

THE WALL STREET JOURNAL.

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What's News

Business & Finance

OPEC and its Russia-led allies agreed to slash output by 2 million barrels of oil a day, delegates said, a move likely to push up already-high global energy prices and help oil-exporting Russia pay for its war in Ukraine. **A1**

◆ **Representatives of Musk** and Twitter were still grappling with terms of an agreement that would enable the purchase of the company to proceed, continuing a drama over the fate of the deal. **A1**

◆ **World trade in goods** is projected to slow sharply next year amid high energy prices, rising interest rates and war-related disruptions, raising the risk of a global recession, according to a WTO forecast. **A1**

◆ **A jury found** former Uber security chief Joseph Sullivan guilty of criminal obstruction for failing to report a 2016 cyber intrusion to federal authorities. **B1**

◆ **Major U.S. stock indexes** ended lower after giving up late-session gains, with the S&P 500 and Nasdaq both losing 0.2% and the Dow industrials slipping 0.1%. **B1**

◆ **Activity in the market** for stock options is hitting a fever pitch, with many rushing to trades expiring within mere hours or days to play wild market swings. **B1**

◆ **Meta announced** tweaks to the Facebook news feed in an attempt to give users more control over what they see on the platform. **B3**

◆ **Tyson Foods is closing** several of its corporate offices across the country as rising costs pressure the meat giant's bottom line. **B3**

World-Wide

◆ **The Biden administration** is preparing to scale down sanctions on Venezuela's authoritarian regime to allow Chevron to resume pumping oil there, paving the way for a potential reopening of U.S. and European markets to oil exports from Venezuela. **A1**

◆ **U.S. intelligence agencies** have concluded that Ukraine was responsible for the assassination outside Moscow of the daughter of a prominent far-right Russian ideologue, a U.S. official said. **A6**

◆ **Russia used** suicide drones to strike a military base deep inside Ukraine, posing a growing challenge for Kyiv as its forces pressed advances in the south and east. **A6**

◆ **An appeals court ruled** that the Deferred Action for Childhood Arrivals initiative is unlawful, placing the decade-old program in jeopardy. **A4**

◆ **U.K. leader Truss tried** to recover the confidence of both the public and her own party by defending her controversial plans for tax cuts. **A8**

◆ **North Korea test-fired** two short-range ballistic missiles off its east coast on Thursday, shortly after the U.S. said at the U.N. that Pyongyang is feeling emboldened. **A9**

◆ **An appeals court said** it would fast-track consideration of the government's request to halt an outside review of documents seized from Trump's Mar-a-Lago home. **A4**

◆ **SpaceX blasted** another crew toward the International Space Station, launching a group that includes a Russian cosmonaut and the first Native American woman in space. **A3**

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Biden, DeSantis Assess Hurricane Ian Damage in Florida



EVAN VUCCI/ASSOCIATED PRESS

IN STRIDE: President Biden and first lady Jill Biden join Florida Gov. Ron DeSantis and his wife, Casey DeSantis, Wednesday to tour an area hit by Hurricane Ian in Fort Myers Beach, Fla. Damage from the hurricane is estimated at over \$100 billion. **A3**

U.S., Venezuela Prepare Deal To Loosen Sanctions on Oil

The Biden administration is preparing to scale down sanctions on Venezuela's authoritarian regime to allow Chevron

By Patricia Garip,
Vivian Salama
and Kejal Vyas

ron Corp. to resume pumping oil there, paving the way for a potential reopening of U.S. and European markets to oil exports from Venezuela, according to people familiar with the proposal.

In exchange for the significant sanctions relief, the government of President Nicolás Maduro of Venezuela would resume long-suspended talks with the country's opposition to discuss conditions needed to hold free and fair presidential elections in 2024, the people said. The U.S., Venezuela's government and some Venezuelan opposition figures have also worked out a deal that would free up hundreds of millions of dollars in Venezuelan state funds frozen in U.S.

banks to pay for imports of food, medicine and equipment for the country's battered electricity grid and municipal water systems.

U.S. officials said details are still under discussion and cautioned the deal could fall through, since it is contingent on Mr. Maduro's aides resuming talks with the opposition in good faith.

"There are no plans to change our sanctions policy without constructive steps from the Maduro regime," said Adri-

enne Watson, spokesperson for the National Security Council.

If the deal goes through and Chevron and U.S. oil service companies are allowed to work in Venezuela again, it would put only a limited amount of new oil on the world market in the short term.

Venezuela was once a major oil producer, pumping more than 3.2 million barrels a day in the 1990s, but the state-run industry has collapsed over the past decade because of un-

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Fast-Rising Rates Stress Markets

Turmoil in Britain exposes potential risks in pensions and government bond markets

Central banks are raising interest rates at the fastest pace in more than 40 years—and signs of stress are showing.

By Jon Hilsenrath,
Sam Goldfarb
and Chelsey Dulaney

Recent turmoil in British bond and currency markets is one. That disturbance has exposed potential risks lurking in pensions and government bond markets, which were relative oases of calm in past financial flare-ups.

The Federal Reserve and other central banks are raising interest rates to beat back inflation by slowing economic growth. The risk, in addition to losses in

wealth and household savings, is that increases can cause disruptions in lending, which swelled when rates were low.

Major U.S. stock markets recorded their worst first nine months of a calendar year since 2002, before rallying this week. Treasury bonds, one of the world's most widely held securities, have become harder to trade.

There also are signs of strain in markets for corporate debt and concerns about emerging-market debt and energy products.

Most analysts still don't expect a repeat of the

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◆ **Greg Ip:** Fed's moves defy expectations, formulas..... **A2**

Mint Chocolate on Fried Chicken? A Food Craze Opens Up a Divide

South Korea's trendy flavor has everyone taking sides; 'reminds me of toothpaste'

By JIYOUNG SOHN

SEOUL—Kang Seung-yong's fondness for mint chocolate started innocently enough, with a few nibbles of ice cream.

Now, Mr. Kang moisturizes his hands with mint-chocolate scented lotion. He starts and ends his days gulping down a mint-chocolate protein shake. He's had mint-

chocolate-flavored takes on fried chicken, liquor and a sandwich, oozing with a teal-colored cream.

"When it comes to mint-chocolate food, I like to try them out, whatever it may be," said Mr. Kang, a 33-year-old who works in the security sector in Seoul. "I usually like them, too."

South Korea is drowning in mint chocolate, creating a gooey

Mint condition

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INSIDE



PERSONAL JOURNAL
Extra fees from car rental companies trip up even experienced travelers. **A11**



SPORTS
U.S. players will face England in a showdown of soccer powerhouses. **A14**

Musk and Twitter Discussed Possible Price Cut for Deal

By CARA LOMBARDO
AND ALEXA CORSE

Representatives of Elon Musk and Twitter Inc. were still grappling Wednesday with terms of an agreement that would enable his purchase of the social-media company to proceed, continuing a months-long drama surrounding the fate of the blockbuster deal.

The discussions are the latest the two sides have held as a courtroom clash draws nearer. They quietly held unsuccessful talks about a possible cut to the price of \$44 billion for the social-media platform before Mr. Musk reversed course Monday and said he would return to the original agreement's terms, people familiar with the matter said.

As of late Wednesday, representatives of Mr. Musk and Twitter were trying to hash out the details of his proposal this week to stick to that original agreement, the people familiar with the matter said. Sticking points include what would be required from both sides for litigation over the stalled deal to be dropped and whether the deal's closing would be contingent on Mr. Musk receiving the necessary debt financing, some of the people said.

There was initially hope a deal could be reached Tuesday or Wednesday, averting a trial scheduled to start Oct. 17, the people said. The two sides have agreed to delay Mr. Musk's deposition, which was scheduled to begin Thursday in Texas, some of the people

Please turn to page A2

Global Trade Slowdown Raises Risk of Recession, WTO Says

By PAUL HANNON

World trade in goods is projected to slow sharply next year under the weight of high energy prices, rising interest rates and war-related disruptions, raising the risk of a global recession, according to a new forecast.

Total exports and imports of goods are likely to grow by just 1% in 2023, the World Trade Organization said Wednesday. That would be down from its previous forecast of 3.4% and its forecast of 3.5% for this year.

The WTO also lowered its

forecast for global economic growth in 2023 to 2.3% from earlier expectations of 3.3%, and warned of an even sharper slowdown should central banks raise interest rates too sharply in their efforts to tame high inflation.

The report follows multiple signs that global economic growth is weakening.

"The global economy faces a multipronged crisis," said Ngozi Okonjo-Iweala, director-general of the WTO, the Geneva-based body responsible for enforcing the rules that govern global trade, at a news conference. "The picture for 2023 has dark-

ened considerably."

The U.S. trade picture in August reflected the broad slowdown in demand.

Exports of goods dropped 0.3% in August from the previous month, the first decline since January, the Commerce Department said Wednesday. Goods imports fell 1.5% during the period.

When including both goods and services—such as tourism, education and healthcare—total U.S. exports fell 0.3% in August from July, while imports decreased 1.1%.

Because imports fell more

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Fed's Moves Defy Expectations, Formulas

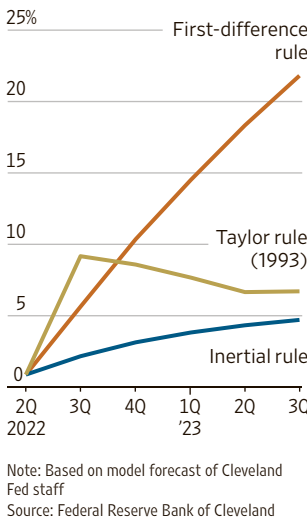


The Federal Reserve, first criticized for raising interest rates too slowly, is now accused by some of lifting them too rapidly. The central bank, naturally, disagrees. But it is hard to know whether it is right because the Fed isn't following any consistent formula. In theory, a central bank's interest-rate moves should be related in some systematic way to its goals and to economic and financial data, a relationship economists and market participants refer to as a policy rule or reaction function. This helps investors understand and anticipate the Fed's policy actions, bolstering their effectiveness. The world is complicated, and no Fed chairman or chairwoman has ever been bound by a single rule or reaction function. That is especially true of Jerome Powell, who favored tightening policy at a glacial pace from 2020 through late 2021, but since March has raised rates at breakneck speed to combat high inflation. This has confused markets and heightened the risk the Fed ultimately lifts rates too much. The debate over the merits of rules vs. discretion is almost as old as central banking. The gold standard was the original policy rule: Maintain the currency's convertibility to gold. Even that, however, left plenty of room for discretion, such as in war and market panics, and the British essayist and journalist Walter Bagehot noted in his 1873 classic "Lombard Street: A Description of the

Money Market." "The practical difficulties of life cannot be met by very simple rules; those dangers being complex and many, the rules for encountering them cannot well be single or simple," Mr. Bagehot wrote. "A uniform remedy for many diseases often ends by killing the patient."

In 1993, the economist John Taylor sought to explain recent Fed policy under chairmen Paul Volcker and Alan Greenspan with a rule in which the central bank sets interest rates at "neutral"—a level that keeps inflation and unemployment stable over time—and then adjusts them based on how far unemployment is from its natural rate (the lowest possible without spurring inflation—now estimated at 4%) and inflation is from its target, now 2%.

As Mr. Bagehot noted, Federal funds rate prescribed by policy rules



though, there will always be circumstances policy makers don't anticipate. Fed officials, for example, argue that what is known as the Taylor rule isn't suited to depressed economic conditions that call for negative interest rates. The "Fed has never explicitly tied our monetary policy decisions to any formula, including Taylor rules," Mr. Powell said last month. Nonetheless, "Taylor rules are ubiquitous....Some kind of Taylor rule is very much part of the way we think."

Indeed, the Fed regularly publishes prescriptions of the Taylor rule and its derivatives. One is an "inertial" rule, which emphasizes past—as opposed to current or forecast—unemployment and inflation. In August 2020, the Fed adopted an inertial rule: Instead of setting interest rates to hit 2% inflation, it would keep rates lower if inflation had run below 2%, aiming to spur it above 2% for some period so it would average 2% over time. Unemployment, no matter how low, wouldn't be a reason to raise rates.

This new approach grew out of a belief that the Fed had over the previous decade overestimated the natural unemployment rate and neutral interest rate, resulting in too-tight monetary policy, forgone job opportunities and below-target inflation.

Inertial rules, though, are prone to undershooting or overshooting when the economy changes, which is what happened last year as high inflation proved more persistent than the Fed expected. So the central bank abandon



Fed Chairman Jerome Powell favored tightening policy at a glacial pace from 2020 through late 2021, but since March has raised rates at breakneck speed to combat high inflation.

ed that approach in favor of focusing on the latest inflation data. In June, Mr. Powell said the Fed would keep tightening swiftly until it saw "compelling evidence that inflationary pressures are abating...in the form of a series of declining monthly inflation readings."

This approach resembles a "first-difference" rule, which can be summarized as: Keep raising interest rates until inflation is almost back to target. Sure enough, with inflation staying high through the summer, Mr. Powell has delivered three consecutive 0.75 percentage point increases, bringing its benchmark federal-funds rate to just over 3%, the fastest tightening in over 40 years.

The advantage of a first-difference rule is that it doesn't depend on the neutral interest rate, a slippery concept that can lead a central bank astray. Indeed, Mr. Powell sowed confusion during the summer by suggesting neutral was 2.5%, implying the Fed was almost done tightening, igniting a market rally. Mr. Powell had to beat back those impressions, explaining neutral is 2.5% only when inflation is 2%. In fact, he puts underlying inflation at around 4.5%, implying the neutral fed-funds rate could be 5% and rates might have to go even higher.

The problem with such a rule is that inflation responds with long lags behind monetary policy. Unanchored by neutral, the Fed might lift rates to the stratosphere,

raising unemployment unnecessarily. The Federal Reserve Bank of Cleveland, using its own models, estimates a first-difference rule would prescribe interest rates of 22% in a year's time.

Fed officials almost certainly don't see that as their strategy. Yet for now, they want the public to think they are so committed to 2% inflation that they will risk tightening too much and cause a recession. If the public expects inflation to fall, it is more likely that actual inflation will, too.

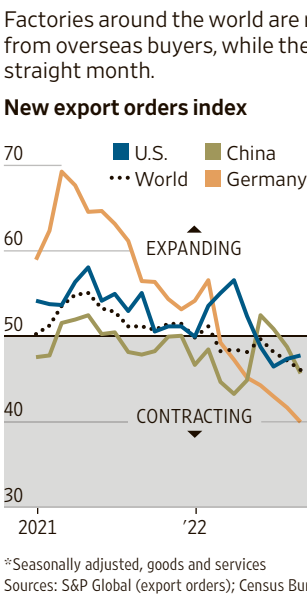
At some point, the Fed will appear to change its rule again, and economic weakness, unemployment and the neutral rate will again matter for interest-rate decisions. The challenge for markets is figuring out when.

WTO Warns of Slowdown

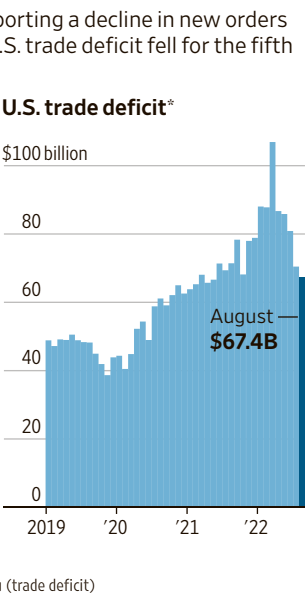
Continued from Page One than exports, the nation's trade deficit shrank 4.3% last month. The strong dollar makes imports cheaper for U.S. consumers while making the country's products more expensive for foreign buyers. U.S. energy companies have benefited this year from higher prices and increased U.S. exports of oil and natural gas resulting from trade disruptions connected to Russia's invasion of Ukraine. This dynamic shifted in August, a period when demand eased and prices softened from highs hit earlier in the summer. U.S. natural-gas exports rose but oil exports fell, while oil imports rose. The Organization of the Petroleum Exporting Countries and its Russia-led allies on

Wednesday agreed to cut oil production by 2 million barrels a day, a move likely to keep upward pressure on energy prices. The U.S. average price of regular unleaded gasoline was \$3.83 a gallon on Wednesday, according to OPIS, an energy-data and analytics provider that is part of Dow Jones & Co., publisher of The Wall Street Journal. That is down from just over \$5 a gallon in early June but more than 60 cents a gallon above the price a year ago. The annual rate of inflation across the Group of 20 largest economies held at 9.2% from June to August, the Organization for Economic Cooperation and Development said Tuesday. The WTO said a trade slowdown could help cool price pressures by further improving supply chains and reducing transportation costs. A measure of supply-chain pressures compiled by the Federal Reserve Bank of New York has fallen each month from April to August. Freight costs have declined rapidly over recent months. "A key factor behind this is likely to have been easing goods demand," wrote

Kiki Sondh, an economist at research firm Oxford Economics, in a note to clients. Factory prices charged by companies in most of Asia declined in September for the first time since the middle of 2020, according to purchasing managers indexes for the region, a sign that cooler trade growth might bring some relief



on inflation, said Fred Neumann, chief Asia economist at HSBC in Hong Kong. The Federal Reserve and other central banks are raising interests aggressively to combat high inflation by curbing hiring, spending and investment. These moves have contributed to weakening demand and economic activity in the



U.S. and many other countries. Some economists and policy makers worry rates might climb higher than needed and cause a recession. Demand for goods soared in late 2020 as global economies bounced back from Covid-19 disruptions, fueling a surge in trade volumes in 2021. Now, signs of a global trade slowdown abound in Asia and Europe. South Korea's exports grew an annual 2.8% in September, the weakest performance since October 2020, the country's trade ministry said Tuesday. In China, the world's second-largest economy, an export boom that propelled its economy through the pandemic is petering out. China's demand for imports from its neighbors is also softening as its economy labors under a severe real-estate squeeze and the government's zero-tolerance approach to Covid-19. Europe's exports to Russia have collapsed in responses to sanctions imposed on the Kremlin following its invasion of Ukraine, according to the European Union's statistics agency. But its exports to the

U.S. have grown rapidly. Wednesday's U.S. trade report provided "another confirmation of a softening global economic backdrop as demand weakens and businesses pull back on investment," Matthew Martin and Kathy Bostjancic, U.S. economists for Oxford Economics, wrote in a note. —Yuka Hayashi, Jason Douglas and Benoit Faucon contributed to this article.

CORRECTIONS & AMPLIFICATIONS

The pound rose 0.6% on Tuesday to \$1.14. A World News article on Wednesday about U.K. Prime Minister Liz Truss incorrectly said the pound rose to 1.14 a dollar.

Carolyn Everson was chief operating officer and executive vice president of U.S. ad sales for Viacom's MTV Networks. An Exchange article in some editions Saturday about Ms. Everson's appointment to Walt Disney Co.'s board of directors incorrectly said she was the chief operating officer of Viacom.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

Twitter, Musk Talks Continue

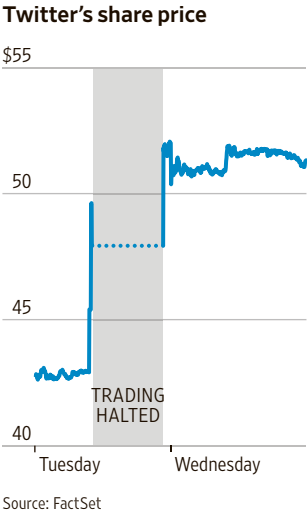
Continued from Page One said, to continue efforts to reach agreement on how to move forward. The informal discussions about a cut in the \$44 billion purchase price happened in a series of conference calls in recent weeks between lawyers and ended after the two sides failed to agree on terms of a potential deal, the people said.

The price-cut talks had broken off before Mr. Musk caught Twitter off-guard by sending Twitter's lawyers a two-sentence letter proposing to move forward on the original terms. Mr. Musk's apparent change of heart Monday surprised many observers. The Tesla Inc. chief executive had spent the past several months trying to back out of the deal after alleging Twitter misled him about key elements of its business, including the amount of spam on its platform. In July, Mr. Musk formally moved to walk away from the deal, prompting Twitter to sue him to follow through with the transaction on the

agreed terms. Mr. Musk countersued, alleging Twitter misrepresented the condition of its business and key metrics about the users on its platform, which Twitter has denied. For now, the Delaware Chancery Court judge presiding over the legal battle is pressing ahead with trial preparations. Chancellor Kathaleen McCormick ordered Mr. Musk's team Wednesday to search for any more possible electronic messages requested by Twitter as the two sides prepare for a five-day, nonjury trial in Wilmington, Del. She said neither party had moved to stop the litigation.

"The parties have not filed a stipulation to stay this action, nor has any party moved for a stay," the judge wrote Wednesday. "I, therefore, continue to press on toward our trial set to begin on October 17." The Musk team has been aggressive in pushing for broad information from Twitter, including a range of employee communications and data related to spam and fake accounts. Those requests at times prompted frustration from Chancellor McCormick. She granted some requests but denied others, and once called Mr. Musk's data requests "absurdly broad." Legal experts have main-

tained from the beginning that Twitter appeared to have the stronger case, in part because Mr. Musk waived due diligence before agreeing to the deal and the merger agreement gave Twitter the right to sue him to follow through with it under a concept called "specific performance." Still, even a small risk of Mr. Musk prevailing in a trial could be too much for a company the size of Twitter to bear. For this reason, the majority of broken deal cases end in negotiated settlements, often with a small price cut. Such was the case with litigation between LVMH Moët Hennessy Louis Vuitton SE and Tiffany & Co. in 2020. Those parties agreed to a nearly 3% price cut to avert a trial. While Twitter's stock price has held up because of Mr. Musk's potential acquisition, its performance has declined. The company reported a drop in revenue in the second quarter that it blamed on weakness in the advertising industry and uncertainty related to Mr. Musk's acquisition. Mr. Musk has given few specific details about his plans for Twitter, but he has said he wants to transform Twitter as a private company and unlock what he called its extraordinary potential as a platform for free speech.



Bid Faces Tough Debt Markets

Elon Musk's ability to raise debt for his revived takeover of Twitter Inc. is likely to face turbulence in a market that has become less receptive than it was a few months ago. Mr. Musk would need roughly \$13 billion of debt as secondary-market conditions remain exceptionally tough for high-yield debt. In a recent deal to take Citrix Systems Inc. private, banks sold

\$4 billion in bonds backing the transaction at a 16% discount, resulting in about \$500 million in losses as investors failed to show enough interest in the original terms of the deal, The Wall Street Journal has reported. The banks sold a further \$4.1 billion leveraged loan related to the Citrix deal at a 9% discount to face value, with losses of more than \$100 million. With the continuing market turmoil, investors might not be willing to buy Twitter's debt unless it comes at a discount. Daniel Ives, an analyst at Wedbush Securities Inc., said

"the environment has changed so dramatically from where they locked in the [Twitter] deal to where it is today." S&P Global Ratings, which had assigned a BB+ rating to Twitter before accounting for the impact of the buyout, has said that it expects to "lower the rating by multiple notches due to increased leverage" as the result of Mr. Musk's deal. That would likely cause the company's cost of borrowing to jump higher than what investors think is sustainable. —Alexander Saeedy, Alexander Gladstone

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U.S. NEWS

Biden, DeSantis Set Aside Disputes In Storm Response

BY TARINI PARTI
AND ALEX LEARY

President Biden joined a top political rival, Florida Gov. Ron DeSantis, in assessing damage from Hurricane Ian on Wednesday, setting disagreements aside as the governor repeatedly thanked the administration for its support.

“I think we’ve worked as well across state, local and federal of any disaster that I’ve seen,” said Mr. DeSantis, a Republican seen as a possible challenger to Mr. Biden if he seeks reelection in 2024. “We are cutting through the red tape, and that’s from local government, state government all the way up to the president, so we appreciate the team effort.”

Mr. Biden said unprecedented resources have been devoted to the recovery and damaged areas would come out better. “We have very different political philosophies, but we worked hand-in-glove,” Mr. Biden said of Mr. DeSantis.

Mr. DeSantis and his wife, Casey DeSantis, joined Mr. Biden and first lady Jill Biden for a briefing in Fort Myers, Fla., shaking hands with them before spending several minutes walking around and separately meeting with residents who had been affected by the hurricane. The governor stood behind Mr. Biden when the president delivered remarks. Mr. Biden also took an aerial tour of the damage.

Hurricane Ian has resulted in dozens of deaths and left thousands without power or water, with estimates putting the economic damage at well over \$100 billion. Federal Emergency Management Agency head Deanne Criswell said Wednesday the hurricane was “one of the more costly disasters that we’ve seen in many years.”

Messrs. Biden and DeSantis have a contentious history, including battles over Covid-19 and immigration. The governor recently incited Democratic outrage when he orchestrated flights of migrants to Martha’s Vineyard in Massachusetts and suggested he also would arrange flights to the president’s home state of Delaware. The White House called the flights a cruel political stunt.

Mr. DeSantis’s campaign website sells anti-Biden administration items, including a baby onesie that uses a derivative nickname for Mr. Biden and \$39 “Freedom over Fauci” flip-flops, a reference to Anthony Fauci, the infectious-disease expert who has helped steer the nation’s response to

Covid-19. The governor is currently seeking a second term, facing Democrat Charlie Crist, and while he is favored to win, the handling of the hurricane recovery could affect the race.

The president appears eager for a rematch with former President Donald Trump in 2024, who is weighing another presidential bid. Some of Mr. Biden’s advisers see a threat in the 44-year-old Mr. DeSantis, should he decide to run.

The White House, facing questions about the interactions between Messrs. Biden and DeSantis in recent days, said it wasn’t the time for politics. Mr. Biden, who lost Florida to Mr. Trump in 2020, has emphasized his commitment to the state, including promptly signing a major disaster declaration. He authorized additional assistance on Wednesday and said he would double the amount of time the federal government would pick up cleanup costs to 60 days.

Another disaster brought the two together in 2021, after the Surfside condo collapse in South Florida that left 98 dead. “You guys have not only been supportive at the federal level, but we’ve had no bureaucracy,” the governor said while seated next to the president.

Florida Republican Sens. Rick Scott and Marco Rubio also joined the president and governor for the briefing. Mr. Biden has repeatedly criticized Mr. Scott, chairman of the Senate GOP campaign arm and another potential 2024 presidential contender, for releasing a proposal requiring low-income Americans to pay at least some federal income tax. Mr. Scott—a frequent critic of Biden administration policies—has since backed away from the proposal after members of his own party rejected it.

The current situation hasn’t been free of politics. Democrats say Mr. DeSantis is hypocritical for seeking billions in federal money for Florida, even though in 2013 he voted as a congressman against aid for New York and other states hit by superstorm Sandy. At the time, Mr. DeSantis said it was fiscally irresponsible to not have offsetting spending cuts.

Republicans have criticized recent comments from Vice President Kamala Harris that federal resources should be provided “based on equity,” in response to a question about broadly helping communities of color affected by climate change. White House press secretary Karine Jean-Pierre said Ms. Harris was talking about long-term investments, not storm-recovery funds.



A SpaceX Falcon 9 rocket with a crew of four aboard launched from Kennedy Space Center in Cape Canaveral, Fla., on Wednesday.

New Crew Rockets Toward International Space Station

BY MICAH MAIDENBERG

SpaceX blasted another crew toward the International Space Station, launching a group that includes a Russian cosmonaut amid heightened tensions between the U.S. and Russia.

Four people began their flight to the station on a Crew Dragon vehicle that SpaceX launched around noon ET Wednesday using one of its reusable Falcon 9 boosters, according to a live stream from the National Aeronautics and Space Administration.

The second stage of the vehicle separated from the booster shortly after takeoff and fired its engine to send the Dragon toward the space station. The spacecraft is expected to reach the facility at roughly 5 p.m. Thursday.

The mission, which SpaceX is carrying out for NASA, marks the sixth time SpaceX has flown astronauts to the station for the space agency since 2020, and comes after NASA has moved to deepen its relationship with the Elon Musk-led company.

In separate deals this year, NASA awarded **Space Exploration Technologies Corp.**, as SpaceX is formally called, a total of eight additional crewed flights to the research facility, according to agency statements.

Those additional missions are expected to occur over the next few years until 2030, NASA has said. Together, they increased the total value of the company’s contract with the agency for crew flights to the research facility from \$2.7 billion to more than \$4.9 billion.

Benji Reed, senior director for human spaceflight programs at SpaceX, said the company benefits from knowing it has those flights, along with others, to work toward. Having “an ongoing manifest of missions is great because folks get to plan and repeat and practice that effort,” Mr. Reed said.

Right now, SpaceX is the only space-transport provider NASA has certified to handle human missions, though Boeing Co. has been aiming to gain



NASA astronaut Nicole Aunapu Mann before getting on a SpaceX Crew Dragon vehicle and blasting off into space.

A First for a Native American Woman

Nicole Aunapu Mann became the first Native American woman in space, after she blasted off Wednesday on a SpaceX flight headed to the International Space Station.

Col. Mann, a member of the Wailacki of the Round Valley Indian Tribes in California, became an astronaut in 2013 and finished astronaut candidate training in 2015. Wednesday was the U.S. Marine Corps officer’s first trip to space.

She said in a recent interview with The Wall Street Journal that she was excited to experience the weightlessness of zero gravity and to see Earth from space.

“I’ve always heard astronauts talk about the first time that they get a chance to look out the window and view planet Earth,” Col. Mann said. “I

think that’s going to be just incredible.”

She said she planned to bring a dreamcatcher, a gift from her mother that she keeps by her bed. “I will keep that with me in my crew quarters when I sleep aboard the International Space Station,” said Col. Mann, who was born in Petaluma, Calif., and lives in Houston with her husband and son.

She said going to space wasn’t a lifelong dream. “As a little kid, I was interested in math and science, but I didn’t realize that being an astronaut was actually in the realm of possibilities,” she said.

Col. Mann said she started looking into a career at NASA after learning to fly jets. She didn’t know she would be the first Native American woman to go to space when she started training. The first Native American man to go to space was John Herrington in 2002, according to NASA.

—Joseph Pisani

that status for its Starliner spacecraft after working through technical challenges and completing an uncrewed test flight to the station in May.

NASA itself hasn’t launched a rocket capable of transporting astronauts since 2011, when it conducted a space shuttle mission for the last time. NASA is aiming to reignite those ambitions under its Artemis program, which seeks to eventually return astro-

nauts to the lunar surface.

The agency has struggled with technical challenges, including fuel leaks, that prevented engineers from blasting off its rocket for Artemis on an uncrewed test flight in August, and again last month.

NASA recently said it may try again to launch the SLS rocket in November.

The flight Wednesday will send four people to the space station: Nicole Aunapu Mann

and Josh Cassada from the U.S. space agency; Koichi Wakata from the Japan Aerospace Exploration Agency; and Anna Kikina, from the Russian space agency Roscosmos. Ms. Mann became the first Native American woman in space with the launch, according to NASA.

The quartet is expected to stay on board the station for about 150 days, conducting science experiments and research, officials have said. A group of astronauts who traveled to the orbiting lab with SpaceX back in April will overlap with the new crew for several days before returning to Earth in a Crew Dragon that is currently docked to the facility.

Ms. Kikina, the Russian cosmonaut, is flying with SpaceX in a crew swap between NASA and Roscosmos. As part of that agreement, NASA astronaut Frank Rubio recently arrived at the space station on a Russian spacecraft, NASA has said.

Roscosmos has threatened to pull out of the space station, with the agency’s new leader saying over the summer it would leave at an unspecified time after 2024. NASA officials, who want to keep the station operating through 2030, have said they have never received official notification that Russia would exit the facility.

Sergei Krikalev, executive director for human space flight programs at Roscosmos, said at a briefing after the launch that the flight and crew swap with NASA marked a “new phase” of the agencies’ cooperation.

The latest SpaceX mission for NASA comes during a busy stretch for the company, and as Mr. Musk juggles multiple responsibilities elsewhere. The entrepreneur, who also serves as chief executive at Tesla Inc. and has founded startups, recently offered to complete his purchase of Twitter Inc.

Watch a Video



Scan this code for a video on the latest SpaceX launch and its crew.

Three Scientists Who Pioneered Click Chemistry Share Nobel

BY BRIANNA ABBOTT
AND TREFOR MOSS

The Nobel Prize in chemistry was jointly awarded Wednesday to scientists Carolyn Bertozzi, Morten Meldal and K. Barry Sharpless for the development of click chemistry and bioorthogonal chemistry, which enable scientists to more easily build complex molecules and map how cells function.

Click chemistry is a process in which scientists “snap” molecular building blocks together quickly and efficiently. Bioorthogonal reactions are similar but take place inside living organisms.

With those forms of chemistry, scientists can more efficiently develop and manufacture new materials and pharmaceuticals that can target diseases such as cancer

more precisely, as well as explore cells and research and track biological processes.

“We can use click chemistry to tag a molecule within the body and do bioimaging on that, or we can do it to develop cancer agents,” said Angela Wilson, president of the American Chemical Society.

Dr. Meldal said the win was an absolute surprise and honor. A few years ago, some colleagues jokingly had a person call him about winning the prize, so at first he didn’t know if the call on Wednesday morning was real. “I wasn’t really sure if it was true or not, but I was very happy that that was the case.”

Dr. Sharpless of Scripps Research, La Jolla, Calif., coined the concept of click chemistry around 2000. Soon afterward, he and Dr. Meldal of the Uni-

versity of Copenhagen in Denmark independently demonstrated the first chemical reactions proving the click chemistry concept.

