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

OPINION

Hispanics Like What the GOP Is Selling

By Phil Gramm
And John Early

Hispanics are one of the fastest growing census demographics in America, and their realignment away from the Democratic Party is a political earthquake in the making. If polls are right and increasing numbers of Hispanics vote Republican in November, the much-touted inevitability of Democratic political dominance will have proved to be a pipe dream.

The creation of a separate ethnic classification for Hispanics in the 1970 census was a political decision. If someone in your family history spoke Spanish, you are counted as Hispanic—a definition that includes people whose ancestors were here before the Pilgrims landed as well as those who are arriving in the country today.

The message of work and opportunity appeals to this disproportionately middle-class minority.

According to the census, there were 62 million Hispanics in 2021, comprising 19% of the population. After the third generation in the U.S., however, many no longer identify as Hispanic, according to a 2017 Pew Research Center study. Asked about their race on the census, 58% of Hispanics said they were white, 27% selected the undefined option—“some other race”—8% selected two or more races, and 2% said they were black. Hispanics have the highest intermarriage rate of any ethnic or racial group. The American melting pot is boiling for Hispanics.

Like the Germans, Italians and Greeks before them, many second- and third- generation don't speak the language of their forbears. In the past 50 years, median income for Hispanic households has grown 17% faster than for the population as a whole. Today Hispanics, in their labor-force participation and income distribution, look more like Republicans than Democrats. And a strong case can be made that the same forces driving the political realignment of middle-income workers generally is increasingly moving Hispanic voters as well.

We have shown on these pages how the explosion of government transfer payments, which in the past 50 years have far outpaced growth in the after-tax income of middle-income working families, has largely equalized the incomes of the bottom 60% of Americans. In addition to the collapse in work effort among low-income households, this government-created income equality has unleashed a populist political realignment. The inherently unstable Roosevelt coalition, between blue-collar workers and the recipients of government largess, is unraveling.

According to census data, middle-income American households earn more than 10 times as much as households in the bottom 20% of earners because their work-age adults are 3.1 times as likely to work and, when working, they work more than twice as many hours. But working and nonworking households alike now have roughly the same income after accounting for transfer payments and taxes.

Working people are increasingly hostile to an unjust system in which those who don't break a sweat are almost as well off as those who do. This worker revolt, which was building in the 1980s with what were then called Reagan Democrats, was fully



DAVID KLEIN

manifested in the Trump blue-collar political base.

Today this worker revolt is a prime mover of Hispanic voters, and it's hardly surprising: Hispanic Americans work. Hispanic households receive 10% less in transfer payments than the average American household. They are underrepresented by 13% in the bottom income quintile, where only 36% of work-age persons actually work and where government transfer payments make up almost 90% of all income. They are 7% less likely to be in the bottom quintile than white households generally. Hispanic families are 31% overrepresented in the second income quintile, where 85% of work-age adults work; and they are 21% overrepresented in the American middle class, where 92% of work-age adults are employed. That middle-income working Americans think like middle-income working Americans shouldn't come as a shock.

The Democratic response to the shift in Hispanic voters has been to hire more Hispanic political consultants. According to the Washington

Post, the Democratic National Committee claims to have made “historic investments” in Hispanic voter outreach this election cycle. The Democratic Senatorial Campaign Committee has spent \$46 million hiring Hispanic political advisers and engaging in Hispanic outreach. Its House counterpart has spent \$31 million. These political committees, together with nonprofit groups, have hired Latino strategists and targeted Hispanic voters to amplify the Biden administration's policy achievements, including expanded transfer payments and student loan forgiveness.

Only the vote count will give us the answer, but it is hard to believe that touting what the Biden administration has given them will work with middle-income Hispanic workers—especially when Hispanics are already less likely to receive welfare benefits than white voters generally. The grievance message would seem ineffective for Hispanic families that have worked their way into middle-income America in record numbers.

Polls show that Hispanics don't view themselves as a minority, much less an oppressed one, and their record of economic advancement proves that point.

A microcosm of this political realignment is playing out in deep South Texas. Republican Monica De La Cruz runs ads about how her grandmother would be proud that she owns her own business. Rep. Mayra Flores, who emigrated from Mexico as a child and worked with her family as migrant farm worker, notes that in “the promised land” she rose to become a respiratory care practitioner. Ms. Flores won a special election in a district Joe Biden carried by 5 points and is now running against a Democrat incumbent in a new district where Mr. Biden won by 15 points and Hillary Clinton by 30.

The open border that has filled South Texas with illegal immigrants, drugs and crime is a big issue for voters. So is the Democratic Party's assault on traditional family values. But at its root the election is a choice between the opportunity that comes from the U.S. economy and the benefits that come from government. The Republican Hispanic candidates are running to share the American dream that hard work pays off. They have brought back the old political mantra of the Reagan era. They are for family, faith and freedom. Nowhere else in America is a clearer choice presented to the voter.

Mr. Gramm is a former chairman of the Senate Banking Committee and a nonresident senior fellow at the American Enterprise Institute. Mr. Early served twice as assistant commissioner at the Bureau of Labor Statistics. They are the co-authors of “The Myth of American Inequality.” Mike Solon contributed to this article.

The U.S.-Saudi Rift Over Oil Prices Is Déjà Vu All Over Again

By Karen Elliott House

The Biden administration finds itself simultaneously snubbed by two bitter rivals, Saudi Arabia and Iran. That's quite a costly feat for the U.S., a nation that relies on stable oil prices to sustain a healthy economy.

Relentless pursuit of a chimerical nuclear deal with Iran—first by the Obama administration and now its Biden redux—has left Saudi Arabia with no trust in its former partner and protector. As a result, the kingdom, which Joe Biden once said he wanted to make a “pariah state,” has declared unequivocally its independence from American leadership by befriendi

How times have changed. Nearly a half-century ago, Saudi Arabia single-handedly rescued the U.S.—and the world economy—from recession by refusing a 15% price hike proposed by the oil cartel then dominated by the shah of Iran. When the cartel proceeded anyway, the Saudis flooded the market with oil, driving down prices and bankrupting Iran. In exchange the U.S. agreed to sell arms to Riyadh, beginning a 50-year buying spree that has made the

kingdom the largest purchaser of U.S. weapons.

With a dramatic flair foreshadowing Crown Prince Mohammed bin Salman's bravado, Saudi Oil Minister Ahmed Zaki Yamani arrived at the December 1976 cartel meeting in Doha, Qatar, to propose a six-month price freeze. Rebuffed by all cartel members, he walked out, returning eight hours later from Riyadh to announce the kingdom not only rejected a price hike but would enforce its decision by boosting its production from 8.5 million barrels a day to 11.8 million.

“Is it fair for others to decide [the price of Saudi crude] against our will?” he asked reporters as he stalked out of the meeting. The soon-to-be-overthrown shah called him “Judas Iscariot.”

In those days, the U.S. was dependent on foreign energy for 40% of its needs. By 2019 the U.S. was a net energy exporter. But thanks to President Biden's suppression of domestic energy production in an effort to boost green energy, the U.S. this year is again a net energy importer.

Some things haven't changed. The White House still puts domestic politics ahead of national interests. In the '70s, as now, the White House begged the cartel to wait until after

the U.S. elections to fiddle with prices.

Another thing that hasn't changed is presidential blundering. Before resigning, Richard Nixon, like Mr. Biden, favored high prices as an incentive to develop alternative energy sources—and to fund Iran's massive purchases of U.S. arms so the shah could serve as America's bulwark for stability in the Mideast.

Biden repeats some of Nixon's mistakes in dealing with Riyadh and Tehran and makes some new ones.

That arms buildup in Iran alarmed Saudi Arabia then. Now the Saudi monarchy is fed up with Mr. Biden's repeated disparagement of oil as an evil that must quickly be replaced by expensive green alternatives that aren't yet anywhere near capable of sustaining global energy needs.

Another déjà vu: Iran's nuclear ambitions. Even half a century ago Iran was seeking the bomb, thus forcing the U.S. to juggle two contradictory goals: curbing the global spread of nuclear technology and pacifying the shah. The Americans

offered a deal allowing Iran to reprocess and store plutonium on its soil if carried out in a multinational plant that the U.S. would manage and secure. The shah stubbornly insisted that if he was such a valued friend of Washington, he ought to be allowed to control his own nuclear fuel. Today, that largely remains the demand of the Islamic theocracy that overthrew him.

The enmity between Iran and Saudi Arabia remains deep, though now it is the Saudis rather than the Iranians who believe they are in the driver's seat. But Riyadh would do well to remember that when Iran launched drone attacks on the Saudi Abqaiq oil facility in 2019, removing 5.7 million barrels a day of production, there was no U.S. retaliation. The Iranians could try something like that again under the assumption that Mr. Biden's outrage at the Saudis' decision to cut production means the U.S. would simply stand by. With Democrats in Congress demanding an end to U.S. weapons sales that have helped protect Saudi oil installations, and the Biden administration's continued desperate efforts to secure a nuclear deal with Iran, it seems a reasonable bet that Washington would see this as teaching the Saudis a lesson, albeit an expensive one.

It's hard to exaggerate the consequences of a serious disruption of Saudi oil on global political and economic stability—and on the kingdom. Saudi Arabia now is the world's largest oil producer and any serious interruption while the West is boycotting Russian oil could leave Western Europe so desperate for energy it would abandon Ukraine.

This would be a big win for Russia and a huge defeat for the U.S. With the world already on the verge of recession, a big price spike caused by disruption of Saudi oil could precipitate a prolonged and deep global turnaround. And the crown prince, whose ambitious and expensive Vision 2030 reforms are driving him to keep oil revenue high, could face his own economic depression with all the disappointment that would heap on his restless and demanding young citizens.

History would seem to teach both President Biden and Crown Prince Mohammed to reflect on the consequences of their policies way beyond November's election.

Ms. House, a former publisher of The Wall Street Journal, is author of “On Saudi Arabia: Its People, Past, Religion, Fault Lines—and Future.” She covered energy as a reporter for the Journal, 1975-78.

If Stanford Owes You an Apology, Get in Line

By Elliot Kaufman

Isaac Bashevis Singer, the Nobel Prize-winning Yiddish writer, once described his fellow Jews as “a people who can't sleep and won't let anybody else sleep, either.” But of all the speculations, complaints and laments rifling through my *yiddishe kop*, I confess that one possibility for last week went untemplated: an apology from Stanford University, my alma mater, for restricting the admission of Jewish students in the 1950s.

“Who asked for it?” another Jewish alumn remarked to me. If Jewish parents were to compile their top 20 issues with U.S. colleges, the lack of apologies for old quotas wouldn't make the list. First would be the

same issue everyone has: outrageous tuition, for which college presidents and administrators might feel ashamed if they weren't so convinced of their moral superiority.

Next on the list would come the treatment of Israel. Why is the dissemination of Soviet-vintage anti-Zionist propaganda the perennial preoccupation of student activists, egged on by radical professors? In my freshman year, the Students of Color Coalition, the dominant campus political machine, organized a broad coalition of student groups in favor of divestment from Israel. Alongside the old calumnies, it hyped to Hispanic students that U.S. Border Patrol uses some Israeli technology. To black students it played up minor training sessions that

some U.S. police receive in “apart

Nineteen student groups were arrayed against Israel, and only Jews and conservatives defended it. Liberal Jews, throughout their time at Stanford, were pressured to choose: Turn your back on Israel and the Jewish people, or lose your standing as progressives. Jewish parents worry about that dynamic.

Wokeness itself is often a concern because of its structural antagonism to the Jews. If group disparities are evidence of racism, and merit is a fraudulent concept used by the powerful to perpetuate their domination, then how to explain disproportionate Jewish success? In their 1997 book, “Beyond All Reason,” law professors Daniel Farber and Suzanna Sherry conclude that the “radical theories inescapably imply that Jews and Asians enjoy an unfair share of wealth and status.” They exceed their quotas.

Without appeal to merit, the achievements of these small minorities can't be explained other than by bigoted reference to their scheming or exploiting, or at least their collaboration with the power elite and assent to white supremacy. That's why Asians get called “white adjacent” and Jews are treated as worse than white, itself used as an insult.

Many Jewish parents also worry, privately, that admissions officers will treat their kids the same way the activists do. As whites, they'll be

disfavored—not because of '50s-style de facto quotas, but because of today's. Stanford proudly uses racial preferences as “one part of the individualized review of student applications for admission.” Whatever that means, race and ethnicity are again

Jews could make a list, starting with confiscatory tuition, anti-Israel fixation and racial preferences.

being used to engineer student populations. Yet no apologies are forthcoming this time. At every opportunity, Stanford submits friend-of-the-court briefs in defense of the practice, lately rallying behind Harvard. Probably it is easier to apologize to dead Jews than to treat living Asians fairly.

It wasn't uncommon at Stanford for non-Asian students to remark, in quiet moments of candor, that they were glad affirmative action kept down the number of Asian students, even if they couldn't justify it in acceptable terms. Otherwise, “Stanford wouldn't be Stanford.” It would be too competitive, less social and a worse experience all around if the Asian student population got too big. In years past, many WASPs said the same about the Jews.

By the way, Jews did change those schools, just as Asians may change them now. So what? I was first alerted to Stanford's

apology by a campus Jewish center: “On behalf of Hillel at Stanford, I want to lift up President [Marc] Tessier-Lavigne's apology as a notable example of institutional *teshuvah*—an acknowledgment of past wrongdoing and clear and specific commitment to ensure a supportive and bias-free experience at Stanford.”

Usually, you do *teshuvah* for your own sins. That's why it's so difficult. In this case, the Stanford president is repenting for actions of his long-dead predecessors. That's why it's so easy, pushed in press releases that whisper: *We're better than those who came before us. They mistreated those poor, old Jews, and we own up to it.*

Yet I wouldn't call that generation of American Jews victims. They were blessed to live in the U.S., not Europe. And while many were kept out of elite bastions to which they had earned entry, their brains and drive helped them leave the stuffy elites in the dust. Looking back at this period in 1970, Nathan Glazer and Daniel Patrick Moynihan concluded: “The Jews were everywhere, doing everything. In New York . . . they simply outclassed their competition, which was Protestant in business, professional, and intellectual circles, and Catholic in the political ones.”

Hard as it is for academics steeped in the ideology of affirmative action to understand, Jews made it without Stanford and Harvard. Some think we'd be wise to do so again.

Mr. Kaufman is the Journal's letters editor.

THE WALL STREET JOURNAL.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, October 20, 2022 | B1

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Dollar Erases P&G's Sales Gains

Maker of Tide detergent and Gillette razors predicts first annual decline in years

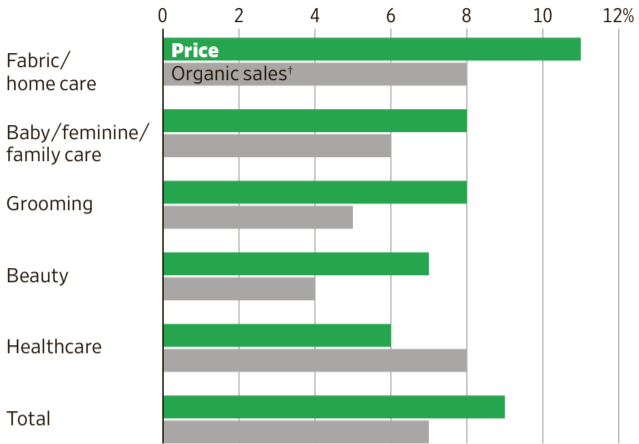
By Sharon Terlep

Procter & Gamble Co. said the stronger dollar erased most of its sales gains for the latest quarter and is on track to lead the maker of Tide detergent and Gillette razors to its first annual sales decline in half a decade.

The Cincinnati-based consumer-products company on Wednesday lowered its annual revenue guidance, citing the run-up in the value of the dollar relative to other currencies around the world. P&G now expects sales for the fiscal year ending June 30 to fall 1% to 3%. Its previous forecast called for growth between flat and 2%.

"Those headwinds will

P&G segment sales and pricing, change from a year earlier*



*For the fiscal quarter ended Sept. 30

†Excludes currency fluctuations, acquisitions and asset sales

Source: the company

probably continue," P&G finance chief, Andre Schulten, said. "It doesn't fundamentally change anything about our strategy. If anything it reaffirms our choice in categories we operate in."

P&G's results for the Sep-

tember quarter were better than Wall Street expected as price increases offset declining volumes. P&G shares rose 0.9% Wednesday and are down 8.25% from a year ago.

P&G expects unfavorable foreign-exchange rates to cost

the company \$1.3 billion for the fiscal year, while higher commodity, materials and freight costs would be a \$2.6 billion drag. It expects currency movements to be a 6% hit to sales growth, double the previous estimate.

P&G over the years has largely shifted to local sourcing throughout its global supply chain, which mitigates effects of currency fluctuations, but the company remains susceptible to the impact of the strong dollar on commodity pricing and global consumer spending.

The company plans to return to pre-Covid levels of cost cutting, trimming expenses such as marketing spending and overtime, Mr. Schulten said, but doesn't plan a substantial head count reduction after adding thousands of employees to keep up with demand during the pandemic.

The company said organic

sales, a closely watched metric that strips out currency moves and deals, grew by 7% in the quarter ended Sept. 30 as Americans absorbed substantial price increases in products from detergent to diapers. Sales volumes fell 3% globally. P&G attributed two-thirds of the decline to a decision to halt sales of most products in Russia amid the war in Ukraine.

The world's biggest consumer companies this year have reported sales gains on the back of higher prices and this summer said they would keep passing on higher costs to consumers.

Also on Wednesday, Nestlé SA, the world's largest packaged-foods maker, said higher selling prices on products from KitKat chocolate to Perrier water, drove a surge in revenue. Organic sales growth was 8.5% in the first nine months of 2022, consisting of

Please turn to page B2

Recession Fear Hits Fannie, Freddie Securities

By Matt Grossman

Investors are unloading securities sold by Fannie Mae and Freddie Mac that shift the risk of mortgage defaults away from taxpayers, a sign of growing concern about defaults if rising interest rates cause a severe recession.

The securities, called credit-risk transfers, could incur losses if rising defaults hit the swaths of mortgage debt backed by the housing-finance giants. The Federal Reserve's interest-rate increases have shown signs of cooling the pandemic's roaring real-estate market, and many worry that the central bank's inflation fighting may cause a recession that hurts homeowners' ability to repay their loans.

That has spooked some investors who hold securities tied to riskier cash flows from mortgage debt backed by Fannie and Freddie. Asset managers, pensions and hedge funds all invest in the roughly \$60 billion CRT market, which acts as insurance for the two agencies against defaults on slices of roughly \$4.5 trillion of mortgages that would otherwise spell losses for taxpayers.

As clouds darken over the housing market and the economy as a whole, investors are sending CRT prices lower and demanding greater compensation to hold them. Through last week, typical junk-grade CRTs were yielding 6.75 percentage points more than ultrasafe Treasury bonds, according to JPMorgan data. Excluding a spike in the early days of the Covid-19 pandemic, that is near the highest levels since CRTs were introduced a decade ago. This January, the relative spread above Treasuries was just 3.42 percentage points.

Last week, spreads on corporate junk bonds with a comparable single-B credit rating were 5.43 percentage points lower, according to index data from Intercontinental Exchange, reflecting a market perception that CRTs are riskier.

Fannie and Freddie don't make loans. Instead, they package other lenders' mortgages into securities and sell them to investors, guaranteeing payment if the underlying mortgages default.

Credit-risk transfers don't

Please turn to page B11

◆ Heard on the Street: Housing market problem builds. B12

Netflix Debates Releasing More Films to Theaters

By Robbie Whelan and Sarah Krouse

Inside Netflix Inc.'s movie studio, top executives lobbied Ted Sarandos, the company's co-chief executive, for much of this year to experiment with releasing more Netflix original movies broadly in theaters.

They outlined their case in a memo shared in June on the company network. Some argued that Netflix is leaving hundreds of millions in box-office receipts on the table with its current strategy of showing only select movies in a few hundred theaters for at most a few weeks before streaming them, according to people familiar with the matter. Other executives thought showing movies in more theaters would create valuable buzz for the streaming service.

Soon after, in an internal meeting, Mr. Sarandos told Netflix studio leaders that he had doubts and still felt that streaming is the future of entertainment, movies included. Instead, he suggested that studio chief Scott Stuber and other executives meet with their counterparts at Sony Pictures Entertainment Inc. to see if they would agree to let Netflix stream Sony's movies just four to six weeks after they came out in theaters, instead of after six to eight months, as spelled out in a

partnership the two studios reached last year.

If a new deal could be struck, some executives said, it would help Netflix understand how the company might benefit from streaming a movie shortly after it had been shown on thousands of big screens across the country.

The debate inside Netflix over how best to distribute its films—details of which haven't been previously reported—is one that is playing out across an entertainment industry that has been rapidly upended by the rise of streaming video. Every major company in Hollywood faces some version of the same question: What is the best way to release a movie?

Is it in a cinema, with stadium seating, popcorn and digital surround sound? Or is it at home, streamed on a flat-screen TV or a laptop? Should movies go to theaters first, then to streaming, or should they be released at the same time? How long should a studio wait between theatrical and streaming release? How many theaters should show a film? Should all movies go to the big screen, or just splashy action thrillers?

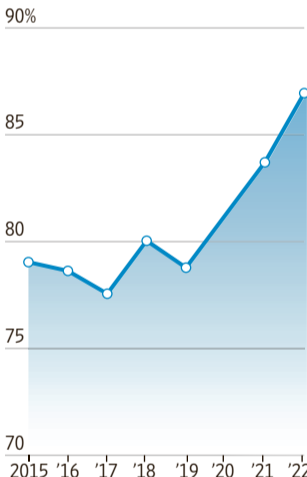
Some 52% of consumers now prefer to watch films at home, according to a report by market-research firm National Research Group, which interviewed more than 11,000 peo-



JOHN WILSON/NETFLIX

Netflix will release 'Glass Onion: A Knives Out Mystery' in 600 theaters for a week.

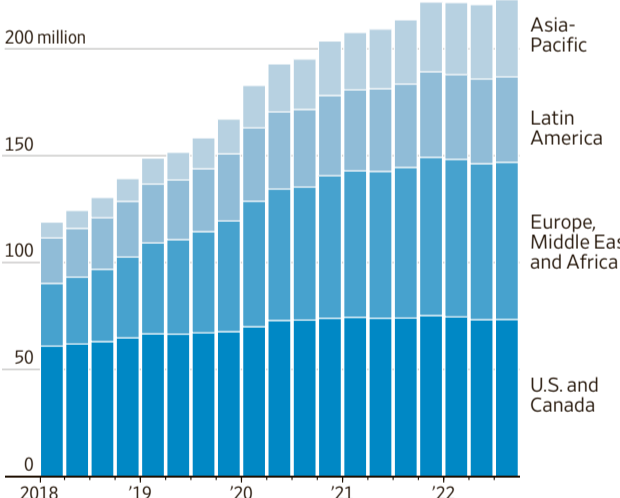
Total domestic box office share for the top five studios*



*Includes revenue for films released in the prior year; 2022 is through Oct. 5; Box office data for 2020 is excluded due to the pandemic shutdowns

Sources: Comscore (market share); the company (subscribers)

Netflix subscribers by region



ple across nine countries in August.

However, most major studios have concluded that wide release plays an important role in the distribution plan for most movies, especially as

the box office recovers strongly from the coronavirus pandemic. Netflix remains a holdout. It has produced hundreds of feature films and feature-length documentaries since 2015, when its studio

started releasing movies, but few of them are released in theaters.

Netflix movies such as "The Irishman," "Ma Rainey's Black Bottom" and "The Power of

Please turn to page B2

Lam Joins Chorus of Chip Warnings

By Asa Fitch

Chip-tool maker Lam Research Corp. warned of a potentially steep drop in sales as the U.S. imposes new restrictions on exports to China, highlighting how the global semiconductor industry's earnings woes have grown beyond a slump in demand for some consumer electronics.

U.S. curbs on exports of some of the most advanced chips to China unveiled less than two weeks ago have triggered a new round of profit warnings from semiconductor

businesses and have prompted analysts to cut earnings forecasts for some of the companies designing chips and the tools to produce them.

Lam Research said that it expects to lose as much as \$2.5 billion in sales next year from the China restrictions, although its outlook for around \$5.1 billion in sales for its December quarter, which included the impact of restrictions, came in ahead of analysts' forecasts.

Lam Chief Executive Tim Archer said a combination of the China curbs and deteriorating demand, especially in memory

manufacturing, would push spending on chip-making equipment down by more than 20% next year.

Applied Materials Inc., one of the largest makers of chip-manufacturing equipment, this month said that its sales for its current quarter should be around \$400 million lower than it previously anticipated after the U.S. restrictions came out.

Those expectations signal a significant potential hit to part of the chip-making industry where American companies dominate.

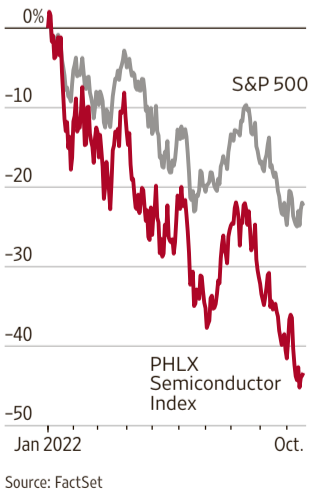
ASML Holding NV, the Dutch maker of some advanced chip-production tools that the U.S. has tried to keep out of China, on Wednesday said that it was assessing the effect of Washington's new regulations as it reported third-quarter sales of €5.8 billion, equivalent to about \$5.7 billion, and record net bookings. China accounts for around 17% of its sales.

ASML said it expected lim-

Please turn to page B2

◆ TSMC considers making more in Japan. B2

Index performance, year to date



Source: FactSet

Some Americans Just Won't Play the Stock Market

By Joe Pinsker

As stocks plunged this year, many retirement savers had to fight the urge to check their 401(k) balances, reminding themselves that investing is still a steady, gradual path to prosperity.

Many Americans didn't

have to resist that compulsion: They aren't in the market for the long term. They aren't in it at all.

According to a Gallup survey from this spring, 41% of Americans say they have no money invested in the stock market. Many of them can't afford to invest: Seventy-five

percent of those with a household income under \$40,000 a year say they have no investments, per Gallup. For others, it is a choice: Eleven percent of Americans with a household income of at least \$100,000 a year have nothing in stocks.

Arlene LaHera, a 65-year-

old in Port St. Lucie, Fla., said she can't think of a time when the market's ups or downs affected her life. She hopes, for others' sake, that the market recovers soon, but she has no investments, and she said, "on a personal level, it just seems to be a little bit distant."

Ms. LaHera, who makes a

living selling a medical device she invented, said that she doesn't have spare cash to invest. But even if she did, she couldn't stomach the market's violent swings. A friend's experience with day trading only validates her feelings.

"He's always a wreck over

Please turn to page B11

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.

| | | |
|---------------------------------|------------------------------------|---|
| A | Engie.....B10 | Q |
| Abbott Laboratories...B3 | F | Qualcomm.....B2 |
| Advanced Micro Devices.....B2 | Fannie Mae.....B1 | R |
| Ally Financial.....B12 | Freddie Mac.....B1,B12 | Redwire.....A5 |
| Alphabet.....B4 | G | Robinhood.....A2 |
| Altria.....B3 | General Electric.....A1 | S |
| Amazon.com.....B6 | Goldman Sachs.....B4,B6 | Samsung Electronics..B2 |
| Apollo Global Management.....A3 | I | SolarWinds.....A5 |
| Apple.....A2,B2,B6 | Intel.....B2 | Sony Pictures |
| Applied Materials.....B1 | J | Entertainment.....B1 |
| ASML.....B1 | JetBlue Airways.....B3 | Spirit Airlines.....B3 |
| B | JPMorgan Chase.....B6 | Starbucks.....B3 |
| Bank of America.....B6 | K | Swedish Match.....B3 |
| Boeing.....A1 | Kraft Heinz.....B12 | T |
| Bollinger Motors.....B10 | L | Taiwan Semiconductor Manufacturing.....B2 |
| BP.....B10 | Lam Research.....B1 | Tesla.....A1,A2,B6 |
| Broadcom.....B4 | Longfor.....B12 | Thoma Bravo.....A5 |
| C | M | Travelers.....B10 |
| Capital One Financial.....B12 | Microsoft.....B4 | Twitter.....A5 |
| Carnival.....B4 | Morgan Stanley.....A1 | U |
| Charles Schwab.....A1 | Mullen Automotive..B10 | Udemy.....A5 |
| Cheniere Energy.....B10 | N | Unilever.....B12 |
| Chevron.....A10 | Nestlé.....B1,B3,B12 | United Airlines.....B11 |
| China Bond Insurance.....B12 | Netflix.....B1,B11 | V |
| China Evergrande.....B12 | Nordstrom.....A2 | Vista Equity Partners.....B4 |
| CIFI.....B12 | Novavax.....A3 | W |
| Country Garden.....B12 | Nvidia.....B2 | Warner Bros. Discovery.....B2 |
| D | P | Walt Disney.....B2 |
| Definitive Healthcare..A5 | Philip Morris International.....B3 | Z |
| E | Procter & Gamble.....B1,B11,B12 | ZoomInfo Technologies.....A5 |
| Elliott Management...B3 | | |

INDEX TO PEOPLE

| | | |
|------------------------|----------------------------|---------------------------|
| A | F | O |
| Archer, Tim.....B1 | Ford, Robert.....B3 | Oumanski, Darina.....B6 |
| Argenti, Marco.....B4 | G | P |
| B | Goswami, Swish.....B6 | Pizzurro, Brandon.....B11 |
| Berger, Mitchel.....B2 | H | S |
| Bezos, Jeff.....B6 | Hastings, Reed.....B2 | Saperstein, Andy.....A2 |
| Bryan, Devon.....B4 | Hunsaker, Ben.....B11 | Sarandos, Ted.....B1 |
| C | K | Schulten, Andre.....B1 |
| Chang, Jimmy.....B11 | Kalogiratos, Jerry.....B10 | Schultz, Howard.....B3 |
| Chapek, Bob.....B2 | Kirkhorn, Zach.....A4 | Solomon, David.....B6 |
| Chen, Tracy.....B11 | M | T |
| Christie, Ted.....B3 | Michery, David.....B10 | Tenev, Vlad.....A2 |
| D | Moynihnan, Brian.....B6 | W |
| DeWalt, Dave.....B4 | Musk, Elon.....A1,B6 | Wennink, Peter.....B2 |
| Dimon, Jamie.....B6 | N | Z |
| E | Nordstrom, Pete.....A2 | Zaslav, David.....B2 |
| Erck, Stanley.....A3 | Norris, Paul.....B11 | |

Dollar Hits P&G's Sales Gains

Continued from page B1 price increases of 7.5% and a 1% rise in volumes. Price increases were particularly steep in North America, up 11%.

P&G's Mr. Schulten said consumers' willingness and ability to pay more for staples are ending, and P&G predicts organic sales will be substantially lower for the remainder of the fiscal year as it slows the pace of price increases.

Executives said discounts and deals are returning to pre-Covid levels after dropping sharply amid the pandemic, when many household staples were in short supply.

"It's a very dynamic environment, we will continue to carefully balance innovation, pricing, and productivity," Mr. Schulten said.

U.S. consumer inflation excluding energy and food reached a four-decade high in September.

Mr. Schulten said retailers also are stocking up less following more than two years of sometimes-severe product shortages amid the Covid-19 pandemic and global supply-chain meltdown.

Retailer inventory levels are back to where they were before the pandemic, he said.

P&G has seen its market share decline broadly and in some key categories in recent months.

Mr. Schulten said that is largely due to the fact that P&G sales were inflated a year ago amid heightened pandemic demand and other factors, and that the company is seeing its market position improve monthly.

The company reported \$20.6 billion in revenue for the quarter, up 1% from a year earlier. Diluted net earnings per share were \$1.57, down 2% but higher than the consensus analyst estimate of \$1.53 a share, according to FactSet.

Netflix Debates Theaters

Continued from page B1 the Dog," which critics thought had a shot at winning Oscars or other awards that require a bare minimum of public screenings, might get a few weeks in cinemas on a few hundred screens before streaming online. But none of Netflix's movies have received the kind of wide release—meaning thousands of screens for more than a month—that leads to hundreds of millions in ticket sales.