Dr. Bertozzi of Stanford University then “took click chemistry to the next level,” the Nobel committee said, by developing click reactions that work inside living organisms without disturbing the organism’s own chemistry.

The prize money of 10 million Swedish kronor, equivalent to around \$918,000, will be split evenly among the three laureates.

The award is the second Nobel for Dr. Sharpless. He shared the chemistry prize in 2001 for his work on chirally catalyzed oxidation reactions. Dr. Sharpless is just the fifth individual to be awarded two Nobel Prizes, the committee said in a tweet.

Murders Increased at Slower Rate in 2021

BY ZUSHA ELINSON

The rise in murders in the U.S. slowed in 2021, according to new estimates from the Federal Bureau of Investigation.

Murders rose 4% last year after increasing nearly 30% in 2020, the agency said. Overall violent crimes dropped 1% in 2021, as robberies decreased.

Soaring murder rates across the country since the onset of the pandemic have made crime a major issue in local and national elections. Law-enforcement agencies have been working to stanch shootings in cities and rural areas.

The national crime estimates for 2021 are based on unusually low participation by local law-enforcement agencies as the FBI makes a transition to a new data-collection system. Law-enforcement agencies covering 65% of the U.S. population submitted data to the new National Incident-Based Reporting System in 2021, com-

pared with 95% in recent years.

While the new system includes more details about each incident, some law-enforcement agencies have been slow to switch over. Most agencies in three of the most populous states—California, Florida and New York—didn’t report fig-

4%

Increase in murders last year, down from a 2020 rise of 30%

ures, including departments in the two largest cities, New York City and Los Angeles.

The FBI said the new system will become more accurate in coming years as more agencies participate. It said the new system “provides the opportunity to know more about, and better understand, various facets of

crime in our nation,” including demographic information on victims and those arrested.

The FBI said it developed a way to estimate crime totals for the agencies that didn’t report this year.

“When you’re having to estimate for 40% of the agencies, that’s going to be a problem,” said Richard Rosenfeld, a criminologist at the University of Missouri-St. Louis. “During this uptick in homicide...you really want accurate data.”

Mr. Rosenfeld, who studies crime trends for the Council on Criminal Justice, a nonpartisan criminal-justice think tank, said the FBI estimates for 2021 are similar to a 5% murder rise he found in 27 cities last year.

He said murders might be receding, citing data the Council on Criminal Justice has collected showing homicides in 29 large cities in the first six months of 2022 were down 2% from the same period last year.

U.S. NEWS

Court to Fast-Track Trump Case Appeal

By JAN WOLFE

An appeals court handed the Justice Department another win in the multipronged litigation stemming from the FBI's search at former President Donald Trump's Mar-a-Lago home, saying on Wednesday it would fast-track its consideration of the government's request to halt an outside review of seized documents.

The U.S. 11th Circuit Court of Appeals last month sided with prosecutors and removed about 100 documents marked classified from the purview of the independent arbiter, or special master, who had initially been tasked by a federal judge in Florida with reviewing all of the roughly 11,000 documents that agents of the Federal Bureau of Investigation seized from Mr. Trump's

resort.

On Wednesday, the same appeals court granted the Justice Department's additional request to expedite its challenge to the broader special-master process. Prosecutors have sought to dismantle the entire outside review, saying the monthslong effort is hindering an urgent criminal investigation.

In a brief order on Wednesday, the appeals court said submission of legal briefs should be completed by Nov. 17.

The order, written by Circuit Judge Adalberto Jordan, said a randomly selected panel of its judges would hear the appeal. The panel would decide "when and how" to hear oral arguments, the order said.

Mr. Trump's lawyers had opposed the request for expedited consideration. A spokes-

man didn't respond to a request for comment.

Wednesday's order "could result in the DOJ more quickly obtaining the thousands of seized documents that are critical to their case—but there are still many hoops to jump through," said former Justice Department national security lawyer Brandon Van Grack, now at the law firm Morrison Foerster.

The Justice Department's appeal, lodged last month, challenges U.S. District Judge Aileen Cannon's decision to delay the criminal investigation for months so that a special master could review the seized materials.

The Justice Department obtained a preliminary ruling in its favor from the 11th Circuit on Sept. 21. In that decision, a unanimous three-judge panel said the government could re-



The Justice Department wants to halt an outside review of documents seized from Mar-a-Lago.

sume reviewing roughly 100 documents marked as classified, removing those documents from the special master's review.

Last week, the Justice Department urged the court to quickly consider its broader appeal, saying that "the portions of the district court's injunction that have not been

stayed restrict the government's ability to vindicate the strong public interest in proceeding expeditiously with the criminal and national security investigation that underlies these proceedings."

Judge Cannon has said the special-master process would help ensure fairness to Mr. Trump and bolster public con-

fidence in the investigation.

Mr. Trump's lawyers, meanwhile, have lodged their own appeal, and on Tuesday asked the Supreme Court to vacate the decision by the 11th Circuit to keep the classified materials out of the special master's review.

—Aruna Viswanatha contributed to this article.

Appeals Panel Rejects DACA as Overreach

By MICHELLE HACKMAN

A federal appeals court ruled Wednesday that an Obama-era initiative that provides deportation protections and work permits to some young immigrants is unlawful, placing the decade-old program in jeopardy.

The decision, by the Fifth U.S. Circuit Court of Appeals, largely affirmed a 2021 ruling by a federal district judge in Texas, who found the Deferred Action for Childhood Arrivals program, or DACA, was an overreach of presidential authority because Congress never gave the executive branch the power to grant mass reprieves to immigrants who are residing in the U.S. without authorization.

A Fifth Circuit three-judge panel said DACA was "manifestly contrary" to federal im-

migration law.

The earlier ruling allowed the program to continue for existing DACA recipients for the time being while litigation continued. The Fifth Circuit likewise declined to cancel the program immediately for current recipients while additional court proceedings continue.

Wednesday's decision also didn't address recent efforts by the Biden administration to shore up DACA's legality. The appeals court said the Texas district court should consider that issue first.

The Department of Homeland Security in August reissued the DACA program as a federal regulation after a public-comment process. That regulation is set to take effect on Oct. 31.

DHS Secretary Alejandro Mayorkas said the agency was

reviewing the ruling and will work with the Justice Department on a response. He also emphasized that current DACA recipients still enjoy protections for now.

The fate of DACA recipients—and, more broadly, the group known as Dreamers, im-

The decade-old program to protect immigrants faces further legal battles.

migrants in the country without authorization who were brought to the U.S. as children—has become a flashpoint in the larger fight over immigration reform. The continuing legal and political battles over

the program have created years of uncertainty for the nearly 600,000 young immigrants who depend on the legal protections.

Texas and other Republican-led states challenged DACA's legality in a 2018 lawsuit, arguing the program has cost them money in the form of issuing driver's licenses and other documents to DACA recipients. A year earlier, then-President Donald Trump had attempted to end the program, though his action was also challenged in court by DACA recipients and Democratic-led states.

Texas' suit was put on hold while challenges to the Trump cancellation worked their way through the courts. In a 5-4 decision, the Supreme Court in 2020 rejected the Trump administration's attempt to cancel the program, saying it

hadn't offered adequate reasons for the move. The justices, however, didn't rule on the legality of DACA itself, which has remained an open question in the years since President Barack Obama introduced it in 2012.

The office of Texas Attorney General Ken Paxton didn't immediately respond to a request for comment.

DACA offers temporary protections to immigrants in the country without legal authorization who were 30 years old or younger when the program was announced. DACA recipients must have arrived in the U.S. before they turned 16, by a cutoff date in June 2007, and satisfied other conditions, including being a student or graduate and having no significant criminal record.

—Alicia A. Caldwell contributed to this article.

Law School Goofs, Says, 'You Got In!'

By JOSEPH PISANI

Northeastern University's law school sent more than 4,100 acceptance emails for the 2023-24 academic year. The problem: Not a single one should have been sent. At least not yet.

The Boston law school said a technical error led to the mistake.

It sent 205 faulty acceptance emails to applicants hoping to get in next year. But, the law school said, it isn't making acceptance decisions until later in the academic year. More than 3,900 erroneous acceptance emails were also sent to those who applied a year ago and either already go to the school or went to a different law school.

COLLECTION

Fifty Fathoms



©Photograph: Laurent Ballesta/Gombessa Project

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U.S. NEWS

Baldwin, Producers Settle Suit Over ‘Rust’ Shooting

By JENNIFER CALFAS

The “Rust” production team and actor Alec Baldwin reached a settlement with the family of cinematographer Halyna Hutchins in a wrongful-death lawsuit filed earlier this year, both parties said Wednesday.

The case will be dismissed as part of the undisclosed settlement, which is subject to court approval, according to a statement from Matthew Hutchins, Ms. Hutchins’s husband.

Ms. Hutchins, 42 years old, was fatally shot on the set of “Rust” in New Mexico last October after Mr. Baldwin fired a prop gun while preparing to rehearse a scene. The Ukrainian cinematographer was considered a rising talent in the field before her death.

“I have no interest in engaging in recriminations or attribution of blame” to the producers or Mr. Baldwin, Mr. Hutchins said. “All of us believe Halyna’s death was a terrible accident.”

Attorneys representing the “Rust” production team and Mr. Baldwin said they were pleased to reach an agreement to resolve the lawsuit.

“Throughout this difficult process, everyone has maintained the specific desire to do what is best for Halyna’s son,” said Luke Nikas, an attorney representing Mr. Baldwin.

It is possible criminal charges related to the shooting could still be brought. Mary Carmack-Altwives, the district attorney for the Santa Fe area, requested \$635,500 in funding to prosecute as many as four people involved in the incident, according to a letter she sent to the state’s board of finance in August. The board approved the funding request last month, granting \$317,750.

A spokeswoman for the district attorney said the settlement in the civil case won’t affect whether the office brings criminal charges.

Purdue Student Charged in Dorm Killing

By JENNIFER CALFAS

A Purdue University student was arrested on a murder charge after his roommate was found dead in their dormitory room, police said.

Police were investigating the incident as a homicide and believe the attack was “unprovoked and senseless,” Purdue University Police Chief Lesley Wiete said.

Varun Manish Chheda, a 20-year-old senior from Indianapolis studying data science, was killed in his dorm room on the West Lafayette, Ind., campus, police and the university’s president said. Ji Min Sha, his roommate, called 911 from their dorm at 12:44 a.m. ET Wednesday, saying that his roommate was dead, police said.

A preliminary autopsy from the Tippecanoe County Coroner’s Office found that Mr. Chheda died as a result of “multiple sharp force traumatic injuries,” according to the office.

The suspect, a 22-year-old junior studying cybersecurity, faces a murder charge and was booked in the Tippecanoe County Jail on Wednesday afternoon with no bond, according to jail records. It wasn’t clear if he had a lawyer.

“This is as tragic an event as we can imagine happening on our campus and our hearts and thoughts go out to all of those affected by this terrible event,” said Purdue President Mitch Daniels in a letter to the campus community.

The killing was the first on-campus homicide since January 2014, according to Tim Doty, a university spokesman.

The incident occurred in the men’s shared room on the first floor of McCutcheon Hall, an all-male residence hall with 730 people on the west side of the university’s campus.

Unsolved Mystery in Oregon Forest

Someone has been chopping down trees for no known reason, leaving locals stumped

By ZUSHA ELINSON

Mike Wallace has spent months scouring thousands of photos of a forest in Gresham, Ore., looking for clues to a mystery that has bedeviled the Portland suburb for more than a year: Who is the serial tree killer?

The natural-resources ecologist is hunting a criminal whom locals have nicknamed the “Gresham Lumberjack.” Mr. Wallace estimates that someone has cut down more than 700 trees near a popular walking trail for no apparent reason, creating dangers for hikers and setting back years of restoration efforts.

“Any time you cut down trees randomly, people get upset about it,” said Dana Duval, a retiree who leads a local hiking group. “I can’t figure out why anyone would want

to do that.”

Mr. Wallace, who has added detective work to his normal duties of caring for the city’s natural areas, has placed several cameras around the forest to try to catch the perpetrator. Most of the images are of hikers and bikers, as well as teenagers smoking pot, according to Keri Handaly, Gresham’s watershed community liaison, who serves as a spokesperson for the investigation.

“I listen to podcasts; I think it’s amazing when they track down criminals after 20 years,” said Ms. Handaly. “In this case, there’s no murder, there’s no evidence, there’s no DNA.”

Those looking into the felled trees don’t know if it is the work of one person or more, but the cuts all look the same.

Recently, however, Mr. Wallace noticed something unusual. The same man was appearing in photos in every area where trees had been cut down. There was no photographic evidence of his sawing, but it was the biggest



One of hundreds of cut trees.

about 50 trees cut down in one area.

“The trees being cut are generally getting bigger and bigger,” he wrote in an email. “It appears the person is focusing on cutting many trees all at once, so we have lulls between big cuttings as they try and find a new spot to hit.”

Mr. Wallace first noticed a few downed trees in August of last year, according to Ms. Handaly. Soon, large batches of trees were being cut down. Vine maple, alder, cottonwood, ash and holly trees—as tall as 80 feet and as wide as 20 inches—fell victim. Some were cut only partially, creating a danger that they could fall on unsuspecting hikers.

Gresham’s police detectives, attending to shootings and drug dealing, didn’t have time to help, so the city formed a task force. The team put up signs and sent letters to residents asking for people to report anything suspicious. It received a flood of theories and suspicions, but not one of the tipsters had seen anyone in

the act of cutting.

Some locals have said they believe a homeless person in the area was harvesting wood to make shelters and fires. Others believe bikers were making their own trail. But the city investigation has found that none of the sawed trees have been moved or used for anything. Ms. Handaly wondered if it was someone practicing for a lumberjack competition.

“It’s a very strange crime to continue to do when you don’t have any gain from it,” she said. The suspect has proven difficult to catch in part because of his or her stealth. The tree cutter targets areas away from the trail. And only hand saws are used, making little noise, a detail Mr. Wallace discovered after closely examining the marks on the wood.

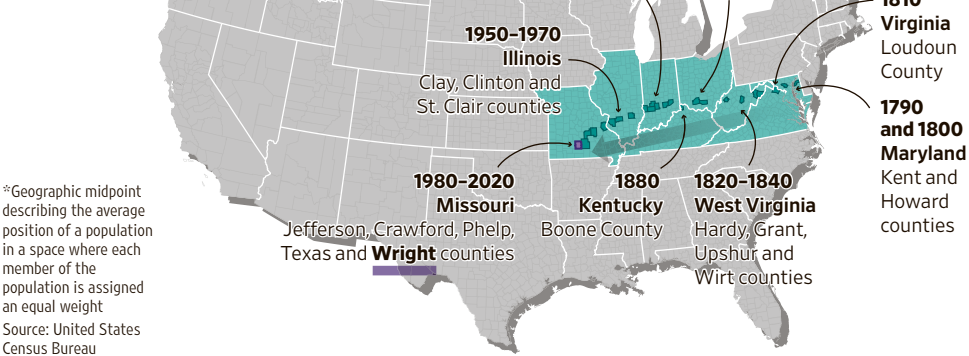
More than a year after the trees began falling, Ms. Handaly said some in Gresham have grown weary of the case.

“We need to be doing our regular work,” she said. “If they would just stop and go away, that would be great.”



The one traffic light in Hartville, Mo., population about 600.

Mean center of population*, county scale, since 1790



Town Off the Beaten Path Is Center of America

By JOE BARRETT

HARTVILLE, Mo.—This out-of-the-way place in the rolling foothills of the Ozark Mountains is at the center of it all, according to the U.S. Census Bureau.

The agency recently held a ceremony to install a monument recognizing Hartville, a town of about 600 people, as the U.S. population center based on the 2020 census. It is the city closest to the point at which “an imaginary, flat, weightless and rigid map of the United States would balance perfectly if all residents were of identical weight,” according to the bureau.

“It’s a good thing, because it brings attention to small towns, and they usually don’t get much of it,” said Hartville Mayor Rob Tucker.

Mr. Tucker is upfront about the town’s somewhat down-

trodden recent history. The town—with one flashing red light and no traffic to speak of on a recent day at 5 p.m.—has lost about 100 people since he moved there 15 years ago.

“It’s not a crossroads, there are just roads that run up through Missouri. You know, we’re kind of off the beaten path,” he said.

“It’s the heartland, it is small-town America. But it is hard for small-town America,” said Melvin Moon, a pastor and city council member, as he surveyed the downtown square dominated by the county courthouse and mostly lined by empty storefronts.

Hartville, about 200 miles southwest of St. Louis and a little more than an hour’s drive north of Arkansas, was settled in the early 19th century and became the county seat of Wright County and a trading center for farmers, Mr.

Moon said. A Civil War battle raged here for three days in January 1863, destroying many businesses.

“I joke that we still haven’t recovered from that,” said Mr. Moon. But there were more blows to come. The town was bypassed by railroads and later highways, leaving its economy stymied. A Lee jeans factory, one of the last major employers, pulled up stakes decades ago.

Today, nearly a third of the population lives below the poverty line. The town has a grocery store, a few gas stations and only one remaining restaurant.

But there are some signs of hope. On a recent day, Lauren Hughes, the 36-year-old founder of a nonprofit called the Community Betterment Foundation, was painting around the windows of a former Subway restaurant on the

town square that the group is working to reopen as a cafe. Another nearby building on the square will eventually be a new office for the group, which tries to pull businesses, government and volunteers together to get things done.

“Business has been on a long decline probably as long as I’ve been alive,” she said. “We want to show people, ‘Hey, this is what our town could be like.’”

About a half-block away, Aaron and Mindy Huffman are turning an empty storefront into an alcohol-free gathering place for young people, with a cafe, dartboard, videogames and space for live music. The couple moved back to Mr. Huffman’s family farm a few years ago after he left the military. “I couldn’t think of a better place to raise my kids,” he said.

The first center of popula-

tion from the 1790 census was near Chestertown, Md., according to the Census Bureau. It moved mostly west and then started heading south in recent decades, the agency says. For the last five decades, it has been located in Missouri.

Ten years ago, the tiny town of Plato, with a population of around 100, took the mantle.

“Being the center of population didn’t faze us one bit,” said Hal Dandridge, the 79-year-old town clerk of Plato. Occasionally the town gets people who come through and take a picture of the small monument installed by the federal government, but there is really no place for them to spend their money, he said. He said a church group recently came through and gathered around the monument to pray for the country.

U.S. WATCH

CALIFORNIA

Relatives Make Plea For Missing Family

Relatives of a family kidnapped at gunpoint from their trucking business in central California pleaded for help Wednesday in the search for an 8-month-old girl, her mother, father and uncle, who authorities say were taken by a convicted robber who tried to kill himself a day after the kidnappings.

Authorities at a news conference Wednesday showed surveillance video of a man kidnapping the baby, Aroohi Dheri; the child’s mother, Jasleen Kaur, 27; father Jasdeep Singh, 36; and uncle Amandeep Singh, 39, from their business in Merced, a city of 86,000 people about 125 miles southeast of San Francisco in the San Joaquin Valley.

The Merced County Sheriff’s Office said investigators identified Jesus Salgado, 48, after he used a victim’s ATM card.

—Associated Press

CHICAGO

Armed Man Shot Inside Police Station

A Chicago police officer shot an armed man inside a police station on the city’s West Side on Wednesday, just days after an officer shot a man who infiltrated another police facility and pointed guns at officers, a department spokesman said.

Department spokesman Tom

Ahern said in a tweet that the man who was shot was taken to a hospital in stable condition and that his gun was recovered at the scene.

Chicago Fire Department spokesman Larry Merritt said the shooting happened shortly before 1 p.m. at the department’s Ogden District station. Mr. Merritt didn’t have any details about the shooting or the man who was shot, only saying that his injuries didn’t appear to

be life-threatening.

Last week, 47-year-old Donald Patrick of Waukegan was shot by police after he climbed a fire escape of another West Side station, entered the building, grabbed handguns off a table and allegedly pointed them at officers who were undergoing SWAT training. Mr. Patrick was arrested and charged with burglary and aggravated assault of an officer using a firearm.

—Associated Press

TEXAS

Inmate in High Court Case Is Executed

A Texas death row inmate whose case redefined the role of spiritual advisers in death chambers nationwide was executed Wednesday, despite the efforts of a district attorney to stop his lethal injection.

John Henry Ramirez, 38, years old was executed at the state

penitentiary in Huntsville. He was convicted of killing 46-year-old Pablo Castro, a convenience-store clerk, in 2004. Mr. Ramirez challenged state prison rules that prevented his pastor from touching him and praying aloud during his execution, saying his religious freedom was being violated. That challenge led to his execution, as well as others, being delayed. In March, the U.S. Supreme Court sided with Mr. Ramirez.

—Associated Press



SLAIN EMT MOURNED: Services were held Wednesday in Brookville, N.Y., for New York City Fire Department Lt. Alison Russo-Elling, who was fatally stabbed on duty last week near her Queens station house. She was one of the first responders to the Sept. 11, 2001, attack.

WORLD NEWS

Drones Used to Strike Deep Inside Ukraine

Russia’s Iranian-made, hard-to-track weapon presents a challenge for Ukrainians

By JARED MALSIN AND ISABEL COLES

BILA TSERKVA, Ukraine—Russia used suicide drones to strike a military base deep inside Ukraine on Wednesday, posing a growing challenge for Kyiv as its forces pressed advances in the south and east.

The head of the Kyiv regional military administration said six explosions had been heard overnight in Bila Tserkva, about 50 miles south of the Ukrainian capital. Oleksiy Kuleba said the attack was carried out by Iranian-made Shahed-136 delta-wing drones, which Russia has begun deploying in recent weeks. One person was wounded, he said.

It was the closest drone attack to the capital since Russia began using the kamikaze-style munitions widely on the battlefield. Smoke could be seen rising on Wednesday from the base housing Ukraine’s 72nd Brigade, which defended Kyiv against Russia’s assault in the early days of the invasion and is fighting in the eastern city of Bakhmut. The roof of a building in the compound caved in, its windows shattered from what appeared to be multiple strikes on the facility.



A building destroyed in a Russian suicide-drone attack in Bila Tserkva, about 50 miles south of the Ukrainian capital.

Dozens of uniformed soldiers, including some who said they recently returned from the fighting in the east, huddled in groups across the street from the complex.

The fact that drones were able to strike far inside the country is concerning for Ukrainian officials.

At a meeting with represen-

tatives of the country’s security and intelligence apparatus convened Wednesday, Ukrainian President Volodymyr Zelensky discussed how to counter “new types of weapons that the aggressor has begun to use.” They also discussed stabilization in newly recaptured territories and preparing the army for winter, he said.

The Iranian drones previously were mainly used in the northern Kharkiv region and on the southern coast near occupied Ukrainian territory. They are relatively small and fly at a very low altitude, making it hard for Ukrainian air-defense systems to detect them.

Air-force spokesman Yuriy Ihnat said the drones used in

Wednesday’s attack were launched from Russian-occupied territory in the south of the country. Six other drones were shot down, he said, adding that Russia was probing Ukrainian air defenses for weak points. “The threats are serious,” he told a Ukrainian TV broadcast.

An aide to a minister in a Moscow-backed quasi-statelet

in eastern Ukraine confirmed Russia carried out a strike on the base in Bila Tserkva using Iranian kamikaze drones.

The strikes came as Ukraine pushed back Russian forces in areas that Moscow last week said it was annexing following sham referendums aimed at legitimizing the land grab.

In his nightly address Tuesday, Mr. Zelensky said dozens of towns and villages have since been retaken in regions seized by Moscow, including Kherson. “The Ukrainian army is carrying out a pretty fast and powerful advance in the south of our country as part of the current defense operation,” he said.

Kremlin spokesman Dmitry Peskov said Wednesday that Moscow would retake territories it had lost since announcing their incorporation into Russia.

After taking back the strategic town of Lyman over the weekend, Ukrainian forces are pushing further east toward the Luhansk region, most of which is occupied by Russia.

“Several settlements have already been liberated,” Serhiy Haidai, the Ukrainian governor-in-exile of the Luhansk region, said Wednesday, without specifying which ones. “The de-occupation of the Luhansk region has begun.”

Russia’s Defense Ministry didn’t respond to a request to comment.

—James Marson and Olya Fokaf contributed to this article.

Captured Arms Fuel Kyiv Offensive

By YAROSLAV TROFIMOV

KUPYANSK, Ukraine—Captured and abandoned Russian tanks, howitzers and fighting vehicles—quickly scrubbed of their Z tactical markers and repainted with Ukrainian crosses—are being turned against their former owners as Ukraine’s military advances in the eastern part of the country.

Ukraine’s rapid breakthrough in the Kharkiv region a month ago ended up putting hundreds of pieces of Russian armor into Kyiv’s hands, military officials say, as the Russian army left behind its heavy weapons and warehouses of supplies in a disorganized retreat.

Some Russian pieces of equipment were ready for immediate use, while others are being repaired to return to the front. Tanks, vehicles and guns too damaged to salvage are being cannibalized for spare parts. Crucially, Russia left behind large quantities of Soviet-standard artillery shells that had nearly run out in Ukraine.

This haul is helping power Ukrainian forces as they retake parts of the eastern Donetsk region, including the town of Lyman, and push farther east



Ukrainian soldiers cannibalized a Russian tank for spare parts this week in Kupyansk, Ukraine.

into nearby Luhansk. Kyiv regained more than 4,000 square miles of land in the east over the past month, in addition to advances in the south.

One Ukrainian battalion, the Carpathian Sich, seized 10 modern T-80 tanks and five 2S5 Gatsint 152mm self-propelled howitzers after it entered the town of Izyum last

month, said its deputy chief of staff, Ruslan Andriyko.

“We’ve got so many trophies that we don’t even know what to do with them,” he said. “We started off as an infantry battalion, and now we are sort of becoming a mechanized battalion.”

The chief of staff of a Ukrainian artillery battalion on the Kharkiv front said his unit now operates four recently captured Russian 2S19 Msta 152mm self-propelled howitzers, alongside U.S.-made guns, and has abundant Soviet-caliber ammunition.

“The Russians no longer have a firepower advantage. We smashed up all their artillery units before launching the offensive, and then we started to move ahead so fast that they didn’t even have time to fuel up and load their tanks,” the officer said. “They just fled and left everything behind.”

Combined with weapons taken during Russia’s retreat from Kyiv and other parts of northern Ukraine in April, these recent gains turned Moscow into by far the largest supplier of heavy weapons for Ukraine, well ahead of the U.S. or other allies, according to open-source intelligence analysts.

Ukraine captured 460 Russian main battle tanks, 92 self-propelled howitzers, 448 infantry fighting vehicles, 195 armored fighting vehicles and 44 multiple-launch rocket sys-

tems, according to visual evidence compiled from social media and news reports from Oryx, an open-source intelligence consulting firm. The real number is likely higher as not every captured equipment gets filmed.

“What they are capturing is a mix of modern equipment that they can use quite effectively, and some that really belongs in museums,” said Jakub Janovsky, who compiles the count of weapons losses at Oryx.

Russia seized Ukrainian weapons, mostly in the early days of the war as it overran large parts of the country. According to Oryx’s count, Russia captured 109 Ukrainian tanks, 15 self-propelled guns and 63 infantry fighting vehicles since February. At Izyum, Ukraine gained more advanced Russian armor, such as T-90 tanks and BTR-82 infantry fighting vehicles with automatic cannon.

The commander of Ukraine’s 92nd brigade, which played a major role on the Kharkiv front, was filmed this week taking a ride in a T-90, which wasn’t part of the Ukrainian arsenal before the war.

Western allies haven’t sent Western-made tanks to Ukraine. But Kyiv received around 230 upgraded T-72 tanks from Poland and a few dozen more from the Czech Republic. U.S. and European aid focused on providing Ukraine with North Atlantic Treaty Organization-standard precision artillery, such as the U.S.-made M777 and Paladin, German Panzerhaubitze 2000 and Polish Krab howitzers, as well as the Himars missile systems. These weapons allowed Kyiv to hold the line once it started to run out of Soviet-caliber artillery shells in May.

Ukraine’s experience learning how to operate different weapons systems in a relatively short time made it easier to repurpose Russian weapons, said Col. Serhiy Cherevatyi of Ukraine’s Operational Command East. “They are of the Soviet construction school that is easy to understand for us,” he said.

U.S. Believes Kyiv Is Responsible for Moscow Killing

By WARREN P. STROBEL AND GORDON LUBOLD

WASHINGTON—U.S. intelligence agencies have concluded that Ukraine was responsible for the August assassination outside Moscow of the daughter of a prominent far-right wing Russian ideologue, a U.S. official said.

The U.S. wasn’t aware beforehand of the operation that killed Daria Dugina, the official said, and Washington has formally complained about it to Ukraine’s government.

The administration of President Biden has backed Ukraine with billions in military aid since Russia’s Feb. 24 invasion of the country, but has long urged Kyiv not to take steps that could risk a direct U.S.-Russia confrontation. The U.S., for example, shares intelligence to help the Ukrainian war effort, but not information that could lead to the targeting of senior Russian officials.

Ms. Dugina was killed in August when the vehicle she was driving exploded outside the Russian capital as a result of what the Russian government said was a bomb placed inside. She was the daughter of Aleksandr Dugin, who for years has called on Russia to re-establish its empire by seizing Ukraine.

The U.S. intelligence assessment was earlier reported by the New York Times.

Ukraine’s embassy in Washington, the CIA and the White House’s National Security Council declined to comment.

Ukraine has previously denied involvement in Ms. Dug-

ina’s death. If it was the work of Ukrainian agents as the U.S. intelligence assessment concludes, it would demonstrate Kyiv’s ability to conduct covert operations inside Russia.

Shortly after the killing, Russia’s Federal Security Service blamed Ukraine, saying investigators had established “the crime was prepared and committed by the Ukrainian special services,” and identified the perpetrator as a Ukrainian woman.

It couldn’t be determined whether U.S. intelligence agencies believe Ukrainian Presi-

The daughter of a Russian ideologue was assassinated in August.

dent Volodymyr Zelensky, a close Washington ally, was aware of the plans to kill Ms. Dugina, or which parts of Ukraine’s government U.S. spy agencies have concluded were responsible.

Sabotage and covert operations have become a part of the Ukraine conflict. Ukraine has reportedly carried out such operations in Russian-controlled Crimea, while the North Atlantic Treaty Organization has said that a series of leaks in the Nord Stream pipelines between Russia and Europe were the result of sabotage, without naming a suspect.



Aleksandr Dugin's daughter, Daria Dugina, was killed in August when the vehicle she was driving exploded outside Moscow.

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WORLD NEWS

EU Official Backs Calls For Natural-Gas Price Cap

By **KIM MACKRAEL**
AND **LAURENCE NORMAN**

BRUSSELS—European governments should consider temporary measures to curb prices in the continent’s natural-gas market, European Commission President Ursula von der Leyen said, marking her clearest comments in support of a possible bloc-wide limit on gas prices.

Ms. von der Leyen’s remarks, in a letter to European Union leaders on Wednesday, are part of an apparent shift by the commission, which until last week had seemed to sideline the option of a gas-price cap within the bloc. More than a dozen EU member states have called for a broad ceiling on gas prices, but such a move is opposed by Germany, the bloc’s largest economy, and several others.

In her letter, Ms. von der Leyen said much of Europe currently pays a higher price for natural gas than its global competitors, especially when it comes to liquefied natural gas. She said the commission is working to develop a new benchmark for pricing natural gas. Until that is ready, she said, leaders should consider a temporary price limit on the main existing benchmark for gas that’s traded in the EU.

“I propose that we work together with member states to develop an intervention to limit prices in the natural gas market,” Ms. von der Leyen wrote in the letter. She said that could be done in a way that keeps gas flowing to Europe “and that would demonstrate that the EU is not ready to pay whatever price for gas.”

Putting a ceiling on natural-gas prices would require coun-

tries to do more to cut their gas use, Ms. von der Leyen wrote, adding that measures such as auctions, where industry could offer up unused gas in exchange for compensation, could help reduce consumption.

EU member countries earlier this year agreed to voluntarily reduce their natural-gas use by 15% in a plan that they said could become mandatory in an emergency.

They also agreed to a range of new measures last week, including a plan to curb their electricity use through the winter and new levies targeting many non-gas electricity producers and oil-and-gas companies.

The commission had earlier suggested a more narrow cap on the price of natural gas from Russia, but some countries argued that would have little effect in lowering prices



European Commission President Ursula von der Leyen addressed the European Parliament Wednesday.

because the bloc’s imports of Russian gas have declined sharply since Moscow’s invasion of Ukraine. Instead, many European capitals have sought a broader price ceiling that could potentially affect friendlier suppliers like Norway and the U.S.

Ms. von der Leyen’s comments come as Brussels seeks to avert a major clash at a gathering of EU leaders in Prague on Friday, where the war in Ukraine and its resulting impact on energy prices and economies will be at the heart of discussions.

In recent days, diverging national approaches to the energy crisis have threatened to tear at the generally united EU response to the war in Ukraine and the energy shortages that could result from Russia’s moves to cut gas supplies to Europe.

Venezuela, U.S. Eye Deal on Oil

Continued from Page One

derinvestment, corruption and mismanagement. Sanctions leveled by the Trump administration further dented production and forced Western companies out of the country.

Any shift in U.S. policy that brings back Western oil companies would send a psychological signal to the market that more supply is on the way, the people said. Word of a possible U.S. rapprochement with Venezuela is emerging just as OPEC+ countries led by Saudi Arabia and Russia agreed to slash production in response to sagging oil prices, angering the Biden administration.

But engaging Venezuela, which sits atop some of the world’s largest oil reserves,

could serve as a longer-term strategy for the U.S. and European countries scrambling to secure new energy sources as Russia’s war in Ukraine drags on and upends commodities markets, said Francisco Monaldi, a Latin America energy expert at Rice University.

“If [oil] prices come down, this all could change,” Mr. Monaldi said, “but for now, this is their obsession.”

The U.S.-Venezuela proposed agreement, the terms of which are expected to be shored up later this month, is the latest sign that Washington is willing to wind down a pressure campaign against the Maduro government that it inherited from the Trump administration.

There are potential pitfalls. The proposal is stoking fury among some of the regime’s most strident foes, who said the strategy would allow Mr. Maduro to maintain his authoritarian grip on the country with few concessions. On the other hand, it could be unpopular among some in the Maduro administration.

“Inside the regime, you have hard-liners who are very critical of Maduro’s neoliberal turn,” said Geoff Ramsey, director of the Venezuela program at the Washington Office on Latin America. “And within the opposition, you have players who are very interested in doing everything possible to continue the interim government.”

Some Venezuelan opposition leaders said fresh cash could embolden Mr. Maduro, whose government in recent years has circumvented U.S. sanctions by selling its heavy crude oil to China and other Asian buyers at steep discounts.

Chevron spokesman Ray Fohr didn’t comment on the proposed deal, but said that in Venezuela, “we have dedicated investments and a large workforce who are dependent on our presence.” He said the company is in compliance with the current sanctions framework.

Ali Moshiri, a former Chevron executive who oversaw the expansion of the company’s operations in Latin America and worked closely with Venezue-

lan officials, said the Biden administration’s shift appears to reflect political pressure that has come with rising energy prices and tight global supplies.

“It makes a lot of sense that the Biden administration relaxes some of the sanctions toward Venezuela, to allow multi-

Chevron is poised to resume pumping in the country once an accord is reached.

ple resources to help us lower energy prices,” said Mr. Moshiri, who estimated the country could reach 1.5 million barrels a day of output in two years if Chevron and other companies can work freely.

Talks between officials from the U.S. and Venezuela have been quietly under way since at least March, but gained momentum when Venezuela on Saturday released six U.S. citi-

zens and one U.S. permanent resident who had been jailed in that country. In exchange, the U.S. released two men—nephews of Venezuelan first lady Cilia Flores—who had been convicted of drug trafficking.

A U.S. official said the swap created some “new opportunities” between the two sides that didn’t exist a week ago.

Wall Street firms and U.S. investors had for months also been pressing the Biden administration to lift sanctions to recover billions of dollars in debt and strike business deals with Caracas. The toughest sanctions came in 2019, when the U.S. and dozens of its allies declared opposition leader Juan Guaidó was Venezuela’s legitimate president. His movement failed to oust Mr. Maduro, and most countries now openly deal with the Maduro government.

A spokesman for Mr. Guaidó didn’t respond to questions seeking comment. The opposition leader has said he opposes easing pressure on Mr. Maduro.

The U.S. Treasury Department’s Office of Foreign Assets

Control, which administers sanctions against Venezuela, is preparing to issue one or more licenses for Chevron to run its four existing joint venture oil projects with the state oil company, Petróleos de Venezuela SA. Chevron’s agreement with Venezuela gives it full operational control and runs about 1,000 pages, people familiar with the document said.

With Chevron in charge of the projects, and the U.S. clearing the export of oil, Venezuela could regain the relevance in the oil market that it enjoyed in the early 2000s. The country now exports about 450,000 barrels a day and could double it in a matter of months, said people who are familiar with Venezuela’s oil industry and are bullish about its prospects.

The Treasury and State departments didn’t reply to requests to comment. Venezuela’s state oil company and Information Ministry didn’t respond to emails seeking comment.

—*Collin Eaton*
and *Andrew Scurria*
contributed to this article.

OPEC Slashes Production

Continued from Page One

istration officials also said they would consult with Congress on ways to rein in OPEC+’s power over energy prices, which analysts interpreted as a potential sign of support for legislation allowing antitrust action against foreign state-owned oil companies.

High gasoline prices helped drive down Mr. Biden’s poll numbers earlier this year, though prices decreased over the summer. OPEC’s move could spell more pain at the pump for U.S. motorists just before the midterm elections next month.

OPEC+ delegates privately said the move would be a big win for Russia, which has lost about a million barrels a day of oil production since the beginning of the war in February.

On Dec. 5, Russia faces the prospect of a European Union oil embargo and a Group of Seven wealthy nations plan to cap the price of oil, which threaten to further cut into its sales.

OPEC+’s production cuts could undermine those efforts, which are key to the West’s economic struggle with Moscow during the war with Ukraine.

The OPEC+ production cut will limit Russia’s loss of market share, said delegates, who acknowledged it represented an unprecedented effort by the world’s biggest oil producers to collectively help Russia with the political and economic problems caused by the war in Ukraine.

Speaking to Bloomberg television after the meeting, Deputy Prime Minister Alexander Novak of Russia said the cuts were needed to “balance the market out.” He said Russia wouldn’t sell oil to countries that adopt the price cap, predicting an oil-supply deficit this year.

The oil-production cut is the biggest from the group since April 2020, signaling its intent to keep prices high after enduring seven years of a rela-



Saudi Energy Minister Prince Abdulaziz bin Salman

tively subdued market, oil-industry analysts said.

After surging above \$100 a barrel in the first six months of the year over Russia’s invasion of Ukraine, oil prices had fallen 32% over the past four months on global economic worries, with international benchmark Brent crude dropping below \$83 a barrel for the first time since January. Brent settled up 1.7% to \$93.37 a barrel on Wednesday, having risen steadily on expectations of a production cut in recent days.

The OPEC+ decision came against a backdrop of slowing economic growth globally. On Wednesday, the World Trade

‘It’s clear that OPEC+ is aligning with Russia,’ the White House said.

Organization said global trade in goods is set to slow sharply next year, possibly easing high inflation but raising the risk of a recession.

After the meeting, OPEC+ members framed any decision as a technical response to a flagging global economy, especially in China, where Covid-19 restrictions have hurt oil demand.

The Saudi energy minister, Prince Abdulaziz bin Salman, rejected the implication that the production cut would hurt the U.S. relationship and said the decision was based on projections showing oil demand waning with economic growth.

“Tell me where is the act of belligerence,” he said in response to a question about the U.S., in a news conference at

OPEC’s headquarters in Vienna. “We shall act and react to what is happening to the global economy in the most responsible and responsive way.”

Prince Abdulaziz cut off reporters who tried to ask about the White House statement, saying he would discuss only “oil policy and energy policy and technicalities. This is way above our pay grade.”

Still, OPEC+ delegates said their interests would be well served by the decision by boosting the revenue their petrostates need.

Two million barrels of oil amounts to about 2% of the world’s daily oil production, though the effect on the day-to-day world of oil sales could be far less.

OPEC+ cut its crude-oil output targets from 43.8 million barrels a day to 41.8 million barrels a day, but the group has been undershooting its targets by as much as 3 million barrels a day this year.

“The actual hit to oil supply will be much smaller,” said Capital Economics in a note, predicting that Brent crude prices will end the year at \$100 a barrel.

OPEC+ delegates said the cut would amount to about 600,000 barrels a day less than what producers are actually pumping now.

Energy Aspects, a London research consulting firm, said it could amount to a cut of about a million barrels from the group’s daily output, an estimate the Saudi energy minister also gave.

“If we have to do more, we will do more,” said Suhail Al Mazrouei, the energy minister of the United Arab Emirates.

—*Michael Amon*
and *Tarini Parti*
contributed to this article.

HUBLOT

HUBLOT

SHEPARD FAIREY

**CLASSIC FUSION
AEROFUSION
CHRONOGRAPH
ALL BLACK
SHEPARD FAIREY**

WORLD NEWS



Stockpiles of BrewDog beer seen at their brewery in 2020. The company says it is shutting six U.K. pubs because of rising costs.

Economic Woes Close U.K. Businesses

By TREFOR MOSS

LONDON—Thousands of businesses across the U.K. are buckling under rampant inflation and flagging consumer demand, stemming from the war in Ukraine.

The conflict, which has boosted prices for energy and many other goods, threatens to send parts of Europe into recession this winter. Scores of factories across the continent have throttled back production because soaring natural-gas prices have made production unprofitable.

Governments have tried to support companies by capping energy bills in some places. Germany and France have nationalized two big utilities weighed down by soaring prices.

In the U.K., a wave of business closures is washing over the country amid the economic pressure. Trapped between surging costs and weakening customer demand, cafes, bakeries, breweries, bookstores and pubs have been closing.

More than a quarter of a million U.K. companies stopped trading in the first half of this year—16% more than in the first half of 2021 and 40% more than in the first six months of prepandemic 2019, according to the Office of National Statistics. It was the largest number recorded in a six-month period, the ONS said.

Data on business closures in the July-to-September quarter won't be released until later this month, but many an-

alysts expect the failure rate to have accelerated.

Most of those closures are small businesses. The ONS numbers don't break down the size of companies shutting. But 95% of the U.K.'s 5.6 million companies in 2021 had nine employees or fewer, according to the U.K. Department for Business, Energy and Industrial Strategy.

Numbers are difficult to compare across borders, but bankruptcies—a subset of business closures generally—haven't increased notably in much of the rest of the continent, eurozone data show. In France, which has reported numbers similar to those in the U.K., 183,530 businesses closed in the first six months of the year, up roughly a third compared with the first half of 2021, according to data from French commercial courts.

U.K. businesses recently have been put under fresh strain closer to home. A surprisingly large tax-cutting package announced by the government last month roiled markets, further clouding the outlook for executives and business owners.

British consumers have stopped buying many nonessentials, executives say. Anxious customers are delaying big-ticket purchases, such as cars, furniture and costly vacations.

Consumer confidence in the U.K. fell in September to the weakest level since data company GfK started tracking it in 1974. "Consumers are buckling under the pressure of the U.K.'s growing cost-of-living

crisis," said Joe Staton, the company's client-strategy director. Consumer confidence in the European Union also hit a low, the European Commission said last week.

Businesses were hurting before the Russia-Ukraine war. The pandemic strained many enterprises, though government financial support was a lifeline for some. After Covid-19 restrictions were lifted, soaring demand and hobbled supply lines started to stoke prices. The war, however,

‘Russia invaded Ukraine and everything went off a cliff.’

has put that inflationary pressure into overdrive in the U.K.

"Trade is just too uncertain," Glasgow-based bookshop Outwith Books said when announcing its closure last month. In Leeds, brewery No-madic Beers said it was unable to continue because of the "increasing costs of everything from utilities to ingredients." The Station Masters, a fish-and-chip shop in the northern English town of Bingley, said it was being forced to shut by rising food costs and energy bills.

Other companies are taking significant steps to hunker down. BrewDog PLC said last month that it was shutting six

U.K. pubs because of rising costs. "If nothing happens, the U.K. looks set to lose half of its pubs and bars," James Watt, the brewer's chief executive, wrote in a LinkedIn post.

Those still operating face the prospect of even-weaker consumer demand, as the Bank of England raises interest rates to combat inflation. That threatens to cut into household finances by increasing mortgage repayments and credit-card bills.

Having battled through the pandemic, Eve Sleep PLC Chief Executive Cheryl Calverley was planning on a strong recovery in 2022. The bedding company was forecasting sales of its mattresses to rise by a third from the previous year.

"Then Russia invaded Ukraine," said Ms. Calverley, "and everything went off a cliff." Costs, chiefly for components for products such as mattresses and bed frames, were already climbing last year. After the start of the war, energy costs rose, too.

Ms. Calverley said her customers have been facing soaring bills, so they have stopped spending money on other things. Eve Sleep's sales declined 16% in the first half of 2022. The company cut staff from 60 to 30. Cash has dwindled to £1 million, equivalent to \$1.1 million, at the end of August, down from £5.2 million at the end of June 2021. She is seeking a buyer or investor.

"The middle class has lost the confidence to spend," Ms. Calverley added.

Struggling Truss Tries to Unify Party, Revive Economy

By MAX COLCHESTER

BIRMINGHAM, England—U.K. Prime Minister Liz Truss, after a turbulent first month in power, tried to recover the confidence of both the public and her own party on Wednesday by defending her controversial plans for tax cuts as the best path to stir a slumbering British economy.

Speaking to her restive Conservative Party at the close of its annual conference, Ms. Truss called on party members to unite to attack "antigrowth" political opponents and back her agenda of lower taxes and deregulation.

"Whenever there is change there is disruption," she said. "Not everyone will be in favor. But everyone will benefit."

The speech capped a turbulent four-day conference that has seen senior lawmakers openly defy the new prime minister and the chancellor of the exchequer, forcing them to scrap a marquee plan to cut the 45% top tax rate, part of a broader set of tax reductions that sparked a week of turmoil on U.K. financial markets and hit Ms. Truss's standing with her party and the public.

Ms. Truss has been prime minister for less than a month, having taken over for her ousted predecessor Boris Johnson, but already her authority is being challenged within her own party, and her poll numbers have crumbled. Her tax-cut plan also has galvanized the opposition Labour Party, which held its own annual conference recently.

On Wednesday, pollster YouGov said just 14% of the British public have a favorable

opinion of Ms. Truss, according to a survey taken Oct. 1-2, down from 26% favorability on Sept. 21-22. The numbers make her even less popular than Mr. Johnson was after a series of scandals caused the Conservatives to push him out of power and hold a new leadership contest.

The poll also showed that support from Conservative voters in the 2019 election cratered, with 60% of those voters having an unfavorable view of Ms. Truss.

Things are unlikely to get much better in coming months given a looming economic recession, as well as rising inflation and interest rates. In a sign of the challenges, many of the people at the Conservative conference had returned home before Wednesday when the nation was hit by train strikes demanding higher wages. Meanwhile, environmental protesters disrupted her speech to hold up a banner with the words "Who voted for this?"

Now, concerns are growing among some members of her party that her government will seek to fund the tax cuts by ensuring spending on social programs doesn't keep up with inflation, meaning a decline in real terms. Already, senior party leaders have said they would block such policies, setting up a possible showdown for Ms. Truss.

"She is right to focus on the problem of growth but her answer is divisive and unpopular in the wider country," says Matthew Goodwin, a politics professor at the University of Kent.

◆ **Heard on the Street: U.K. isn't a bargain..... B12**



Prime Minister Liz Truss addressing party members Wednesday



Demonstrations have been roiling Iran since last month.

Teen's Death Prompts New Protests in Iran

By SUNE ENGEL RASMUSSEN

Iranian women and girls held fresh antigovernment protests Wednesday, activists said, as demonstrations stretched into a third week, given new impetus as word spread on social media that a 16-year-old student had died after taking part in a women's rights rally.

The student's aunt, Atash Shahkarami, told BBC Persian that Nika Shahkarami called a friend to say she was being chased by security forces on Sept. 20. Her family found her body at a Tehran morgue 10 days later, Ms. Shahkarami said. The BBC said Nika was arrested after being interviewed.

Iranian authorities have said she died after a fall from a roof, and that she hadn't been detained, according to the semi-official Tasnim news agency.

The wave of protests that have engulfed Iran since last month erupted after the funeral of a 22-year-old woman, Mahsa Amini, on Sept. 17. She died while in the custody of Iran's morality police for allegedly violating the country's strict Islamic dress code.

At first, protesters aimed their anger at the morality police, and called for an easing of restrictions on women's dress. The protests have morphed into broader calls to overthrow the Islamic Republic,

with some protesters clashing violently with security forces.

Authorities have used tear gas and opened fire on protesters, leaving scores dead. The Norway-based nonprofit Iran Human Rights said Tuesday that at least 154 were killed nationwide. Hundreds more have been injured and hundreds have been arrested.

Nika's death appears to have emboldened other girls to join the protests alongside university students and older women. Footage posted online Wednesday showed dozens of schoolgirls in Tehran, during a visit by an official from the Basij paramilitary group to their school, removing their hijabs in protest

and shouting: "Get lost, Basij."

Separate footage showed three women atop a bridge in Tehran unfolding a banner of an unveiled woman, saying "The next one is one of us," before taking off their headscarves.

"Nika's death will definitely fuel the fire of anger," a female protester in Tehran said. "What they did to Nika is a true example of what the Islamic Republic does to us."

Nika's relatives told the BBC that when they were preparing to bury her, security forces took her body away. She was interred in a village 25 miles from her hometown, they said. Authorities haven't commented publicly on the claims.

WORLD WATCH

AFGHANISTAN

Suicide Bomber Strikes at Taliban

A suicide bomber struck at a center of Taliban power Wednesday, setting off a blast at a government ministry in the Afghan capital of Kabul and killing at least four people.

The explosion went off in the afternoon as workers and visitors were praying inside a mosque of Afghanistan's Interior Ministry, which is responsible for security and law enforcement in the country. At least 25 worshippers were injured, a Taliban official said.

The attack inside a fortified compound dealt a serious blow to the Taliban, who have been trying to project control and strength since they seized power in August 2021.

There was no immediate claim of responsibility, but the extremist group Islamic State, the main Taliban rival, has carried out a series of attacks, in-

cluding in mosques, as part of a long-running insurgency. Targets have included Taliban patrols and members of Afghanistan's Shiite minority.

The mosque blast follows last week's suicide bombing at an education center in Kabul that killed as many as 52 people, according to a tally compiled by the Associated Press, more than twice the death toll acknowledged by Taliban officials.

—Associated Press

AFRICA

Ethiopia-Tigray Peace Talks Offered

The leader of Ethiopia's embattled Tigray region and the federal government have been invited to peace talks in South Africa this weekend as part of a pan-African effort to end one of the world's most overlooked wars, according to a letter seen Wednesday by the Associated Press.

If Tigray leader Debretsion Gebremichael attends the pro-



HOMAGE: Devotees submerged an idol of the Hindu goddess Durga in the Buriganga River in Dhaka, Bangladesh, on Wednesday during the final day of the annual Durga Puja festival.

posed talks between the Tigray and Ethiopian sides, it will be the highest-level effort yet to end the two-year war that has killed thousands of people from conflict and starvation. He said he is ready to send a negotiat-

ing team but has questions about who else might take part, "considering that we were not consulted prior to the issuance of this invitation."

Ethiopia's government has accepted the invitation, national

security adviser Redwan Hussein said.

The talks come more than a month after fighting in Tigray renewed following months of relative calm.

—Associated Press

DENMARK

Prime Minister Calls For New Election

Danish Prime Minister Mette Frederiksen called a general election for Nov. 1, seven months ahead of the end of her term in office. Ms. Frederiksen, who has headed a minority government since June 2019, has seen her popularity dwindle because of her role in a pandemic-related decision to wipe out Denmark's captive mink population.

The early parliamentary election will select members of the 179-seat Folketing. Polls show the center-left bloc led by her Social Democratic Party is neck-and-neck with the center-right opposition, which includes parties that want to reduce immigration. A poll published Monday gave 50% support for the center-left and 47.8% for the opposition.

Ms. Frederiksen became Denmark's youngest prime minister when she took office at age 41.

—Associated Press

WORLD NEWS

Japan To Weigh Defense Shift

By Alastair Gale
and Chieko Tsuneoka

TOKYO—Japan has had enough of just playing missile defense. Now it is looking to play offense too.

North Korea’s latest missile flight over Japan showed how Pyongyang could threaten its neighbor with attack, but military specialists say it has minimal ability to stop missiles coming the other way. That weakness is at the heart of a shift in Tokyo’s thinking likely to be enshrined in a new defense strategy in December.

“Since North Korea’s missile defenses are limited, Japan’s possession of counterstrike capabilities would be an effective deterrent,” said Masahisa Sato, a former colonel in Japan’s military who heads the ruling Liberal Democratic Party’s foreign-affairs committee.

A ballistic missile fired Tuesday by North Korea flew on a path above northern Japan before splashing down in the Pacific Ocean. It was the first such test since 2017. In response, Tokyo government spokesman Hirokazu Matsuno said that “all realistic options are on the table” including adopting counterstrike capability.

In a move to show the U.S. is prepared to hit back if necessary against North Korea, the aircraft carrier USS Ronald Reagan plans to return to waters near the Korean Peninsula after exercises with South Korea and Japan there last week, Seoul’s military said Wednesday. A spokeswoman for the U.S. Seventh Fleet couldn’t be reached to comment.

The late former Prime Minister Shinzo Abe was an advocate of Japan acquiring counterstrike ability—hitting back at an enemy’s territory, or preemptively attacking if it appears the enemy is about to launch an assault.

North Korea Test-Fires Missiles Off Coast

By Timothy W. Martin

SEOUL—North Korea test-fired two short-range ballistic missiles off its east coast on Thursday, shortly after the U.S. said at the United Nations that Pyongyang is feeling emboldened.

The Thursday test marked the Kim Jong Un regime’s sixth weapons launch in 12 days, adding to what is already a historic year of missile tests.

The two missiles were fired between 6:01 a.m. and 6:23 a.m. Thursday local time from the Samsok area in Pyongyang, South Korea’s military said. One missile hit an altitude of about 62 miles and traveled 217 miles, Japan’s Defense Ministry said, with the other flying lower at an altitude of 31 miles but traveling about 500 miles.

At an emergency U.N. Security Council meeting, Linda Thomas-Greenfield, the U.S. ambassador to the United Nations, said China and Russia had gone out of their way to justify North Korea’s repeated provocations and block any attempt to penalize them. Beijing and Moscow support relaxing penalties against Pyongyang.

North Korea “has enjoyed



The United Nations Security Council met on Wednesday to discuss a ballistic missile test by North Korea.

blanket protection” from Russia and China, Ms. Thomas-Greenfield said. “Pyongyang clearly feels emboldened.”

At the U.N. meeting, China and Russia reiterated their viewpoint that the Security Council shouldn’t turn to pressure to resolve the North Korea issue and urged dialogue. Russia’s deputy U.N. ambassador, Anna Evstigneeva, said new sanctions are a dead end and produce zero results.

The meeting was follow-up to the Kim regime’s intermediate-range ballistic missile test on Tuesday that traveled over Japan, the first to do so in five years and a major provocation. Japan issued emergency alerts asking citizens to take shelter.

Thursday’s launch represented North Korea’s 23rd missile test of the year. Pyongyang’s pace of weapons testing has quickened after a relatively quiet summer, as the

country dealt with its first Covid-19 outbreak.

The recent missile barrage is a predictable trajectory of psychological manipulation by North Korea, allowing the Kim regime to show South Korea, Japan and ultimately the U.S. that it has the ability to hit them with pinpoint accuracy, said Lee Sung-yoon, a Korea expert at Tufts University’s Fletcher School.

“Graduated escalation in-

stills in its target gnawing uncertainty,” Prof. Lee said. “The short-range missiles are a prelude to a greater provocation already planned.”

The escalation in North Korean provocations is unlikely to stop. North Korea in the coming weeks could conduct its first nuclear test in five years, U.S. and South Korean officials have said.

—Chieko Tsuneoka in Tokyo contributed to this article.

Western Brands Divided Over ‘Made in Myanmar’

By Jon Emont

SINGAPORE—Western retailers are increasingly divided over whether to buy clothes made in Myanmar, a country that had emerged as one of the world’s fastest-growing garment exporters before the military staged a coup last year.

European retailer Primark, which bought garments such as raincoats and parkas from 25 factories in Myanmar, said last month it would exit, citing difficulties in ensuring the safety and rights of workers who make the clothing. Its decision follows the departure of other European brands, in-

cluding Aldi South Group, C&A and Tesco PLC.

On the other hand, companies such as H&M Hennes & Mauritz AB, Zara owner Inditex and Uniqlo parent Fast Retailing Co. are staying.

An H&M spokeswoman said there are “contradictory considerations and different perspectives as to whether trade with Myanmar should continue or not” and that the company has no plans to leave. The brand was “mindful of the fact that many people in Myanmar rely on international companies for their livelihood,” she said.

Inditex and Fast Retailing

didn’t provide comment. Inditex said in July it was working closely with suppliers in Myanmar and is committed to protecting human rights.

At the heart of the debate lies a tough choice: take advantage of Myanmar’s low wages and preserve jobs that benefit the country’s poor or leave because of labor abuses that some workers and rights groups say have worsened under military rule.

The dilemma reflects a riskier global environment for business overall. Hundreds of Western businesses have paused or stopped operations in Russia, for instance,

since it invaded Ukraine.

A September report by the London-based Ethical Trading Initiative, which interviewed 3,120 Myanmar garment workers, alleged labor violations including excessive overtime work and verbal, physical and sexual harassment.

Workers have few avenues to air grievances since the junta, in an effort to stifle democratic institutions, arrested union leaders and threatened workers’ organizations, said the group, which includes companies, trade unions and nongovernmental organizations seeking to promote workers’ rights.

Fast-fashion brands don’t typically build or operate garment factories themselves, but instead place orders at independently run factories, often located in developing Asia where workers can be hired to sew clothes for as little as a few dollars a day.

In recent years, the brands have pushed to enforce higher safety and labor standards at the factories they contract, for instance by conducting more-extensive inspections, after industrial disasters like the collapse of the Rana Plaza factory building in Bangladesh in 2013 killed 1,100 workers and shamed the brands.

You can’t replace
wildlife once it’s gone.



San Diego Zoo
Wildlife Alliance
sdzwa.org

FROM PAGE ONE

Food Craze
Opens Up
A Divide

Continued from Page One

divide in a country unusually fond of fresh flavors. Beyond desserts, mint chocolate is getting piled onto burgers, stirred into rice cakes and stuffed into steamed buns. Diehards can lather themselves with mint-chocolate soap or brush their teeth with mint-chocolate toothpaste. Fast-food chain KFC, with local delivery app Baedal Minjok, recently ran a monthlong promotion offering a mint-chocolate dipping sauce for its fried chicken.

Unconventional food pairings of all sorts have given heartburn to diners worldwide (consider the Hawaiian pizza).

But South Koreans can be especially game to try new flavors and food combinations, which are often discussed first in online communities, flagged by celebrities and then spread across social media, said Park Sung-hee, of the Korea Trend Research Institute.

Global fast-food brands in South Korea have tested items such as a honey-butter soybean powder seasoning for french fries at McDonald's and Shake Shack's burger featuring fried chicken marinated in gochujang hot-chili sauce. Burger King said that out of all the markets it operates in, it develops the largest number of new menu items for South Korea. The chain chose the country to unveil special versions of its multi-patty Stacker Whopper, including one featuring Guinness beer-flavored sauce and another with peanut-butter sauce.

"South Korean consumers tend to always be curious about new tastes," said Kim Jun, who

heads marketing at South Korea's SPC Group for the country's chain of Baskin-Robbins stores. The ice cream brand recently had sweet corn as the special flavor of the month.

When it comes to mint-chocolate dishes, "I don't agree with the current hype," said Jung Min-kyu, a 30-year-old freelance translator in Seoul. "It reminds me of toothpaste."

South Korea's president, Yoon Suk-yeol, confessed to being a mint-chocolate fan on social media before taking office in May. He still enjoys mint chocolate, his office said in a written statement.

Various members of the boy band BTS have professed their like—or dislike. The group's management firm, HYBE Co., confirmed that three enjoy the flavor, while four aren't fans.

The K-pop star IU, whose real name is Lee Ji-eun, has publicly professed her love of mint chocolate. But asked by a fan in an online segment with

the fashion magazine Elle Korea if she enjoyed mint chocolate in steamed buns, the singer marveled that such an item even existed. She said she recently realized that she is actually just a middling fan of the flavor, and draws the line at ice cream.

"It depends on the temperature," she said in the segment. "I would like to just make that clear. I'm sorry."

South Korea's most impassioned fans have banded together in a Team Mint Chocolate group, whose Instagram page counts roughly 26,000 followers online.

The group is run by WithGo, a Seoul-based food brand that sells mint-chocolate-themed T-shirts, posters, protein balls, soap and hand cream on its website, among other items. The group plans to soon hold its first offline event, a mint-chocolate festival, and has cast its loyalists as outsiders. A question the group frequently gets from aspiring members is:

"Am I weird for liking mint chocolate?" said Youn Su-mi, a WithGo product manager.

Kim Seok-june is a fan of mint-chocolate sweets. He was less fond of KFC's mint-chocolate dipping sauce, which he tried with a few colleagues shortly after the promotion started in July. The 34-year-old editor at a Seoul-based magazine polished off the chicken, but left the teal sauce all but untouched. The group's verdict: The flavor was like brushing your teeth while eating chicken.

"I didn't have high expectations going in. And upon trying it, alas, it tasted bad," said Mr. Kim.

Despite enjoying mint chocolate in shakes and iced drinks, 26-year-old Nam Ki-yeon found the combo with chicken a challenge to his taste buds. "I wasn't sure if this should be allowed," he said.

KFC's Korea office said some consumers have logged requests through the company's

website for the dipping sauce to become permanent, though there are no such plans.

"I'd for sure eat it all the time if it was available," said Kim Jin-seok, a 31-year-old electronics-industry researcher in Daejeon.

In other options, the country's ubiquitous rice liquor, soju, now has a mint-chocolate version. A typically bright-red plate of spicy rice cakes known as tteokbokki is a shade of turquoise in its mint-chocolate transformation. A hamburger brand offered a limited-edition burger stuffed with mint-chocolate sauce and Oreos.

Cho Hyun-jung, a 35-year-old medical industry worker in Incheon, enjoys a variety of mint-chocolate treats, including buns and sweet rice cakes. She also washes her hands with teal-colored soap scented with mint chocolate. The bars of soap look a bit like treats themselves. "I'd sometimes like to take a bite of them," she said.

Rate Climb
Stresses
Markets

Continued from Page One

2007-09 global financial crisis, citing reforms that have made the largest banks more resilient, new central bank tools and fewer indebted U.S. households.

"So far there haven't been any really bad surprises," said William Dudley, former president of the Federal Reserve Bank of New York.

Some pain is expected in the fight against inflation. Raising interest rates usually leads to lower stock prices, higher bond yields and a stronger dollar.

Yet abrupt adjustments can lead to a slowdown more severe than what the Fed and other central banks want. Threats to financial stability sometimes spread from unexpected sources.

"There are no immaculate tightening cycles," said Mark Spindel, chief investment officer of MBB Capital Partners LLC in Washington. "Stuff breaks."

The current tightening follows years of short-term rates near zero and sometimes below. Historically, low rates encourage risk-taking, complacency, and leverage—the use of borrowed money to amplify profits and losses. In recent years, central banks also purchased trillions of dollars of government debt to hold down long-term rates.

Low central bank rates were one reason that yields on corporate debt fell to less than 2% from about 6% between 2007 and 2021. During the same period, corporate debt ballooned to about half the size of the U.S. economy from 40% a decade ago. Yields shot higher this year, triggering unexpected losses.

In one case, investment banks including Bank of America Corp., Credit Suisse Group AG and Goldman Sachs Group Inc. are on track to collectively lose more than \$500 million on debt backing the leveraged buyout of Citrix Systems Inc. after it was sold to investors at a steep discount. Shares of Credit Suisse, which is restructuring to exit risky businesses, fell 18% over the past month while the cost of insuring its debt against default, as measured by credit-default swaps, soared.

Meanwhile, the dollar has risen steeply against other currencies, threatening higher interest costs to emerging-market governments that borrowed heavily in recent years from foreign investors seeking higher returns. The foreign

debt of low- and middle-income countries rose 6.9% last year to a record \$9.3 trillion, according to World Bank estimates.

Emerging-market governments have to repay roughly \$86 billion in U.S. dollar bonds by the end of next year, according to data from Dealogic. A United Nations agency urged the Fed and other central banks Monday to halt rate increases, warning that "alarm bells are ringing most for developing countries, many of which are edging closer to debt default."

Pension pain

Financial upheaval often happens in unexpected places, where bankers and regulators are unprepared or where they think markets are well-insulated.

The turmoil in Britain involved pensions and government debts, long thought to be among the safest parts of the financial markets. The government on Sept. 23 announced a package of tax cuts that would have added significantly to deficits. In response, the pound sank to a record low against the dollar, and yields on British bonds, known as gilts, shot up.

The rise in yields was amplified by derivative instruments loaded with hidden debt, part of a strategy by U.K. pension funds called "liability-driven investments," or LDIs.

Derivatives can be used to hedge risk or amplify returns. LDIs were designed to do both: protect pensions from low interest rates by constructing cheap hedges, while freeing up cash to invest in higher-yielding assets. British pension regulators encouraged plans to adopt LDI strategies despite signs that some had become dangerously exposed to interest-rate changes.

As interest rates rose, pension funds were exposed to losses and margin calls, demands for cash to cover the risk of more losses. To cover margin calls, managers sold assets, in many cases even more gilts. The selling pushed interest rates higher, in a liquidation spiral.

It had echoes of forced selling that figured in past crises, including the 1987 stock-market crash, the 1994 bond-market selloff that bankrupted Orange County, Calif., the 1998 Russia default and the 2007-09 global financial crisis.