Netflix said in a third-quarter letter to shareholders Tuesday it is able to make a wider variety of films because it isn't preoccupied with theatrical attendance. "We're in the business of entertaining our members with Netflix movies on Netflix," Mr. Sarandos said on the company's earnings call Tuesday.

Movies made by the five biggest Hollywood studios have earned more than \$39 billion over the last five years, excluding the pandemic year of 2020, according to box-office tracker Comscore. Theater operators and studios typically each take about half of the proceeds from ticket sales.

Warner Bros. Discovery Inc. this year scrapped "Batgirl," a nearly-completed su-

perhero film that had been headed for theaters. Nonetheless, David Zaslav, the company's CEO, later told investors that he was committed to theatrical exhibition because it "generates word-of-mouth buzz" and increases the value of movies once they stream on the company's HBO Max platform.

Walt Disney Co., Netflix's biggest streaming rival, has sent three of its last four Pixar Animation Studios movies straight to streaming, including this year's "Turning Red," but CEO Bob Chapek has said that the company still considers cinemas a major benefit to its business, especially for big-budget superhero pictures.

Theatrical releases can also help drive profits from merchandise sales and fan events, which help build franchise loyalty, some film executives say.

"You're creating this touchstone for people," said Mitchel Berger, senior vice president for global commerce at Sony-owned Crunchyroll, a distributor and streaming service focused on Japanese anime titles, including the most recent "Dragon Ball Super" film.

Netflix's co-CEOs have said streaming video is the company's core business offering and they don't want to devalue subscriptions by offering content too widely in any other format, according to people familiar with their thinking. Mr. Sarandos and co-CEO Reed Hastings declined to comment.

The debate surrounding broader and longer theatrical

releases intensified inside Netflix after its share price plummeted this spring and growing competition in streaming led the company to re-examine its business model. This year it announced changes that would have been unthinkable in the past, including adding a lower-priced ad-supported tier, cracking down on password-sharing and reining in content spending.

Messrs. Sarandos and Hastings, however, have signaled repeatedly that they are unwilling to build a significant theatrical business within Netflix. Marketing is too expensive, they have said, and Net-

52%

Portion of Americans who want to watch movies at home

flix lacks deep relationships with theater chains.

During internal debates, some Netflix executives said more theatrical releases could create what is known inside the company as a "trust buster," or a move that betrays the expectations of subscribers and degrades the perceived value of a subscription, people familiar with the discussions said. Plus, they want movies to drive new subscribers to Netflix when there is cultural chatter about them.

Netflix product executives this year explored the poten-

tial for a new premium tier of membership that included theater tickets or early access to films, people familiar with the matter said. Such a plan, which was one of several ideas discussed, could open the door to more theatrical releases, offer customers a new service tier and appeal to creative talent the company worked with who wanted the visibility and sheen of a traditional Hollywood debut, they added. It is unlikely that the company will pursue that idea, people familiar with the matter said.

Still, there have been some recent signs that Netflix leadership might be willing to make small adjustments to the theatrical release policy under the right circumstances.

Earlier this month, the company agreed to release "Glass Onion: A Knives Out Mystery" in 600 theaters for a week around Thanksgiving, then stream it a month later. Filmmaker Rian Johnson said at the time he couldn't wait "to feel the energy of the crowd" in theaters. Netflix plans to release "Bardo," a Spanish-language drama from Alejandro González Iñárritu, for four weeks in theaters starting in November before streaming.

—Jessica Toonkel contributed to this article.

Watch a Video



Scan this code on how Netflix reversed losses in subscribers.

BUSINESS & FINANCE

TSMC Weighs Expanding in Japan

By YANG JIE

TOKYO—Taiwan Semiconductor Manufacturing Co. is considering expanding its production capacity in Japan, people familiar with the matter said, in what would be a move by the world's largest contract chip maker to reduce geopolitical risk.

The Japanese government has signaled that it would like TSMC to expand in the country beyond a factory already under construction, but no decision has been made and TSMC is studying the feasibility, these people said.

The Taiwanese company, which makes chips for a host of major electronics products, including those of Apple Inc., is building its first chip-manufacturing plant in Japan, located on the southern island of Kyushu. The multibillion-dollar

plant is subsidized by the Japanese government.

The semiconductor industry has been in upheaval since last year when widespread chip shortages snarled auto making and other industries. At the same time, the U.S. and allies such as Japan have grown concerned about the rise of the Chinese semiconductor industry and the concentration of chip making in Taiwan, a self-governing island that Beijing claims as part of its territory.

TSMC's factory under construction in Japan is part of the response to these issues. The plant is set to focus on less-advanced chips commonly used in autos and components like sensors, and it is scheduled to ship products in late 2024. A company called Japan Advanced Semiconductor Manufacturing, majority-owned by TSMC, is building the plant.

If it expands beyond the current plan, TSMC would look at building more-advanced chips in Kyushu, the people familiar with the matter said. A TSMC spokeswoman said the construction for the project in Japan is on track and declined to comment on possible expansion.

An official at Japan's Ministry of Economy, Trade and Industry who oversees the semiconductor industry declined to comment.

Once a world leader in semiconductor manufacturing, Japan has fallen behind Taiwan and the U.S. Tokyo officials have called that a national-security concern and sought to locate more chip making in the country to support other manufacturers such as car makers that need chips.

Last December, Japanese lawmakers approved ¥774 bil-

lion, equivalent to \$5.2 billion, in funding to rebuild the domestic semiconductor industry, part of Tokyo's goal to increase domestic chip revenue to the equivalent of nearly \$100 billion by 2030, roughly triple the 2020 figure.

The budget includes billions of dollars in subsidies for domestic cutting-edge chip manufacturing. The Ministry of Economy, Trade and Industry has said it will cover up to half of the construction cost of the TSMC factory, with the maximum commitment equivalent to \$3.2 billion.

People involved in the TSMC project said the government subsidies helped overcome drawbacks to building in Japan such as tight power supply and the risk of earthquakes and other natural disasters.

—Chieko Tsuneoka contributed to this article.



DAVID PAUL MORRIS/BLOOMBERG NEWS

Equipment maker Applied Materials said sales will be lower than it previously anticipated.

semiconductors. He added that the bulk of the chips sent to China are for goods such as smartphones, PCs and video games, not the supercomputer application some of the U.S. measures target.

Analysts expect the rules to have a more significant impact on China's efforts to develop its domestic chip-making sector. Cowen Inc. said the restrictions could cut \$10 billion from spending on chip manufacturing equipment next year alone.

The regulatory threat to sales comes as consumer appetite for PCs has rapidly deteriorated. Buyers that gorged on devices when the pandemic first hit are holding off on buying new machines amid recession fears and high inflation. Gartner Inc. says the recent downturn in PC shipments is the worst in more than two decades.

Advanced Micro Devices

Inc., which makes central-processing units for PCs and competes with Intel Corp., this month cut its forecast for third-quarter sales by about \$1.1 billion, citing flagging PC demand, muting expectations for its quarterly results expected Nov. 1. At Intel, PC-related chips account for about half of revenue, and its sales are forecast to fall by 15% when it reports third-quarter figures next week, according to a survey of analysts by FactSet. That follows a tumultuous second quarter for Intel, in which it reported a surprise loss and issued a glum outlook.

Sales of smartphones, a major destination for chips, have been under pressure and are expected to be down 6.5% this year, according to International Data Corp.

San Diego-based Qualcomm Inc., a supplier of chips for phones, in July cut its annual

smartphone forecast and gave a more muted outlook for the quarter than Wall Street had expected. The company is still expected to report a rise in sales in its next results on Nov. 2, as its chips gain share in Samsung Electronics Co.'s latest phones and it expands its automotive and internet-of-things businesses.

Market conditions have led to other signs that the global chip shortage is easing. The average time it takes for a chip maker to deliver an order of chips fell by four days in September, according to statistics from Susquehanna International Group, the largest decrease in any month since the shortage took hold.

In a sign of investor sentiment, the PHLX Semiconductor Sector Index has slid around 44% this year and 13% since the end of the second quarter alone.

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BUSINESS NEWS



The maker of Nescafe will acquire Seattle's Best Coffee.

Nestlé Buys One of Starbucks's Brands

By PETER STIFF

Nestlé SA said it agreed to acquire the Seattle's Best Coffee brand from Starbucks Corp., bolstering the Nescafe and Nespresso owner's coffee business in the U.S.

The world's largest packaged-food maker said Wednesday that the acquisition of the brand, which sells a range of packaged coffee in grocery stores as well as in locations such as workplaces, universities and hotels, would add depth to its North American portfolio. Nestlé didn't disclose the terms of the deal.

News of the acquisition came as Nestlé lifted its full-year sales guidance after higher selling prices boosted its performance in the first nine months of 2022.

Coffee has been one of Nestlé's best-performing categories in recent years. The company's coffee products benefited from consumers drinking more brews at home during the pandemic and demand has remained high, partly helped by people continuing to work from home.

Even before the Covid-19 pandemic, Nestlé had identified coffee as a priority in its overhaul of its portfolio to focus on categories it believed had the strongest growth potential. In one of its biggest moves, Nestlé in 2018 agreed to pay Starbucks more than \$7 billion for the rights to sell the

Seattle chain's packaged coffee in grocery and other retail stores. The Swiss company has also invested in smaller brands such as Blue Bottle Coffee and Chameleon Cold-Brew.

For Starbucks, the sale of Seattle's Best comes as the company looks to focus more on its stores. Last month, Interim Chief Executive Howard Schultz outlined a wide-ranging revamp of the coffee chain, ranging from cafe upgrades to expanded employee benefits.

Nestlé also reported on Wednesday a surge in sales for the first nine months of the year, driven by higher selling prices for its products, which also include KitKat chocolate and Perrier water. The company said organic sales growth was 8.5% in the period, consisting of price increases of 7.5% and a 1% rise in volumes.

Overall sales for the first nine months of the year rose 9.2% to 69.13 billion Swiss francs, about \$69.53 billion.

Companies that sell consumer products are grappling with how much to increase prices by to offset higher costs, while avoiding alienating consumers also struggling with high levels of inflation.

Nestlé stock closed down 1.3% Wednesday in Switzerland. Starbucks fell 0.3%.

—Giulia Petroni contributed to this article.

◆ Heard on the Street: Winter to pose test for company. B12

Philip Morris to unveil offer as soon as Thursday, to regain U.S. rights to tobacco device

By JENNIFER MALONEY AND BEN DUMMETT

Philip Morris International Inc. plans to raise its offer for Swedish Match AB and has agreed to pay \$2.7 billion to regain the U.S. rights for its IQOS heated tobacco products from Altria Group Inc., according to people familiar with the matter.

Philip Morris's original offer for Swedish Match in May was 161.2 billion Swedish Krona, which was then equivalent to \$16 billion. The new offer is expected to be announced as soon as Thursday, the people

said. The move is made easier by the strength of the dollar against the Swedish currency since the deal was struck. Other factors that went into the revised offer were inflation, volatility in equity markets and changes in interest rates, one of the people said. Philip Morris has been under pressure from Elliott Management Corp. and other investors to sweeten the bid.

The deal, which takes effect April 30, 2024, frees up Philip Morris to market IQOS in the U.S. through the Swedish Match sales force if the Swedish Match deal closes. Philip Morris is also prepared to sell IQOS in the U.S. on its own, Philip Morris Chief Executive Jacek Olczak said. The deal in-

cludes an upfront \$1 billion payment with the rest paid by July 2023, Altria said.

Altria introduced IQOS in the U.S. in 2019 and sold it in a handful of states until last year, when it had to stop importing IQOS as the result of a patent dispute. Philip Morris has said it plans to begin manufacturing IQOS in the U.S. next year so that it may resume selling the product in the U.S.

Both IQOS, which is sold outside the U.S., and the proposal to buy Swedish Match are part of Philip Morris's strategy to generate more than 50% of annual net revenue from smoke-free products by 2025, up from about 30% currently.

IQOS is a device that heats tobacco but doesn't burn it or produce smoke when users in-

hale. It is an alternative to cigarettes, which create an aerosol from a nicotine liquid.

Philip Morris and Altria have been in a dispute over IQOS, which they introduced into the U.S. through a partnership. Philip Morris argued that Altria hadn't met the agreed-upon sales targets for IQOS that would allow Altria to extend its exclusive U.S. rights. Altria said that it had.

The payments from Philip Morris will give Altria greater flexibility to allocate resources toward its plan to expand into smoke-free products, Altria Chief Executive Billy Gifford said. Altria expects to finalize the design for a heated tobacco device by the end of 2022. It would then need to seek FDA authorization.

Spirit Investors Approve JetBlue Deal

By ALISON SIDER

Spirit Airlines Inc. shareholders voted to approve the airline's merger with JetBlue Airways Corp. at a meeting Wednesday, a step toward creating the fifth-largest U.S. airline following a monthslong battle over the budget carrier.

Spirit agreed in July to sell itself to JetBlue in a \$3.8 billion deal that the airlines have said would reshape the industry and help fulfill JetBlue's long-held growth ambitions. But the deal is likely to face scrutiny from antitrust authorities who have been pushing back on corporate mergers.

The next challenge for Spirit and JetBlue will be to convince regulators that combining won't harm competition or result in higher ticket prices. The airlines said Wednesday they expect to conclude the regulatory process and close their deal no later than the first half of 2024.

"Today's vote is a major milestone in our plan to join with Spirit to create a high-quality, low-fare national challenger to the Big Four airlines," JetBlue said.

JetBlue wrested Spirit away from Frontier Group Holdings Inc., a rival discounter that had



The airlines still need to convince regulators the merger won't harm competition. A Spirit jetliner.

agreed to buy Spirit in February. Spirit initially rebuffed JetBlue, arguing that its original deal with Frontier had a better chance of passing muster with regulators and would be better for investors in the long run.

But Spirit's shareholders were swayed by JetBlue's richer offer, which was worth about \$1 billion more than Frontier's, and Spirit and Frontier were unable to convince them to

back the Frontier merger.

Wednesday's vote outcome was widely expected. JetBlue will pay \$33.50 per share in cash, including a \$2.50-a-share upfront payment and 10 cents a month starting in January until the deal closes—something proxy advisory firms have said will help compensate investors for some of the regulatory risk. If the deal is blocked for antitrust reasons, JetBlue will pay

Spirit a \$70 million reverse breakup fee and will pay Spirit shareholders \$400 million.

"This is an important step forward on our path to closing a combination that will create the most compelling national low-fare challenger to the dominant U.S. carriers," Spirit Chief Executive Ted Christie said.

Spirit shares closed up 1.6% Wednesday, and JetBlue shares fell 0.1%.

Abbott Overhauls Factory Leadership After Formula Crisis

By PETER LOFTUS AND JESSE NEWMAN

Abbott Laboratories has made leadership changes at its major baby-formula manufacturing plant and in its quality organization, following a temporary shutdown of the Sturgis, Mich., plant earlier this year after contamination was found.

The Abbott Park, Ill., company also plans to spend about \$500 million to build a new baby-formula plant in the U.S., after analyzing the market and concluding more capacity is needed, Chief Executive Robert Ford said Wednesday.

The company is in the final stages of choosing a location for the plant, which will make specialty and metabolic formula, Mr. Ford said on the company's third-quarter earnings call.

U.S. sales of certain Abbott baby formula products have plunged.

ings call.

Abbott's February shutdown of its Sturgis plant to fix unsanitary conditions flagged by federal regulators fueled a severe shortage of baby formula in the U.S. this year.

The company restarted production in July after making upgrades to the plant.

"We recognize there's more to do, but feel confident in the progress we're making," Mr. Ford said.

An Abbott spokesman declined to provide further details about the leadership changes.

Abbott halted production in Sturgis—the company's biggest formula factory—after Food and Drug Administration in-

spectors found traces of a potentially deadly bacteria, raising the possibility that contaminated products from the plant had caused the illnesses of several infants.

Abbott has said the Sturgis plant likely wasn't the source of the infections. The FDA has said it can neither rule in nor rule out the possibility that the plant was the source of the infections.

Abbott restarted production of its most well-known brand, Similac, in September, and new cans are expected to reach store shelves in the coming weeks, Mr. Ford said.

U.S. sales of certain Abbott baby-formula products plunged to \$102 million in the third quarter from \$332 million a year earlier, Abbott said.

A former employee of the Abbott plant notified federal officials about allegations of problems at the Sturgis plant, including a complaint filed with the Occupational Safety and Health Administration in February 2021.