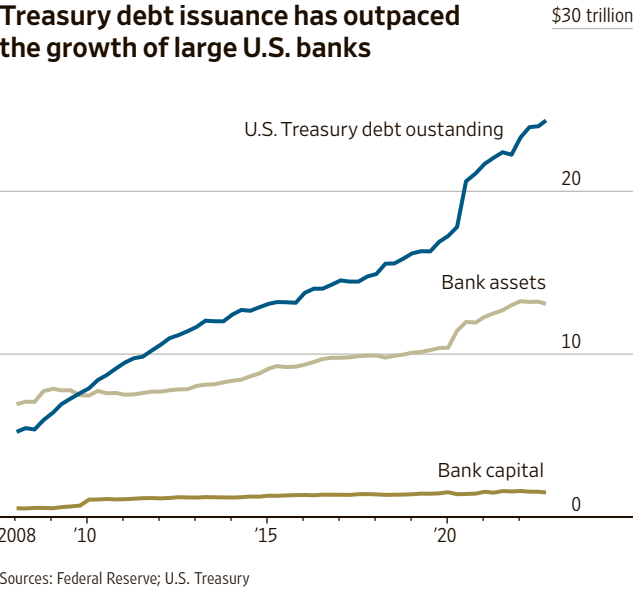
The Bank of England last week stepped in with plan to buy gilts to relieve pressure on pension funds. On Monday, the government backtracked and said it was dropping one of its planned tax cuts.

Now, banks and governments around the world are grappling with how to interpret last week's events. Some experts say the signs so far



The Federal Reserve Building in Washington.

Treasury debt issuance has outpaced the growth of large U.S. banks



don't point to disaster.

U.S. corporate pension plans managed by consulting firm and insurance brokerage Willis Towers Watson have posted tens of millions of dollars in collateral to address margin calls this year, said portfolio manager John Delaney of Willis Towers Watson. But the strategy and the resulting margin calls are on a far smaller scale than in the U.K., where derivatives are more prevalent and pension plans tend to be bigger relative to company size, he said.

Some U.S. public pension plans are vulnerable to margin calls. These plans used derivatives to substitute for bonds in their portfolio and increase the total amount they could invest to boost returns. The pensions adopted the strategy because low interest rates weren't generating enough returns to pay promised benefits.

Central bank tightening is often behind financial disruption because of its effect on short-term interest rates.

When those rates are low, investors will often borrow short-term funds to take on more risk for the prospect of higher returns. As rates rise, they have a harder time financing their positions.

In 1994, the Fed surprised investors with a three-quarter percentage point rate increase to 5.5%. Financial managers for Orange County had investment positions that depended on low interest rates and the county went bankrupt.

More aggressive

From 2004 to 2006, the Fed pushed up rates in quarter percentage point increments to 5.25% from 1%. Yet even that eventually undermined housing demand and prices, triggering a crisis among financial institutions that had invested heavily in mortgages and related products.

The Fed and other central banks are now tightening much more aggressively than in past years because of high inflation. Since March, the Fed

has raised its benchmark rate from near zero to more than 3% and signaled it will top 4% by year-end.

The moves have pushed mortgage rates to their highest levels since 2007, raising concerns about a freeze in mortgage transactions and an even deeper downturn that chills demand for existing housing and new construction. But nothing on the scale of 2007-09 seems likely. U.S. mortgage debt has grown only 14% since 2007, most of it to much more creditworthy borrowers. More worrisome, economists say, is the 332% increase in outstanding Treasury debt during the same period, to \$26.2 trillion.

Like the U.K., the U.S. borrows in a currency it can print. That means there is no risk of default, as there is with corporate, emerging-market or mortgage debt, the cause of many past crises. But printing currency to pay federal debt, risks causing more inflation.

Bankers and regulators worry that Treasury debt is outgrowing Wall Street's willingness or ability to trade in it. Inflation and Fed rate increases are adding to bond-market volatility, putting a strain on market functions.

Banks designated by the Fed to transact in newly issued government securities buy and sell with their own money to keep markets moving smoothly. The volume of Treasury debt held by these banks has shrunk to less than 1% of all outstanding Treasury debt, according to JPMorgan Chase & Co.

This makes it more difficult for investors to buy or sell Treasuries with the volume, speed and at prices they have come to expect. That is a problem because of the market's importance to the

broader functioning of the credit system. In March 2020, for example, as the Fed was cutting short-term interest rates to help the economy, Treasury yields were rising, a result of unexpected selling by investors needing to raise cash as well as dysfunction in the market. The Fed stepped in and bought vast quantities of the debt.

By one measure—how much debt can be traded at a given price—market functioning today is as bad as it was in April 2020, in the depth of pandemic lockdowns, according to JPMorgan. By another measure, this year has seen the worst conditions since 2010, according to Piper Sandler & Co.

The morning after the Sept. 21 Fed meeting, Treasury yields shot up. The 10-year yield jumped to more than 3.7% from around 3.55% in less than two hours.

Roberto Perli, a central bank expert at Piper Sandler noted a growing gap between the yields on the easily traded Treasuries and others, a sign of more difficult trading conditions.

Treasury officials said they don't see a reason for alarm, but trading conditions are a problem they are watching. "Reduced market liquidity has served as a daily reminder that we need to be vigilant in monitoring market risks," Nellie Liang, Treasury undersecretary for domestic finance, said last month.

Two once-reliable sources of demand for Treasuries, banks and foreign investors, are pulling back. U.S. commercial banks increased their holdings of Treasury and agency securities other than mortgage bonds by nearly \$750 billion over the course of 2020 and 2021, partly to invest a pandemic-induced surge in deposits. This year, as customers have shifted deposits to such alternatives as money-market funds, that figure has shrunk by about \$70 billion since June.

For years, Treasuries were among the few advanced-economy bond markets with positive yields, making them attractive to foreign investors and a haven during moments of market turmoil. Now, other government bonds' yields are rising, giving foreign investors more options.

Added to these strains, the Fed itself has stopped a bond-buying program launched during the pandemic to support markets and the economy.

"We worry that in the Treasury market today, given its fragility, any type of large shock really runs the risk of un-anchoring Treasury yields," said Mark Cabana, head of U.S. rates strategy at Bank of America.

—Heather Gillers contributed to this article.

Federal-funds effective rate

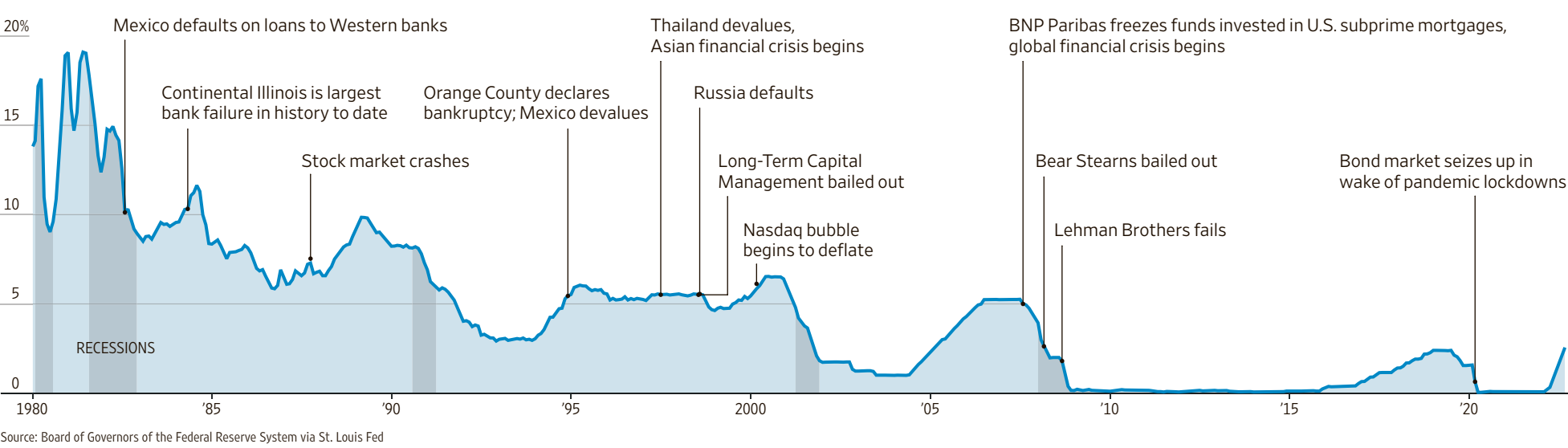




ILLUSTRATION BY JON KRAUSE



CARRY ON
DAWN
GILBERTSON

The Rental Car Fees That Stump Travelers

Airlines and hotels get the most grief for annoying fees. But car-rental companies have turned squeezing extra money from travelers into something of an art form.

Want to pay tolls electronically? Fork over a daily “convenience” fee on top of the toll. Need to cancel that reservation? With some one-day rentals, canceling could cost as much as the rental would have.

Then there are sneaky fuel fees cropping up on more bills.

Jason Scott found them on two Avis rentals in different cities in September. The 39-year-old mental-health training instructor says he was charged for fuel despite returning the cars with a full tank. One was for \$16.99, one for \$15.99.

Expensive rental insurance and prepaid fuel are well-known charges. Here are three others that can trip up even experienced travelers.

Fuel service charges

Mr. Scott, who lives in Columbia, S.C., started paying close attention to his rental car receipts after he noticed a \$16.99 fuel service fee on a three-day rental in Houston in mid-September.

He says he hadn’t prepaid for fuel, but filled the tank before returning the car. More confounding: He says his receipt showed that he returned the car empty. But the fuel

charge listed on the receipt wouldn’t cover a fraction of Avis’s per-gallon costs for cars returned empty.

He reached out to Avis on Twitter and eventually got a refund.

Mr. Scott also checked the receipt from his early September Avis rental in Boise, Idaho, and found a fuel service charge there, too, for \$15.99. The receipt said he returned the car slightly less than full even though he says he filled up the tank. He didn’t fight that charge because he had already expensed the rental.

Mr. Scott is still confused why the charge exists and says he has gotten conflicting information from agents on subsequent rentals.

On his third rental that month, he scrutinized the bill with an agent before turning over the keys and dashing to his flight.

“I’m going to be constantly looking for this now,” Mr. Scott says.

Budget Rent A Car, a sister company to Avis, added a \$40.41 fuel service fee before taxes to Jason Rabinowitz’s bill in early September, he says. Mr. Rabinowitz, an airline marketing consultant who lives in New York, didn’t notice it until he filed his expense report for the short trip to Washington, D.C.

The fuel reading at the top of the receipt says the gas gauge was

an 8 of 8 when the car was rented at Dulles Airport and 6 of 8 when it was returned, Mr. Rabinowitz says. He filled up the tank near his hotel, which was across the street from rental car return. Budget never asked him for a gas receipt, he says.

The mileage reading was also wrong on the receipt, he says, showing he drove it more than 1,000 miles, about 10 times more than he drove.

\$40.41

Fuel service fee on a car renter’s bill, although he says he filled the tank

Budget quickly refunded the fee when Mr. Rabinowitz called.

Jonathan Weinberg, founder of AutoSlash, a car-rental deals site, says he has seen an uptick in customer complaints about the fee. He says Avis and Budget have generally refunded the fees for AutoSlash customers who call to complain. He recommends saving gas receipts and taking photos of the gas gauge as evidence.

An Avis Budget Group spokeswoman declined to discuss individual incidents. She said the company provides specific fee information to customers during booking and discloses its policies on its website.

The fuel fee issue encountered by Messrs. Scott and Rabinowitz is different from another longtime fuel service charge applied to renters who drive less than 75 miles during a rental. The Avis Budget spokeswoman says that fee, which the company calls a “convenience” for travelers, automatically happens unless a customer has prepaid for fuel or shows a fuel receipt to the agent upon return.

Cancellation fees

Car-rental agencies used to let customers reserve a car without entering their credit-card information. That meant no financial hit from canceling or not showing up.

The rules started changing when companies began offering prepaid rentals, which have a lower price in exchange for restrictions.

Hertz charges a \$100 cancellation fee for prepaid reservations canceled more than 24 hours before pickup and \$200 if the cancellation is within 24 hours. Travelers with prepaid reservations forfeit

all their money if they simply don’t show up.

Avis and Budget charge a \$50 processing fee for those who cancel prepaid reservations at least 24 hours before pickup time and \$150 if it’s within 24 hours. Forget to cancel and you’re on the hook for the entire bill.

Cancellation penalties have recently expanded to more reservations. Earlier this year, Hertz began requiring a credit card at booking for a standard “pay later” reservation at most U.S. locations. Travelers who don’t cancel the reservation or don’t show up are automatically charged one day’s rental. Renters are given a 24-hour grace period in case of flight delays and other last-minute issues.

“This policy helps ensure we have the right car at the right location at the right time for our customers,” Hertz spokeswoman Lauren Luster says.

Retired information security officer Jose Claudio hastily reserved a rental car in Hawaii online but didn’t notice the total price until it was too late. He called Avis immediately to cancel and the company insisted he pay a \$50 cancellation fee—it offers no grace period on prepaid reservations.

“I made a mistake and I admit it,” says Mr. Claudio, who lives in Livermore, Calif. “I just don’t like the fact that they don’t have a grace period. Even airlines give you a grace period.”

Airline passengers can cancel most nonrefundable tickets for a refund up to 24 hours within booking with no penalty, per Transportation Department rules.

Avis agreed to refund the fee after Mr. Claudio complained about it on social media.

Toll charges

Car-rental agencies make it easy for renters to zip through express lanes on toll roads by using automated systems like PlatePass.

You’ll pay more than the tolls for the privilege. Hertz charges a \$5.95 “convenience fee” each day drivers incur tolls, in addition to the “highest, undiscounted toll rate.” There is no cap on the convenience fee for longer rentals.

Avis’s E-Toll program charges a similar \$5.95 convenience fee, up to a maximum of \$29.75 per rental of up to 30 days. It also offers an unlimited-tolls option for a daily fee of \$10.99 to \$25.99, including tolls.

Agencies say the electronic-toll payment system is optional, but veteran travelers suggest renters decide whether they want to use it before they leave the rental-car lot. That might mean turning the transponder off.

Sally Greenberg, executive director of the National Consumers League, a consumer advocacy nonprofit in Washington, D.C., says she likes to travel with her own E-ZPass transponder when she rents a car. Most agencies don’t charge for that. But Ms. Greenberg says setup can be tricky, resulting in overbilling.

“I once had my E-ZPass and the rental car company charged me for tolls,” she says.

Gurus Say They Can Curb Quiet Quitting



ON THE CLOCK
CALLUM
BORCHERS

His name is Dean Lindsay, though that’s not what he goes by on LinkedIn. “Quiet Quitting Keynote Speaker” is this search-savvy consultant’s new moniker, and he says it’s helping him get hired—at \$10,000 to \$15,000 a day—by companies sweating the latest buzzy term for employee disengagement.

Mr. Lindsay, who has been advising businesses about corporate culture for two decades, says quiet quitting is closely related to burnout, work-life balance, stress management and other phenomena that came before. His prescriptions are largely the same, too.

When he saw the viral TikTok phrase had quickly migrated from social media to the C-suite, compelling many bosses to think about how to stop workers from checking out, he didn’t hesitate to rebrand. “I just jumped on it,” he says.

If you’re running a company now, chances are your inbox is full of messages from experts claiming they can goose morale, foster connection, boost buy-in and make various other jargon-studded dreams come true. The people who claim to know the most about quiet quitting are real go-getters, it turns out.

The extent of the problem these consultants aim to solve, and



whether it’s new, is debatable. Many of them say that’s beside the point. Getting people to care more deeply about their jobs and colleagues may be a perpetual corporate mission, but it’s an important one, the argument goes. So what if it took a meme to intensify the sense of urgency?

Some, like Mr. Lindsay, run rousing workshops full of motivational mnemonics. (It’s all about the six P’s of progress, he says: pleasure, peace of mind, profit, prestige, pain avoidance and power.)

Less experienced consultants advertise youth as an advantage, saying they can get through to millennials and Gen Z. Still others offer to set up employee-driven charitable campaigns, using company dollars, to make people feel better about where they work.



Rising Team, a Palo Alto, Calif., startup that sells camaraderie-building software designed to reduce quitting (quiet or otherwise), just closed a second venture capital round, bringing total investments to \$6 million.

For human-resources leaders, the pitches can seem endless.

Priti Patel, chief people officer at G2, a technology marketplace, says she gets daily emails about solving burnout and quiet quitting. “I don’t even count anymore,” she says.

While some solicitations strike her as gimmicky, Ms. Patel says she doesn’t roll her eyes at all of them. She landed her current position last year after first working with the company as an independent “conscious leadership” coach, which she describes as helping managers deepen their emotional intelligence.

Her take on quiet quitting is that it’s simply the notion of having boundaries at work—hardly new. Nevertheless, establishing the boundaries is a real challenge for

managers and direct reports alike, she says, and sometimes an outsider can help set expectations that work for everyone.

Karyn Twaronite, Ernst & Young’s global diversity, equity and inclusion officer, adds that HR consultants can lend valuable perspectives if they represent the views of young people or others who are missing or rare in the executive ranks. EY uses a mix of internal and external advisers, she says, and conducts quarterly “pulse” surveys, asking whether employees feel that they belong at the firm and are free to be themselves.

“These feel like softer things, but we know that they’re critical because if people don’t feel this way, then they could, in theory, quit,” she says.

Data is a main selling point for Rising Team, the venture-funded startup that Facebook, Google and Yahoo veteran Jennifer Dulski launched in 2020. Her young company starts by polling a client’s staff to measure the likelihood they’ll

stay, and says in a few months it can deliver a meaningful increase in the share who plan to stick around.

Ms. Dulski, who teaches management at the Stanford Graduate School of Business, aims to get co-workers to know and like each other—and without resorting to hackneyed exercises like trust falls. Rising Team’s “kits,” as she calls the software, lead groups of employees through virtual or in-person discussions every six weeks or so. A kit for a 10-person team costs \$99 a month, and companies with many teams can get discounts for buying in bulk.

Money helps, too, though raises and bonuses aren’t the only ways to promote loyalty and engagement, says Tess Murphy, director of strategic partnerships at Kiva, a microfinance nonprofit. Her pitch to companies is that they can pump up employee enthusiasm by letting every worker direct a small sum—as little as \$50—to a favorite cause.

Appealing to executives who are confounded by their younger employees, Adam Owens left a steady human-resources job and started his own consulting operation this year. If you’re a Boomer or Gen Xer trying to figure out Gen Zers, he says, hire someone like him, a former philosophy major who dropped out of college in the aughts and built a career without the typical credentials.

Many young workers aren’t unmotivated, he adds, but they don’t necessarily measure success like their predecessors or do what they’re supposed to do in the eyes of others. Mr. Owens aims to help bosses understand what these employees really care about.

“Millennials are uniquely positioned to deal with this challenge,” he says. “We function as a bridge between the other generations.”

PERSONAL JOURNAL.

More People Are Marrying Later in Life



TURNING POINTS
CLARE ANSBERRY

Beth Luchies and Ryan Gnus exchanged wedding vows in August under a driftwood arch on Vancouver Island, British Columbia.

“I never thought I would get married,” says Ms. Luchies, 42, years old, who had a small group of friends that called themselves the spinsters. Mr. Gnus, 43, says marriage was never important to him until he met her.



Grady Bowers and Holly Garman at their wedding.

More Americans are getting married for the first time in their 40s and 50s, research shows. The rates of first marriages in midlife have increased by 74% for women and 45% for men between 1990 and 2019, according to a study published in June. The study also

found that about 10% of people marrying for the first time are ages 40 to 59.

“Marriage delayed doesn’t mean marriage forgone,” says sociologist Susan Brown, co-director of the National Center for Family and Marriage Research at Bowling Green State University in Ohio, who conducted the study.

Dr. Brown says social media and dating apps allow people to meet others with similar interests, backgrounds and ages. With many people living healthier and more active lives into later years, a 50-year-old can reasonably expect to celebrate a silver anniversary. The pool of available partners is bigger, too, she says, because more singles are in their 40s and 50s.

Many people who marry later in life say they weren’t interested in getting married earlier because they were pursuing education and careers or were disillusioned by previous relationships. Having children wasn’t a priority for some, and in cases where it was, parenthood and marriage didn’t have to go hand-in-hand. Others were consumed with caregiving. And the pandemic delayed many wedding plans.

“Marriage was the furthest thing from my mind,” says Heather Hoyer, when she met Erskine Mitchell, in 2017 on Facebook, where both followed a local Pittsburgh DJ. She was 39, single, raising two children, working full time at a title-insurance company, while also recovering from a bro-

ken long-term relationship.

Two things changed her mind about getting married, and both were related, in part, to age. Mr. Mitchell was divorced and 47. “Our conversations were deeper,” she says. “We weren’t just dating to be dating.”

Another factor was health. Each of them had unexpected medical issues and nursed each other back to health. “Seeing him through those issues and him seeing me through mine was the turning point,” she says.



Erskine Mitchell and Heather Hoyer skipped traditions.

CLOCKWISE FROM TOP RIGHT: NORTH ARROW PHOTOGRAPHY; SHANIA JARRETT; VIBBLE OPTIONS PHOTOGRAPHY; MATTHEW DANSE

The couple considered eloping, but Ms. Hoyer wanted her dad to walk her down the aisle, which he did, along with her son. Most everything else was untraditional. She wore a black gown with red roses. Instead of lighting a traditional unity candle, the couple made a peanut butter and jelly sandwich—peanut butter being a favorite of Mr. Mitchell’s—and took a bite, while the reverend talked about ideal pairings.

Middle-aged first-time brides and grooms say their idea of a perfect wedding evolved.

Growing up, Lori Peters-McCracken envisioned a huge wedding, with two bands and several tables with homemade cookies, a tradition in her Youngstown, Ohio, home. Instead, the first-time bride at 53 and her husband, Ryan McCracken, who was then 41 and divorced, wedded in his family’s home in Geneva-on-the-Lake, Ohio, and held their reception at a local winery. She had one large, constantly replenished cookie table, and one attendant—her best friend.

Sharing living space after being alone for so long can be a challenge, says Ms. Peters-McCracken, who says she initially had a hard time letting Mr. McCracken pitch in. “I didn’t even know how to ask for help,” she says, something they have worked out since their wedding in 2017.

Some midlife newlyweds, like Parker Yost, simply never found the right match until they were older.

“I met the right person at the right time,” says Mr. Yost, 40, who worked as a chef and mechanic before managing a boat-parts shop, where three years ago he met his now-wife, Kori English. Mr. Yost said he had other relationships in the past, but they didn’t work out for reasons he can’t quite explain, other than they couldn’t relate to each other.

Ms. English, who had a short-lived marriage in her 20s and became a single mom in her late 30s, was different, he says. She went fishing with him at 4 a.m. and was happy to watch the sunrise while he fished. Family was important to both. The couple married in June.

Gwen Downs, a Raleigh, N.C., celebrant who married the couple, has officiated several recent ceremonies for first-time newlyweds in their 40s and 50s. In one case, the man was having surgery and wanted his longtime partner to be his legal next of kin in case something happened to him in the hospital.

First-time groom Grady

sense of gratitude among midlife first-marriage couples. “They know what it means to have waited for love,” she says.

Beth Luchies and Ryan Gnus, the Vancouver Island couple, met online in their mid-30s. They lived three hours away from each other, but got together on weekends to surf (her favorite) and sail (his favorite). Eventually, she moved to Union Bay, where Mr. Gnus lived.

Ms. Luchies was pregnant with their first child when he proposed in 2017 with a ring he had made from his late mother’s diamond engagement ring. They weren’t in a rush and their lives quickly got busier, with their first child and



Kori English and Parker Yost were married by Gwen Downs.

Bowers, 59, of Raleigh, married Holly Garman, in July. He and Ms. Garman, 60, who was divorced and had three children, had been together 17 years and occasionally discussed marriage.

“The only reason we had not done it was that we worried it might mess up a good thing,” says Mr. Bowers. “After a while, that becomes irrational.”

Elisa Chase, international director of the nonprofit Celebrant Foundation and Institute in Montclair, N.J., which teaches and certifies ceremony professionals, says there is often a greater

then a second. Then the pandemic hit.

By the time they married in August, they felt comfortable gathering with family and friends, and all welcomed a chance to celebrate. Their toddler daughter wore a dress made from Ms. Luchies’s grandmother’s wedding gown. Mr. Gnus’s dad was his best man.

After the ceremony, the couple walked down the aisle to John Prine’s “In Spite of Ourselves,” which ends “There won’t be nothin’ but big old hearts / Dancin’ in our eyes. / In spite of ourselves.”



Ryan Gnus and Beth Luchies exchanged vows under a driftwood arch on Vancouver Island.

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ARTS IN REVIEW



By Laurie Olin

CULTURAL COMMENTARY

Frederick Law Olmsted’s Triumph

Central Park is not only a shining example of outdoor design, but also one of the greatest works of American art

The bicentennial of Frederick Law Olmsted’s birth this year stimulates thought about the life and achievements of this great American. While it is difficult, some would say questionable, to compare works of art in different media—paintings with symphonies, sculpture with poetry, buildings with gardens—there are moments when a work of art in one medium trumps all the others, leaving the world, culture and life different thereafter. Examples range from Michelangelo’s Sistine Chapel to Picasso’s “Les Femmes d’Alger.”

Designed by Frederick Law Olmsted and Calvert Vaux just before the Civil War in response to a competition for a new public park in Manhattan, Central Park was the first such park in America, and was their first collaboration. Olmsted and Vaux went on to design dozens of other successful parks and entire park systems such as in Buffalo that were beautiful, like Prospect Park, but none were as revolutionary. It changed the city, initiated the profession of landscape architecture in America, and inspired the invention and construction of parks throughout the country.

Olmsted was an intellectual and managerial genius; for a time an editor and publisher (of Thoreau, Melville and others in Putnam’s Monthly Magazine); a writer, abolitionist and correspondent who documented conditions throughout the South for the New York Daily Times (predecessor to the current New York Times). Those pieces were subsequently published in

several volumes. In addition, he’d sailed before the mast to China and back and farmed in Connecticut and on Staten Island.

Vaux was a sophisticated English architect who had been recruited by Andrew Jackson Downing to assist in his busy practice of estate and garden design located in the Hudson Valley, and with whom he was engaged upon a scheme for the National Mall in Washington when Downing drowned in a boating disaster. Vaux worked on his own until a competition for the design of Central Park occurred; he approached Olmsted—who was directing the work on a dismal earlier design by an engineer for what is now the lower portion of Central Park—to join him in a competition for a new design. What they produced was unprecedented.

Parks have existed since Babylonian times, but consistently were the exclusive realm of a privileged few: kings, popes, czars, powerful landowners and financiers. Since the 17th century, however, private

squares and parks were created to enhance the value and desirability of urban real-estate enterprises in France and England. Following revolutions at the end of the 18th century, some were thrown open to a broader public. Olmsted and Vaux were cognizant of these, as

It changed New York City and initiated the profession of landscape architecture in America.

well as of a recent publicly funded one in Merseyside, England. The park they envisioned, however, was far more ambitious in scope and purpose, a triumph of invention and design, construction, social philosophy and landscape art.

If one could have gone into the neighborhoods of Manhattan in 1857 with a questionnaire to inquire what the citizens needed or

desired, as one might today, one could never have come up with the program and agenda Olmsted developed. It was to be *rus in urbe*—the country brought into the city. Olmsted foresaw the scale of future growth and population of the city. He also believed that fresh air and nature—trees, water, green-sward and sky—were health giving and that a park could contribute enormously to the well-being of the working class that constituted the bulk of the city. One must envision the waterfront bristling with the masts of ships. The chaotic, narrow, dirty and dangerous streets full of horses, mules, wagons and manure. Smoke belching from factories, kitchens and burning trash. People jammed into tenements amid noise and illness.

The plan this duo developed separated vehicles and horses from pedestrians and direct cross-town traffic from miles of circumambulatory carriage drives, bridge trails, paths and walkways. It provided amplitude and a complex assemblage of landscape spaces and

types—open meadows, shady tree-lined promenades, wooded hills, and ravines, boating ponds, streams, picnic groves, pavilions and overlooks. Whereas paintings by Claude Lorrain and John Constable or Olmsted’s contemporaries Frederick Edwin Church and Albert Bierstadt presented images of pastoral, rural and wilderness landscapes to look at, Olmsted with Vaux’s drawings and watercolors produced visions a person could physically enter and spend the afternoon with family and friends. Their invention and artistry purposefully encouraged different social classes to be together in an environment of pleasure and delight. It was shared, open and democratic. It was generous, and aesthetically superb, a work of art that engendered community. (Ironically, this eventual gift to all of New York’s citizens from an outspoken abolitionist was accomplished through eminent domain and the removal of farms, homes and Seneca Village, a community of African-American landowners.)

Riike famously pronounced that the demand art makes is to change one’s life. Another requirement of art is to transcend utility and convey a surplus of sensual or intellectual content—ideally both. Central Park certainly meets these requirements and then some. I can’t think of a single painting or building, poem or sculpture, song or symphony made by anyone in the history of the U.S. that tops Central Park as a greater, more seminal, work of art.

Mr. Olin was the landscape architect for Bryant Park, Columbus Circle, and the Getty Center

DANCE REVIEW

New Offerings On Pointe

By Robert Greskovic

NEW YORK CITY BALLET’S current season at the David H. Koch Theater is dominated by time-tested and duly acclaimed works by the company’s co-founder, George Balanchine (1904-1983). A Balanchine ballet heads each mixed bill, with some programs arranged as “All Balanchine” offerings.

Running through Oct. 16, the season included notable individual performances in its first two weeks, some of them by dancers in first-time roles. “La Sonnambula” (1946, to music by Vittorio Rieti, after themes of Vincenzo Bellini) presented three affecting debuts: a hauntingly urgent and striking Unity Phelan as The Sleepwalker, the eerie narrative ballet’s central figure; a contemplative and elegantly grave Harrison Ball as The Poet; and a smilingly witty and buoyantly athletic Cainan Weber as the work’s Harlequin entertainer.

In one of the few non-Balanchine works on offer, Alexei Ratmansky’s infectiously energetic “Concerto DSCH” (2008, to Dmitri Shostakovich), a daring Sara Mearns, accompanied by her unerr-

ingly strong partner, Tyler Angle, reclaimed their familiar leading roles with punch and panache. Petite Indiana Woodward, making her debut as the work’s spinning and space-eating soloist, did so with breezy finesse.

The troupe’s now familiar Fall Fashion Gala celebrated its 10th anniversary during the run’s second week and honored Sarah Jessica Parker, whose idea it was to pair fashion designers with the choreographers chosen to create dances for the Gala. Two of the three designers selected for this occasion costumed world premieres; the other created new costuming for a 2021 dance by the company’s resident choreographer and artistic advisor, Justin Peck.

The most effective and impressive of the Gala offerings was “Love Letter [on shuffle],” Kyle Abraham’s 40-minute extended suite of choreographic episodes for a cast of 16 dancers set to 10 songs, heard on recording, by James Blake. As he did for Mr.



Unity Phelan in ‘La Sonnambula’

amasses its full cast of nine women and seven men as it keeps setting individual dancers apart. To “Are You In Love?,” for instance, willowy Peter Walker twines with and supports statuesque Emily Kikta. Their limpid duet is distinguished by silken and strikingly released extensions for Ms. Kikta’s eager and expressive legs.

“Play Time,” a 16-minute ballet by Gianna Reisen set to a commissioned composition by singer-songwriter and visual artist Solange Knowles, has costume designs by Alejandro Gómez Palomo for Palomo Spain.

Abraham’s 2018 “The Runaway,” Giles Deacon provided costume designs of striking beauty and shape.

As Mr. Blake’s plaintive, reverberant singing and accompaniments sustain the ballet’s duration, Mr. Deacon’s high-style designs (expertly executed under the supervision of Marc Happel) possess a fanciful air of courtiers from a Velázquez painting, and Dan Scully’s lighting marvels add to the work’s theatrical depth. Animated by Mr. Abraham’s deft and often witty mix of modern-dance articulations and ballet’s academic vocabulary, “Love Letter” variously

The combination feels more like an array of parts than a blend of integrated elements. Ms. Reisen’s often playful and easygoing arrangement of classical steps and posed groupings for her 10-dancer cast feels at odds with Mr. Palomo’s eccentrically boxy, geometric, tailored outfits. Rendered in flat colors and overrun by pinstripes of crystals, the designs look more foreign than friendly to the choreographic moves of the dancers wearing them. Ms. Knowles’s music, for trumpet, piano, bass and drums, lends the ballet a patchy, jazzy atmosphere that feels inci-

dental at best to Ms. Reisen’s dancemaking.

Mr. Peck’s melancholy 2021 “Solo” (to Samuel Barber’s “Adagio for Strings”) is being given as a live premiere following its filmed premiere at last year’s digital Gala. Here, Raf Simons’s costuming for NYCB principal dancer Anthony Huxley gives the 8-minute dance a new look that doesn’t especially enhance the mood that was captured in Sofia Coppola’s film. What was formerly an affectingly introspective dance, performed on an unadorned stage in an empty theater with Mr. Huxley in T-shirt and tights, now becomes a puzzling excursion for its dancer, looking arbitrarily chic in a layered black tunic over red with polka-dot tights, calling to mind a figure from a tarot card.

The Gala bill returns four more times during the season. It opens with Balanchine’s “Symphony in C” (1947, to Georges Bizet), a thrillingly lively four-movement ballet that features a shimmering, luminous second movement. That program will run alongside several all-Balanchine bills as well as others that include isolated show-cases by Jerome Robbins, Mr. Peck and Mr. Ratmansky. In these juxtapositions, the newest works will vie to show their staying power. As it looks now, Mr. Abraham’s “Love Letter [on shuffle]” is making a strong case to remain around for a while.

Mr. Greskovic writes about dance for the Journal.

OPINION

Putin’s Best Weapon: Bidenomics



WONDER LAND
By Daniel Henninger

Shortly after Vladimir Putin invaded Ukraine in February with the intention of bringing it under Russian control, it was clear he had started what would be the biggest war on European soil since World War II.

This big war didn’t become a conventional mass mobilization across many countries. Instead, much of the free world, indeed led by the Biden administration, committed significant arms and money to back Ukraine’s military forces, which quickly resisted the Russian army’s initial strike at the capital city of Kyiv. Sanctions against Russia followed, some at considerable cost to Europe’s economic health.

In a time of economic and security peril, the U.S. has forsaken pro-growth policies.

The West recognized that the Russian invasion wasn’t a replay of previous Putin territorial aggressions but was instead the first movement of an imperial ambition that next would threaten the eastern flank of the North Atlantic Treaty Organization and—immediately obvious to them—Finland and Sweden.

This military-economic modus vivendi has held for almost a year, with Ukraine’s people proving their willingness to be the tip of the world’s spear against Mr. Putin, who in turn has depended on support from a declared anti-Western alliance that in-

cludes China, Iran and North Korea.

The war has reached a tipping point, with Mr. Putin playing tactical-nuclear brinkmanship after Ukraine’s astonishing military this week routed the Russians around the cities of Kherson and Lyman.

Notwithstanding Mr. Putin’s recent defeats and setbacks, it’s possible he could still win without using a tactical nuclear weapon. Deploying a nuke would guarantee an escalation in range and quality of NATO’s military support for Ukraine. But there is another weapon that could wear down the West’s will to continue this necessary fight: a world in recession led by a United States that has forsaken pro-growth economics.

Whether we are heading into a technical recession or stagnant GDP growth between 1% and 2% in 2023 is beside the point. It is time to recognize that spending money on the climate has become such a consuming obsession for the Democratic Party that it is putting at risk the recovery of the U.S. economy and national security.

For the Democrats, saving the planet is World War III, IV and V. No issue or reality, including Mr. Putin’s threat to use tactical nukes in Ukraine, will deter them from demoting every other priority to achieve their climate goals. But the Putin threat—and this week’s firing by North Korea of a ballistic missile across Japan—has pushed climate *über alles* out of the realm of economic forecasts by the Congressional Budget Office and onto the blazing front burner.

Consider the Biden Democrats’ policies of the past two



Russian President Vladimir Putin on Sept. 6.

years. Virtually everything they have done has been targeted at the climate, climate-related infrastructure outlays, increased transfer payments or the half-trillion-dollar student-debt write-off. The pay-fors come primarily through higher taxes. It is difficult to identify any initiative meant to unlock the post-pandemic energies of the broader U.S. economy.

The world’s No. 1 economic issue is inflation. The Democrats just passed the Inflation Reduction Act. Read through the White House fact sheet on the new law and it’s clear that “inflation” was virtually a Trojan horse for pushing through an array of long-sought “clean energy” subsidies and tax credits.

If Europe’s anti-Putin resolve breaks down this winter, it will be because its willingness to oppose the Russian has contributed to destructively high natural-gas prices. Mr. Biden spent the summer blaming high gasoline prices on either Mr. Putin or profiteering U.S. refiners. California Gov. Gavin Newsom wants a windfall profits tax on oil companies. The Biden Democrats’ explicit determination to suppress long-term capital investments in fossil-fuel production ensures a near-term energy and security dilemma for the Europeans.

The invasion of Ukraine forced the Europeans to admit their defense spending finally needed to rise. But with energy prices spiking amid an economic slowdown, the chances of follow-through on this long-sought U.S. goal diminish. The irony is that the European Union has backed away partially from the renewables obsession, recently voting that investment in nuclear power and natural gas is “green.” Which it is.

American financial support for Ukraine has been relatively robust so far, but if the U.S. goes into a protracted downturn, pressures will build on both the political left and right for spending “limited resources” on domestic needs. Mr. Putin’s nuclear aggression already has Elon Musk tweeting concern about the “great harm” Ukraine’s recent victories may do.

Competing priorities are inevitable, but we proved with the pro-growth policies of the 1980s that they are manageable if the world’s strongest economy leads by maxing out its potential.

Mr. Putin’s advisers can see the evidence that America’s liberals have become wholly transfixed by spending on climate, with little prospect of any significant U.S. pro-growth policies for two more years. They see that Mr. Biden has outsourced responsibility for the economy’s health to the Federal Reserve, whose only viable policy lever now is high interest rates.

If you’re Vladimir Putin, connect the dots: Your most potent weapon isn’t a battlefield nuke. It’s Bidenomics.

Write henninger@wsj.com.

Will the Senate Turn Red in November?

By Karl Rove

Senate races are different from other midterm contests: Only a third of Senate seats are up every two years, so generally one party has more to defend than the other. There are 21 Republican seats and only 14 Democratic ones up this year.

Republicans benefit from Americans’ dissatisfaction with the status quo. Only 27% think the U.S. is headed in the right direction, while 66% think it’s on the wrong track, according to Wednesday’s RealClearPolitics average. It helps that the issues the GOP is good on—the economy, inflation and crime—are dominant. President Biden’s 43% approval rating gives them a boost. President Obama’s was at 46% in 2010 and 42% in November 2014. The Republicans gained Senate seats in both those midterms.

The power of incumbency helps Republicans in Wisconsin and Florida and Democrats in Arizona, Georgia and Nevada. But in this highly polarized environment, the party that carried the state in the last presidential election may matter more.

This complicates life for both parties. While Republicans are defending open seats in North Carolina and Ohio and Sen. Marco Rubio in Florida—states Mr. Trump carried—they’re also defending an open Pennsylvania seat and Sen. Ron Johnson in Wisconsin. Mr. Biden won both, albeit by 1.17 and 0.63 percentage

points, respectively.

While none of the Democratic seats up for election are in Trump states, three are in states Mr. Biden barely carried: Arizona (he won by 0.31%), Georgia (0.23%) and Nevada (2.39%). Even a modest swing from the presidential election would help Republicans hold their two at-risk seats and flip up to three Democratic ones.

The GOP is defending more seats, but races are turning in their favor. Stay tuned.

What’s the likelihood of such a swing? In the last four midterms, on average the electorate shifted 4% nationally from the presidential election toward the party out of power—exit polls show a 2-point swing to Democrats in 2006, a 7-point swing to the GOP in both 2010 and 2014, and no swing toward Democrats in 2018. If Mr. Biden’s numbers are any indication, Republicans may get the swing they need.

Democratic money may help mitigate this. According to Open Secrets, a group tracking campaign funds, the party had \$1.3 billion in late September to the GOP’s \$1.1 billion. Democrats had an even larger financial edge going into the summer, which they spent on positive ads. Republicans, meanwhile, were

often stuck in expensive primaries. Despite Democrats’ money, however, races are now turning toward the GOP as Republican candidates and groups boost their spending, the coverage of the Mar-a-Lago search fades, and voters refocus on inflation, jobs and crime.

Republicans are increasingly confident about Wisconsin and Pennsylvania. Five of the last six polls have Mr. Johnson ahead of Lt. Gov. Mandela Barnes. They’re tied in the sixth. In Pennsylvania, Mehmet Oz is closing on Lt. Gov. John Fetterman, causing the Cook Report to shift the race to a “toss-up.” Both Republicans have risen by focusing on their opponents’ extreme views, especially on crime.

Republican J.D. Vance should hang on in Ohio, bolstered by \$35 million in outside spending. (Disclosure: I’m a volunteer adviser to the super PAC doing the spending.) Meanwhile, Democrats are failing to spend the sums needed to contest North Carolina and Florida.

The GOP’s best pickup opportunities are Adam Laxalt in Nevada, who’s led in all five September polls, and Herschel Walker in Georgia, who’s been virtually tied with his opponent since late August. (Let’s see if his enormous reservoir of goodwill holds after the latest allegation.) Both are helped by strong GOP gubernatorial candidates.

Republicans Joe O’Dea in Colorado and Tiffany Smiley in Washington state are terrific

candidates running in challenging territory. If they keep at it and the midterm swing is big enough, they may pull off a November surprise. Arizona’s Blake Masters could be a contender too if he receives financial help from Mr. Trump or tech billionaire Peter Thiel, his former employer.

The four most critical contests are the GOP defense of Wisconsin and Pennsylvania and the Republican offense in Nevada and Georgia. To win, the GOP candidates don’t need to be the most popular, just more in tune with what voters care about. Victory depends on raising the negatives of Democrats on vital issues. Polls say that’s happening. But is there enough time and sufficient resources to get the job done? And who feels truly confident in the polls? Anyone?

The three most plausible scenarios are a 50-50 Senate, 51-49 Republican or 51-49 Democrat. A 52-48 Senate either way is possible but unlikely. My gut tells me the GOP will prevail 51-49 because of the political climate, issues and midterm swing. That may be my natural optimism, but then again, it’s tempered by my Norwegian heritage. Key races are still up in the air. The next 4½ weeks will be rocky, and Nov. 8 a long night.

Mr. Rove helped organize the political-action committee American Crossroads and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).

You Can’t Build Roads Without Oil

By Jacob R. Borden

The Infrastructure Investment and Jobs Act of 2021 allocates \$110 billion to build and repair roads and bridges. The Inflation Reduction Act of 2022 spends hundreds of billions on renewable energy, with the ultimate goal of eliminating fossil fuels. But how are we going to build roads without oil?

According to Federal Highway Administration data, 94% of U.S. road miles are paved with asphalt, which constitutes the bottom of the bottom of the oil barrel. We don’t refine oil merely to make asphalt. It’s a byproduct left behind in the process of making fuel. And it isn’t the only one.

While 70% by volume of each barrel of oil is used for combustion, the other 30% materially contributes to almost every consumer product on the shelf. Petroleum coke is a main source for the anodes used in aluminum smelting,

Where does the Biden administration think asphalt comes from?

which requires about 40 pounds of coke for every 100 pounds of aluminum. The same goes for BTX, which stands for benzene, toluene and xylene. BTX is the refinery stream used to make the poly-

mers, plastics, resins and solvents that contribute to everything from the sheath on electrical wires and cell-phones, to catheters, IV bags and pill casings. Except for jeans and wool suits, almost all clothing is at least partly synthetic.

If we stop using oil to make gasoline, diesel and jet fuel, we also won’t be using oil to make the other stuff that comes from the barrel, like asphalt. Using 70% of the barrel for fuel subsidizes all the products made from the other 30%.

Thus those who demand a transition away from fossil fuels need to account not only for the resources to make and power electric cars but also for replacing the portion of

the barrel that makes society modern. When we speak of material wealth, we largely mean materials composed from the unburned portion of each barrel.

Humanity can’t be separated from its hubris, and that’s not all bad. Hubris, and hydrocarbons, took us to the moon and back. But it’s beyond hubris to believe that modern marvels that pass as everyday objects, developed with the guide of an invisible hand, can seamlessly be replaced through collective will alone.

Mr. Borden is an associate professor of chemical and bioprocess engineering at Trine University.

BOOKSHELF | By Scott Gottlieb

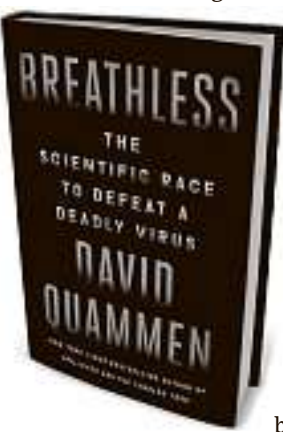
In Pursuit Of a Pathogen

Breathless

By David Quammen
(Simon & Schuster, 406 pages, \$28.99)

The first publication of the full genetic sequence of the SARS-CoV-2 virus, and with it evidence that the novel pathogen bore dangerous features, was revealed when a Chinese scientist, Yong-Zhen Zhang of Fudan University in Shanghai, went rogue. It was Jan. 10, 2020, and the Chinese government was said to have already issued a secret order that forbade labs to publish such data. Mr. Zhang called his Australian collaborator, the British evolutionary biologist Edward Holmes, and instructed Mr. Holmes to publish the sequence online.

This would become a widely accepted narrative—seemingly the first in a string of troubling instances in which the Chinese government slowed the release of key information about Covid-19. According to David Quammen, though, the account is wrong. He asserts instead that on Jan. 9—that is, one day earlier—the full sequence had been uploaded to Gisaïd, a global genomic database. It had been posted there by the director of the Chinese Center for Disease Control and Prevention acting in coordination with the World Health Organization. Nobody noticed the first posting; everyone saw the second one.



This revealing detail is one of many tucked into “Breathless: The Scientific Race to Defeat a Deadly Virus.” Three years into the pandemic, Mr. Quammen, a prolific science journalist and author, uncovers all sorts of details about the efforts to investigate the spread of Covid and discern the features that made it so menacing. “Breathless” is not a political book and touches only briefly on the failures of insti-

tutions and leaders to mount an adequate response to the pandemic. Instead, it is an engagingly written chronicle of scientific inquiry. Along the way, Mr. Quammen introduces us to important researchers who, until now, have been largely unknown.

One is Matt Wong, a bioinformatics expert who was part of a team at Baylor University. That team was the first to discover that a critical part of the virus, the receptor-binding domain—the element that the virus uses to latch onto the cells in our lungs—was similar to that of a presumably different coronavirus strain, one that had been found in March 2019 in a group of sick pangolins at the Guangdong Wildlife Rescue Center. In China, the meat of these scaly mammals can be a delicacy, and the pangolins were being rescued from an illegal trafficking operation. For those who argue that the virus’s origin was a so-called spillover event, Mr. Wong’s finding was evidence that Covid’s novel features didn’t have to be engineered in a lab, because they already existed in nature.

Mr. Quammen devotes considerable time to exploring the efforts to pinpoint the virus’s origin. Ultimately he concludes that Covid jumped from one species to another and entered the human population. He has plenty of expertise on that process, having explored it closely in “Spillover: Animal Infections and the Next Human Pandemic” (2012). Even so, he acknowledges that critical questions remain unanswered, and although he says it is far less likely, the pandemic could have been the result of a lab accident.

A central actor in the lab-leak scenario is the Wuhan Institute of Virology and the head of its Center for Emerging Infectious Diseases, Shi Zhengli, a virologist. She denies having had a virus like SARS-CoV-2 in her possession. Mr. Quammen knows Ms. Shi personally and relates detailed conversations he had with her, admitting that he takes her representations at face value.

The Chinese claim that the Covid virus arrived in China on frozen food shipped from the U.S. or Europe. Other theories are more plausible.

Chinese officials, for their part, put forward a third narrative, claiming that the virus arrived in China on frozen food shipped from the U.S. or Europe. “If the world could be persuaded that the virus reached Wuhan in a package of frozen halibut imported from Greenland,” Mr. Quammen writes, “. . . no one was to blame.” Such an explanation seeks to absolve China’s vast trade in illegal animals and their sale in crowded food markets, where Mr. Quammen believes the spillover occurred. In medicine we say that common things are common. It’s a variation on Occam’s Razor, a reminder to doctors not to hunt for some arcane cause of a disease when a patient’s symptoms point to an obvious conclusion. Spillover events have become frighteningly common.

That said, Mr. Quammen’s chronicle, with its emphasis on scientific inquiry, doesn’t recount the national-security reporting that can be used to buttress the lab-leak theory. We now know that scientists at the Wuhan Institute were performing research on coronaviruses by infecting animals whose immune systems had been engineered to resemble that of humans—a line of research that could have helped a virus adapt to infect people. We know that there was an outbreak of a flu-like illness at the institute in the fall of 2019, around the time the virus is believed to have made its jump to humans. We know that scientists at the Wuhan Institute conducted research on novel coronaviruses in labs that took only basic precautions to guard against spread outside the lab. And Ms. Shi never disclosed to the World Health Organization the full sequences of the viruses she had in her possession. We don’t know, for example, if the Wuhan Institute had the strain found in the pangolins in March 2019.

The search for Covid’s origin seems to have stalled, which is lamentable. If the pandemic “came to humans by way of some direct, catastrophically unfortunate interaction with wild animals,” as Mr. Quammen believes, there’s much we can do to lower the risks of it happening again. If it came from a lab accident, we can tighten the procedures for handling novel respiratory pathogens in research settings. For now we are left with a battle of competing narratives—with just enough facts to support everyone’s preferred conclusion. There is a “very important reality about science,” Mr. Quammen wisely writes. “It’s a rational process leading toward ever-clearer understanding of the material world, but it’s also an activity performed by humans.”

Dr. Gottlieb, a senior fellow at the American Enterprise Institute, is the author of “Uncontrolled Spread: Why Covid-19 Crushed Us and How We Can Defeat the Next Pandemic.” He serves on the boards of Pfizer and Illumina.

OPINION

REVIEW & OUTLOOK

The Climate Censorship Campaign

Elon Musk said this week he'll buy Twitter after all, and the hopeful view for on-line speech is that his rockets-and-flamethrowers heterodoxy might be an answer for what ails social media. He won't have it easy. On Tuesday more than a dozen environmental outfits, including Greenpeace and the Union of Concerned Scientists, wrote to the big tech companies to blame them for "amplifying and perpetuating climate disinformation."

What the letter asks for sounds modest, but the implication is clear. The Digital Services Act recently enacted by the European Union includes transparency rules, and the green groups want Silicon Valley "to commit to including climate disinformation as a separately-acknowledged category in its reporting and content moderation policies in and outside of the EU." Then they could proceed to complain that the tech giants aren't doing enough censoring.

The letter was directed to Twitter, Facebook, Google and YouTube, TikTok and Pinterest. At least the public can read it. How much of this lobbying goes on behind the scenes?

"We partnered with Google," Melissa Fleming, the communications undersecretary for the United Nations, told a panel last month. "If you Google 'climate change,' at the top of your search, you will get all kinds of UN resources. We started this partnership when we were shocked to see that when we Googled 'climate change,' we were getting incredibly distorted information right at the top."

Huh. Who else has "partnered" with Silicon Valley? It is hardly fake news, to pick a phrase, to point out that the internet is full of bad information. Amid the pandemic, Facebook worked with the Centers for Disease Control and Prevention to fact-check claims that Covid-19 vaccines might cause "magnetism" or "alter blood color." Twitter asked the CDC if it could flag "examples of fraud—such as fraudulent covid cures, fraudulent vaccines cards."

Yet it was also initially dismissed as tinfoil-hat lunacy to wonder if the Covid-19 virus might have

leaked from a Chinese laboratory. Shortly thereafter, experts with scientific standing acknowledged that as a real possibility to be discussed in earnest. It's a bad sign when one side of a political debate demands to cut off the microphones of the people on the other—and the tech censors these days are almost uniformly progressives.

On climate change, the disinformation tag gets liberally applied even to people who agree that it's real, caused by fossil fuels, and a problem . . . but who also think humanity can adapt, apocalyptic predictions are overwrought, or subsidies for green energy are a poor investment.

"We need the tech companies to really jump in," White House climate adviser Gina McCarthy said this summer. Dissent has shifted from climate-change "denial" to "the values of solar energy, the values of wind energy," she continued, but "that is equally dangerous to denial."

In other words, censorship must increase the more the public resists the climate lobby's preferred solutions. If Gina McCarthy's ideas lose a debate, the cause must be "disinformation." With statements like that from White House bigs, is it any wonder that skeptics of big tech's power are gaining ground?

The left increasingly wants Silicon Valley to deploy its mute buttons as a way to stifle opposition, especially on climate. If the platforms give in, they'll be begging the next Republican Congress to rewrite the liability shield under Section 230. Sen. Josh Hawley proposed a bill in 2019 to make internet sites get a federal certificate proving lack of bias. This is a bad idea, but one that the continuing censorship push is doing its best to popularize.

Which brings us back to Mr. Musk, assuming his Twitter purchase goes through. His plans for the social site are far from clear, but he has spoken or tweeted in the past that Twitter should be the modern town square and should be an "inclusive arena for free speech." A good place to send that message would be to shut down the climate censors.

The left is demanding that social media shut down political debate.

LETTERS TO THE EDITOR

Judge Silberman's Last Speech Was on Target

We Dartmouth students who witnessed Judge Laurence Silberman's address were conservatives and few in number ("Notable & Quotable: Silberman on Free Speech," Oct. 1). Unfortunately, the students who needed to hear his powerful valorization, and example, of free speech weren't present.

Judge Silberman suggested that a recent incident at Yale Law School had a more distressing component than student intolerance: the feeble response of the administration. It was along these lines—in his criticism of Ivy League administrations—that the judge's remarks were most penetrating.

In his audience were Dartmouth President Philip Hanlon, professors and administrators, who doubtless

expected an innocuous Constitution talk and whom the judge instead criticized directly and bitingly for indulging woke intolerance. It is they, in my view, who most needed to hear Judge Silberman's remarks, and that they did.

Judge Silberman's last public address was forceful and memorable. He gave Dartmouth's administration a much-needed talking-to about pandering to the woke. In the question-and-answer period afterward, he ridiculed the notion that the shouts of protesters seeking to shut down speakers and events are speech deserving of protection, calling it a "reductio ad absurdum." Unflappable and erudite, he will be missed.

MATTHEW SKROD
Hanover, N.H.

Conservatives, Relearn the Case for Free Trade

After reading Jeb Hensarling's op-ed "GOP Needs to Leave Trump Behind on Trade" (Oct. 3), I realized how much I miss having this fine congressman in office. A devotion to free trade and free-market principles attracted me to the Republican Party 50 years ago. I left the party to become an independent voter in 2015. Your readers will find it easy to do the math.

DONNA B. HUROWITZ
San Francisco

Kudos to former Rep. Hensarling for his rousing defense of open trade as a key economic driver of the greatest economy on earth. A dynamic economy featuring cutting-edge innovation is key to keeping this country out front. As longtime advocates for U.S. consuming industries, we've seen the damage to innovation from unnecessary and excessive government restrictions on trade.

While we agree that national security may trump universal open markets in some instances, that card has been played far too often. The steel

and aluminum tariffs have spawned, as Mr. Hensarling points out, the "deep state" arbitrariness that Republicans once complained about. Tariffs are the most regressive taxes of all, hurting especially those Americans with limited means.

These days, "conservative" too often means preserving producers that are declining in competitiveness. If we want to manufacture more, a dynamic and innovative economy is the way to do it. Instead, high tariffs skew rewards to those companies that are loath to keep pace with change.

LEWIS LEIBOWITZ AND PAUL NATHANSON
Washington

Mr. Leibowitz is counsel at Consuming Industries Trade Action Coalition. Mr. Nathanson is executive director of Coalition of American Metal Manufacturers and Users.

The title of Mr. Hensarling's op-ed "GOP Needs to Leave Trump Behind on Trade" is two words too long.

ANDREW GOLDFARB
San Francisco

Gavin Newsom's Stealth Tax Increase

It's hard to keep track of the bad policy emanating from California nowadays, and maybe that's what Gov. Gavin Newsom was hoping when he signed legislation on Friday that raises the top marginal income-tax rate on the sly. High earners won't know what hit them until it does.

The bill funds an expansion of the state's paid family leave benefit by removing the \$145,600 wage ceiling on the state's 1.1% employee payroll tax. Workers can currently receive a 60% to 70% wage replacement to take up to eight weeks off to care for a new baby or sick family member. Starting in 2025, they will be eligible for between 70% and 90% of wages, more for lower earners.

The 1.1% payroll tax had been limited to \$145,600 in wages since benefits are capped at \$1,540 a week. That means high earners don't receive a commensurately larger benefit. But in progressive fashion, Democrats are removing the tax ceiling and dunning higher earners to pay for a benefit expansion that will mainly benefit lower earners.

The state quietly raises the marginal income tax rate to 14.4% in 2024.

This means that in 2024 California's top marginal tax rate will increase to 14.4% from 13.3% for workers making more than \$1 million.

Those making between \$61,214 and \$312,686 would pay 10.4%. So California's upper-middle class will pay more than millionaires in almost every state save New York, New Jersey and Hawaii.

It gets worse. The state Employment Development Department says this tax increase "would not offset the additional benefit payments over time." Under current law, the department can raise the payroll tax up to 1.5% to keep the special fund solvent. That means the tax could increase to 1.5% in coming years, and the Legislature may raise it even more when the taxes don't match the generous leave benefit. You can count on that happening.

No-income-tax Florida and Texas are looking better all the time. So is Arizona, which is phasing in a 2.5% flat tax. Californians increasingly have to worry about getting mugged when they walk down city streets. Now the state is pick-pocketing them too.

The Saudis Snub Biden Again

As diplomatic humiliations go, it's hard to top Wednesday's decision by Saudi Arabia and its OPEC+ allies to cut oil production by two million barrels a day despite U.S. entreaties and a looming global recession.

News broke over the weekend that OPEC and its allies, including Russia, were contemplating cutting their production targets by one million barrels a day at their meeting this week. They want higher prices, and the prospect that this means rising gasoline prices before the November election sent the White House into overdrive.

CNN reported that senior Biden officials lobbied the Saudis, Kuwait and the United Arab Emirates to oppose the production cuts. According to CNN, draft White House talking points for Treasury Secretary Janet Yellen suggested that she inform our Mideast allies that "There is great political risk to your reputation and relations with the United States and the west if you move forward."

The talking points also explained that production cuts would be a "total disaster." A White House official told CNN "it's important everyone is aware of just how high the stakes are." The stakes certainly are high for the Biden Administration, which has claimed credit for this summer's decline in gasoline prices.

The Saudis heard all this—and then raised their production cuts by an additional million barrels a day. They don't seem to think risking relations with the U.S. is all that big a deal. And they put friendly relations with Russia above their "reputation" in the U.S.

The White House reacted in a statement on Wednesday—from national security adviser Jake Sullivan and economic adviser Brian Deese—by calling the production cuts "shortsighted." The statement also said the decision is "a reminder of why it is so critical that the United States re-

duce its reliance on fossil fuels."

Do these people know how preposterous they sound? No American President has done more to make the U.S. more dependent on foreign energy than Mr. Biden has in less than two years. He came into office promising to slash U.S. oil and gas production, and his regulators and the Democratic Congress are doing everything they can to make drilling difficult and investment non-economic.

Mr. Biden called Saudi Arabia a "pariah" during the 2020 campaign, delayed a planned arms shipment, and continues to pursue a nuclear deal with Iran that would give the Saudis' main enemy hundreds of billions of dollars to promote terrorism and other trouble. The President had to go hat in hand to the Saudi Crown Prince in July to ask for more oil production, and all he got was a lousy fist bump.

Oil prices have been rising since Monday amid news of the OPEC productions cuts, and those cuts will flow into pump prices for U.S. consumers. Brent crude is back above \$93 a barrel, and OPEC seems to want the price to go above \$100. That will finance Russia's war in Ukraine and help the domestic finances of the Arab governments.

The Biden White House has tried every gimmick to lower gas prices other than the one that would really matter: Call off its political and regulatory campaign against American oil and gas production. A statement from Mr. Biden to that effect would spur more production immediately in the Permian Basin and encourage new investment.

But the Administration won't do it because it is too afraid of, or shares the beliefs of, the climate left that wants to ban fossil fuels. That's the definition of "shortsighted," and it leads to humiliations like the one Wednesday and higher prices for American families.

OPEC+ hears U.S. pleas and doubles its oil production cuts.

Attorneys General Respond on Litigation Fund

The National Association of Attorneys General, or NAAG, doesn't have a \$280 million litigation fund ("The \$280 Million Attorneys General Fund," Review & Outlook, Aug. 27). Bipartisan committees of AGs oversee two basic funds, the Financial Services Fund and the Volkswagen Fund, that provide grants for litigation assistance, such as experts and discovery expenses. The funds usually contain \$10 million to \$20 million, with half committed but not used.

The Financial Services Fund has made 13 grants in the past five years, eight of them to support litigation against companies that contributed to the opioid crisis. All AGs joined opioid cases. Around 70% of the total

money granted went toward opioid cases. The VW Fund has made 15 litigation grants in the last five years. The Google antitrust cases constitute a third of the grants.

Grants to opioid and Google litigation far exceed any others. The grants at the next tier include litigation against Facebook, generic drug companies and Juul. In all five of these cases, all or almost all AGs are involved. Other cases funded include two major automobile cases, a tech-tracking case and a case involving a consumer product. All these cases include fundamental issues for attorneys general and have had a large number of Republicans and Democrats, sometimes all 50 states, participating.

There is nothing untoward going on here—just attorneys general getting assistance in fulfilling their work and responsibilities.

TOM MILLER
Des Moines, Iowa

Mr. Miller is attorney general of Iowa and president of NAAG.

The Success Stories Left Out Of 'Ethnic Studies' Courses

I am a third-generation Italic-American whose story is never the basis of an AP course ("In Defense of AP African-American Studies," Letters, Oct. 3). My great-grandparents came to America from a small mountain village in southern Italy and became millionaires in the context of American freedoms. Why not a course in Italian-, Jewish- and Irish-American journeys in the country's free, open and competitive marketplace?

My great-grandparents couldn't own property, or even an animal, enslaved by Spanish kings who owned them. America was their salvation. The Paterno family built 164 buildings in New York, donated the Casa Italiana to Columbia University, and sat on New York's board of education. Only in America! Why not the Paterno story as a College Board course?

JAMES DEGEROME, M.D.
Lantana, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



"We need a new 'yes' man. The one we had said 'maybe' too often."

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OPINION

Ukraine Needs a Guarantee From NATO

By Andrew A. Michta

European Commission President Ursula von der Leyen has expressed optimism in recent weeks about Ukraine's progress toward membership in the European Union. While such prospects are important to the country's postwar reconstruction, they are secondary to questions concerning its security, sovereignty and survival. On that score, however, Ms. von der Leyen and other European leaders have been largely quiet. To confront those matters would force them to entertain a more consequential development—namely, Ukrainian membership in the North Atlantic Treaty Organization.

The focus on membership in the EU looks like a way of avoiding hard security questions facing the West.

Ukraine is a midsize power targeted by a nuclear-armed neighbor. No amount of institutional reform will change that grim reality. Europeans are wasting valuable time by focusing primarily on Ukraine's accession to the EU instead of pushing for a debate about how to bring the country into NATO—or at least how to ensure its security short of full membership.

Such deliberations are necessary because the future of NATO depends on what happens in Ukraine. With few exceptions, member states have significantly disarmed since the end of the Cold War. At present, it would take at least a decade to restore a semblance of real military power across the Continent. Ukraine arguably has Europe's strongest military with combat-tested soldiers and a proven ability to operate jointly against the Russian military even without all the necessary weapons and equipment.

Brussels' focus on Ukraine joining the EU increasingly looks like a way of avoiding hard security questions confronting the West. To remain viable, institutions need to reflect the power realities on the ground. If they don't, they become irrelevant—no matter how many senior meetings they convene, or how many declarations they publish.

NATO has been on autopilot for the past three decades because the threat environment no longer required it to be the premier vehicle for collective Western defense. That has changed significantly since February. According to its new "strategic concept," unveiled at its June summit in Madrid, the alliance is back in the business of deterrence and defense. How, then, can it not join arms with the one country on the forefront of the fight?

NATO leaders didn't worry about alienating Moscow in 1955, when West Germany joined the alliance a decade after World War II. They understood Germany was essential to deterrence and defense in Europe. The same dynamic applies today, as Ukraine stands in the doorway, preventing a Russian intruder from entering Europe.

Until and unless European governments have a serious conversation about what path they can offer Ukraine to become an integral part of NATO's defensive perimeter—if not of the alliance itself—we will be talking about secondary issues, avoiding the principal challenge staring us in the face.

Mr. Michta is dean of the College of International and Security Studies at the George C. Marshall European Center for Security Studies in Garmisch, Germany, and a nonresident senior fellow at the Atlantic Council's Scowcroft Center for Strategy and Security.

By Jason Furman

A growing chorus is urging the Federal Reserve to slow down lest it "break things." If you're paying attention, you should be nervous about growing financial strains in the U.S. and around the world. But the underlying U.S. inflation rate is worse and employment is stronger than they were when the Fed announced the tapering of asset purchases in November 2021. Until there has been tangible progress on inflation, not mere wishful forecasts, the Fed shouldn't let up—a process that could easily take the federal-funds rate above 5% next year.

Those urging the Fed to slow down make four reasonable but unconvincing arguments. The first is that monetary policy works with long and variable lags. Let the medicine that has already been administered do its work before continuing to step up the dosage. One issue with this view is that two-thirds of the tightening, as measured by the Goldman Sachs financial conditions index, actually happened more than five months ago. A lot of tightening is already working, and it isn't doing enough.

More important, in the past three months the Fed's preferred price index measure, core personal-consumption expenditures or PCE, has risen at a 5% annual rate. More troubling, this rate was held down by volatile technical factors like the large decline in the imputed price of investment advice, a component of the index even though no one actually pays it, that resulted from declining asset values. The more reliable median PCE price index grew at a 6.9% annual rate over that same time. Both of these are higher than where they were when Chairman Jerome Powell made his first pivot in November 2021.

Inflation has persisted and strengthened even though many of the factors that were supposedly pushing it up have gotten better, including rapidly repairing supply chains, ample inventories, rising labor-force participation, falling energy prices, and an economy that is increasingly less affected by Covid.



DAVID GOTHARD

Optimists point to signs that inflation will moderate. The latest signal is the large decline in job openings, but there are also falling home prices, falling shipping costs, falling commodity prices, employer surveys projecting slower wage gains, and falling inflation expectations. Even with recent improvement, however, labor markets are still much tighter than at any point before the pandemic, and many of the other frequently cited factors have only a

The arguments for the Fed to back off its inflation-fighting path are all unpersuasive.

small or uncertain relationship to inflation. Many other signs go in the opposite direction, including that certain special factors holding down inflation—like imputed investment-advice fees—are unlikely to continue to do so. Wage inflation has picked up over the course of the year, and rent on existing leases remains well below rent on new leases.