Mr. Ford said Wednesday that Abbott investigated the former employee's allegations about quality and concluded they were unfounded. The former employee has withdrawn the federal OSHA complaint, he said.

An attorney for the former employee declined to comment.

The former employee also notified FDA officials about the allegations, which factored into FDA's decision to inspect the plant earlier this year.

Abbott, which also makes medical devices and generic drugs, said its net earnings for the third quarter fell to \$1.44 billion, or 81 cents a share, from \$2.1 billion, or \$1.17 a share, a year earlier.

Sales of Abbott's Covid-19 tests fell to \$1.7 billion from \$1.9 billion.

Abbott shares fell 6.5% to \$98.11 on Wednesday.

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| Last date for bid submission | 16.12.2022 (17.00 hours IST) |

Date of opening of technical bid will be conveyed post pre-bid meeting. All other details including any date extensions, clarifications, amendments, corrigendum etc., will be uploaded on the website <https://etender.up.nic.in> and will not be published in newspaper. Bidders shall regularly visit the website to keep themselves updated.

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| Reference is hereby made to the Indenture dated as of November 10, 2005 (as amended or supplemented from time to time, the "Indenture"), by and among JER CRE CDO 2005-1, Limited, as Issuer, JER CRE CDO 2005-1, LLC, as Co-Issuer, and U.S. Bank Trust Company, National Association ("U.S. Bank Trust Company"), successor in interest to U.S. Bank National Association (successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association), as Trustee and Collateral Agent (in such capacities, together or as applicable, the "Trustee"), and U.S. Bank National Association (successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association) as Securities Intermediary, in accordance with the applicable provisions of the Indenture and the Uniform Commercial Code as in effect in the State of New York ("UCC"), the following assets will be sold (individually or on a portfolio basis) to the highest qualified bidder(s) at a Public Auction to be held at 10:00 a.m. (prevailing Eastern time) on Tuesday, November 1, 2022 (the "Bid Deadline"): | | | |
| No. | CUSIP | Security | Original Principal Amount (\$) |
| 1 | 46625YVH6 | JPIMCC 2005-CB11 J | 6,754,000.00 |
| 2 | 46625YVH7 | JPIMCC 2005-CB11 H | 2,000,000.00 |
| 3 | 72541SM47 | CSFB 2004-C4 G | 5,226,000.00 |
| 4 | 55445RA56 | MIACH 2004-1A O | 5,365,000.00 |
| 5 | 05947UE53 | BACM 2005-1 H | 2,500,000.00 |
| 6 | 05947UE61 | BACM 2005-1 J | 5,805,000.00 |
| 7 | 05947UE79 | BACM 2005-1 K | 6,708,000.00 |
| 8 | 05947UE87 | BACM 2005-1 L | 6,708,000.00 |
| 9 | 05947UE95 | BACM 2005-1 M | 2,902,000.00 |
| 10 | 05947UE29 | BACM 2005-1 N | 5,805,000.00 |
| 11 | 05947UE37 | BACM 2005-1 O | 6,611,000.00 |
| 12 | 72541SM62 | CSFB 2004-C4 J | 4,268,000.00 |
| 13 | 72541SM70 | CSFB 2004-C4 K | 5,691,000.00 |
| 14 | 72541SM54 | CSFB 2004-C4 H | 2,845,000.00 |
| 15 | 72541SM88 | CSFB 2004-C4 L | 4,267,000.00 |
| 16 | 72541SM96 | CSFB 2004-C4 M | 2,846,000.00 |
| 17 | 72541SM20 | CSFB 2004-C4 N | 4,267,000.00 |
| 18 | 725458556 | CSFB 2005-C2 J | 8,025,000.00 |
| 19 | 725458554 | CSFB 2005-C2 K | 6,026,000.00 |
| 20 | 725458542 | CSFB 2005-C2 L | 4,025,000.00 |
| 21 | 725458538 | CSFB 2005-C2 M | 2,007,000.00 |
| 22 | 725458535 | CSFB 2005-C2 N | 6,019,000.00 |
| 23 | 725458513 | CSFB 2005-C2 O | 6,019,000.00 |
| 24 | 725458559 | CSFB 2005-C2 H | 3,500,000.00 |
| 25 | 46625YFP3 | JPIMCC 2004-C3 M | 7,484,000.00 |
| 26 | 46625YFM0 | JPIMCC 2004-C3 K | 5,587,000.00 |
| 27 | 46625YFN8 | JPIMCC 2004-C3 L | 5,690,000.00 |
| 28 | 46625YF01 | JPIMCC 2004-C3 N | 3,793,000.00 |
| 29 | 46625YFR9 | JPIMCC 2004-C3 P | 5,691,000.00 |
| 30 | 46625YF57 | JPIMCC 2004-C3 Q | 5,690,000.00 |
| 31 | 46625YJW4 | JPIMCC 2005-CB11 K | 7,005,000.00 |
| 32 | 46625YJX2 | JPIMCC 2005-CB11 L | 6,753,000.00 |
| 33 | 46625YJY0 | JPIMCC 2005-CB11 M | 4,503,000.00 |
| 34 | 46625YJZ7 | JPIMCC 2005-CB11 N | 4,502,000.00 |
| 35 | 52108HS3 | LBURS 2005-C3 L | 5,375,000.00 |
| 36 | 46625YH59 | LBURS 2005-C3 M | 2,459,000.00 |
| 37 | 52108HS46 | LBURS 2005-C3 N | 2,458,000.00 |
| 38 | 52108HS14 | LBURS 2005-C3 P | 4,917,000.00 |
| 39 | 52108HSM2 | LBURS 2005-C3 Q | 2,458,000.00 |
| 40 | 52108HSF0 | LBURS 2005-C3 S | 4,917,000.00 |
| 41 | 59022HLV2 | MLMT 2005-CK1 L | 11,527,000.00 |
| 42 | 59022HLW0 | MLMT 2005-CK1 M | 3,842,000.00 |
| 43 | 59022HLX8 | MLMT 2005-CK1 N | 7,684,000.00 |
| 44 | 59022HLY6 | MLMT 2005-CK1 P | 11,527,000.00 |
| 45 | 59022HLT7 | MLMT 2005-CK1 J | 4,476,217.00 |
| 46 | 59022HLU4 | MLMT 2005-CK1 K | 9,526,000.00 |
| 47 | 617451AV1 | MSCI 2005-Q10 H | 5,000,000.00 |
| 48 | 617451B84 | MSCI 2005-Q10 O | 5,801,000.00 |
| 49 | 617451AY5 | MSCI 2005-Q10 I | 5,801,000.00 |
| 50 | 617451AZ2 | MSCI 2005-Q10 M | 5,801,000.00 |
| 51 | 617451AW9 | MSCI 2005-Q10 J | 3,867,000.00 |
| 52 | 617451AX7 | MSCI 2005-Q10 K | 7,734,000.00 |
| 53 | 617451B86 | MSCI 2005-Q10 N | 3,867,000.00 |

Additional Information. All bids must be submitted by the above-noted Bid Deadline in accordance with the terms and conditions set forth in a bid package (the "Bid Package") relating to this Public Auction. In addition, please be advised that the sale of the above-noted assets (individually or on a portfolio basis) will be made only to the highest qualified bidder(s) and may be subject to a reserve level. For additional information regarding this Public Auction, and to obtain a Bid Package, please contact Dock Street Capital Management LLC, 575-B Riverside Avenue, Westport, CT 06880, Attn: David Crowe, Managing Partner, Telephone No. (212) 457-8255, Facsimile No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com; and Jeffrey Holtzman, Managing Partner, Telephone No. (212) 457-8255, Facsimile No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com. The Public Auction will be a public disposition (within the meaning of Section 9-610 of the UCC).

Disclaimer. The Trustee is authorized at this Public Auction, if it deems it necessary or advisable or is required by applicable law: (a) to restrict the prospective bidders on, or purchasers of, any of the above-noted assets to be sold to those persons who (i) represent and warrant that they are a "qualified institutional buyer," as such term is defined in Rule 144A(a)(1) promulgated by the SEC under the Securities Act of 1933, as amended (the "Act"), and a "qualified purchaser" for purposes of Section 3(c)(7) of the United States Investment Company Act of 1940, as amended; and (ii) agree that they will not resell such assets without compliance with the registration requirements of the Act and applicable state securities laws or pursuant to valid exemptions therefrom and (b) to impose such other limitations or conditions in connection with this Public Auction as the Trustee deems necessary or advisable in order to comply with the Act or any other applicable law, or requirements of the Indenture.

* All information contained herein is made to the best of the knowledge of the Trustee as of the close of business on October 16, 2022.

TECHNOLOGY

WSJ.com/Tech

Cyber Deals Expected to Heat Up

Acquirers seek to offer broad suites of services rather than one-off products

By JAMES RUNDLE

The cybersecurity industry is poised to enter a period of rapid consolidation, analysts say, as private-equity firms and established companies seek to offer one-stop shops for cyber chiefs, compliance requirements drive spending and company valuations moderate from last year's highs.

Both private-equity companies and software providers are working from the same playbook with their acquisitions, said Shauly Eyal, a managing director and senior analyst at investment bank Cowen Inc. They aim to offer suites of services to chief information security officers and other clients, rather than individual products that address one specific need.

"We've heard from a number of CISOs at big Fortune 100 companies who are saying they have had enough with a gazillion security providers," he said. While security chiefs likely aren't seeking to run their entire technology infrastructure from just one supplier, they are looking to pare back the number of vendors they use, said Devon Bryan, global CISO at cruise line Carnival Corp.

"Certainly a lot less than we have now, where each of us has at least 70 or so different technology products in our environments," Mr. Bryan said, referring to himself and other CISOs. Products from different vendors rarely work together, causing strain on security staff, he said.

In terms of pure deal value, mergers and acquisitions in cybersecurity are on a tear. Around \$111.5 billion in activity was completed by the end of the third quarter, according to cyber-focused investment bank **Momentum Cybersecurity Group LLC**, compared with \$80.9 billion in all of 2021.



VMware offers a range of technologies in addition to cybersecurity. Broadcom proposed in May to buy the company for \$61 billion.

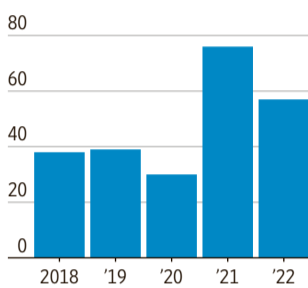
JORDI BOIXAREU/ZUMA PRESS

The number of deals is substantially lower to date in 2022, with 203 by the end of the third quarter compared with 293 throughout 2021, according to Momentum. Dollar figures are skewed by **Broadcom** Inc.'s \$61 billion purchase of VMware Inc., which offers a range of technologies in addition to cybersecurity, and whose purchase was announced in May.

Analysts say that although funding for early-stage companies appears to have slowed, the overall M&A market is mirroring trends witnessed during 2021, a record year generally for tech M&A, when activity abruptly decreased in the third quarter, only to come roaring back in the fourth. "When we see these types of slowdowns, but the underlying industry is really healthy, it's almost like a dam holding back water," said Dino Boukouris, a managing director at Momentum. Mr. Boukouris and Eric McAlpine, managing partner at Momentum, said they expect activity to rise during the fourth quarter.

Since the start of the quarter, further big-ticket deals have been

Number of cyber M&A deals, third quarter of each year



Source: Momentum Cybersecurity Group

announced—**Thoma Bravo** LP's acquisition of identity specialist ForgeRock Inc. for \$2.3 billion and **Vista Equity Partners'** \$4.6 billion purchase of security awareness training provider KnowBe4 Inc.

"We're 14 days into Q4 and we've already seen two multibillion-dollar take-privates," Mr. McAlpine said on Friday. The typical annual figures for [cybersecurity] M&A before the Covid-19 pandemic tended to range between \$20 billion and \$30 billion, he said. "Private equity has a voracious appetite for

our industry," he said.

Recent big deals involve identity and access management providers, such as Thoma Bravo's \$2.8 billion acquisition of Ping Identity Holding Corp., announced in August, and its \$6.9 billion purchase of SailPoint Technologies Holdings Inc., which closed that month.

Investors spot revenue opportunities in rising cyberattacks that exploit weak controls in this area, and regulations that promote the use of multifactor authentication and similar safeguards, said Cowen's Mr. Eyal. "This is one of the most mission-critical categories or solutions, from a corporate infrastructure perspective," he said.

Veteran investors say they witnessed such cycles before, in which appetites switch from tailored individual software products or services to broader offerings. The difference today is cloud-computing companies with large pools of capital are buying companies, said Dave DeWalt, a managing director at venture-capital firm NightDragon LLC, citing the nearly \$5.4 billion ac-

quisition of Mandiant by **Alphabet** Inc.'s Google Cloud unit in September. In July, **Microsoft** Corp. completed its purchase of threat-intelligence firm Miburo, around a year after it bought cybersecurity company RiskIQ Inc. The terms of both deals weren't disclosed.

A reassessment of company valuations, too, is creating a buyer's market for companies in cybersecurity, Mr. DeWalt said. Momentum's data shows revenue multiples for a sampling of 22 cybersecurity companies declined in 2022 to a median of 4.9 times from a 2021 median of 9.6 times, a drop that can lead to lower acquisition costs.

"I think everybody's realized there's almost a perfect set of conditions for M&A right now," Mr. DeWalt said.



Goldman Pushes Engineers Into Light

By KATIE DEIGHTON

Goldman Sachs Group Inc. wants to bring more software developers and engineers out of backrooms and deeper into the business as the bank embarks on a sweeping reorganization to place greater weight on its client services offerings.

The bank is trying to improve the developer experience for both internal and external workers and is rewriting processes so that developers are more engaged with business goals from the beginning of projects, said Marco Argenti, Goldman's chief information officer.

Historically, developers were asking "how" questions, Mr. Argenti said Wednesday during an online Wall Street Journal CIO Network members event.

"Now, we want them to answer the 'why' questions" that get to the business purpose behind their work, he said. "That is a big change."

Mr. Argenti became Goldman's sole chief information officer this month in a move that also saw the creation of an Office of Applied Innovation run by former co-CIO George Lee and Jared Cohen, the former CEO of tech incubator Jigsaw, a unit of Alphabet Inc.'s Google.

Mr. Argenti joined Goldman in 2019 as co-CIO after serving as vice president of technology at Amazon Web Services. Now, as sole CIO at Goldman, he takes on a role overseeing around 12,000-plus engineers, or one in four people who work at Goldman, according to the company. He also serves on the bank's management committee.

Goldman in recent years has begun to focus more on steady, income-generating client services to complement its trading and investment-banking operations.

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Startups Pay Consumers for Browsing Data

Online-privacy issues have made an opening for 'paid-to-surf' firms, their proponents say

By KATIE DEIGHTON

Growing privacy protections for internet users are breathing new life into an old idea: paying consumers for permission to track them as they surf the web. So-called paid-to-surf, paid-to-browse or browsing-rewards companies just need to get enough people to take the deal.

Startups in this space usually offer browser extensions that collect anonymized data on people's internet use much the same way that standard tracking tech does, with the goal of helping marketers target their ads to the right consumers. In return for installing those extensions and going about their browsing, consumers earn cash, cryptocurrency, discounts or gift cards.

The rewards are by no means large: Participants often save or earn less than \$20 a month. But the startups' founders say their arrangement is fairer than the prevail-

ing system, in which technology companies and advertisers routinely scrape consumer data without any compensation to the people they track.

"The trade-off at the moment looks incredibly weighted toward big tech, and incredibly unfair to us," says Swish Goswami, chief executive at Trufan Inc., which does business as Surf. "A little bit of compensation might help people at least feel like they're actually getting something in exchange for the data they're sharing, which is incredibly valuable to a lot of these companies."

The concept goes back as far as the late 1990s. Many early entrants crashed out of business after the dot-com bubble burst, though others have tried again in the years since.

Now there is an opening for a new generation of privacy-tech startups including paid-to-surf companies, says Lourdes Turrecha, a Silicon Valley lawyer and founder of tech-privacy startup community the Rise of Privacy Tech.

The new opportunities, she says, are the product of growing consumer sensitivity to online-privacy issues, privacy legislation in Europe and Cali-



The rewards for online users aren't large, but the companies' founders argue their arrangement is fairer than the prevailing system.

fornia, the adoption of an anti-tracking setting on Apple iOS devices and Google's plan to phase out the user-tracking tech referred to as third-party cookies.

"This is a critical moment where they're starting to get the ears of advertisers," Ms. Turrecha says, "because for advertisers, well, the old world is not working anymore."

OzoneAI Inc., which was co-founded in 2019, pays users to anonymously share their browsing and online purchasing data and answer survey questions to generate information that it sells to advertisers and market-research firms. The

company also offers rewards when users indicate which types of ads and products they are and aren't interested in. These rewards come in the form of ads that include deals or discounts. Ozone has around 10,000 monthly active users, according to the company.

Surf, which was founded in 2018, similarly gains permission to track its customers around the internet, anonymizes the data and sells it. Its 200,000 users earn "Surf points" as they browse, and can trade those in for discounts, rewards and giveaways that are offered by the startup's "rewards partners."

These partners, such as Crocs and the Body Shop, participate as a way to gain new customers, but they don't gain access to Surf's wider data store, which firms have to pay a subscription fee to access, Mr. Goswami says.

Sliceline LLP, which owns Slice, has another pitch: It can help advertisers reach the hundreds of millions of people worldwide who use an ad blocker, according to Darina Oumanski, the company's co-founder and chief operating officer. Slice's target audience includes gamers and crypto enthusiasts, two often intersecting groups that are more

likely to block ads online than the average user, Ms. Oumanski says.

"This is a certain audience that was already hard to reach," she says. Those who have an ad blocker installed must let ads from Slice's network through their digital nets to make money.

Around 20,000 people use Slice regularly, the company says, and the average user makes around \$1 a month from browsing. They can withdraw their funds either as cryptocurrency or as cash. The money comes from marketers paying to advertise through the network.

Jeff Bezos: 'Batten Down the Hatches' as Economy Cools

By JOSEPH DE AVILA

Jeff Bezos said the economy is flashing warning signs, joining other corporate leaders who have cautioned that the U.S. is headed for a recession.

The Amazon.com Inc. founder suggested that people should get ready for a potential economic downturn. His comment came in response to a video clip from Goldman Sachs

Group Inc. Chief Executive David Solomon, who said companies should be cautious and prepared in the event the U.S. enters a recession.

"Yep, the probabilities in this economy tell you to batten down the hatches," Mr. Bezos said in a tweet Tuesday night.

Mr. Bezos is the world's second-richest person with a net worth of \$139 billion, according to the Bloomberg Billionaires

Index. His comments come as tech firms have undergone waves of layoffs and as economic growth and hiring have slowed. A recent survey of economists by The Wall Street Journal also found that they expect the U.S. to enter a recession in the coming 12 months as the Federal Reserve raises interest rates and attempts to cool stubbornly high inflation.

The views of other business

executives also have become increasingly gloomy. Mr. Solomon said in a CNBC interview Tuesday that a recession could happen soon and there may be "more volatility on the horizon."

"That doesn't mean for sure that we have a really difficult economic scenario," Mr. Solomon said. "But on the distribution of outcomes, there's a good chance that we have a re-

cession in the United States."

JPMorgan Chase & Co. Chief Executive Jamie Dimon also said earlier this month he thinks the U.S. is heading for recession in the middle of next year.

Tesla Inc. Chief Executive Elon Musk said in August he expects the U.S. to have a mild recession.

Bank of America Corp. Chief Executive Brian Moyni-

han is one notable optimistic voice among corporate executives.

Mr. Moynihan said Monday that high inflation and rising interest rates haven't slowed down American consumers. The company's data show that spending growth remains strong and deposit balances remain higher than prepandemic levels while delinquencies remain low, he said.

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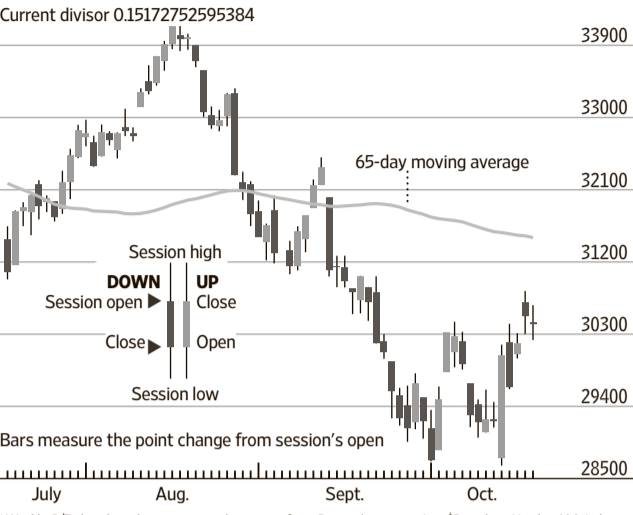
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

30423.81 ▼99.99, or 0.33%
High, low, open and close for each trading day of the past three months.

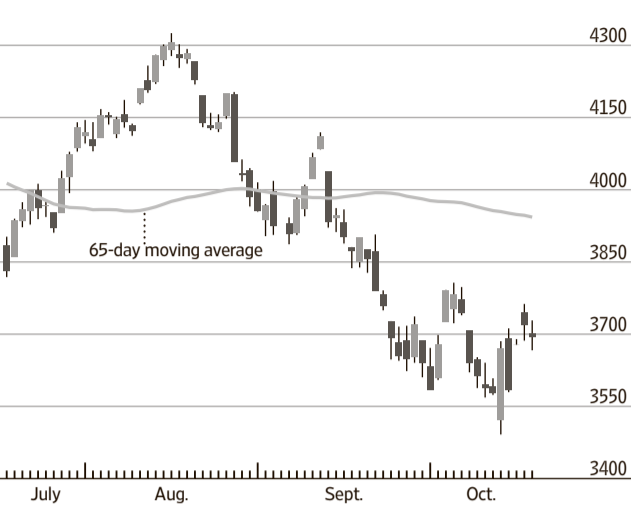
| | | |
|--------------------|----------|----------|
| Trailing P/E ratio | 18.42 | 23.43 |
| P/E estimate * | 16.19 | 19.07 |
| Dividend yield | 2.34 | 1.80 |
| All-time high | 36799.65 | 01/04/22 |



S&P 500 Index

3695.16 ▼24.82, or 0.67%
High, low, open and close for each trading day of the past three months.

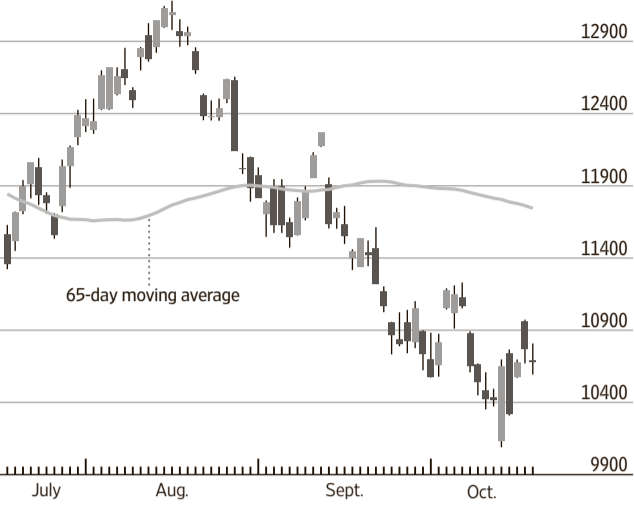
| | | |
|----------------------|---------|----------|
| Trailing P/E ratio * | 17.85 | 30.49 |
| P/E estimate * | 16.37 | 21.87 |
| Dividend yield * | 1.80 | 1.32 |
| All-time high | 4796.56 | 01/03/22 |



Nasdaq Composite Index

10680.51 ▼91.89, or 0.85%
High, low, open and close for each trading day of the past three months.

| | | |
|-----------------------|----------|----------|
| Trailing P/E ratio ** | 23.02 | 35.41 |
| P/E estimate ** | 20.34 | 28.25 |
| Dividend yield ** | 1.00 | 0.69 |
| All-time high | 16057.44 | 11/19/21 |



Major U.S. Stock-Market Indexes

| | High | Low | Latest Close | Net chg | % chg | High | 52-Week Low | % chg | YTD | % chg 3-yr. ann. |
|---------------------------------|----------|----------|--------------|---------|-------|----------|-------------|-------|-------|------------------|
| Dow Jones | | | | | | | | | | |
| Industrial Average | 30662.11 | 30226.90 | 30423.81 | -99.99 | -0.33 | 36799.65 | 28725.51 | -14.6 | -16.3 | 4.4 |
| Transportation Avg | 12977.53 | 12651.94 | 12755.16 | -219.65 | -1.69 | 17039.38 | 11999.40 | -17.5 | -22.6 | 6.7 |
| Utility Average | 875.97 | 864.09 | 870.88 | -8.78 | -1.00 | 1071.75 | 838.99 | -4.9 | -11.2 | 0.2 |
| Total Stock Market | 37528.49 | 36876.98 | 37164.07 | -323.68 | -0.86 | 48929.18 | 36056.21 | -21.1 | -23.6 | 6.8 |
| Barron's 400 | 893.06 | 873.76 | 881.50 | -11.56 | -1.29 | 1127.20 | 825.73 | -16.8 | -20.3 | 8.9 |
| Nasdaq Stock Market | | | | | | | | | | |
| Nasdaq Composite | 10808.04 | 10592.88 | 10680.51 | -91.89 | -0.85 | 16057.44 | 10321.39 | -29.4 | -31.7 | 9.7 |
| Nasdaq-100 | 11231.46 | 11008.11 | 11103.38 | -44.36 | -0.40 | 16573.34 | 10692.06 | -27.8 | -32.0 | 12.2 |
| S&P | | | | | | | | | | |
| 500 Index | 3728.58 | 3666.51 | 3695.16 | -24.82 | -0.67 | 4796.56 | 3577.03 | -18.5 | -22.5 | 7.4 |
| MidCap 400 | 2328.81 | 2278.45 | 2299.27 | -41.80 | -1.79 | 2910.70 | 2200.75 | -17.4 | -19.1 | 5.9 |
| SmallCap 600 | 1128.91 | 1104.53 | 1117.05 | -17.12 | -1.51 | 1466.02 | 1064.45 | -19.0 | -20.3 | 5.5 |
| Other Indexes | | | | | | | | | | |
| Russell 2000 | 1746.97 | 1710.21 | 1725.76 | -30.20 | -1.72 | 2442.74 | 1649.84 | -24.6 | -23.1 | 4.0 |
| NYSE Composite | 14089.20 | 13852.45 | 13947.26 | -141.94 | -1.01 | 17353.76 | 13472.18 | -18.4 | -18.7 | 2.4 |
| Value Line | 517.14 | 505.21 | 509.28 | -7.86 | -1.52 | 696.40 | 491.56 | -24.7 | -24.2 | -0.5 |
| NYSE Arca Biotech | 4766.53 | 4577.92 | 4603.29 | -163.25 | -3.42 | 5815.27 | 4208.43 | -17.8 | -16.6 | 2.5 |
| NYSE Arca Pharma | 771.85 | 754.17 | 758.00 | -13.85 | -1.79 | 887.27 | 737.84 | 0.2 | -8.4 | 8.9 |
| KBW Bank | 101.68 | 98.17 | 98.48 | -3.68 | -3.60 | 147.56 | 94.66 | -30.4 | -25.5 | -0.8 |
| PHLX ^S Gold/Silver | 98.35 | 96.67 | 97.28 | -2.70 | -2.70 | 167.76 | 91.40 | -27.3 | -26.6 | 2.4 |
| PHLX ^S Oil Service | 72.50 | 69.60 | 72.30 | 2.87 | | 88.37 | 49.14 | 9.1 | 37.1 | 4.8 |
| PHLX ^S Semiconductor | 2258.75 | 2200.90 | 2237.74 | 16.78 | 0.76 | 4039.51 | 2162.32 | -33.7 | -43.3 | 12.1 |
| Cboe Volatility | 31.90 | 30.76 | 30.76 | 0.26 | 0.85 | 36.45 | 15.01 | 98.6 | 78.6 | 29.2 |

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

| Company | Symbol | Volume (000) | Last | Net chg | After-Hours % chg | High | Low |
|-------------------------|--------|--------------|--------|---------|-------------------|--------|--------|
| Antero Resources | AR | 17,223.7 | 36.60 | -0.20 | -0.54 | 36.82 | 36.59 |
| Invesco Senior Loan ETF | BKLN | 9,500.0 | 20.70 | -0.01 | -0.03 | 20.70 | 20.35 |
| Tesla | TSLA | 8,515.4 | 216.49 | -5.55 | -2.50 | 228.37 | 206.20 |
| ProShares UltraPro QQQ | TQQQ | 8,064.2 | 19.48 | -0.06 | -0.31 | 19.86 | 19.32 |
| Altice USA CI A | ATUS | 7,430.0 | 5.79 | 0.24 | 4.32 | 5.80 | 5.54 |
| SPDR S&P 500 | SPY | 6,982.7 | 368.75 | 0.25 | 0.07 | 369.92 | 352.80 |
| Momentive Global | MNTV | 6,131.7 | 7.53 | -0.01 | -0.13 | 7.64 | 7.51 |
| Yamana Gold | AUY | 4,920.7 | 4.30 | -0.01 | -0.23 | 4.32 | 4.30 |

Percentage gainers...

| Company | Symbol | Volume (000) | Last | Net chg | After-Hours % chg | High | Low |
|-------------------------|--------|--------------|--------|---------|-------------------|--------|--------|
| Douglas Emmett | DEI | 88.8 | 17.23 | 0.82 | 5.00 | 17.23 | 16.33 |
| AZZ | AZZ | 82.1 | 38.26 | 1.82 | 4.99 | 38.26 | 36.44 |
| Relay Therapeutics | RLAY | 78.4 | 20.64 | 0.98 | 4.98 | 20.64 | 19.66 |
| WestRock | WRK | 614.4 | 34.06 | 1.59 | 4.90 | 34.06 | 32.20 |
| Karyopharm Therapeutics | KPTI | 119.9 | 4.65 | 0.20 | 4.49 | 4.65 | 4.45 |
| ...And losers | | | | | | | |
| Allstate | ALL | 51.6 | 121.00 | -14.15 | -10.47 | 135.15 | 121.00 |
| Amprup Technologies | AMPX | 353.4 | 10.11 | -0.90 | -8.17 | 11.23 | 10.00 |
| Fulcrum Therapeutics | FULC | 165.9 | 6.00 | -0.52 | -7.98 | 6.52 | 5.98 |
| Alcoa | AA | 923.7 | 34.95 | -2.67 | -7.10 | 38.25 | 33.51 |
| Veracyte | VCYT | 61.7 | 14.46 | -1.04 | -6.71 | 15.50 | 13.52 |

Trading Diary

| | NYSE | NYSE Amer. |
|---------------------------|-------------|------------|
| Total volume* | 906,071,910 | 8,611,904 |
| Adv. volume* | 228,872,674 | 2,803,624 |
| Decl. volume* | 670,162,738 | 5,669,923 |
| Issues traded | 3,363 | 295 |
| Advances | 776 | 97 |
| Declines | 2,455 | 186 |
| Unchanged | 132 | 12 |
| New highs | 33 | 0 |
| New lows | 310 | 12 |
| Closing Arms ¹ | 0.95 | 1.65 |
| Block trades ² | 4,901 | 101 |

Total volume* 4,955,099,158 299,957,563
Adv. volume* 1,969,729,738 77,611,047
Decl. volume* 2,962,664,593 220,165,519
Issues traded 4,884 1,733
Advances 1,260 219
Declines 3,358 1,504
Unchanged 266 10
New highs 53 11
New lows 323 122
Closing Arms¹ 0.56 0.37
Block trades² 39,303 1,442