The second argument for slowing or stopping is the cost of doing too much—plunging the economy into an unnecessary recession. This, too, is

reasonable—but there are also substantial risks associated with doing too little. If inflation or inflation expectations drift up, the cost of addressing the problem will increase. The cost that the economy is facing today is in part the result of doing too little last year. It would be a shame to continue the same mistake.

The third argument is that the Federal Reserve is "breaking" financial markets. Stresses have emerged everywhere. Stock markets are down, the dollar is strong, and liquidity is drying up in credit markets. Most of this, however, is consistent with what the central bank is trying to achieve. A stronger dollar lowers import prices and slows the export sector. Higher interest rates slow business and household borrowing. Lower equity prices reduce consumption. These aren't the unintended credit-market problems of fall 2019. What's happening now is largely what the Fed intends and is needed to slow demand and bring down inflation.

Unrealistically upbeat expectations are themselves the biggest risk to financial markets. The market rally in the first part of August felt good but was based on an overly rosy understanding of the economy and the Fed's responses to it. Those expectations collided with reality in the form of Mr. Powell's Jackson Hole speech and the August inflation data. Markets now

seem to be pricing in inflation of about 2% next year, leaving them open to a large one-sided risk of inflation remaining above that rate. Much better for the Fed to prepare markets for the worst with expectations of higher interest rates that it can relax if and when the data show inflation moderating.

The final argument is that the strong dollar and high U.S. interest rates are wreaking havoc around the world, exporting inflation, forcing countries to raise their own interest

rates more than they might like, and leading to capital outflows. These conditions make debt repayments by emerging and developing economies more difficult. All of this has a certain amount of unfortunate truth to it, although it shouldn't be exaggerated. The problems most countries face flow from their own domestic policies and high commodity prices, especially natural gas in Europe. More important, the Fed's mandate is to focus on the U.S. economy, not the global economy. The reality is that the world's problems are unlikely to spill back on the U.S. in an unwelcome manner, especially when our central goal is cooling demand.

The Fed should be looking around every corner. It should be worried about the state of the global economy. But for now the data are telling a crystal clear and consistent story: Very tight labor markets are keeping inflation well above the Fed's target. Until actual inflation starts coming down, the Federal Reserve shouldn't even consider changing course. Fortunately, the Fed is acting more wisely than its legions of critics.

Mr. Furman, a professor of the practice of economic policy at Harvard University, was chairman of the White House Council of Economic Advisers, 2013-17.

California Takes the FAST Union Track to Europe

By Michael J. Lotito
And Michael Saltsman

Twenty-first century American labor relations are starting to look like they belong in 20th-century Europe. Labor leaders, including Service Employees International Union President Mary Kay Henry, are endorsing sectoral bargaining, a type of collective bargaining that imposes standards across industries—rather than company by company—for workplace conditions, benefits and wages.

Ms. Henry calls sectoral bargaining the "standard practice" in European countries, advocating its use in the U.S. But as currently envisioned in California, this strategy constitutes a dangerous overreach of state interference across U.S. industries.

Sectoral bargaining is on display in California's recently passed FAST Recovery Act, which the SEIU developed and lobbied for. The act empowers a council of political appointees to set wages and working conditions for the quick-service restaurant industry. Regulations enacted by the council can supersede state laws and rules from state regulatory bodies, effectively imposing a collective bargaining agreement on the entire industry.

Collective bargaining in the U.S. historically has been confined to the company level. Established by the National Labor Relations Act, this system allows unions to call for a representation election after achieving a 30% demonstrated interest within a targeted store, plant or other unit. The union exclusively represents employees if the majority of those present vote in favor of joining in a secret ballot election.

In the face of declining membership, union leaders have long chafed at this system, finding it arduous and time-consuming. They advocate different schemes to speed the process,

most notably the elimination of secret-ballot votes. This would put pressure on workers to vote in favor of unionization.

Sectoral bargaining is an escalation with even broader implications. As envisioned in California, unions and their allies would effectively control the regulatory levers for a targeted industry. Unions in California already use ambiguous laws to attack employers and justify the need for union interference. This new council would offer endless new opportunities to create legal liability and bad press for targeted companies.

Surprisingly, European countries often provide greater freedom to employees and employers alike in their bargaining schemes. A U.S. Chamber of Commerce report reviewed the sectoral bargaining systems of several European countries, including Denmark, France, Germany, Italy and the Netherlands. They share key features: Employees typically aren't required to join the union; the government is rarely involved in the bargaining; and sectoral agreements don't necessarily prevent workplace-level bargaining.

Consider the German model. Sector-wide agreements on wages and working conditions are negotiated

on the national and regional level between labor unions and employer associations. Separate work councils can address items not covered in a sectoral agreement.

Unlike California, the state isn't typically involved in the deal. And the agreements aren't handcuffs. As the chamber notes, "Employers can avoid being bound by a sectoral

U.S. labor leaders now want government to impose industrywide collective bargaining.

agreement by refusing to join the employer association, and employees can avoid the agreement by refusing to join the union."

Many do. German employees and employers are voting with their feet and running away from sectoral bargaining. According to a recent report from the International Center for Law and Economics (which was supported by a German law firm affiliated with Mr. Lotito's employer), the percentage of employees covered by a sectoral agreement in western and eastern Germany has plummeted over the

past quarter-century by 25 and 24 percentage points, respectively.

The ICLE authors detail some of the reasons for the contraction: Sectoral agreements are inflexible; they saddle companies with complex work rules; and they require "uniform compensation" regardless of an employee's work performance. This means that employees and employers are avoiding union-negotiated agreements in Germany for the same reasons they are avoiding these agreements in the U.S.

SEIU and its labor allies have no intention of providing U.S. employers with the opt-out freedoms that their German counterparts have. California's FAST Recovery Act provides the state labor commissioner with the power to investigate and cite companies that don't follow the fast-food council's dictates. That makes the SEIU's scheme looks less like German-style sectoral bargaining and more like a Venezuelan-style government takeover of a disfavored industry.

Mr. Lotito is a lawyer who advises companies on the intersection of labor law, public policy and communications. Mr. Saltsman is managing director of the Employment Policies Institute.

Save Time and Still Watch Football

By Mark Naida

From August until well into the new year, football eats up the weekend. It's a common lament that, once the season starts, wives can't expect much from their husbands after noon on Saturday and Sunday.

Football, despite the fitness of its players, is a flabby sport. The average professional game is more than three hours long, but the ball is in play for only about 11 minutes. As columnist George Will once quipped, "Football combines the two worst things about America: it is violence punctuated by committee meetings." Most of what you see is players spending 40 seconds preparing for the next play, commentators discussing what has just occurred, and commercials. There is a more efficient way to consume football.

I sate my football addiction by watching highlights of most of the week's games on YouTube shortly after each concludes. The National Football League helpfully cuts together the important plays into nine- to 15-minute videos and posts them within a half hour after the game ends.

The summaries don't offer the prognostications of Tony Romo, the folksy sayings of Chris Collinsworth or the mellifluous story-telling of Al Michaels, but they do show football plainly for what it is: a long game with intense bursts of action that requires highly skilled commentators to make it enjoyable for the average viewer. The die-hard

Delight your family by seeing all the good parts of a game in a nine- to 15-minute NFL video.

fans who are willing to while away their weekends in front of their televisions aren't average viewers. They can easily follow the game and understand the stakes by seeing only the important plays.

This method of football viewing also can remedy the fantasy-football problem. In fantasy football, which more than 40 million Americans play, each roster is made up of NFL players from different teams. Fantasy players have a reason to watch most games, if only to see

whether their tight end catches a touchdown. By watching the YouTube recaps, fantasy players can see their rosters score, though admittedly without the excitement of watching in the moment.

In week 5 of the NFL season, 16 games will be played: three hours on Thursday, 14 on Sunday (there's an early game in London), and three on Monday. Not including pre- and postgame shows, that's 20 hours of viewing, and you still have to choose among games played at the same time on Sunday afternoon. By watching game summaries and cutting out the chaff, you can watch every significant play from every game in less than three hours.

Making your football habit more efficient is a big productivity gain. It's fall, after all. Your wife would surely love to pick apples or carve pumpkins. Your kids would enjoy getting lost in a corn maze. And you would feel less guilty if you raked the leaves. None of those activities would keep you from sneaking away for a few minutes to catch the highlights.

Mr. Naida is an assistant editorial features editor at the Journal.

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Herbert H. Dow was a **prolific inventor and optimistic visionary** even as a young child. His father, Joseph, a natural tinkerer and mechanical engineer, influenced Herbert as he was growing up. They often collaborated to design solutions to mechanical problems for Joseph’s work. In fact, one of their creations, a small steam turbine, was used by the U.S. Navy for years to power torpedoes. At age 12, Herbert built his first solo invention: an incubator that would maintain a constant temperature for chicken eggs. It wouldn’t be his last.

In 1897, at the age of 31, Herbert founded The Dow Chemical Company, which quickly became an industry leader in producing organic chemicals, including phenol and indigo dye. After diversifying its focus, the business would go on to develop essential products that would change the world.

And that legacy lives on today. Since its inception **125 years ago**, the company, now known simply as Dow, has continually transformed how people live, work and connect with one another. Its products help improve both the performance and sustainability of everything from appliances to automobiles, food packaging to fiber optics and paints to personal care products.

This impact is a result, in part, of Herbert’s ambition. But it’s also a testament to the successive generations of employees who have carried on a **culture of innovation** — a culture that is set to continue to **define the company through its next 125 years**.

Meet the real people who drive innovation at Dow:



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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, October 6, 2022 | B1

S&P 3783.28 ▼ 0.20% S&P FIN ▼ 0.86% S&P IT ▲ 0.36% DJ TRANS ▼ 0.50% WSJ \$ IDX ▲ 0.66% 2-YR. TREAS. yield 4.148% NIKKEI (Middy) 27370.37 ▲ 0.92% See more at WSJ.com/Markets

Volatility Fuels Rush Into Options

Traders turn to short-dated contracts as a way to play sharp one-day stock moves

By ERIC WALLERSTEIN
AND GUNJAN BANERJI

Activity in the market for stock options is hitting a fever pitch, with many rushing to trades expiring within mere hours or days to play the wild market swings.

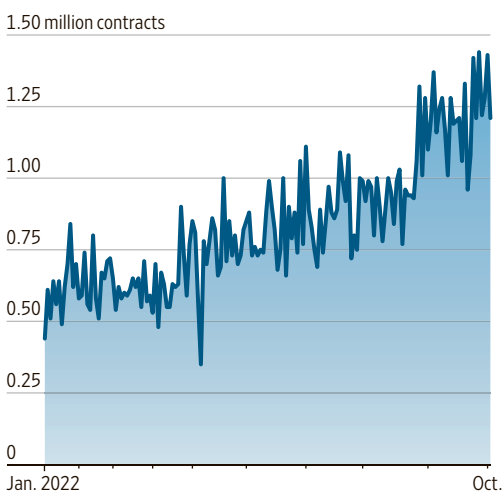
Options contracts that expire in less than a week make up about half of all activity in the U.S.-listed options market, according to the derivatives-analytics firm SpotGamma. That is up from around 45% last year and roughly one-third of all activity in 2019.

Options give traders the right to buy or sell shares at a stated price, by a specific date. Scooping up short-dated options allows traders to turbocharge their wagers during one of the most volatile years since the 2008 financial crisis.

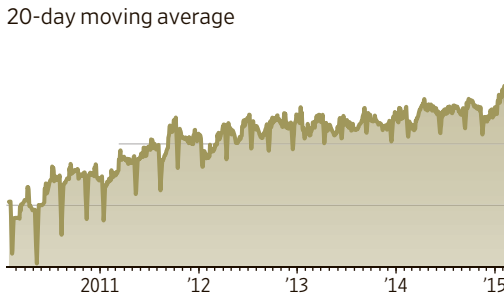
For some, the short-lived trades are a way to profit from the sharp one-day moves that have become a feature of the market this year and to ride the intraday momentum. Others tapped the trades to manage risk in their portfolios during a turbulent period.

“Speculators love them,” said Steve Sosnick, chief market strategist at the electronic brokerage Interactive Brokers, on options with the shortest expiries. “If you’re speculating, you don’t necessarily want to think

S&P 500 index options volume for contracts expiring the same day*



Percentage of total options volume that expires in less than a week**



*As of Oct. 3. †Notional volume. **Percentage of total options activity with expiration dates less than seven days away; as of Sept. 30. Sources: Cboe Global Markets (S&P 500 index options); Goldman Sachs Global Investment Research, OptionMetrics (U.S. equity options); Spotgamma (options expiring in less than a week)

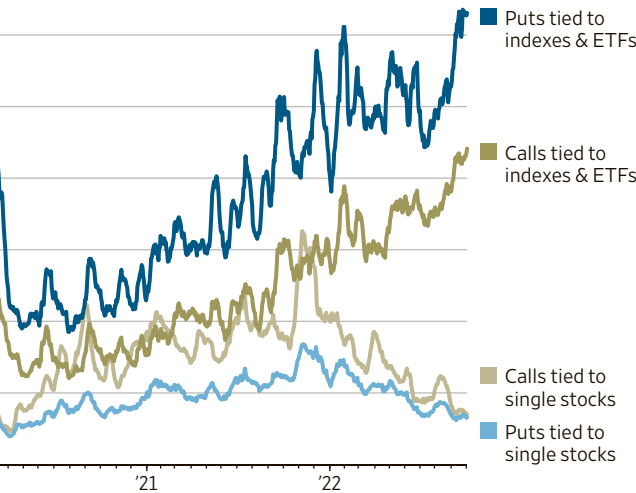
about the move in three months—you want to think of the move tomorrow.”

The S&P 500 just logged its worst performance through the first nine months of any year since 2009. And the head-spinning stock moves have contin-

ued to start the fourth quarter. The broad-market index has gained 5.5% to start the week, including its best two-day return since April 2020. It is still down 21% in 2022.

The sharp swings haven’t been limited to the broader

U.S. equity options volumes, index-level versus single stocks**



market. Twitter Inc. shares jumped 22% Tuesday after Elon Musk indicated he would move forward with his deal to buy the company. On Wednesday, more than 1.1 million options contracts tied to the stock exchanged hands, a greater than six-fold increase from typical levels, according to Cboe Global Markets. The most actively traded contracts were those expiring Friday. Options have boomed in popularity in recent years, with

Ex-Uber Security Chief Is Found Guilty

By ROBERT MCMILLAN

A San Francisco jury found **Uber Technologies** Inc.’s former chief security officer, Joseph Sullivan, guilty of criminal obstruction for failing to report a 2016 cyber intrusion to authorities.

The case was closely watched as a rare instance of a senior cybersecurity executive facing criminal consequences for a decision not to disclose a hacking incident.

The verdict, delivered Wednesday in U.S. federal court, followed a three-week trial. Mr. Sullivan faces a five-year prison sentence on the obstruction charge and as many as three years on a second charge of failing to report a felony.

The case placed a spotlight on the sometimes gray areas that cybersecurity teams navigate as they respond to hacking incidents.

Mr. Sullivan’s lawyers had argued that their client had protected about 57 million Uber customer records in 2016, when they were accessed by an anonymous hacker who demanded a \$100,000 payment.

Please turn to page B2

Macy’s Avoids Inventory Pileup At Other Chains

By SUZANNE KAPNER

At **Kohl’s** Corp., fleece jackets that arrived too late for last year’s winter season are finally making it onto shelves after languishing for months in warehouses. Nike Inc. is stepping up discounts on apparel and other goods after its inventory ballooned in the latest quarter.

Meanwhile, **Macy’s** Inc. is rolling out new dresses, suits, boots and other fall fashions. More than half of its offerings for the holiday season will be new. The department store giant has so far avoided the worst of the glut of goods that

has tripped up so many retailers. Its inventory was up 7% at the end of its most-recent quarter from a year earlier. That is in contrast to a 48% jump at Kohl’s, 44% at Nike and 37% at **Gap** Inc.

Macy’s and other U.S. chains face an uncertain holiday season with high inflation prompting consumers to pull back on some discretionary purchases.

“I’m going to be more careful in what I buy this year,” said Sharon Geltner, of Boynton Beach, Fla. “I want to make fewer impulse purchases.”

Macy’s credit-card data early in the year revealed



Inventory at Macy’s grew by 7% in the latest quarter. It swelled 48% at Kohl’s and 44% at Nike.

cracks in shopping trends, executives said, so they cut back on some merchandise orders.

“We’re not doing pack and hold,” Macy’s finance chief Adrian Mitchell said, referring

to a practice that is becoming common of storing unsold inventory until the following year. “We don’t have the inventory to pack away.”

Some retail executives said they were surprised at how

quickly consumer spending shifted this past spring as the pandemic receded, people started traveling and dining out more and inflation made everything more expensive.

Please turn to page B2

Stock Selloff Resumes

By HARDIKA SINGH
AND CAITLIN OSTROFF

Stock indexes fell on Wednesday in a volatile session in which major indexes gave up late-session gains and saw a two-day winning streak come to an end.

Wednesday’s decline resumed a weeklong selloff in stocks.

The S&P 500 fell 7.65 points, or 0.2%, to 3783.28, the tech-focused Nasdaq Composite lost 27.77 points, or 0.2%, to 11148.64 and the Dow Jones Industrial Average declined 42.45 points, or 0.1%, to 30273.87. The indexes snapped a two-day winning streak.

The market has experi-

Please turn to page B10

Service to Ease 401(k) Rollovers

By ANNE TERGESEN

Millions of workers have changed jobs in the past few years. A large share of them have likely left retirement savings behind or cashed out their accounts.

Cash-outs result in billions of dollars lost to future retirement savings, as workers opt to spend the money, paying taxes and penalties on it rather than rolling it to a new employer’s 401(k) plan or keeping it invested in the old plan.

To reduce those cash-outs

and boost retirement savings, three of the nation’s largest 401(k) plan administrators are jointly offering a way for employers to enable the automatic transfer of small retirement accounts of departing workers to a new employer’s retirement-savings plan.

Fidelity Investments, Vanguard Group and Alight Solutions LLC—which collectively represent about 40% of the 401(k) industry’s participants—announced the joint effort Wednesday. They say the service will especially benefit peo-

ple in minority groups, women and low-income workers who disproportionately cash out accounts after leaving jobs.

The automatic rollovers have been available since 2021, albeit on a relatively small scale. The consortium, called Portability Services Network LLC, plans to make automatic transfers available, starting in the first quarter of 2023, to more than 48,000 401(k)-type plans that Fidelity, Alight and Vanguard administer. In total, nearly 44 million

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Small businesses are getting squeezed out in push for warehouse space. **B2**



BUSINESS NEWS

Former Apple executive’s EV battery startup plans \$1.6 billion factory. **B3**



COMMODITIES

Market turbulence boosts hedge funds that trade raw materials. **B11**

Palantir

The industry leader in artificial intelligence software.

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

Source: IDC, Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022)

PALANTIR TECHNOLOGIES INC — PALANTIR.COM

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.

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Anonymous hackers said they found a 'major vulnerability.'

Ex-Uber Executive Convicted

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The money was eventually paid as a “bug bounty” by Mr. Sullivan’s team.

Prosecutors claimed the payment was an attempt to cover up the incident and that he took steps to prevent it from being reported to the Federal Trade Commission, which was investigating Uber’s cybersecurity practices at the time. Mr. Sullivan was fired in 2017.

The case centered around Mr. Sullivan’s actions following a November 2016 cybersecurity incident that occurred while Uber was the subject of an FTC investigation.

Anonymous hackers approached Uber, saying they had discovered a “major vulnerability” in Uber and obtained sensitive company data and demanded payment.

The next month, Uber paid the hackers, using the bitcoin digital currency, and eventually tracked down their true identity and had them sign nondisclosure agreements.

With the hackers identified and bound by an NDA, Mr. Sullivan’s team felt that the stolen data were protected and the team classified the incident as a bug bounty incident rather than a data breach, his lawyer, David Angeli, said during closing arguments on Friday.

Uber’s security team and “Mr. Sullivan believed that their customers’ data was safe and that this was not some incident that needed to be reported,” Mr. Angeli said. “There was no coverup and there was no obstruction.”

But Uber, already under investigation for mishandling customer data in 2014, didn’t inform the FTC of what happened. And Mr. Sullivan, according to prosecutors, didn’t inform key members of the le-

gal team of the incident.

He also took steps to prevent the fact that hackers had downloaded Uber’s data from being more widely known within the company, prosecutors said.

Uber’s chief executive at the time, Travis Kalanick, was aware of the incident, according to evidence presented during the trial.

Mr. Kalanick stepped down under pressure from investors and was replaced by Uber’s current CEO, Dara Khosrowshahi.

Shortly after taking the reins, Mr. Khosrowshahi decided to look into the 2016 incident after ordering an investigation, he testified during the trial.

Ultimately, he learned that a



significant amount of data had been downloaded from the hacker and that the hacker had been paid significantly more than Uber typically awarded for bug bounties, things that Mr. Sullivan had failed to tell him, Mr. Khosrowshahi said.

In November 2017, Mr. Khosrowshahi fired Mr. Sullivan. “I felt I couldn’t trust the man anymore,” he said.

The case captured the attention of cybersecurity professionals because it is extremely unusual for executives to face criminal charges following a hack, said Scott Shackelford, a professor of business law and ethics at Indiana University. “It wasn’t that long ago that it was pretty rare for senior leaders even to be fired in the aftermath of a breach,” he said.

Lately, Washington has taken a more aggressive approach to policing the technology industry, Mr. Shackelford said. “This could be the first of many criminal prosecutions,” he said.

BUSINESS & FINANCE

As Warehouse Space Fills Up, Smaller Users Get Pushed Out

By Liz Young
And Paul Berger

A warehouse crush across the U.S. is squeezing out smaller companies as big retailers fill industrial storage sites with their growing stockpiles of inventory.

Logistics and real-estate specialists say many large retailers are demanding extra room to store excess inventories, driving up costs for smaller companies and in some cases driving them out of spaces.

Karen Galena, president of First Logistics, which has four warehouses in the Chicago area that provide space for retailers and manufacturers, said bigger customers are willing to pay higher prices for increasingly scarce storage space.



Space is especially tight near major ports. Lamps Plus containers at a warehouse in Redlands, Calif.

“It’s tough for the small guy,” Ms. Galena said, noting labor and other costs are rising for warehouse operators.

If smaller firms “aren’t covering their costs and they can’t or don’t want to increase their rates,” then they may have to look for new space, she said. “I’m getting calls daily from smaller companies being displaced from larger warehouses.”

Andy Moses, senior vice president of sales and solutions at Penske Logistics, said warehouse operators are also focused on retaining customers with a high turnover of goods because the handling fees bring in higher revenues.

“It does put pressure on warehouse operators to take a hard look at their customer base and navigate in such a way they can serve the biggest, most important and most loyal customers,” he said.

The challenges small businesses face finding warehouse space mirrors difficulties

try to an average of about \$8.70 a square foot in the most recent quarter, compared with \$7.13 a square foot in last year’s third quarter, according to Cushman & Wakefield.

Warehouses are filling up for a variety of reasons. Some retailers are storing goods like patio furniture that got caught in supply-chain congestion and arrived too late for this year’s selling season. Others, such as Nike Inc., Walmart Inc. and Target Corp., were caught short by a shift in pandemic-era consumer-buying patterns and are holding stockpiles of merchandise that they are trying to clear out ahead of the holidays.

Some retailers are holding goods in shipping containers and on railcars outside their warehouses and stores because of the tight space in distribution centers, said John Morris, president of industrial and logistics for the Americas for real-estate services firm

CBRE Group Inc. He said some companies are even generating revenue from unconventional storage space.

“If a client has a site with a rail siding and isn’t using it, we’re helping some tenants lease out that rail siding by having cars on it that are holding excess inventory,” Mr. Morris said.

Ashley Epperson, co-founder of Springfield, Va.-based e-commerce retailer Salacious Drinks, struggled to find storage for her small business selling bottled water.

Ms. Epperson toured spaces already brimming with goods from bigger companies that were looking for even more storage. Eventually, she got her goods into a shared-space warehousing operator.

“It’s hard to find that specific thing that’s not going to be, you know, upfront cost needed, you need about \$15,000,” she said. “You’re just like, ‘Holy smokes.’”

Macy’s Avoids Goods Glut

Continued from page B1

“We thought there was going to be a stronger recovery into 2022 and we wanted to be positioned for that,” said Jill Timm, finance chief at Kohl’s.

Kohl’s placed large orders earlier in the buying cycle for 2022 after missing out on about \$250 million in sales in 2021 because it didn’t have enough merchandise due to temporary factory shutdowns and shipping delays that slowed the arrival of winter goods. Some of those goods made it to stores and warehouses this year, just as consumers started to curtail their purchases.

Early this year, Macy’s executives noticed an uptick in the amount consumers were spending on food and gasoline, the result of rising inflation, on the company’s co-branded credit cards that shoppers can use at other retailers. They also detected a shift as consumers began spending more on travel and entertainment outside the home.

They sifted through data showing inflation was outpacing wage growth for many workers among other economic indicators that suggested some discretionary categories like apparel would get squeezed, Mr. Mitchell said.

A group of executives from

the finance, supply chain, merchandise and planning departments discussed the changes in late January—the first of a series of monthly meetings that Macy’s started holding this year to ensure its senior leaders are on the same page when it comes to forecasting demand and ordering supply.

The group decided to cut orders of comfy clothes and items for the home that had been big sellers during the pandemic and increase orders of dresses, suits and shoes for wearing outside the house to return to work and for occasions like weddings.

“The key question was, how do we get the right composition?” Mr. Mitchell said. “Where do we need to pull back in certain brands and where do we need to add?”

Macy’s had an easier time making those adjustments than some other retailers that sell more private-label goods. Less than a fifth of Macy’s sales come from private-label, compared with about a third at Kohl’s and nearly everything sold at specialty chains such as Gap and Old Navy.

It is harder to cancel private-label orders because retailers take ownership of the goods earlier in the production cycle, executives said.

Kohl’s, for instance, owns private-label goods as soon as they are loaded onto cargo ships, Ms. Timm said. With ships taking longer to make their way across the ocean and through ports, Kohl’s had \$269 million of goods in transit during the quarter ended July 30 that it owned but wasn’t on its sales floors.

Ms. Timm said Kohl’s inventory also swelled because it is stocking newly opened Sephora shops inside its department stores.

An analysis by Citigroup retail analyst Paul Lejuez found that the gap between Macy’s inventory and sales improved in the second quarter, while it worsened at Kohl’s.

Nike also relied on ocean shipping to move much of its goods from factories in Asia to stores around the world. Last week, Nike executives said the amount of in-transit inventory was up 85% from a year ago. They said inventory piled up because orders that had been delayed from past seasons arrived at the same time as early holiday orders.

Macy’s didn’t navigate the shift perfectly. It said it wound up with too much in certain

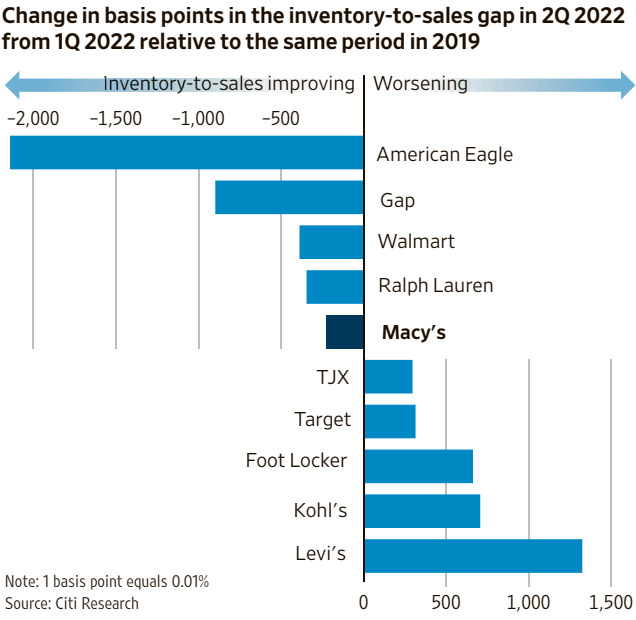
categories this spring such as activewear, casual sportswear, pajamas and housewares that had been strong sellers during the worst of the pandemic.

But it is moving quickly to clear out the excess with the help of data analytics that target slower-selling items with steeper price cuts. For example, if Macy’s has 20 blue cashmere sweaters in a Los Angeles store and is selling one every other week, it will discount the sweaters more at that store than the same ones in a New York store that is selling two a week.

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BUSINESS NEWS

Credit Suisse Faced Online Attack

By Caitlin McCabe

A loud online chorus set its sights on one of Switzerland's biggest banks in recent days, helping spark wild trading and fanning fears that the institution, **Credit Suisse Group** AG, was barreling toward financial trouble.

For the bank and for investors, the rapidly spreading rumors served as a reminder of the sway online forums can now exert over financial markets—nearly two years after individual investors banded together on social media to drive shares of GameStop Corp. to gravity-defying highs.

But while the meme-stock crowd has rallied to support ailing retailers and cinema chains, it remains suspicious of traditional finance. Much of the commentary around Credit Suisse was far more negative, poking fun at a bank some dubbed “Debit Suisse.”

Rumors about the financial health of Credit Suisse began flying late last week with social-media chatter about the company's tumbling share price. The company's chief executive urged employees in a memo that leaked late Friday not to confuse stock performance with capital strength and liquidity.

The bank has weathered a series of scandals and executive turnover in recent years, and the memo did little to assuage investors or armchair experts. A now-deleted tweet by a journalist in Australia claiming a major international investment bank was “on the brink” helped fuel speculation.

On Reddit, individual investors piled on, with some suggesting Credit Suisse could be the next Lehman Brothers, the U.S. investment bank that collapsed in 2008. Credit Suisse began to trend on Twitter. “How the mighty have fallen,” posted CNBC's Jim Cramer.

When markets opened Monday, the fallout was swift. The bank's shares plunged 12% in Zurich, touching a record intraday low, before recouping most of their losses in high trading volumes. The value of the bank's riskiest bonds dropped sharply, and the cost of insuring Credit Suisse's debt against default surged.

Jim Lewis, the co-founder of Wall Street Silver, a popular Twitter account and Reddit forum, said concern over the Federal Reserve might also have fueled anxiety. The central bank is lifting interest rates and paring its bondholdings, in a process known as quantitative tightening. “When you have such a dramatic change in interest rates and quantitative tightening so quickly, someone has to be on the wrong side of this,” Mr. Lewis said.

Still, the kerfuffle over Credit Suisse surprised some market watchers. Despite years of scandals, including a more-than-\$5 billion hit last year from its dealings with its client, Archegos Capital Management, there were no obvious triggers for the sudden turmoil. Credit Suisse plans to provide a strategy update on Oct. 27.

The bank spent the weekend communicating with clients and investors, people familiar with the matter said, emphasizing the bank's nearly \$100 billion capital buffer. Some employees monitored social-media posts across Twitter and Reddit, one of the people said.

The surge of posts on sites such as Reddit's WallStreetBets forum, a popular individual-investor hangout, marked a new frontier for the financial institution. Large banks typically haven't historically needed to spend much time scouring Reddit.

Wall Street analysts rushed to the bank's defense. JPMorgan analysts said in a Monday note that they saw Credit Suisse's “capital and liquidity position as healthy.” At Citigroup, analysts said: “This is not 2008.”

By Tuesday, some of the nerves had subsided. Credit Suisse's Swiss-traded shares rebounded nearly 9%.

Big U.S. Battery Plant Advances

Startup's grant from Michigan boosts plan to invest \$1.6 billion in production of EV cells

By Tim Higgins

Our Next Energy Inc., an electric-car battery startup involving several former leaders of **Apple** Inc.'s secretive car project, is planning to invest \$1.6 billion into a factory in Michigan to make enough battery cells for about 200,000 EVs annually.

Michigan on Wednesday approved a \$200 million grant for the project that promises to create 2,112 new jobs once the facility in Van Buren Township, about 10 miles west of the Detroit airport, is fully operational by the end of 2027. The company must create and maintain the jobs or face a clawback of the funds.

The investment is part of an influx of battery capacity being built in the U.S. as companies race to provide car makers with the cells they will need for all of the EVs they are planning. That effort has only intensified following the passage of the Inflation Reduction Act, which aims to jump-start domestic battery production. The law ties consumer tax credits for buying EVs to how much battery material comes from domestic production.

“The Inflation Reduction Act has literally made [our] phone ring off the hook,” Mujeeb Ijaz, founder and chief executive of the company, known as ONE, said in an interview. “We're seeing a lot of emphasis on the U.S. supply chain and U.S. cell manufacturing.”

The company said it plans to produce at full capacity 20 gigawatt hours, including lithium iron phosphate cells, annually or the equivalent of battery packs for about 200,000 vehicles each year. ONE hasn't said which car makers it will be supplying.

The U.S. automotive industry has largely been focused on



Our Next Energy said its factory in Van Buren Township, Mich., would produce battery cells for about 200,000 EVs annually.



Mujeeb Ijaz, founder and CEO of ONE, previously worked at Apple.

another type of cell technology—lithium-ion cells—which has a higher energy density but can also be volatile. So-called LFP technology is less volatile and less expensive but typically has less range. LFP has been getting a new look by some auto makers concerned about battery fires, and some who have warmed to the technology as a workaround for some of the raw materials shortages hitting the industry.