* Primary market NYSE, NYSE American, NYSE Arca only.
¹ (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

| Region/Country | Index | Close | Net chg | Latest % chg | YTD % chg |
|---------------------|-----------------------|-----------|---------|--------------|-----------|
| World | | | | | |
| | MSCI ACWI | 565.21 | -4.77 | -0.84 | -25.1 |
| | MSCI ACWI ex-USA | 249.23 | -2.56 | -1.02 | -27.6 |
| | MSCI World | 2439.30 | -18.56 | -0.76 | -24.5 |
| | MSCI Emerging Markets | 865.91 | -13.16 | -1.50 | -29.7 |
| Americas | | | | | |
| | MSCI AC Americas | 1406.30 | -10.19 | -0.72 | -23.0 |
| Canada | S&P/TSX Comp | 18674.40 | -123.78 | -0.66 | -12.0 |
| Latin Amer. | MSCI EM Latin America | 2189.82 | 0.62 | 0.03 | 2.8 |
| Brazil | BOVESPA | 116274.24 | 531.17 | 0.46 | 10.9 |
| Chile | S&P IPSA | 3111.83 | -21.51 | -0.69 | 10.9 |
| Mexico | S&P/BMV IPC | 46217.44 | -91.79 | -0.20 | -13.2 |
| EMEA | | | | | |
| | STOXX Europe 600 | 397.73 | -2.11 | -0.53 | -18.5 |
| Eurozone | Euro STOXX | 378.51 | -0.87 | -0.23 | -21.0 |
| Belgium | Bel-20 | 3441.83 | -42.18 | -1.21 | -20.1 |
| Denmark | OMX Copenhagen 20 | 1602.81 | -23.54 | -1.45 | -14.0 |
| France | CAC 40 | 6040.72 | -26.28 | -0.43 | -15.6 |
| Germany | DAX | 12741.41 | -24.20 | -0.19 | -19.8 |
| Israel | Tel Aviv | 1892.01 | 1.69 | 0.09 | -4.4 |
| Italy | FTSE MIB | 21472.11 | -46.67 | -0.22 | -21.5 |
| Netherlands | AEX | 645.39 | 2.91 | 0.45 | -19.1 |
| Russia | RTS Index | 1010.24 | -29.52 | -2.84 | -36.7 |
| South Africa | FTSE/JSE All-Share | 65652.50 | -698.48 | -1.05 | -10.9 |
| Spain | IBEX 35 | 7583.60 | -27.70 | -0.36 | -13.0 |
| Sweden | OMX Stockholm | 725.89 | -13.99 | -1.89 | -30.0 |
| Switzerland | Swiss Market | 10484.14 | -94.62 | -0.89 | -18.6 |
| Turkey | BIST 100 | 3880.34 | 38.78 | 1.01 | 108.9 |
| U.K. | FTSE 100 | 6924.99 | -11.75 | -0.17 | -6.2 |
| U.K. | FTSE 250 | 17247.55 | -281.76 | -1.61 | -26.5 |
| Asia-Pacific | | | | | |
| | MSCI AC Asia Pacific | 137.39 | -1.51 | -1.09 | -28.9 |
| Australia | S&P/ASX 200 | 6800.10 | 20.88 | 0.31 | -8.7 |
| China | Shanghai Composite | 3044.38 | -36.58 | -1.19 | -16.4 |
| Hong Kong | Hang Seng | 16511.28 | -403.30 | -2.38 | -29.4 |
| India | S&P BSE Sensex | 59107.19 | 146.59 | 0.25 | 1.5 |
| Japan | NIKKEI 225 | 27257.38 | 101.24 | 0.37 | -5.3 |
| Singapore | Straits Times | 3022.80 | -3.08 | -0.10 | -3.2 |
| South Korea | KOSPI | 2237.44 | -12.51 | -0.56 | -24.9 |
| Taiwan | TAIEX | 12976.76 | -147.92 | -1.13 | -28.8 |
| Thailand | SET | 1588.72 | -1.64 | -0.10 | -4.2 |

Percentage Gainers...

| Company | Symbol | Close | Net chg | % chg | High | Low | % chg |
|-------------------------|--------|--------|---------|-------|--------|--------|-------|
| Amprup Technologies | AMPX | 11.01 | 4.80 | 77.29 | 26.01 | 5.64 | ... |
| HV Bancorp | HVBC | 25.55 | 5.56 | 27.80 | 26.00 | 18.52 | 15.9 |
| LMF Acquisition Opps A | LMAO | 10.42 | 1.98 | 23.46 | 12.80 | 7.93 | 4.8 |
| TOP Ships | TOPS | 5.50 | 1.04 | 23.32 | 32.80 | 2.10 | -82.3 |
| TuanChe ADR | TC | 6.16 | 1.09 | 21.50 | 6.45 | 1.42 | 182.6 |
| KLX Energy Services | KLXE | 12.25 | 2.01 | 19.63 | 13.36 | 2.94 | 155.2 |
| Biohaven | BHVN | 12.40 | 1.92 | 18.32 | 14.34 | 5.54 | ... |
| Momentive Global | MNTV | 7.54 | 1.05 | 16.18 | 25.00 | 5.14 | -69.0 |
| Zymeworks | ZYME | 6.50 | 0.89 | 15.86 | 25.74 | 4.11 | -71.9 |
| Direxion S&P Biotech Br | LABD | 24.86 | 3.27 | 15.15 | 85.28 | 15.70 | 11.4 |
| Upexi | UPXI | 5.41 | 0.69 | 14.62 | 7.04 | 3.59 | -16.3 |
| Nine Energy Service | NINE | 4.68 | 0.59 | 14.43 | 8.10 | 0.79 | 119.7 |
| NACCO Industries CI A | NC | 59.66 | 7.40 | 14.16 | 63.19 | 28.32 | 79.2 |
| SOBR Safe | SOBR | 3.03 | 0.37 | 13.91 | 15.00 | 0.80 | -63.9 |
| Netflix | NFLX | 272.38 | 31.52 | 13.09 | 700.99 | 162.71 | -56.4 |

Most Active Stocks

| Company | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg | 52-Week High | Low |
|-------------------------|--------|--------------|-----------------------|----------------------|--------|--------------|--------|
| Mullen Automotive | MULN | 645,515 | 714.6 | 0.34 | 57.12 | 15.90 | 0.21 |
| ProShares UltraPro QQQ | TQQQ | 256,298 | 40.1 | 19.54 | -1.21 | 91.68 | 16.32 |
| ComSovereign | COMS | 165,885 | 1174.0 | 0.09 | -26.38 | 2.09 | 0.04 |
| ProSh UltraPro Shrt QQQ | SOQQ | 142,591 | 6.2 | 57.16 | 1.01 | 69.55 | 28.15 |
| Direxion Dly SCOND 3 BL | SOXL | 132,202 | 46.5 | 7.57 | 2.30 | 74.21 | 6.21 |
| NIO ADR | NIO | 98,591 | 125.9 | 10.92 | -10.57 | 44.27 | 10.71 |
| Direxion S&P Biotech BI | LABU | 85,063 | 75.8 | 6.21 | -14.93 | 66.75 | 4.06 |
| RedHill Biopharma ADR | RDHL | 82,453 | 5847.1 | 0.68 | 46.55 | 6.50 | 0.46 |
| SPDR S&P 500 | SPY | 79,150 | -2.2 | 368.50 | -0.71 | 479.98 | 348.11 |
| Advanced Micro Devices | AMD | 75,486 | -9.6 | 57.23 | -1.19 | 164.46 | 54.57 |

* Volumes of 100,000 shares or more are rounded to the nearest thousand

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Percentage Losers

| Company | Symbol | Latest Session | | | 52-Week | | |
|---------------------------|--------|----------------|---------|--------|---------|--------|-------|
| | | Close | Net chg | % chg | High | Low | % chg |
| Olaplex | OLPX | 4.24 | -5.55 | -56.69 | 30.41 | 4.14 | -84.0 |
| AgriFY | AGFY | 2.55 | -1.88 | -42.44 | 235.50 | 2.44 | -98.6 |
| Generac Holdings | GNRC | 110.30 | -37.44 | -25.34 | 524.31 | 109.05 | -75.9 |
| EQRx | EQRX | 4.30 | -1.20 | -21.82 | 9.99 | 2.63 | -56.7 |
| Anebulo Pharmaceuticals | ANEB | 1.96 | -0.54 | -21.60 | 7.89 | 1.96 | -72.0 |
| Quoin Pharm ADR | QNRX | 2.15 | -0.58 | -21.25 | 194.62 | 1.65 | -98.8 |
| Pineapple Energy | PEGY | 3.80 | -0.98 | -20.50 | 17.80 | 0.76 | -76.7 |
| Beyond Air | XAIR | 6.36 | -1.47 | -18.77 | 16.41 | 4.79 | -34.6 |
| Carvana CI A | CVNA | 14.99 | -3.38 | -18.40 | 309.50 | 14.55 | -94.8 |
| Ra Medical Systems | RMED | 5.15 | -1.14 | -18.12 | 174.50 | 4.85 | -96.6 |
| EverCommerce | EVCM | 7.83 | -1.66 | -17.49 | 21.69 | 7.54 | -58.8 |
| Milestone Pharm | MIST | 4.96 | -1.03 | -17.20 | 9.85 | 3.98 | -12.4 |
| Trica | TCDA | 9.97 | -2.05 | -17.03 | 13.85 | 4.32 | 122.4 |
| NanoStriding Technologies | NSTG | 9.28 | -1.74 | -15.79 | 51.20 | 9.20 | -79.6 |
| Salarius Pharmaceuticals | SLRX | 2.31 | -0.43 | -15.73 | 24.63 | 2.28 | -89.4 |

Futures Contracts

| Metal & Petroleum Futures | | | | | | |
|---|---------|------------------------|---------|---------|---------|------------------|
| | Open | Contract High hi lo | Low | Settle | Chg | Open interest |
| Copper-High (CMX) -25,000 lbs.; \$ per lb. | | | | | | |
| Oct | 3.3690 | 3.3695 | 3.3580 | 3.3605 | -0.0460 | 1,088 |
| Dec | 3.3660 | 3.3755 | 3.3070 | 3.3180 | -0.0440 | 10,337 |
| Gold (CMX) -100 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 1637.50 | 1637.50 | 1637.50 | 1627.50 | -21.50 | 954 |
| Nov | 1652.40 | 1654.00 | 1627.40 | 1629.00 | -21.70 | 3,461 |
| Dec | 1657.20 | 1659.80 | 1632.20 | 1634.20 | -21.60 | 359,038 |
| Feb/23 | 1671.10 | 1672.90 | 1646.20 | 1648.00 | -21.60 | 46,335 |
| April | 1686.00 | 1687.20 | 1660.70 | 1662.50 | -21.60 | 14,497 |
| June | 1700.50 | 1701.00 | 1675.40 | 1677.10 | -21.60 | 6,496 |
| Palladium (NYM) -50 troy oz.; \$ per troy oz. | | | | | | |
| Oct | | | | 1985.70 | -18.40 | 1 |
| Dec | 2018.50 | 2028.50 | 1951.00 | 1995.50 | -18.40 | 6,209 |
| Platinum (NYM) -50 troy oz.; \$ per troy oz. | | | | | | |
| Oct | | | | 891.50 | -26.20 | 258 |
| Jan/23 | 907.50 | 911.60 | 880.10 | 881.10 | -26.20 | 50,131 |
| Silver (CMX) -5,000 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 18.685 | 18.685 | 18.295 | 18.336 | -0.235 | 234 |
| Dec | 18.685 | 18.755 | 18.305 | 18.359 | -0.241 | 109,894 |
| Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl. | | | | | | |
| Nov | 83.68 | 86.20 | 82.59 | 85.55 | 2.73 | 31,587 |
| Dec | 82.91 | 85.02 | 81.72 | 84.52 | 2.45 | 305,889 |
| Jan/23 | 81.91 | 83.90 | 80.85 | 83.42 | 2.13 | 132,627 |
| March | 79.86 | 81.58 | 78.97 | 81.17 | 1.73 | 93,584 |
| June | 77.60 | 79.01 | 76.69 | 78.63 | 1.37 | 121,275 |
| Dec | 74.70 | 75.71 | 73.78 | 75.43 | 1.12 | 161,698 |
| NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal. | | | | | | |
| Nov | 3.9947 | 4.0164 | 3.8034 | 3.9043 | -0.0892 | 40,362 |
| Dec | 3.6346 | 3.6524 | 3.5082 | 3.5606 | -0.0695 | 62,672 |
| Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal. | | | | | | |
| Nov | 2.5786 | 2.6572 | 2.5403 | 2.6522 | -0.106 | 55,329 |
| Dec | 2.4336 | 2.4883 | 2.3950 | 2.4807 | -0.073 | 79,221 |
| Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu. | | | | | | |
| Nov | 5.686 | 5.784 | 5.430 | 5.462 | -283 | 56,099 |
| Dec | 6.175 | 6.271 | 5.898 | 5.928 | -309 | 86,840 |
| Jan/23 | 6.452 | 6.533 | 6.179 | 6.212 | -281 | 122,566 |
| March | 5.693 | 5.695 | 5.406 | 5.444 | -249 | 89,547 |
| April | 4.854 | 4.866 | 4.604 | 4.655 | -194 | 77,429 |
| May | 4.792 | 4.802 | 4.554 | 4.604 | -188 | 83,969 |

| Agriculture Futures | | | | | | |
|--|---------|---------|---------|---------|--------|---------|
| Corn (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 681.00 | 684.50 | 674.00 | 678.25 | -2.75 | 628,792 |
| March/23 | 687.00 | 690.50 | 680.25 | 684.50 | -2.50 | 328,273 |
| Oats (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 387.50 | 393.00 | 373.00 | 374.75 | -12.50 | 3,054 |
| March/23 | 394.00 | 395.00 | 380.00 | 376.00 | -10.00 | 820 |
| Soybeans (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Nov | 1371.75 | 1378.50 | 1357.00 | 1372.50 | 5.0 | 215,824 |
| Jan/23 | 1381.50 | 1388.50 | 1366.75 | 1382.75 | .75 | 214,178 |
| Soybean Meal (CBT) -100 tons; \$ per ton. | | | | | | |
| Dec | 402.60 | 404.00 | 399.00 | 401.70 | -1.10 | 144,852 |
| Jan/23 | 398.50 | 399.70 | 395.00 | 396.60 | -1.10 | 84,924 |
| Soybean Oil (CBT) -60,000 lbs.; cents per lb. | | | | | | |
| Dec | 68.70 | 70.70 | 68.27 | 70.64 | 1.90 | 124,687 |
| Jan/23 | 66.44 | 68.07 | 65.95 | 68.01 | 1.49 | 87,498 |
| Rough Rice (CBT) -2,000 cwt.; \$ per cwt. | | | | | | |
| Nov | 16.55 | 16.56 | 16.48 | 16.49 | -0.05 | 4,607 |
| Jan/23 | 16.89 | 16.90 | 16.83 | 16.84 | -0.05 | 3,312 |
| Wheat (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 847.00 | 862.75 | 835.50 | 841.25 | -8.25 | 133,754 |
| March/23 | 867.75 | 879.75 | 854.00 | 859.50 | -8.25 | 73,031 |
| Wheat (KC) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 942.25 | 960.50 | 935.00 | 941.75 | -2.75 | 72,299 |
| March/23 | 942.50 | 957.25 | 933.00 | 939.75 | -2.75 | 42,738 |
| Cattle-Feeder (CME) -50,000 lbs.; cents per lb. | | | | | | |
| Oct | 175.075 | 175.475 | 174.700 | 175.225 | -0.40 | 2,206 |
| Jan/23 | 179.325 | 180.425 | 179.250 | 180.075 | .875 | 23,375 |
| Cattle-Live (CME) -40,000 lbs.; cents per lb. | | | | | | |
| Oct | 148.625 | 149.400 | 148.500 | 149.350 | .875 | 5,076 |
| Dec | 149.825 | 151.400 | 149.725 | 151.350 | 1.575 | 109,813 |
| Hogs-Lean (CME) -40,000 lbs.; cents per lb. | | | | | | |
| Dec | 86.725 | 87.500 | 86.250 | 87.375 | .890 | 89,001 |
| Feb/23 | 88.000 | 89.050 | 87.625 | 89.000 | 1.200 | 40,956 |
| Lumber (CME) -110,000 bd. ft., \$ per 1,000 bd. ft. | | | | | | |
| Nov | 511.90 | 540.00 | 508.00 | 531.10 | 14.00 | 1,523 |
| Jan/23 | 500.60 | 532.00 | 506.00 | 530.50 | 27.50 | 873 |
| Milk (CME) -200,000 lbs.; cents per lb. | | | | | | |
| Oct | 21.74 | 21.79 | 21.73 | 21.75 | .01 | 4,805 |
| Nov | 20.75 | 21.32 | 20.70 | 21.30 | .60 | 5,652 |
| Cocoa (ICE-US) -10 metric tons; \$ per ton. | | | | | | |
| Dec | 2,304 | 2,313 | 2,275 | 2,308 | 3 | 112,354 |
| March/23 | 2,305 | 2,317 | 2,284 | 2,310 | ... | 83,238 |
| Coffee (ICE-US) -37,500 lbs.; cents per lb. | | | | | | |
| Dec | 195.10 | 196.45 | 190.15 | 192.30 | -2.80 | 75,067 |

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 14. 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 | | | | | | | Imports, 000s barrels per day | | | | | | |
|---|-----------|-----------------|---------------|----------|------------|------------|-------------------------------|-----------------|---------------|----------|------------|------------|--|
| | Current | Expected change | Previous week | Year ago | 4-week avg | 5-year avg | Current | Expected change | Previous week | Year ago | 4-week avg | 5-year avg | |
| Crude oil and petroleum prod | | | | | | | | | | | | | |
| Crude oil | 1,226,465 | ... | 1,229 | 1,229 | 1,227 | 1,281 | 7,739 | ... | 7,926 | 7,719 | 7,819 | 8,824 | |
| excluding SPR | 437,357 | 1,700 | 439 | 427 | 434 | 449 | 5,908 | ... | 6,063 | 5,825 | 6,092 | 6,706 | |
| Gasoline | 209,368 | ... | 209 | 218 | 210 | 220 | 475 | ... | 699 | 606 | 545 | 506 | |
| Finished gasoline | 16,591 | -1,400 | 17 | 17 | 17 | 22 | 83 | ... | 54 | 164 | 104 | 78 | |
| Reformulated | 23 | ... | 0 | 0 | 0 | 0 | 0 | ... | 0 | 0 | 0 | 0 | |
| Conventional | 16,568 | ... | 17 | 17 | 17 | 22 | 83 | ... | 54 | 164 | 104 | 78 | |
| Blend. components | 192,777 | ... | 193 | 201 | 192 | 198 | 391 | ... | 646 | 442 | 441 | 428 | |
| Natural gas (bcf) | | | | | | | | | | | | | |
| | 3,231 | ... | 3 | 3 | 3 | 4 | ... | ... | ... | ... | ... | ... | |
| Kerosene-type | | | | | | | | | | | | | |
| jet fuel | 36,227 | ... | 36 | 41 | 36 | 41 | 64 | ... | 76 | 174 | 72 | 201 | |
| Distillates | 106,187 | -2,200 | 106 | 125 | 109 | 131 | 111 | ... | 79 | 202 | 91 | 221 | |
| Heating oil | 8,706 | ... | 9 | 8 | 9 | 10 | 0 | ... | 0 | 0 | 0 | 9 | |
| Diesel | 97,481 | ... | 97 | 117 | 101 | 61 | 111 | ... | 79 | 202 | 91 | 212 | |
| Residual fuel oil | 29,064 | ... | 29 | 28 | 29 | 30 | 148 | ... | 178 | 85 | 154 | 209 | |
| Other oils | 300,454 | ... | 302 | 296 | 302 | 304 | 927 | ... | 755 | 715 | 771 | 832 | |
| Net crude, petroleum products, incl. SPR | | | | | | | | | | | | | |
| | 1,631,600 | ... | 1,638 | 1,844 | 1,640 | 1,925 | -1,729 | ... | -2,002 | 394 | -2,430 | 839 | |

| Weekly Demand, 000s barrels per day | | | | | | | Natural gas storage | |
|-------------------------------------|---------|-----------------|---------------|----------|------------|------------|---------------------------------------|--|
| | Current | Expected change | Previous week | Year ago | 4-week avg | 5-year avg | Billions of cubic feet; weekly totals | |
| Total petroleum product | 20,761 | ... | 19,271 | 21,832 | 20,408 | 20,265 | | |
| Finished | | | | | | | | |
| motor gasoline | 8,678 | ... | 8,276 | 9,634 | 8,811 | 9,275 | | |
| Kerosene-type | | | | | | | | |
| jet fuel | 1,411 | ... | 1,525 | 1,414 | 1,578 | 1,520 | | |
| Distillates | 4,072 | ... | 4,370 | 4,278 | 4,181 | 4,066 | | |
| Residual fuel oil | 372 | ... | 225 | 361 | 350 | 305 | | |
| Propane/propylene | 1,486 | ... | 895 | 1,088 | 1,057 | ... | | |
| Other oils | 4,743 | ... | 3,981 | 5,056 | 4,432 | ... | | |

Five-year average for each week

Natural gas, lower 48 states

| Month | Year | Storage (Billions of cubic feet) |
|-------|------|----------------------------------|
| O | 2021 | 3,250 |
| N | 2021 | 3,250 |
| D | 2021 | 3,250 |
| J | 2022 | 2,750 |
| F | 2022 | 2,250 |
| M | 2022 | 1,750 |
| A | 2022 | 2,000 |
| M | 2022 | 2,500 |
| J | 2022 | 2,750 |
| J | 2022 | 3,000 |
| A | 2022 | 3,250 |
| S | 2022 | 3,250 |

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

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

Exchange-Traded Portfolios | WSJ.com/ETFresearch

| Largest 100 exchange-traded funds, latest session | | | | | | | | | | | | | | |
|---|--------|---------------|-------|---------|---------------------|--------|---------------|-------|---------|--------------------|--------|---------------|-------|---------|
| Wednesday, October 19, 2022 | | | | | | | | | | | | | | |
| ETF | Symbol | Closing Price | Chg | YTD (%) | ETF | Symbol | Closing Price | Chg | YTD (%) | ETF | Symbol | Closing Price | Chg | YTD (%) |
| CnsmrDiscSelSector | XLV | 141.10 | -1.12 | -31.0 | iSh MSCI Eim | EEM | 34.52 | -1.82 | -29.3 | SPDR S&P Mid-Cap | MDY | 419.49 | -1.73 | -19.0 |
| CnsmrStapleSelSector | XLP | 68.83 | -0.46 | -20.7 | iSh MSCI EAFE Value | EFV | 39.67 | -0.87 | -21.3 | SPDR S&P 500 | SPY | 368.50 | -0.71 | -22.4 |
| DimenUSCoreEq2 | DXF | 23.16 | -0.98 | -10.1 | iSh NatlMunlBnd | MUB | 102.97 | -0.43 | -11.4 | SPDR S&P Div | SDY | 116.26 | -0.92 | -10.0 |
| EnSelSectorSPDR | XLE | 84.41 | 2.95 | 52.1 | iSh NYStCorpBd | IGSB | 48.75 | -0.47 | -9.5 | TechSelectSector | XLK | 121.03 | -0.29 | -30.4 |
| FinSelSectorSPDR | XLF | 31.77 | -1.64 | -18.6 | iSh PblcIncm | PPF | 30.55 | -0.45 | -22.5 | UtilitiesSelSector | XLU | 63.77 | -1.30 | -10.9 |
| HealthCareSelSector | XLI | 124.82 | -1.40 | -11.4 | iShRussell1000Gwth | IWF | 214.47 | -0.49 | -29.8 | VangdIntvTech | VGT | 312.00 | -0.49 | -31.9 |
| InvsCS&PS00EW | RSP | 131.36 | -1.18 | -19.3 | iShRussell2000 | IWM | 171.21 | -1.70 | -23.0 | VangdSCVal | VBR | 151.45 | -1.37 | -15.3 |
| iSh3-7YTreBd | IEI | 112.80 | -0.58 | -12.3 | iShRussellMid-Cap | IWR | 63.88 | -1.61 | -23.3 | VangdIntvVlt | VIM | 139.87 | -0.87 | -18.4 |
| iSh0-5YTPSBd | STP | 96.71 | -0.25 | -8.7 | iShRussellCpCape | IWS | 9.98 | -1.47 | -19.1 | VangdTSEEurope | VEA | 39.09 | -1.15 | -27.4 |
| iShCoreDvGrowth | DGRO | 46.06 | -1.05 | -17.1 | iShRussell1000Val | IWD | 141.51 | -0.92 | -15.7 | VangdTSEEM | VYO | 35.94 | -1.75 | -27.3 |
| iShCoreMSCIEAFE | IEFA | 53.61 | -1.33 | -28.2 | iShRussell2000Gwth | IWG | 58.77 | -0.76 | -29.8 | VangdTSEEuropeV | VUK | 47.64 | -1.81 | -30.2 |
| iShCoreMSCIEM | EMG | 42.60 | -1.73 | -28.3 | iShS&P500Value | IVV | 305.45 | -0.45 | -14.2 | VangdTSEEuropeWk | VEW | 44.76 | -1.34 | -27.0 |
| iShCoreMSCITotInt | IUS | 51.40 | -1.38 | -27.5 | iShShortBdTreBd | SHY | 109.91 | -0.01 | -9.5 | VangdGrowth | VUG | 216.77 | -0.65 | -32.4 |
| iShCoreS&P500 | IVU | 370.10 | -0.66 | -22.4 | iShTSPBndETF | TPF | 105.16 | -0.51 | -18.6 | VangdHlthCR | VHT | 228.84 | -1.62 | -14.1 |
| iShCoreS&P60 MC | IUV | 229.10 | -1.77 | -19.1 | iSh1-3YTreasuryBd | SHY | 80.82 | -1.09 | -5.5 | VangdHlthCRV | VHM | 99.86 | -0.78 | -12.4 |
| iShCoreS&P60 SC | IUR | 91.43 | -1.49 | -20.2 | iSh7-10YTreBd | IEF | 93.63 | -1.05 | -18.6 | VangdIntermBnd | VBI | 72.04 | -1.00 | -17.8 |
| iShCoreS&P60T US | ITOT | 81.86 | -0.88 | -23.5 | iSh20-YTreBd | TLT | 96.53 | -1.82 | -34.9 | VangdIntcrnCpBd | VCIT | 74.25 | -0.96 | -20.0 |
| iShCoreTotalUSdBd | IUSB | 43.57 | -0.80 | -17.7 | iShUSTreasuryBd | GOVT | 23.24 | -1.71 | -16.3 | VangdLnc | VO | 168.36 | -0.75 | -23.8 |
| iShCoreUSAggBd | AGG | 94.20 | -0.86 | -17.4 | JPMEquityPrem | JEPI | 52.12 | -0.72 | -17.5 | VangdMCMC | VMC | 171.91 | -1.48 | -24.8 |
| iShSelectDivdnd | DDV | 111.29 | -0.95 | -9.2 | iShJShlncm | JPSH | 98.08 | -0.01 | -0.8 | VangdMCMCVal | VMD | 125.50 | -1.40 | -16.9 |
| iShES&GawareUSA | ESGU | 81.72 | -0.83 | -24.3 | SPDR Blnl-3MTPB | BIL | 15.15 | -0.15 | -1.5 | VangdMBS | VMB | 85.89 | -1.10 | -16.9 |
| iShEdgeMSCIMiniUSA | USMV | 67.37 | -0.88 | -16.7 | SPDR Gold | GLD | 151.69 | -1.34 | -11.3 | VangdRealEst | VRE | 73.88 | -0.49 | -32.9 |
| iShEdgeMSCIUSGov | UMG | 106.89 | -0.82 | -26.6 | SPDRPfts&500Gwth | SPGL | 43.43 | -0.71 | -22.4 | VangdS&P50ETF | VSP | 336.61 | -0.69 | -22.4 |
| iShGoldSHYCP | IAG | 30.92 | -1.34 | -11.2 | SPDRS&P500Qshort | SPVY | 50.91 | -0.76 | -29.8 | VangdS&P Bond | BSV | 77.81 | -0.78 | -16.9 |
| iShBox&SHYCPBd | HYG | 72.20 | -0.96 | -17.0 | SchwabIntEq | SCIF | 28.66 | -1.21 | -26.3 | VangdSTCpBd | VTCH | 73.52 | -0.46 | -9.5 |
| iShBox&SHYCPGrdBd | LQD | 100.37 | -0.67 | -10.0 | SchwabUS BrdMkt | SCNB | 43.25 | -0.94 | -23.5 | VangdShTmflnInt | VTSI | 49.19 | -0.19 | -7.6 |
| iShJPMUSDmEqBd | EMB | 77.88 | -1.49 | -28.6 | SchwabUS Div | SCDV | 69.22 | -1.10 | -14.4 | VangdShortTREA | VGSH | 57.52 | -0.19 | -5.4 |
| iShMBSEFT | MMB | 89.41 | -0.84 | -16.8 | SchwabUSLC | SCUA | 39.58 | -0.48 | -23.3 | VangdUS | VUS | 176.92 | -0.91 | -21.7 |
| iShMSCIACWI | ACWI | 75.93 | -1.02 | -24.8 | SchwabUS TIPS | SDIP | 51.74 | -0.48 | -17.2 | VangdTxtExemptBd | VTEB | 83.22 | -0.33 | -12.0 |
| iShMSCIEAFE | EFA | 57.09 | -1.23 | -24.7 | SPDR DJIA TR | DIA | 304.35 | -0.37 | -16.2 | VangdTotalBd | VNTB | 69.85 | -0.82 | -17.8 |

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are presented in quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), 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.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
+New 52-week high
-New 52-week low
dd-Indicates loss in the most recent four trading days
FD-First day of trading
H-Does not meet continued listing standards
IF-Late filing
Q-Temporary exemption from Nasdaq requirements
N-TYPE bankruptcy
V-Trading halted on primary market
VI-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices during 4 p.m. the previous day.

| A B C | | | D E F | | | G H I | | | J K L | | | M N O | | | P Q R | | | S T U | | | V W X | | | Y Z | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| ABB | ABB | 26.66 | -0.21 | ADT | ADT | 8.60 | 0.02 | AECOM | AEC | 72.19 | 0.01 | AES | AES | 24.13 | -0.27 | Aflac | AFL | 60.14 | -0.05 | AGCO | AGCO | 111.41 | -0.47 | Ansys | ANSS | 214.91 | -2.76 | Apax | ANPA | 41.91 | 2.09 | AS Tech | ASTK | 48.82 | 0.03 | ASML | ASML | 424.02 | 25.03 | AT&T | T | 15.54 | -0.06 | Abbott Labs | ABB | 98.11 | -6.87 | AbbVie | ABBV | 143.13 | -1.47 | Abiomed | ABMD | 253.24 | -5.93 | Acadia Healthcare | ACHC | 80.59 | -2.19 | Accutane | ACC | 264.06 | 0.01 | Activision Blizzard | ATVI | 72.21 | -0.05 | ActivisionBliz | ATVI | 72.21 | -0.05 | Adobe | ADBE | 298.33 | 6.85 | Advance Auto | AAV | 171.25 | -3.48 | AdDrainageSys | WMS | 121.14 | -5.38 | AdMicroDevices | AMD | 57.23 | -0.69 | Aegion | AEG | 41.3 | -0.04 | AerCap | AER | 49.80 | -0.76 | Agilent Tech | A | 128.96 | -3.34 | Agilion Health | AGL | 17.91 | -1.42 | Agria Eagle | AGE | 40.43 | -1.28 | Air Products | APD | 241.45 | -0.92 | Airbnb | ABNB | 186.77 | -1.07 | Akamai Tech | AKAM | 82.94 | -1.44 | Albemarle | ALB | 256.51 | 4.84 | Albertsons | ALB | 27.20 | -0.46 | Alcoa | AA | 37.62 | -2.09 | Alcon | ALC | 58.23 | -0.29 | AlexandriaRealEstate | ARE | 120.59 | -3.17 | Alibaba | BABA | 71.27 | -5.07 | Align Tech | ALGN | 204.98 | -5.02 | Alliegeion | ALL | 92.11 | -0.37 | Allstate | LNT | 92.11 | -0.37 | Alliant Energy | ALL | 135.15 | -2.23 | Ally Financial | ALLY | 26.43 | -2.28 | Ally Bank | ALLY | 19.20 | -0.25 | Alphabet A | GOOG | 96.63 | -1.14 | Alphabet C | GOOGL | 102.29 | -1.10 | Altria | MO | 46.67 | -0.10 | Amazon.com | AMZN | 115.07 | -0.27 | Ambev | AMBEV | 2.76 | -0.04 | Ammco | AMC | 11.06 | -0.14 | Amdocs | UDXL | 536.49 | -4.92 | Amerco | AMER | 536.49 | -4.92 | Ameren | AEE | 78.56 | -0.80 | AmericanMovel | AMV | 16.88 | -0.67 | AmericanMovel | AMV | 16.88 | -0.67 | American Airlines | AAL | 13.99 | 0.29 | APF | APF | 15.90 | -0.68 | Air Express | APX | 13.90 | -0.68 | AmericanFin | AFG | 131.48 | -0.50 | AmHome4Rent | AMH | 41.91 | -0.68 | Alig | ALIG | 52.75 | -0.15 | AmeriWaterInt | AMW | 190.99 | -6.23 | AmeriWaterWorks | AWK | 134.00 | -0.77 | AmeriCold | COLD | 22.24 | -1.08 | AmeriEnterprise | APC | 12.29 | -1.08 | AmeriEnterpriseBrgn | APC | 12.29 | -1.08 | Ametek | AME | 117.99 | -1.13 | Amgen | AMGN | 248.19 | -3.93 | Amphenol | APH | 70.09 | -0.02 | AnalogDevices | ADI | 141.33 | 0.23 | Al InBev | BUD | 45.61 | -1.30 | AnnalyCap | NLY | 17.73 | -0.13 | Ally Bank | ALLY | 19.20 | -0.25 | AmeriWaterInt | AMW | 190.99 | -6.23 | Amplia | APLS | 57.09 | -1.91 | AmpliaBldgMgmt | APM | 49.46 | -0.79 | Apple | AAPL | 143.86 | 0.11 | AppleMaterials | AMAT | 77.26 | 0.23 | Applivon | APV | 17.44 | -1.19 | ApplivonGroup | APV | 17.44 | -1.19 | Arampac | ARMK | 34.21 | -1.07 | Arampac | ARMK | 34.21 | -1.07 | ArcherMidCap | MT | 21.52 | -0.08 | ArcherCapital | ACGL | 48.73 | 0.08 | ArcherDaniels | ADM | 88.35 | 0.58 | ArcherMidCap | MT | 21.52 | -0.08 | ArcherMidCap | MT | 21.52 | -0.08 | ArcherMidCap | MT | 21.52 | -0.08 | 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MARKETS