ONE aims to make the technology more competitive,

claiming its LFP packs for automotive use will have a comparable range to current packs made with cells having cathodes of nickel, cobalt and manganese, but cost 35% less. Production is scheduled to begin in March for delivery-truck use, followed by automotive customers by the end of 2024, Mr. Ijaz said.

The company also aims to create a battery pack with a more than 600-mile range while still slashing costs of the cells that make up the pack by

50%. That unique pack is scheduled for 2026 production and uses two different kinds of cell chemistry. In essence, daily driving would use less expensive LFP technology while the second set of chemistry would include anode-free cells that will power longer-range trips.

The company was founded in 2020 by Mr. Ijaz, whose hiring by Apple in 2014 was one of the first indications of the tech giant's car ambitions. Mr. Ijaz was a pioneer in the car-battery space, having worked at Ford Motor Co. before becoming the founder of the A123's automotive division developing cells for EVs in 2008.

ONE has already raised \$197 million and aims to raise another \$150 million by year's end, according to the company. BMW Group's venture-capital unit was an early investor and in June the auto maker signed a deal to use ONE's battery technology in a prototype vehicle.

As it has rapidly expanded, the company has attracted former Apple car talent, including Steven Kaye, who joined ONE in January as chief tech-

nology officer. A former Apple vice president of special projects, Steve Zadesky, who was one of the early leaders of the iPhone maker's car project, has joined ONE as an adviser.

ONE's success would be a win for Michigan, long the cradle of U.S. automobile manufacturing. The state's prominence in the industry has been threatened by the rise of Silicon Valley companies' interest in the industry and the expansion of foreign auto makers throughout the South, where unionized labor is more rare.

In 2021, Tesla Inc. moved its headquarters to Texas with the construction of a new assembly plant in Austin.

As auto makers aim to build more electric vehicles in coming years, they have been scrambling to lock down supplies of cells, fueling a flurry of battery-factory announcements this year.

South Korean battery maker SK Innovations Co. is building a \$2.6 billion battery factory in Georgia to supply Ford and Volkswagen AG. Panasonic Holdings Corp. has already said it plans to build a \$4 billion EV battery factory in Kansas.

Facebook to Let Users Shape Their News Feed

By Allison Prang

Meta Platforms Inc. announced tweaks to the Facebook news feed Wednesday, in an attempt to give users more control over what they see on the platform.

The social-media company said users can now choose “show less” or “show more” on posts, allowing them to curate the type of content they want on their feeds.

Choosing “show less” would lower that post's ranking score on a temporary basis, and choosing “show more” would do the opposite, Facebook said.

Facebook has been working to cement its place in a changing social-media landscape, with rival platforms such as TikTok becoming hugely popular with younger users.

Facebook said soon users can decide to show more or less by selecting the three-dot menu in the upper right-hand

corner.

The social network is also trying out something similar in its Reels offering, it said.

This is the latest change to come to Facebook, which over the summer said it would offer a friends-and-family feed, marking a pivot to an earlier iteration of the social-media platform. That feed is different from the main feed, which is a more algorithm-oriented approach to content.

Other social-media platforms such as Twitter Inc. and Meta's Instagram have also provided ways to control how feeds look to individual users.

In July, Meta reported its first-ever quarterly year-over-year decline in revenue, which fell almost 1%. It also gave a muted digital-advertising outlook, which drives a lot of the company's business. The company's top-line also slightly missed analysts' consensus estimate.

Tyson Foods Set to Close Several Corporate Offices

By Patrick Thomas

Tyson Foods Inc. is closing several of its corporate offices across the country as rising costs pressure the meat giant's bottom line after two years of soaring profit margins.

Tyson said Wednesday that it is closing offices in Chicago, Downers Grove, Ill., and Dakota Dunes, S.D., which house many of its prepared-foods and beef-division employees. Employees will be given the chance to relocate to the company's Springdale, Ark., headquarters in early 2023. Roughly 1,000 employees work in the two Illinois offices and the Dakota Dunes location, the company said.




“Bringing our talented corporate team members and businesses together under one roof unlocks greater opportunities to share perspectives and ideas, while also enabling us to act quickly to solve prob-

lems,” said Tyson Chief Executive Officer Donnie King.

The move comes a week after Tyson, the largest U.S. meat supplier in terms of sales, overhauled its management team, shifting executives into new roles heading finance, commercial operations and prepared foods. The moves included appointing John R. Tyson, the 32-year-old great-grandson of the company's founder, as chief financial officer.

Tyson's beef division, which slaughters thousands of cattle each week, had been operated out of Dakota Dunes since Tyson acquired meat-packer IBP Inc. for more than \$3 billion in 2001. The business had reported soaring profit margins over the past two years, as short-staffed plants constrained production while strong consumer demand helped push meat prices higher.

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TECHNOLOGY

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Hacking Responders Battle Stress

With proliferation of cyberattacks, pressure rises on specialists who are stretched thin

By JAMES RUNDLE

Cybersecurity specialists who respond to hacks say they are stretched thin as ransomware and other attacks proliferate, often working on multiple cases at once while trying to avoid burnout.

The stress of the job is magnified by the amount of work incident-response teams are asked to undertake, industry veterans say.

CYBERSECURITY International Business Machines Corp.'s X-Force incident response unit estimates that it performed 25% more jobs in 2021 than in 2020.

In some ways, the heavy workload naturally follows cybersecurity's evolution over the past decade, said Jared Greenhill, senior consulting director in Palo Alto Networks Inc.'s Unit 42 incident-response business. In past years, he said, incident responders often could work only on one job at a time as they were required to travel to the offices of hacked companies.

"The C-level team wanted you on-site, they wanted to be able to talk to you in the elevator. They wanted five or 10 of you in person, supporting the incident," he said.

That expectation has changed in recent years, he said. The rise in attacks and the development of remote tools means on-site work isn't always practical or necessary.

Plus, stricter limits on cyber insurance coverage sometimes mean small companies don't have the financial leeway to deal with the many costs of a hack and hire several responders—often one of the most expensive parts of recovery, he said.

The coronavirus pandemic in 2020 closed offices, grounded travel and forced sig-



An IBM X-Force Command Cyber Tactical Operation Center is set up inside a freight truck. It has been responding to more incidents.

nificant numbers of people to work from home. For incident responders, it meant juggling more cases, said Itay Shohat, director of incident response and threat hunting at cybersecurity company Sygnia Inc.

Mr. Shohat said during the height of the pandemic, he would often start the day with a videoconference on one case for several hours, jump to another case and then another. He would then join update calls with his client's management and switch between jobs as necessary.

"It was not like you're wrapping up your work at the office around 5 or 6 p.m.," he said. "You just continued to work around the clock because everyone else just continued working."

A global survey of 1,100 incident responders published Monday by IBM's Security division found that 68% said it was common for them to be assigned to two or more incidents at once. The work appears to be taking its toll: A similar figure, 64%, said they

have sought mental-health assistance for insomnia, burnout and anxiety.

Managing stress is a primary consideration in every incident-response team, veterans say. The work is technical, laborious and difficult, often performed in the shadow of a company shutdown that could threaten its existence.

"The CEO knows exactly how much money the business is losing and makes that aware to everybody else as well," said Laurance Dine, global lead for X-Force. "There's huge pressure."

Hackers often launch attacks on weekends or just before major holidays. A ransomware attack on meatpacker JBS USA Holdings Inc., for example, occurred at the start of the Memorial Day weekend in 2021 and the Los Angeles Unified School District was hit on this year's Labor Day weekend.

Incident responders from the Cybersecurity and Infrastructure Security Agency and the district worked well into the night on Sunday after the

attackers published data stolen from school systems, Superintendent Alberto Carvalho said.

"Christmas has been a hot one recently," said Keith McFarland, a senior manager in cloud company Salesforce Inc.'s internal threat-response team, citing the disclosure of an attack on technology provider SolarWinds Corp. in December 2020 and a vulnerability in open-source software known as Log4j disclosed last December. That vulnerability forced security teams to work throughout the winter holiday.

Managers say they understand the pressure their staff experiences and try to prevent burnout. At X-Force, Mr. Dine said his employees aren't allowed to work more than two incidents back-to-back without time off.

Mr. Greenhill said he and others at Palo Alto Networks monitor staff well-being and manage capacity so staff aren't constantly working. The company requires incident responders and analysts to take time off when they feel run

down. "It's definitely a balancing act, and there's not a perfect solution for it," he said.

At Salesforce, which operates an internal computer security incident response team of around 40 to 50 people, staff are given one Friday a month off to relieve some of the stress, Mr. McFarland said.

The company's follow-the-sun model, with teams in the U.S., Ireland and Australia working in shifts, allows his staff to keep semiregular hours, he said.

"We really try to keep our day length to a normal eight hours," Mr. McFarland said. He also emphasizes the importance of personal care to his staff, including regular exercise and having interests outside of work.

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Capital One Data Thief Gets Probation

By JAMES RUNDLE

The woman convicted of pulling off one of the largest bank-data heists in history was sentenced Tuesday to five years of probation and time served by a federal judge in Seattle.

Paige Adele Thompson was found guilty by a jury in June of wire fraud, unauthorized access to a protected computer and damaging a computer, but was acquitted of other charges, including aggravated identity theft. Ms. Thompson, a former Seattle-area tech worker, was arrested in July 2019 after stealing records from Capital One Financial Corp. involving more than 100 million customers and credit-card applicants.

Personal data from Capital One credit-card applications from 2005 through 2019 was accessed, including credit scores, payment history and contact information, the bank said at the time. The incident resulted in a \$190 million settlement between Capital One and affected individuals, and an \$80 million fine from the Treasury Department. Federal prosecutors pushed for a sentence of seven years. U.S. District Judge Robert Lasnik said in the sentencing hearing that prison would be particularly difficult for Ms. Thompson, who is transgender, owing to her status and mental health.

"While we understand the mitigating factors, we are very disappointed with the court's sentencing decision. This is not what justice looks like," said U.S. Attorney Nick Brown. Representatives for Capital One didn't respond to a request for comment.

"Although we disagree that Paige committed any crimes, we are pleased the judge sentenced her to no prison time," said Brian Klein, a lawyer for Ms. Thompson and a partner at Waymaker LLP.

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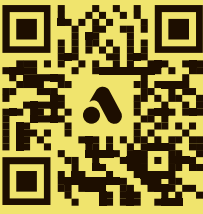
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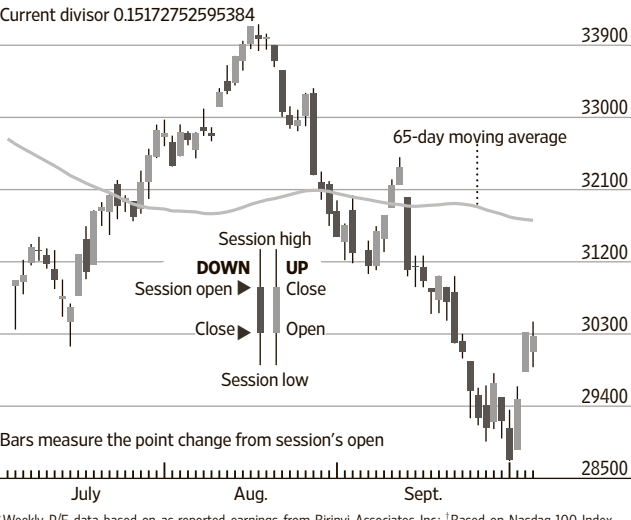


MARKETS DIGEST

EQUITIES

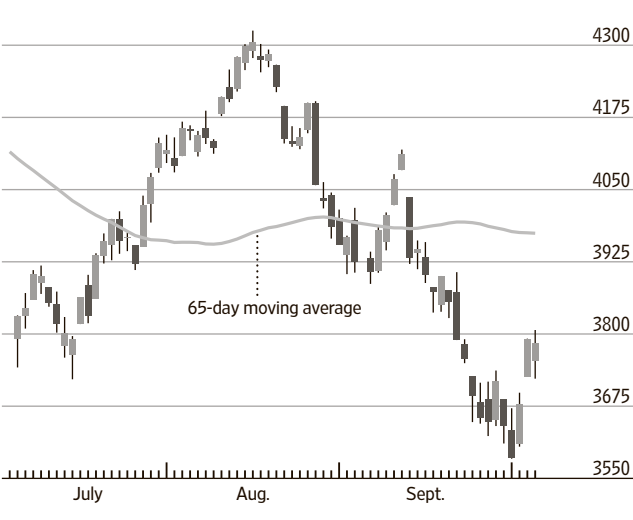
Dow Jones Industrial Average

30273.87 ▼42.45, or 0.14%
High, low, open and close for each trading day of the past three months.
Last: 17.84, 23.37
Year ago: 15.62, 18.56
Trailing P/E ratio: 2.35, 1.86
P/E estimate *: 36799.65, 01/04/22
All-time high



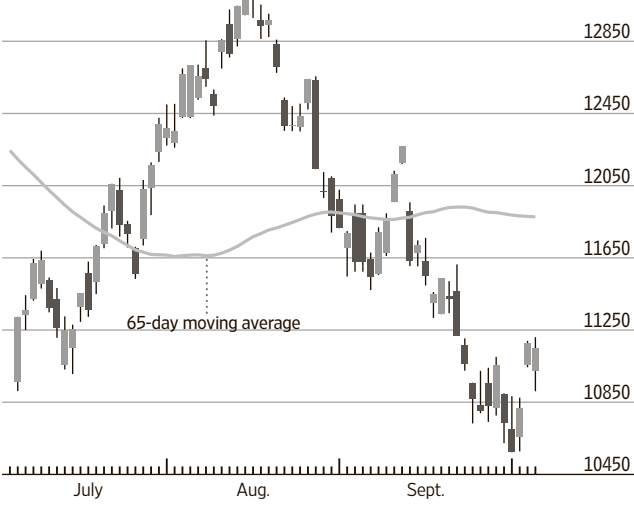
S&P 500 Index

3783.28 ▼7.65, or 0.20%
High, low, open and close for each trading day of the past three months.
Last: 17.85, 30.04
Year ago: 16.35, 21.47
Trailing P/E ratio: 1.81, 1.38
P/E estimate *: 4796.56, 01/03/22
All-time high



Nasdaq Composite Index

11148.64 ▼27.77, or 0.25%
High, low, open and close for each trading day of the past three months.
Last: 22.94, 34.15
Year ago: 20.82, 27.75
Trailing P/E ratio *: 0.99, 0.72
P/E estimate **: 16057.44, 11/19/21
All-time high



Major U.S. Stock-Market Indexes

| | High | Low | Latest Close | Net chg | % chg | High | Low | % chg | YTD | % chg 3-yr. ann. |
|---------------------------------|----------|----------|-----------------|---------|--------------|----------|----------|--------------|-------|------------------|
| Dow Jones | | | | | | | | | | |
| Industrial Average | 30454.46 | 29886.44 | 30273.87 | -42.45 | -0.14 | 36799.65 | 28725.51 | -12.0 | -16.7 | 4.4 |
| Transportation Avg | 12956.06 | 12688.56 | 12853.48 | -64.89 | -0.50 | 17039.38 | 11999.40 | -11.6 | -22.0 | 8.6 |
| Utility Average | 922.40 | 901.95 | 909.40 | -23.80 | -2.55 | 1071.75 | 874.63 | 1.5 | -7.3 | 1.1 |
| Total Stock Market | 38365.52 | 37510.85 | 38140.41 | -95.88 | -0.25 | 48929.18 | 36097.99 | -15.7 | -21.6 | 8.1 |
| Barron's 400 | 903.64 | 884.20 | 898.76 | -0.72 | -0.08 | 1127.20 | 825.73 | -11.5 | -18.8 | 10.3 |
| Nasdaq Stock Market | | | | | | | | | | |
| Nasdaq Composite | 11210.32 | 10910.76 | 11148.64 | -27.77 | -0.25 | 16057.44 | 10575.62 | -23.1 | -28.7 | 11.8 |
| Nasdaq-100 | 11647.62 | 11312.52 | 11573.18 | -9.36 | -0.08 | 16573.34 | 10971.22 | -21.6 | -29.1 | 14.3 |
| S&P | | | | | | | | | | |
| 500 Index | 3806.91 | 3722.66 | 3783.28 | -7.65 | -0.20 | 4796.56 | 3585.62 | -13.3 | -20.6 | 8.6 |
| MidCap 400 | 2355.54 | 2305.47 | 2343.99 | -11.97 | -0.51 | 2910.70 | 2200.75 | -12.1 | -17.5 | 7.2 |
| SmallCap 600 | 1131.04 | 1110.18 | 1127.46 | -7.20 | -0.63 | 1466.02 | 1064.45 | -16.2 | -19.6 | 6.6 |
| Other Indexes | | | | | | | | | | |
| Russell 2000 | 1767.82 | 1732.09 | 1762.69 | -13.07 | -0.74 | 2442.74 | 1649.84 | -20.4 | -21.5 | 5.5 |
| NYSE Composite | 14340.85 | 14079.91 | 14262.03 | -57.46 | -0.40 | 17353.76 | 13472.18 | -12.7 | -16.9 | 3.6 |
| Value Line | 526.18 | 515.01 | 523.52 | -2.66 | -0.51 | 696.40 | 491.56 | -19.7 | -22.1 | 0.9 |
| NYSE Arca Biotech | 4760.10 | 4649.61 | 4737.68 | -1.49 | -0.03 | 5815.27 | 4208.43 | -14.5 | -14.1 | 3.9 |
| NYSE Arca Pharma | 769.19 | 759.13 | 765.79 | -0.41 | -0.05 | 887.27 | 734.70 | 4.0 | -7.4 | 9.4 |
| KBW Bank | 102.13 | 100.59 | 101.74 | -1.23 | -1.20 | 147.56 | 95.83 | -24.5 | -23.1 | 1.5 |
| PHLX ^S Gold/Silver | 107.33 | 104.61 | 107.28 | -1.62 | -1.48 | 167.76 | 91.40 | -11.5 | -19.0 | 5.6 |
| PHLX ^S Oil Service | 69.39 | 65.99 | 68.99 | 2.46 | 3.69 | 88.37 | 49.14 | 18.2 | 30.9 | 3.2 |
| PHLX ^S Semiconductor | 2543.89 | 2435.16 | 2523.61 | 23.50 | 0.94 | 4039.51 | 2306.70 | -22.1 | -36.0 | 17.0 |
| Cboe Volatility | 30.11 | 28.50 | 28.55 | -0.52 | -1.79 | 36.45 | 15.01 | 36.0 | 65.8 | 18.8 |

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

International Stock Indexes

| Region/Country | Index | Close | Net chg | Latest % chg | YTD % chg |
|---------------------|-----------------------------------|------------------|---------|---------------|-----------|
| World | MSCI ACWI | 580.85 | -1.29 | -0.22 | -23.0 |
| | MSCI ACWI ex-USA | 256.76 | -0.64 | -0.25 | -25.4 |
| | MSCI World | 2500.08 | -11.64 | -0.46 | -22.6 |
| | MSCI Emerging Markets | 909.52 | 15.87 | 1.78 | -26.2 |
| | | | | | |
| Americas | MSCI AC Americas | 1443.28 | -4.01 | -0.28 | -21.0 |
| | Canada S&P/TSX Comp | 19235.09 | -135.90 | -0.70 | -9.4 |
| | Latin Amer. MSCI EM Latin America | 2214.46 | -23.22 | -1.04 | 4.0 |
| | Brazil BOVESPA | 117197.82 | 967.70 | 0.83 | 11.8 |
| | Chile S&P IPSA | 3178.03 | -34.65 | -1.08 | 13.3 |
| | Mexico S&P/BMV IPC | 45845.83 | -200.75 | -0.44 | -13.9 |
| | | | | | |
| | EMEA STOXX Europe 600 | 398.91 | -4.12 | -1.02 | -18.2 |
| | Eurozone Euro STOXX | 377.61 | -4.58 | -1.20 | -21.1 |
| | Belgium Bel-20 | 3446.50 | -32.22 | -0.93 | -20.0 |
| Europe | Denmark OMX Copenhagen 20 | 1576.73 | -11.65 | -0.73 | -15.4 |
| | France CAC 40 | 5985.46 | -54.23 | -0.90 | -16.3 |
| | Germany DAX | 12517.18 | -153.30 | -1.21 | -21.2 |
| | Israel Tel Aviv | 1837.92 | ... | Closed | -7.1 |
| | Italy FTSE MIB | 21360.72 | -329.93 | -1.52 | -21.9 |
| | Netherlands AEX | 664.45 | -5.14 | -0.77 | -16.7 |
| | Russia RTS Index | 1061.97 | -38.17 | -3.47 | -33.5 |
| | South Africa FTSE/JSE All-Share | 65612.76 | -700.07 | -1.06 | -11.0 |
| | Spain IBEX 35 | 7579.90 | -116.70 | -1.52 | -13.0 |
| | Sweden OMX Stockholm | 719.79 | -16.18 | -2.20 | -30.6 |
| | Switzerland Swiss Market | 10477.69 | -113.23 | -1.07 | -18.6 |
| | Turkey BIST 100 | 3484.42 | 26.39 | 0.76 | 87.6 |
| | U.K. FTSE 100 | 7052.62 | -33.84 | -0.48 | -4.5 |
| | U.K. FTSE 250 | 17562.42 | -259.73 | -1.46 | -25.2 |
| Asia-Pacific | MSCI AC Asia Pacific | 144.51 | 2.35 | 1.65 | -25.2 |
| | Australia S&P/ASX 200 | 6815.70 | 116.41 | 1.74 | -8.4 |
| | China Shanghai Composite | 3024.39 | ... | Closed | -16.9 |
| | Hong Kong Hang Seng | 18087.97 | 1008.46 | 5.90 | -22.7 |
| | India S&P BSE Sensex | 58065.47 | ... | Closed | -0.3 |
| | Japan NIKKEI 225 | 27120.53 | 128.32 | 0.48 | -5.8 |
| | Singapore Straits Times | 3153.23 | 14.33 | 0.46 | 0.9 |
| | South Korea KOSPI | 2215.22 | 5.84 | 0.26 | -25.6 |
| | Taiwan TAIEX | 13801.43 | 224.91 | 1.66 | -24.2 |
| | Thailand SET | 1580.27 | 2.27 | 0.14 | -4.7 |

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

| Company | Symbol | Close | Net chg | % chg | High | Low | % chg |
|------------------------|--------|-------|---------|---------------|--------|-------|--------------|
| Chardan NexTech 2 Cl A | CNTQ | 21.54 | 10.91 | 102.63 | 27.95 | 9.93 | 116.7 |
| Nauticus Robotics | KITT | 6.32 | 3.10 | 96.27 | 13.00 | 3.14 | -36.4 |
| TOP Ships | TOPS | 9.88 | 4.45 | 81.95 | 33.00 | 2.10 | -66.4 |
| SHF Holdings | SHFS | 7.52 | 2.47 | 48.91 | 30.47 | 4.46 | -24.8 |
| Biohaven | BHVN | 12.25 | 3.95 | 47.59 | 12.56 | 5.54 | ... |
| FingerMotion | FNMR | 8.86 | 2.00 | 29.15 | 9.36 | 0.62 | 99.1 |
| Value Line | VALU | 73.98 | 14.23 | 23.82 | 118.40 | 30.44 | 132.6 |
| TuanChe ADR | TC | 4.94 | 0.89 | 21.98 | 5.12 | 1.42 | 143.0 |
| Flexible Solutions | FSI | 3.22 | 0.47 | 17.09 | 4.50 | 1.51 | -6.1 |
| FaZe Holdings | FAZE | 5.75 | 0.79 | 15.93 | 24.69 | 4.88 | -41.0 |
| Astria Therapeutics | ATXS | 12.35 | 1.64 | 14.76 | 12.86 | 2.36 | 64.7 |
| Immunovant | IMVT | 9.34 | 1.17 | 14.32 | 9.62 | 3.15 | 4.7 |
| Indonesia Energy | INDO | 8.16 | 0.99 | 13.81 | 86.99 | 2.61 | 86.7 |
| WidePoint | WYY | 2.34 | 0.28 | 13.59 | 5.75 | 1.88 | -54.5 |
| KLX Energy Services | KLXE | 10.26 | 1.21 | 13.37 | 13.36 | 2.94 | 134.8 |

Most Active Stocks

| Company | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg | 52-Week High | Low | % chg |
|-------------------------|--------|----------------|-----------------------|----------------------|--------------|--------------|--------|-------|
| ProShares UltraPro QQQ | TQQQ | 226,821 | 35.7 | 22.58 | 0.00 | 91.68 | 19.28 | |
| ProSh UltraPro Shrt QQQ | SQQQ | 137,407 | 8.8 | 51.61 | -0.10 | 67.69 | 28.15 | |
| Pineapple Energy | PEGY | 133,157 | 17743.4 | 2.76 | 93.01 | 34.20 | 0.76 | |
| Indention Dly SCND 3 BL | SOXL | 108,679 | 41.1 | 11.42 | 3.44 | 74.21 | 8.74 | |
| PG&E | PCG | 94,088 | 354.2 | 14.75 | 3.95 | 14.98 | 9.64 | |
| SPDR S&P 500 | SPY | 87,719 | 14.1 | 377.09 | -0.23 | 479.98 | 357.04 | |
| Ford Motor | F | 87,659 | 28.8 | 12.51 | 1.21 | 25.87 | 10.61 | |
| Advanced Micro Devices | AMD | 86,968 | 9.0 | 67.94 | 0.06 | 164.46 | 62.83 | |
| Tesla | TLSE | 86,194 | 15.0 | 240.81 | -3.46 | 414.50 | 206.86 | |
| Carnival | CCL | 82,503 | 43.9 | 7.43 | -4.25 | 25.29 | 6.58 | |

* Volumes of 100,000 shares or more are rounded to the nearest thousand

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Percentage Losers

| Company | Symbol | Close | Net chg | % chg | High | Low | % chg |
|--------------------------|--------|-------|---------|---------------|--------|-------|--------------|
| Avenue Therapeutics | ATXI | 8.47 | -6.03 | -41.59 | 27.75 | 3.00 | -56.6 |
| Scienjoy Holding Cl A | SJ | 1.38 | -0.81 | -36.99 | 7.30 | 1.25 | -63.3 |
| MicroCloud Hologram | HOLO | 2.09 | -0.57 | -21.43 | 35.00 | 1.57 | -79.0 |
| AeroClean Technologies | AERC | 4.77 | -1.17 | -19.70 | 117.35 | 1.76 | ... |
| Electro-Sensors | ELSE | 4.35 | -0.70 | -13.86 | 6.76 | 4.35 | -14.4 |
| Tritium DCFC | DCFC | 2.88 | -0.43 | -12.99 | 19.75 | 2.81 | -70.9 |
| Decibel Therapeutics | DBTX | 3.03 | -0.43 | -12.43 | 8.66 | 1.83 | -60.7 |
| Atlas Motor Vehicles | AMV | 12.53 | -1.77 | -12.38 | 243.99 | 12.05 | ... |
| TH International | THCH | 5.43 | -0.76 | -12.28 | 10.55 | 5.14 | -44.9 |
| EVI Industries | EVI | 15.37 | -2.11 | -12.07 | 38.42 | 7.25 | -45.9 |
| KalVista Pharmaceuticals | KALV | 5.15 | -0.70 | -11.97 | 18.53 | 5.13 | -69.6 |
| InnovAge Holding | INNV | 5.12 | -0.68 | -11.72 | 9.21 | 3.39 | -27.6 |
| Lions Gate Ent Cl B | LGFB | 7.35 | -0.96 | -11.55 | 17.29 | 6.54 | -43.3 |
| Sotera Health | SHC | 7.15 | -0.89 | -11.07 | 27.38 | 6.19 | -72.3 |
| Rain Therapeutics | RAIN | 3.94 | -0.46 | -10.45 | 17.31 | 2.15 | -73.5 |

Volume Movers

Ranked by change from 65-day average*

| Company | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg | 52-Week High | Low | % chg |
|--------------------------|--------|--------------|-----------------------|----------------------|---------------|--------------|-------|-------|
| SHF Holdings | SHFS | 4,848 | 13313 | 7.52 | 48.91 | 30.47 | 4.46 | |
| TOP Ships | TOPS | 40,772 | 5206 | 9.88 | 81.95 | 33.00 | 2.10 | |
| Electro-Sensors | ELSE | 196 | 3152 | 4.35 | -13.86 | 6.76 | 4.35 | |
| First Tr Hi Incm Strat | HISF | 203 | 2172 | 44.08 | -0.12 | 51.63 | 43.54 | |
| ProShs UltSht Health Cr | RXD | 360 | 1834 | 13.71 | -0.92 | 16.27 | 10.00 | |
| FT DW Moment Low Vol | DVOL | 367 | 1655 | 24.84 | -1.03 | 31.89 | 23.77 | |
| IQ Ultra Short Duration | ULTR | 349 | 1645 | 47.24 | -0.06 | 49.70 | 47.23 | |
| AltShares Merger Arb | ARB | 149 | 1640 | 26.86 | -0.16 | 27.09 | 24.59 | |
| First Trust TCW Sec Plus | DEED | 836 | 1623 | 21.53 | -0.58 | 25.99 | 21.24 | |
| Ra Medical Systems | RMED | 4,171 | 1622 | 6.45 | -1.38 | 176.50 | 5.44 | |