Stocks Fall Despite Solid Earnings

After two days of gains, concerns about impact of higher rates on economy dominate

By MATT GROSSMAN
AND ANNA HIRTENSTEIN

Stock indexes fell as investors weighed a batch of solid corporate earnings against concerns that continued interest-rate increases will cause a recession. Stocks spent the morning bouncing between gains and losses but turned lower in the afternoon. The S&P 500 declined 24.82 points, or 0.7%, to 3695.16. The Nasdaq Composite Index lost 91.89 points, or 0.9%, to 10680.51, and the Dow Jones Industrial Average slipped 99.99 points, or 0.3%, to 30423.81.

The losses came despite quarterly reports from big companies that were mostly better than expected. Soaring inflation has dimmed the investing outlook all year, but encouraging results from large U.S. banks had boosted stocks in recent sessions. A stream of mostly upbeat reports from diverse companies Wednesday reinforced a sense that the business climate has held up well so far.

Still, anxiety about inflation and the Federal Reserve's response continued to preoccupy investors. The persistence of rising prices has consistently exceeded investors' expectations over the past year.

"I think the broader issue in this earnings season is really not just how companies are doing, but the macro issues with interest rates and Fed policy," said Jimmy Chang, chief investment officer at Rockefeller Global Family Office.

Losses hit 10 of the S&P's 11 sectors, with only energy stocks notching gains.

Procter & Gamble shares climbed \$1.19, or 0.9%, to \$129.56 after the consumer-



United Airlines' forecast for rising profit margins and resilient sales lifted airline shares. United rose 5% to \$39.10 on Wednesday.

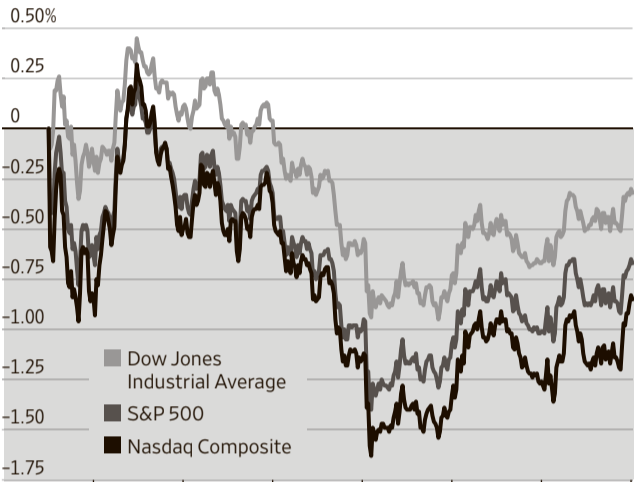
goods company lowered its outlook for full-year sales and its quarterly earnings came in above Wall Street's estimates. **Netflix** jumped \$31.52, or 13%, to \$272.38 after it said it gained 2.4 million new subscribers last quarter. **Ally Financial** fell \$2.28, or 7.9%, to \$26.43 after it reported a drop in earnings and said it set aside more funds in reserve against potential loan losses.

United Airlines' forecast for rising profit margins and resilient sales lifted airline shares but also indicated that travel demand may continue to support high ticket prices, said Brandon Pizzurro, director of public investments at GuideStone Capital Management.

Trends like that build the case for more rate increases.

When they finally bite, corporate performance could quickly slump across industries, he warned. "I'm concerned that we're getting the very last amount of any good news out

Index performance Wednesday



Source: FactSet

of a large majority of these companies," Mr. Pizzurro said. United shares rose \$1.85, or 5%, to \$39.10.

Signs that shoppers aren't ready to stop spending on din-

ing, vacations and entertainment reinforce the case for more Fed interest-rate increases, which many investors think could cause a recession in the next year.

Inflation may reduce the central bank's perceived leeway to shift gears and ease policy again to cushion the economy when it does slow.

Yields on U.S. government debt, which largely reflect investors' expectations for how short-term interest rates will move through the maturity date, climbed on Wednesday. The 10-year yield rose to 4.127% from 3.996% the day before. The two-year yield, more sensitive to short-term rate expectations, was at 4.55%, up from 4.435% on Tuesday. Yields and bond prices move in opposite directions.

Oil prices edged up, with global crude benchmark Brent climbing by \$2.38 a barrel, or 2.6%, to \$92.41.

Overseas, the Stoxx Europe 600 slid 0.5%. Early Thursday, Japan's Nikkei 225 was down 1.1%, Hong Kong's Hang Seng Index was down 2.3% and South Korea's Kospi was down 1.2%. S&P 500 futures fell 0.5%.

Fannie, Freddie Debt Falls

Continued from page B1
come with that guarantee. Instead, they appeal to investors who want to earn higher returns in exchange for the risk of losses if widespread mortgage defaults reach even relatively modest levels.

Mortgage rates are soaring, hitting a two-decade high of 6.92% last week. With affordability under pressure, the housing market has been one of the first corners of the economy to falter, denting CRTs' appeal compared with other corners of the bond market, said Paul Norris, head of structured products at investment manager Conning. He said he thinks prices could fall further

from here.

"Housing has been at the forefront of the current malaise," Mr. Norris said. "I want to be able to go to the client and say I really believe in this asset class, but I can't make that case yet." Conning has shunned CRTs recently, preferring other junk-rated structured-finance securities, he said.

CRT prices have fallen so much that judging by spreads alone, the market looks like it is preparing for a housing crisis as bad as the 2008 recession, said Ben Hunsaker, a portfolio manager at Beach Point Capital Management.

Today, investors broadly agree that risks in the mortgage-finance system are better contained than in the mid-2000s, when some risky mortgage bonds helped spark the 2007-2008 financial crisis.

Since then, Fannie and Freddie have operated under federal conservatorship, with tighter credit standards for the

Yield premium, junk-rated CRTs versus Treasuries



Note: Option-adjusted spreads on Class B1 CRTs
Sources: St. Louis Fed; Andrew Davidson & Co.

mortgages they guarantee. Introduced in 2013, CRTs are one effort to shift some of the risk of mortgage defaults to private investors.

Some of these investors, undaunted by a bleak outlook for the housing market, are betting that the recent selloff in CRTs has been overdone. Real estate

may falter in a coming recession, but it is unlikely that defaults will reach the levels they touched 15 years ago in aggregate, Mr. Hunsaker said. Instead, he blamed some of the large fall in CRT prices on big asset managers' selling the securities as clients pull their money out of bond funds amid this year's market rout.

Beach Point has bought CRTs this year, focusing on those tied to mortgages that homeowners signed onto in 2020 and 2021. Despite the recent slide in home prices, values have still risen from last year, cushioning these households' finances, Mr. Hunsaker said. Plus, the interest that CRT investors get rises and falls with market rates—unlike most junk bonds—protecting investors such as Beach Point from the risk of more rate increases from the Fed. "Housing is undeniably worse going forward today than it was a year ago, but as we dug into the market, we had a hard time un-

derwriting the bear thesis," Mr. Hunsaker said.

Another potential boon for CRT investors: Fannie and Freddie have offered to buy back billions of dollars of CRTs over the last year, moves that could boost prices by reducing the supply of debt. Coming into 2022, investors had conversely expected a glut of new issuance that didn't fully materialize.

The two agencies pay a variable interest rate to CRT investors, but the interest payments from homeowners' mortgages are fixed. So when rates rise, buying back CRTs can be more economical for the agencies than paying ever-higher interest.

That is one reason investment manager Brandywine Global has also invested in CRTs this year, said Tracy Chen, a portfolio manager at the firm. She said the selloff has been driven more by technical market factors than by underlying risks in the housing-finance system.

Some Won't Play Market

Continued from page B1
his day-to-day trades," she said. "I'd rather have some kind of a normal level of happy all the time rather than the severe ups and downs."

The stock and bond markets have historically provided a reliable route to building wealth, but some noninvestors don't recognize its upside or think there are better alternatives. Research suggests this year's bear market is unlikely to change their minds. One study found that between 1960 and 2007, the more recently someone lived through a year of low stock-market returns, the less likely they are to have made any investments at all.

Many investors who won't need to sell off their holdings for decades, and can reasonably expect them to grow in the long run, have nonetheless been rattled by the recent run of losses.

"I've had a lot more conversations with clients expressing concern and asking questions that suggest they are consid-

ering walking away from a portion of the markets," said Joshua Escalante Troesh, a financial adviser in Rancho Cucamonga, Calif. He has counseled all of them to stick with their long-term strategy and not sell.

Some with the means to invest prefer to funnel their money elsewhere. Michael Mitchell, a 38-year-old high-school teacher in Statesville, N.C., can afford to put money into the market but instead has been building up his savings to pay off the remaining \$93,000 of his mortgage. He hopes to do so in a couple of months, wiping out the next 18 years of mortgage payments at once.

When stocks climbed in the years after the financial crisis, Mr. Mitchell grew frustrated that his pay stayed flat as the economy improved and it felt like none of the gains reached him. He came to feel indifferent about whether the market went up or, nowadays, down. "If I had \$1 million in the stock market, I'd probably be a lot more concerned," he said. He doesn't have a 401(k), but as a public-school teacher will receive a pension.

Mr. Mitchell said he gives priority to financial stability and living within his means and is opting not to invest for now. He considers himself fru-



Arlene LaHera says she couldn't stomach the market's swings.

gal and drives a 2001 Honda Accord. Whatever might happen in the stock market, he said, "I still save my surplus earnings, I spend time with people I care about, I do what I love for a living and I don't live a life of either extravagance or of trying to keep up with my wealthier neighbors."

The stock market might not be the economy, but its fluctuations touch the lives of Americans whether they are invested or not.

"As the stock market goes down, households that have stocks, their wealth goes down, and then they spend less," said Alp Simsek, a professor of finance at the Yale School of Management. Firms

then face lower demand and, in turn, make fewer hires or reduce workers' hours. Mr. Simsek estimates that through this chain of events, a 20% drop in the market can lead to a hit of 1.7% or more to workers' aggregate income two years later—"not a huge effect, but it's sizable," he said.

On a shorter time scale, one U.K. study found that the more stocks fell over periods of six months or a year, the lower the levels of mental well-being reported afterward by investors and noninvestors. Another study, by two finance professors in California, found that on days stocks fell, hospital admissions for psychological conditions rose slightly

statewide. In an extreme example, on the day of the 1987 crash known as "Black Monday," hospital admissions, psychological or otherwise, rose to 5% above average.

Paying attention to the stock market can be worthwhile for noninvestors, according to Wendy Edelberg, director of the Hamilton Project, an economic-research group at the Brookings Institution. While many day-to-day market movements have little broader meaning, she said, the way the market responds in the moment to economic news, such as a strong employment report or new inflation data, can be revealing of what financial analysts think lies ahead for the economy.

Many noninvestors don't draw links between the market and their everyday lives. "It certainly doesn't seem to affect anything I do," said Alberto Meza, a 61-year-old construction worker in Hawthorne, Calif., who hasn't invested in stocks himself.

Mr. Meza supposes that he could have afforded to invest small sums himself over the years but never seriously considered it. "I was born poor, raised poor," he said. "It was nothing that anybody I know, like my parents—they never talked about the stock market."

Hong Kong Exchange Plans to Ease Tech IPO Rules

By DAVE SEBASTIAN

Hong Kong's stock exchange is planning new rules allowing some technology and science companies that have yet to generate revenue to go public, its latest effort to boost initial-public-offering volumes.

Hong Kong Exchanges & Clearing Ltd., operator of the exchange, wants to lower the bar for listings of prerevenue and early-stage technology companies. That would expand the number of potential IPOs in a market that has struggled this year. Primary and secondary listings in Hong Kong this year have raised \$10.78 billion, down 71% from the same period in 2021, according to Dealogic.

The proposal comes amid a worsening relationship between China and the U.S. that has deterred some Chinese companies from listing on U.S. exchanges, raised the risk of delistings for others and encouraged a group of state-owned companies to exit from the market.

It also follows the U.S. government's decision to tighten exports in the semiconductor sector, a move that sent shares of China's chip makers reeling. Semiconductor companies are among those specifically targeted by the proposed changes to Hong Kong's listing rules.

The exchange currently requires companies hoping to list to pass one of several tests, including a revenue requirement of at least 500 million Hong Kong dollars, equivalent to \$63.7 million, for the most recent audited year. A consultation paper published Wednesday proposes waiving the revenue requirement for some companies. That would be the biggest overhaul of Hong Kong listing rules since 2018.

The new proposal applies to what the exchange calls "specialist technology companies," which include those in cloud-based services and artificial intelligence; advanced hardware;

71%

Drop in money raised by listings in Hong Kong so far this year

advanced materials; new energy and environmental protection; and new food and agriculture technologies.

That list includes several sectors considered key areas for investment by China's government, including semiconductor manufacturing, artificial intelligence and new energy.

The exchange operator said those specialist technology companies, many of them still focusing on research and development, find it hard to list in Hong Kong because they often can't meet profit, revenue or cash-flow requirements for listings. The exchange's talks with market participants suggest there would be strong appetite among investors for those companies' listings due to their growth potential, Hong Kong Exchanges & Clearing said.

That could help counter the fall in listings this year, which has hurt profits at the exchange. The exchange operator on Wednesday said profit fell 30% to HK\$2.27 billion for the three months ended Sept. 30.

The exchange will take public feedback on the proposal until Dec. 18.

—Jing Yang
contributed to this article.

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 | |
|---------------------------------|--------------------|
| Applications | \$97,830,335,300 |
| Accepted bids | \$34,033,747,800 |
| * noncompetitively | \$135,124,900 |
| * foreign noncompetitively | \$100,000,000 |
| Auction price (rate) | 98.631500 (4.140%) |
| Coupon equivalent | 4.256% |
| Bids at clearing yield accepted | 86.45% |
| Cusip number | 912796Y60 |

The bills, dated Oct. 25, 2022, mature on Feb. 21, 2023.

| 19-YEAR, 10-MONTH BONDS | |
|---------------------------------|--------------------|
| Applications | \$30,027,737,800 |
| Accepted bids | \$12,000,010,800 |
| * noncompetitively | \$34,717,800 |
| * foreign noncompetitively | \$0 |
| Auction price (rate) | 86.599384 (4.395%) |
| Interest rate | 3.375% |
| Bids at clearing yield accepted | 28.43% |
| Cusip number | 912810TK4 |

The bonds, dated Oct. 31, 2022, mature on Aug. 15, 2042.