Futures Contracts

| Metal & Petroleum Futures | | | | | | |
|---|----------|---------|---------|---------|---------------|---------|
| | Contract | | | | Open interest | |
| | Open | High | Low | Settle | Chg | |
| Copper-High (CMX) -25,000 lbs.; \$ per lb. | | | | | | |
| Oct | 3.5290 | 3.5825 | 3.5035 | 3.5325 | 0.0145 | 1,967 |
| Dec | 3.4940 | 3.5955 | 3.4465 | 3.5005 | 0.0105 | 108,869 |
| Gold (CMX) -100 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 1724.10 | 1726.60 | 1703.00 | 1711.40 | -9.70 | 634 |
| Nov | 1729.20 | 1729.70 | 1703.90 | 1715.60 | -9.90 | 2,495 |
| Dec | 1734.40 | 1736.60 | 1708.80 | 1720.80 | -9.70 | 381,173 |
| Feb'23 | 1747.50 | 1749.60 | 1723.10 | 1734.20 | -9.50 | 36,265 |
| April | 1759.40 | 1761.00 | 1736.00 | 1747.70 | -9.40 | 8,005 |
| June | 1768.90 | 1774.80 | 1750.60 | 1761.20 | -9.30 | 5,321 |
| Palladium (NYM) -50 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 2246.90 | - | -74.30 | - | - | 1 |
| Dec | 2333.50 | 2339.00 | 2202.00 | 2255.90 | -74.30 | 6,769 |
| Platinum (NYM) -50 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 946.40 | 946.40 | 918.90 | 924.60 | -19.10 | 386 |
| Jan'23 | 940.00 | 940.00 | 903.10 | 914.60 | -19.10 | 53,507 |
| Silver (CMX) -5,000 troy oz.; \$ per troy oz. | | | | | | |
| Oct | 20.795 | 20.795 | 20.130 | 20.479 | -0.558 | 226 |
| Dec | 21.120 | 21.135 | 19.985 | 20.544 | -0.555 | 112,520 |
| Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl. | | | | | | |
| Nov | 86.37 | 88.42 | 85.42 | 87.76 | 1.24 | 217,205 |
| Dec | 85.30 | 87.42 | 84.53 | 86.84 | 1.34 | 237,342 |
| Jan'23 | 84.01 | 86.18 | 83.38 | 85.70 | 1.53 | 102,716 |
| March | 81.21 | 83.48 | 80.75 | 83.19 | 1.82 | 81,979 |
| June | 78.04 | 80.43 | 77.53 | 80.10 | 1.89 | 115,021 |
| Dec | 74.15 | 76.37 | 73.56 | 76.06 | 1.81 | 151,246 |
| NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal. | | | | | | |
| Nov | 3.5306 | 3.7174 | 3.4860 | 3.6869 | .1511 | 72,699 |
| Dec | 3.3905 | 3.5699 | 3.3459 | 3.5539 | .1644 | 45,045 |
| Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal. | | | | | | |
| Nov | 2.6712 | 2.7000 | 2.5932 | 2.6685 | -.0145 | 89,159 |

| | Contract | | | | Open interest | |
|--|----------|---------|---------|---------|---------------|---------|
| | Open | High | Low | Settle | Chg | |
| Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu | | | | | | |
| Dec | 2.5055 | 2.5436 | 2.4464 | 2.5212 | .0059 | 55,243 |
| Nov | 6.830 | 7.022 | 6.627 | 6.930 | .093 | 160,574 |
| Dec | 7.152 | 7.352 | 6.984 | 7.236 | .062 | 72,763 |
| Jan'23 | 7.281 | 7.486 | 7.153 | 7.385 | .065 | 93,363 |
| March | 6.133 | 6.316 | 6.104 | 6.290 | .090 | 75,014 |
| April | 4.920 | 5.012 | 4.870 | 5.006 | .085 | 76,328 |
| May | 4.836 | 4.889 | 4.762 | 4.886 | .085 | 82,830 |
| Agriculture Futures | | | | | | |
| Corn (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 683.00 | 687.50 | 675.75 | 684.00 | 1.00 | 680,674 |
| March'23 | 689.75 | 694.25 | 683.00 | 691.25 | 1.25 | 270,191 |
| Oats (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 403.50 | 404.25 | 396.00 | 402.50 | -1.00 | 3,182 |
| March'23 | 406.75 | 406.75 | 400.00 | 405.50 | -1.00 | 537 |
| Soybeans (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Nov | 1382.75 | 1385.25 | 1362.50 | 1369.75 | -13.75 | 281,724 |
| Jan'23 | 1392.25 | 1395.25 | 1373.00 | 1380.50 | -13.00 | 148,726 |
| Soybean Meal (CBT) -100 tons; \$ per ton. | | | | | | |
| Oct | 408.20 | 408.50 | 401.80 | 402.50 | -.50 | 585 |
| Dec | 402.20 | 404.70 | 396.50 | 398.50 | -3.00 | 174,476 |
| Soybean Oil (CBT) -60,000 lbs.; cents per lb. | | | | | | |
| Oct | 68.67 | 68.68 | 67.15 | 69.02 | .39 | 533 |
| Dec | 65.00 | 65.77 | 64.19 | 65.54 | .52 | 151,906 |
| Rough Rice (CBT) -6,000 cwt.; \$ per cwt. | | | | | | |
| Nov | 16.96 | 17.05 | 16.91 | 16.97 | .00 | 6,850 |
| Jan'23 | 17.31 | 17.33 | 17.26 | 17.32 | ... | 1,361 |
| Wheat (CBT) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 903.25 | 919.75 | 894.25 | 902.00 | -1.00 | 141,687 |
| March'23 | 915.50 | 931.75 | 907.50 | 915.25 | -.25 | 58,848 |
| Wheat (KC) -5,000 bu.; cents per bu. | | | | | | |
| Dec | 988.75 | 1008.75 | 980.25 | 990.25 | 1.50 | 82,666 |
| March'23 | 984.75 | 1003.50 | 976.00 | 986.75 | 2.00 | 35,503 |
| Cattle-Feeder (CME) -50,000 lbs.; cents per lb. | | | | | | |

| | Contract | | | | Open interest | |
|---|----------|---------|---------|---------|---------------|---------|
| | Open | High | Low | Settle | Chg | |
| Oct | | | | | | |
| 175.300 | 176.950 | 174.125 | 176.550 | 1.900 | 5,323 | |
| Nov | | | | | | |
| 175.850 | 177.625 | 174.400 | 177.325 | 2.125 | 20,172 | |
| Cattle-Live (CME) -40,000 lbs.; cents per lb. | | | | | | |
| Oct | 144.350 | 145.175 | 144.025 | 144.675 | .475 | 22,721 |
| Dec | 147.325 | 148.425 | 146.900 | 147.925 | .425 | 114,205 |
| Hogs-Lean (CME) -40,000 lbs.; cents per lb. | | | | | | |
| Oct | 87.900 | 91.000 | 87.525 | 90.800 | 3.800 | 17,583 |
| Dec | 74.825 | 76.750 | 74.100 | 76.500 | 2.075 | 90,346 |
| Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft. | | | | | | |
| Nov | 434.00 | 437.60 | 421.20 | 436.60 | 2.60 | 2,223 |
| Jan'23 | 446.90 | 447.00 | 432.30 | 446.80 | -.60 | 652 |
| Milk (CME) -200,000 lbs.; cents per lb. | | | | | | |
| Oct | 22.26 | 22.25 | 22.01 | 22.11 | -.15 | 4,949 |
| Nov | 21.82 | 22.20 | 21.70 | 21.84 | .04 | 5,410 |
| Cocoa (ICE-US) -10 metric tons; \$ per ton. | | | | | | |
| Dec | 2,368 | 2,403 | 2,364 | 2,392 | 32 | 138,145 |
| March'23 | 2,355 | 2,386 | 2,354 | 2,379 | 28 | 77,072 |
| Coffee (ICE-US) -37,500 lbs.; cents per lb. | | | | | | |
| Dec | 219.65 | 226.30 | 218.10 | 224.65 | 5.35 | 84,706 |
| March'23 | 210.75 | 216.20 | 209.50 | 214.65 | 4.05 | 49,804 |
| Sugar-World (ICE-US) -112,000 lbs.; cents per lb. | | | | | | |
| March | 17.95 | 18.10 | 17.89 | 17.95 | .04 | 340,600 |
| May | 17.20 | 17.31 | 17.14 | 17.19 | .05 | 128,443 |
| Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb. | | | | | | |
| Nov | 34.25 | - | -24 | 1,251 | - | - |
| Jan'23 | 34.76 | - | .01 | 2,103 | - | - |
| Cotton (ICE-US) -50,000 lbs.; cents per lb. | | | | | | |
| Oct | 88.26 | 90.52 | 83.20 | 83.23 | -4.97 | 107,993 |
| Orange Juice (ICE-US) -15,000 lbs.; cents per lb. | | | | | | |
| Nov | 197.95 | 198.95 | 189.15 | 190.95 | -8.00 | 7,468 |
| Jan'23 | 191.45 | 192.20 | 184.45 | 185.90 | -6.45 | 2,658 |

| Interest Rate Futures | | | | | | |
|---|---------|---------|---------|---------|---------|-----------|
| Ultra Treasury Bonds (CBT) - \$100,000; pts 32nds of 100% | | | | | | |
| Dec | 138-140 | 138-260 | 135-290 | 136-300 | -1-29.0 | 1,403,272 |
| Treasury Bonds (CBT) - \$100,000; pts 32nds of 100% | | | | | | |
| Dec | 128-130 | 128-220 | 126-110 | 126-250 | -1-28.0 | 1,207,904 |
| March'23 | 128-090 | 128-130 | 126-060 | 126-160 | -1-28.0 | 77 |
| Treasury Notes (CBT) - \$100,000; pts 32nds of 100% | | | | | | |
| Dec | 113-095 | 113-170 | 112-085 | 112-170 | -31.0 | 3,850,146 |
| March'23 | 113-210 | 113-210 | 112-170 | 112-245 | -31.5 | 345 |
| 5 Yr. Treasury Notes (CBT) - \$100,000; pts 32nds of 100% | | | | | | |
| Dec | 108-090 | 108-147 | 107-202 | 107-270 | -17.0 | 3,995,720 |
| 2 Yr. Treasury Notes (CBT) - \$200,000; pts 32nds of 100% | | | | | | |
| Dec | 102-291 | 102-313 | 102-230 | 102-262 | -3.4 | 1,963,462 |
| March'23 | 103-025 | 103-025 | 103-025 | 103-011 | -3.4 | 17 |
| 30 Day Federal Funds (CBT) - \$5,000,000; 100 - daily avg. | | | | | | |
| Oct | 96.9200 | 96.9200 | 96.9150 | 96.9175 | - | 399,989 |
| Nov | 96.2800 | 96.2800 | 96.2600 | 96.2700 | -.0050 | 323,857 |
| 10 Yr. Del. Int. Rate Swaps (CBT) - \$100,000; pts 32nds of 100% | | | | | | |
| Dec | 91-245 | 91-245 | 91-105 | 91-140 | -1-11.0 | 13,815 |
| Three-Month SOFR (CME) - \$1,000,000; 100 - daily avg. | | | | | | |
| Sept | 96.5700 | 96.5725 | 96.5575 | 96.5675 | - | 627,492 |

| | Contract | | | | Open interest | |
|--|----------|---------|---------|---------|---------------|-----------|
| | Open | High | Low | Settle | Chg | |
| March'23 | | | | | | |
| 95.5850 | 95.6050 | 95.5150 | 95.5600 | -.0150 | 1,092,519 | |
| Eurodollar (CME) - \$1,000,000; pts of 100% | | | | | | |
| Oct | 96.0200 | 96.0350 | 96.0075 | 96.0200 | .0025 | 154,709 |
| Dec | 95.3150 | 95.3350 | 95.2600 | 95.2950 | -.0050 | 1,501,091 |
| March'23 | 95.3050 | 95.3300 | 95.2350 | 95.2800 | -.0150 | 962,716 |
| Dec | 95.6650 | 95.6900 | 95.5350 | 95.5750 | -.0950 | 928,179 |

| Currency Futures | | | | | | |
|---|--------|--------|--------|--------|---------|---------|
| Japanese Yen (CME) - ¥12,500,000; \$ per 100¥ | | | | | | |
| Oct | .6947 | .6975 | .6912 | .6929 | -.0027 | 1,855 |
| Dec | .6990 | .7024 | .6959 | .6977 | -.0027 | 238,279 |
| Canadian Dollar (CME) - CAD 100,000; \$ per CAD | | | | | | |
| Oct | .7397 | .7405 | .7302 | .7349 | -.0056 | 181 |
| Dec | .7402 | .7408 | .7303 | .7351 | -.0057 | 137,702 |
| British Pound (CME) - £62,500; \$ per £ | | | | | | |
| Oct | 1.1452 | 1.1498 | 1.1232 | 1.1347 | -.0135 | 426 |
| Dec | 1.1487 | 1.1511 | 1.1242 | 1.1359 | -.0135 | 253,524 |
| Swiss Franc (CME) - CHF 125,000; \$ per CHF | | | | | | |
| Oct | 1.0286 | 1.0296 | 1.0185 | 1.0252 | -.0043 | 42,720 |
| March'23 | 1.0380 | 1.0392 | 1.0289 | 1.0346 | -.0047 | 379 |
| Australian Dollar (CME) - AUD 100,000; \$ per AUD | | | | | | |
| Oct | .6519 | .6527 | .6419 | .6505 | .0005 | 328 |
| Dec | .6515 | .6538 | .6428 | .6515 | .0005 | 138,498 |
| Mexican Peso (CME) - MXN 500,000; \$ per MXN | | | | | | |
| Oct | .04939 | .04947 | .04895 | .04983 | -.00016 | 22 |
| Dec | .04939 | .04947 | .04895 | .04926 | -.00016 | 192,309 |
| Euro (CME) - €125,000; \$ per € | | | | | | |
| Oct | .9990 | 1.0002 | .9844 | .9902 | -.0105 | 5,161 |
| Dec | 1.0036 | 1.0049 | .9887 | .9947 | -.0106 | 61,980 |

MARKETS

FASB Extends Rules Relief for Libor Shift

Companies can ignore certain requirements as they move away from rate benchmark

By MARK MAURER

The Financial Accounting Standards Board allowed companies to continue ignoring certain rules around modifying loan contracts and accounting for hedges of interest-rate risks as they move away from the London interbank offered rate. Libor and other benchmarks underpin trillions of dollars of financial contracts, including corporate loans, mortgages and interest-rate derivatives. Most U.S. compa-

nies have picked the Secured Overnight Financing Rate, or SOFR, as their replacement for Libor, which is being phased out after bankers allegedly rigged the rate. Libor is set to expire June 30, 2023. The FASB initially gave companies relief in March 2020, in an effort to help them work through the large volumes of financial contracts they needed to update or renegotiate as part of their preparations to abandon Libor. On Wednesday, it voted to extend the relief, which is optional, until Dec. 31, 2024, past Libor's end. That covers the period through which banks can continue referencing existing U.S. dollar Libor. The relief loosens certain hedge-accounting rules and re-

duces the effort needed to determine whether changes to a Libor-linked loan require businesses to record that loan as a new one or as a continuation of an existing one. Before the relief, companies that project at least a 10% change in their cash flows as a result of modifying a loan had to record a new loan and book a gain or a loss. Under the relief, companies that only change the reference rate, as opposed to a more substantial alteration such as extending the loan's maturity, don't have to record a new loan. U.S. officials last year supported a decision by the U.K. Financial Conduct Authority to allow banks to continue using U.S. dollar Libor, alongside Libor in other currencies, for ex-

isting debt for an additional 18 months, through June 2023. U.S. banks stopped issuing new financial contracts using Libor at the end of last year. The FASB would consider providing another extension for companies if regulators further delay the end of Libor, board member Christine Botosan said Wednesday. "But I think we're in pretty good shape with the time period that we decided," she said. The FASB expects to formally issue the relief extension by year-end, a spokeswoman said. Average daily trading volumes of SOFR-based derivatives have exceeded those linked to Libor each month since June. In September, \$3.99 trillion globally of fu-

tures and options contracts tied to SOFR changed hands each day, up from \$207 billion in the same month a year ago, according to exchange operator CME Group Inc. About \$1.94 trillion in Libor-based derivatives were traded per day in September, down from \$2.94 trillion a year earlier. Companies are considering which version of SOFR to switch to from Libor. Term SOFR, unlike the also popular overnight version of SOFR, particularly benefits companies that borrow or lend in one-, three- or six-month periods, and helps project their interest expense. The Federal Reserve and other regulators have said they prefer that banks and

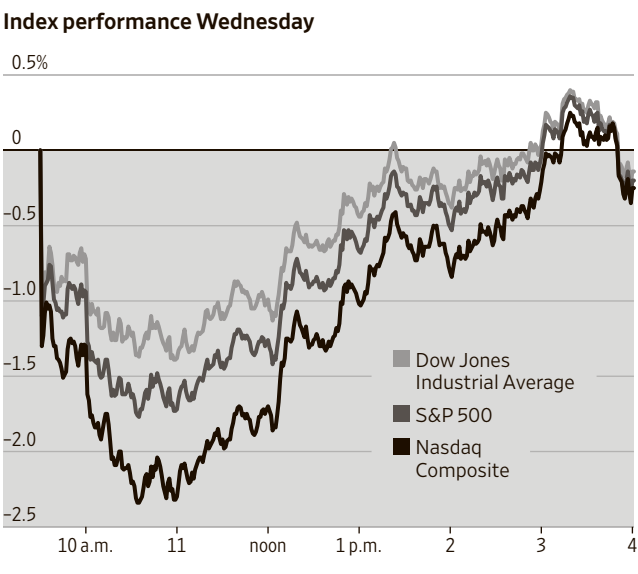
their borrowers replace Libor with a version of SOFR because of its stability, as opposed to credit-sensitive alternatives such as the Bloomberg Short Term Bank Yield Index, known as BSBY. Regulators pointed to the market volatility during the Covid-19 pandemic, during which SOFR supported large numbers of financial arrangements. The board on Wednesday also removed from its standard-setting agenda plans for broader changes to hedge accounting amid the shift away from Libor, particularly involving companies' hedging of interest-rate risk in the U.S., saying the project isn't a priority compared with other issues.

Stocks Selloff Resumes

Continued from page B1
enced volatility as the Federal Reserve increased interest rates this year to tame elevated inflation. Economic data showed signs of a strong economy, supporting the belief that a Fed pivot is unlikely and fueling the market drop. ADP's employment report showed that the U.S. private sector added 208,000 jobs in September, and the ISM Services Index noted that growth in the U.S. service sector held up better than expected in September. In addition, data showed that the U.S. trade deficit narrowed to \$67.4 billion in August from a revised \$70.5 billion one month earlier.

Service to Ease 401(k) Rollovers

Continued from page B1
workers are in those plans. Fidelity and other 401(k) providers offering the service won't require employers to offer the feature, but "we're optimistic about adoption," said Kevin Barry, head of the workplace-benefits business at Fidelity, the nation's largest plan administrator. Robert Johnson, majority owner of Retirement Clearinghouse LLC, a private company that pioneered the rollover



Out of the 11 sectors within the S&P 500, eight declined, with the energy, information technology and healthcare sectors gaining. Stocks sold off for most of the day but quickly rebounded in late afternoon before giving up gains again. Monday and Tuesday, the indexes posted their biggest

two-day gains in more than two years. Investors cheered what they saw as early signs that the Fed's efforts were working. Twitter fell 70 cents, or 1.3%, to \$51.30. Shares surged 22% Tuesday after Elon Musk offered to close his \$44 billion deal to buy the social-media company on the terms he

originally agreed to. In energy markets, Brent crude, the international benchmark for oil prices, edged up \$1.57 per barrel, or 1.7%, to \$93.37, after the Organization of the Petroleum Exporting Countries agreed to slash two million barrels of oil a day. Energy stocks rallied. Exxon Mobil gained \$3.85, or 4%, to \$99.12; Halliburton added \$1.12, or 4%, to \$29.24 and Phillips 66 advanced \$2.25, or 2.5%, to \$92.61. In bond markets, the yield on the benchmark 10-year Treasury note rose to 3.757% from 3.616% Tuesday. Yields and prices move inversely. The WSJ Dollar Index gained 0.7%. Overseas, the Stoxx Europe 600 fell 1%. In Asia, Hong Kong's Hang Seng Index climbed 5.9%, its biggest one-day gain since March, as Hong Kong returned from a holiday. Early Thursday, it was down 0.6%. Also Thursday morning, Japan's Nikkei 225 was up 0.9% and South Korea's Kospi was up 1.3%. S&P 500 futures rose 0.5%.

Volatility Fuels Rush On Options

Continued from page B1
many institutional and individual investors piling in since the onset of the Covid-19 pandemic. Overall activity is on pace for another record-breaking year, with more than 40 million contracts changing hands on an average day in 2022. Shorter-dated options can be cheaper to trade, while giving traders the opportunity for explosive returns if their bets prove correct, Mr. Sosnick said. The price of an option can change rapidly as it approaches the expiration date, allowing buyers to profit quickly if the market moves in their favor. Alternatively, the approaching expiration date can be attractive for sellers looking to lock in income earned from selling an options contract, if its value collapses. These approaches can saddle traders with big losses. Julien Stouff, founder of the hedge-fund firm Stouff Capital in Geneva, said he bought S&P 500 options that expired the same day to profit from the

stock rally at the beginning of the week. He embarked on the trade before the U.S. stock market's opening bell Monday and tapped a similar trade Tuesday. Mr. Stouff said the trades allow him to manage his risk in a tricky market, one that has been prone to big swings in both directions and in which rallies so far have been short-lived. Even though he said he thinks this week's rebound will fizzle, the options allowed him to profit from the momentum higher. The exchange operator Cboe Global Markets Inc. introduced extra weekly options expiration dates this year, fueling greater activity and helping to send S&P 500 index options volume for contracts expiring within a day to a high in September. Of course, many traders looked to profit from declines in the market or hedge their portfolios. The latest bout of volatility has been dotted with heavy activity in put options trading, which has surged to the highest level since 2008. That suggests many traders are turning to bearish trades to profit from market declines or protect themselves from further losses. More than 60% of options trades tied to indexes are those expiring in nine days or less, up from around 40% in January 2021, according to the data provider OptionMetrics.



Beyond speculation, short-dated options have become popular as a risk-management tool.

| Continued From Page B6 | | | | WSJ.com/stocks | | | |
|------------------------|------|--------|---------|-----------------|------|--------|---------|
| Stock | Sym | Close | Net Chg | Stock | Sym | Close | Net Chg |
| ResMed | RMD | 231.76 | 3.03 | SBA Comm | SBAC | 283.12 | -10.30 |
| Restaurant Brands | QSR | 55.13 | -0.35 | SEI Investments | SEI | 51.02 | -0.34 |
| Restoriant Realty | REXR | 53.52 | -1.31 | SK Telecom | SKM | 19.54 | -0.34 |
| Ricci Bros | RBA | 63.47 | -1.99 | SS&C Tech | SSNC | 51.68 | 0.40 |
| Rivian | RIVN | 36.13 | -0.17 | STOR | STOR | 31.48 | 0.11 |
| Robert Half | RHI | 79.66 | -0.34 | SVB Fin | SIVB | 364.12 | -12.37 |
| Robinson | ROBO | 10.76 | -0.06 | Salesforce | CRM | 156.23 | 0.50 |
| Roblox | RBLX | 38.00 | -0.44 | Samsara | IOT | 13.33 | 0.44 |
| Rocket Cos. | RKT | 7.05 | -0.13 | Sangfin | SGEN | 39.82 | -0.30 |
| Rockwell | ROK | 234.71 | 2.88 | Sarepta Therap | SRTT | 110.62 | -0.85 |
| Rogers Comm | RCCI | 39.18 | -1.34 | Sasol | SSL | 17.31 | -0.27 |
| Roku | ROKU | 59.70 | -2.70 | Schlumberger | SLB | 41.57 | -2.45 |
| Rollins | ROL | 36.68 | -0.42 | Schwab C | SCW | 75.93 | -0.29 |
| RoperTech | ROP | 380.45 | 1.12 | Sea | SE | 60.40 | -0.43 |
| Ross Stores | ROST | 89.82 | 0.44 | Seagate | STX | 57.43 | 0.17 |
| Royal Bk Canada | RY | 94.16 | -1.05 | Seagen | SGEN | 136.87 | -2.30 |
| Royal Caribbean | RCY | 43.47 | -0.38 | Sealed Air | SEE | 46.00 | -0.50 |
| Royal Gold | RGLD | 97.49 | -1.62 | Sempra | SRE | 153.53 | -4.10 |
| RoyaltyPharm | RPRX | 41.73 | 0.06 | SentinelOne | S | 27.69 | 0.06 |
| Ryan Specialty | RYAN | 41.41 | -0.01 | Service Corp | SCI | 61.93 | 0.06 |
| Ryanair | RYAY | 62.54 | -1.05 | ServiceNow | NOW | 458.28 | 9.03 |
| SAP | SAP | 87.18 | -0.86 | ShowComm | BSJR | 24.97 | -0.41 |
| S&P Global | SPGI | 321.65 | -1.90 | Shell | SHEL | 54.02 | 0.34 |
| | | | | SherwinWilliams | SHW | 217.37 | -2.14 |
| | | | | Shinhan Fin | SHG | 24.63 | -0.16 |
| | | | | ShockwaveMed | SWAV | 285.20 | -1.67 |

| Stock | Sym | Close | Net Chg | Stock | Sym | Close | Net Chg | Stock | Sym | Close | Net Chg |
|------------------|------|--------|---------|-----------------|------|--------|---------|-----------------|------|--------|---------|
| SteelDynamics | STLD | 77.83 | -0.19 | TaiwanSemi | TSM | 74.48 | 1.67 | TorontoDomBk | TD | 64.26 | -0.85 |
| Stellantis | STLA | 12.55 | -0.33 | TakeTwoSoftware | TTWO | 117.30 | 0.71 | TotalEnergies | TTE | 51.27 | -0.11 |
| Steris | STE | 173.04 | -2.79 | TakedaPharm | TKD | 13.45 | -0.15 | ToyotaMotor | TM | 138.09 | -1.97 |
| STMicroelec | STM | 34.82 | 0.72 | Tapestry | TPR | 31.86 | 0.42 | TractorSupply | TSKO | 20.59 | 3.7 |
| Stryker | SYK | 216.12 | 0.32 | TargaResources | TRGP | 66.13 | 0.76 | TradeDesk | TTD | 61.80 | -1.88 |
| SumitomoMits | SMFG | 5.72 | -0.08 | Target | TGT | 156.41 | -0.55 | Tradeweb | TWD | 57.90 | -0.64 |
| SunComms | SU | 137.31 | -3.46 | TataMotors | TTM | 25.25 | -0.20 | TransTech | TT | 153.71 | 0.99 |
| SunLifeFinancial | SULF | 41.87 | 0.17 | TeckResCSB | TECK | 32.83 | -0.13 | TransDigm | TDG | 55.71 | -1.17 |
| SuncorEnergy | SUN | 32.50 | 0.48 | TeledyneTech | TDY | 354.00 | -3.63 | TransUnion | TRU | 62.04 | -1.11 |
| Sunrise | SUN | 28.55 | -2.42 | TeledyneTMS | TFX | 205.55 | -0.70 | Travelers | TRV | 160.54 | 0.99 |
| Suzano | SUZ | 8.99 | 0.15 | Ericsson | ERIC | 6.29 | -0.17 | Trimble | TRMB | 57.61 | -1.15 |
| Switch | SWCH | 34.07 | 0.02 | TelefonicaBras | VIV | 7.78 | -0.20 | Trip.com | TCOM | 32.24 | 1.55 |
| SynchroFin | SFV | 31.75 | 0.07 | Telefonica | TEF | 3.31 | -0.13 | TrustFint | FT | 45.86 | 0.07 |
| Synopsys | SNPS | 321.37 | -0.33 | TelekomIndones | TLK | 29.07 | -0.29 | Tuvisia | TU | 62.32 | -1.2 |
| Sysco | SY | 75.50 | 0.50 | Tenaris | TS | 29.03 | 0.33 | Twist | TW | 57.90 | -0.64 |
| | | | | TencentMusic | TME | 4.45 | -0.03 | Twitter | TTWT | 55.92 | -0.7 |
| | | | | Tekadyne | TER | 81.95 | 0.28 | TylerTech | TYL | 36.27 | 4.23 |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | TysonFoods | TSN | 66.64 | -0.38 |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | UBS Group | UBS | 15.35 | -0.44 |
| | | | | TetraTech | TTET | 133.24 | -1.17 | UBS US | UBS | 41.08 | -1.33 |
| | | | | TevaPharm | TEVA | 8.84 | 0.01 | Udacity | UD | 33.20 | 0.99 |
| | | | | Texttron | TXT | 63.32 | -0.27 | UFI | UF | 32.20 | 0.99 |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | USFoods | USFD | 28.16 | -0.33 |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | Uber | UBER | 29.18 | 0.08 |
| | | | | TetraTech | TTET | 133.24 | -1.17 | United | UNIT | 8.0 | 0.1 |
| | | | | TevaPharm | TEVA | 8.84 | -0.01 | Upi | UPI | 13.61 | -0.11 |
| | | | | Texttron | TXT | 63.32 | -0.27 | UltraBattery | ULTA | 395.79 | 7.99 |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | Unilever | UL | 44.62 | -0.66 |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | UnitedFinancial | UNP | 200.62 | -4.77 |
| | | | | TetraTech | TTET | 133.24 | -1.17 | UnitedAirlines | UAL | 35.42 | 0.00 |
| | | | | TevaPharm | TEVA | 8.84 | -0.01 | | | | |
| | | | | Texttron | TXT | 63.32 | -0.27 | | | | |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
| | | | | TetraTech | TTET | 133.24 | -1.17 | | | | |
| | | | | TevaPharm | TEVA | 8.84 | -0.01 | | | | |
| | | | | Texttron | TXT | 63.32 | -0.27 | | | | |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
| | | | | TetraTech | TTET | 133.24 | -1.17 | | | | |
| | | | | TevaPharm | TEVA | 8.84 | -0.01 | | | | |
| | | | | Texttron | TXT | 63.32 | -0.27 | | | | |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
| | | | | TetraTech | TTET | 133.24 | -1.17 | | | | |
| | | | | TevaPharm | TEVA | 8.84 | -0.01 | | | | |
| | | | | Texttron | TXT | 63.32 | -0.27 | | | | |
| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
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| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
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| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
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| | | | | TevaPharm | TEVA | 8.84 | -0.01 | | | | |
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| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
| | | | | TetraTech | TTET | 133.24 | -1.17 | | | | |
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| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
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| | | | | ThermoFisher | TMO | 362.27 | 6.34 | | | | |
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| | | | | ThermoFisher | TRI | 106.89 | -0.27 | | | | |
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MARKETS

Turmoil Boosts Commodity Hedge Funds

Returns soar as lockdowns and Ukraine war disrupt flow of raw materials

By JULIE STEINBERG

Some hedge funds that trade raw materials have generated blockbuster returns this year, making them among the major beneficiaries of exceptionally volatile commodity markets.

Prices for oil, natural gas, metals and grains surged earlier this year as economies reopened from Covid-19 lockdowns and the Ukraine war disrupted flows of energy and raw materials.

COMMODITIES

The flagship fund of **e360 Power** LLC, a Texas firm that uses futures and options to trade power, natural gas and emissions, has more than doubled, rising about 125% so far this year through September. The oil-focused fund of London-based **Westbeck Capital Management** LLP is up about 41% in the same period, while separate Westbeck funds concentrating on the energy transition are up around 14% and 15%.

At e360 Power, portfolio manager Mark Sickafoose attributed the firm's performance to surging U.S. electricity prices in the first half of the year. He said electricity prices would remain volatile, likely boosting future returns.

However, the firm cut investments in European gas from the second half of May, owing to concerns about the Ukraine war and regulatory changes in Europe regarding coal plants.

The hefty gains make these investors among the winners—alongside energy companies and resource-rich states such as Saudi Arabia—from a period of surging prices and extraordinary volatility. The turmoil has helped push inflation to multidecade highs and



The price of grain surged higher this year as economies reopened from Covid-19 lockdowns but wheat is now down 30% since May.

spurred some governments to bail out power companies or subsidize household energy costs.

The performance also differs starkly from funds that pick stocks, particularly those that focus on high-growth technology companies. The HFRI 500 Equity Hedge Index is down more than 11% this year through August. Hedge funds with a broad macroeconomic focus, on the other hand, have shined this year.

Some major multistrategy funds, which invest in a range of assets, also have thrived in commodity markets. Hedge-fund giant **Citadel** LLC's flagship fund told investors it got more than 60% of its second-quarter gross investment gains from commodities, docu-

mentation viewed by The Wall Street Journal showed.

Yet as the global economic outlook has darkened and commodity prices have fallen, some fund managers have scaled back their bets. As of Wednesday's close, crude prices dropped by about one-quarter from their June high, while wheat has fallen almost 30% since May and European power prices have fallen by more than half since late August.

"This is just turning into a year of two halves," said Robert Howell, a portfolio manager at New York-based Gresham Investment Management LLC, which oversees around \$7 billion in assets.

Mr. Howell said a strong dollar had dented commodity

demand from emerging markets and noted that Russian oil had continued to flow to some international markets.

Mr. Howell said he aggressively sold positions in recent

Some major multistrategy funds also have thrived in commodity markets.

weeks and now half of his portfolio sits in cash.

"We are basically leaving the party," he said. "We're in full-on capital-preservation mode." Mr. Howell's strategy is up about 17% through Sep-

tember.

Others have shifted to actively anticipating further sell-offs. Alena Kykalova Brynjolfsson runs Palo Alto, Calif.-based Tiara Capital, an energy-focused quantitative trading firm specializing in machine learning. Ms. Kykalova Brynjolfsson has taken profits throughout the year from her bets on U.S. and European natural-gas and oil futures.

At the beginning of September, her models started reflecting a more bearish outlook. That prompted her to place bets that natural gas and oil would fall, after a huge peak in natural gas in August.

Some investors have shifted back and forth, underlining the uncertainty in commodity

Brent crude-oil futures price, front-month contract



Source: FactSet

markets.

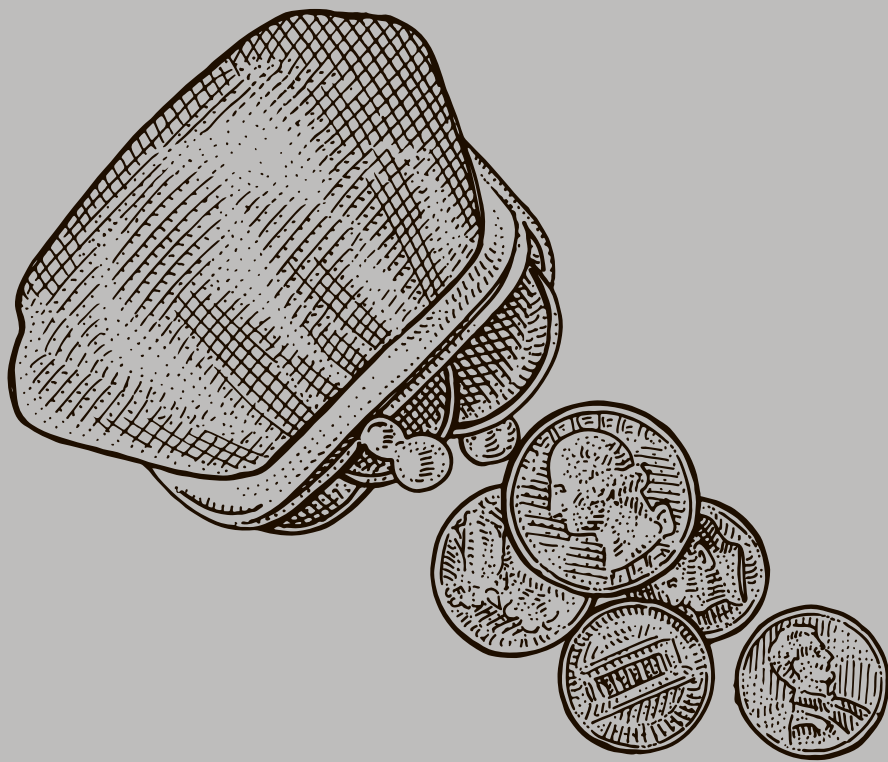
Crude prices rose this week in anticipation of Wednesday's decision by the Organization of the Petroleum Exporting Countries and Russia, the cartel's main ally, to cut oil production.

Westbeck changed tack in mid-June, exiting longer-term positions and focusing more on shorter-term trades, said Jean-Louis Le Mee, the firm's co-founder. But the firm, which manages about \$600 million, has more recently begun to add to its long positions, or bets that prices will rise.

Mr. Le Mee pointed to a host of unknowns, including uncertainty over whether China would relax its zero-Covid measures and the prospects for global recession. On the other hand, he said oil prices could rise due to the OPEC+ cuts, a possible end to releases from the U.S. Strategic Petroleum Reserve and the year-end European oil embargo on Russia.

Investors appear to be scaling back expectations of future Federal Reserve interest-rate rises, Mr. Le Mee said. That could imply the dollar has peaked, which would offer further support for oil prices, he said.

—Joe Wallace contributed to this article.



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Buy Side FROM WSJ

THE BOLD NEW SHOPPING SITE FROM THE WALL STREET JOURNAL.