

What's News

Business & Finance

- ◆ **Inflation eased again** in January but came in above Wall Street's expectations, clouding the Fed's path to interest-rate cuts and potentially giving the central bank breathing space to wait until the middle of the year. **A1**
- ◆ **Major U.S. stock indexes** fell after the release of the inflation data, with the S&P 500 and Dow both retreating 1.4% and the Nasdaq sliding 1.8%. **B1**
- ◆ **Walmart is in talks** to buy smart-television manufacturer Vizio for more than \$2 billion, according to people familiar with the matter. **B1**
- ◆ **Pete Distad, a former top** Apple executive, is among the leading candidates for CEO at the new sports streaming venture from Disney's ESPN, Fox and Warner Bros. Discovery. **B1**
- ◆ **Copilot testers said** Microsoft's artificial-intelligence assistant for its bestselling software is useful, but often doesn't live up to its price. **B1**
- ◆ **Instacart will cut** about 250 employees, or roughly 7% of staff, as the grocery-delivery firm focuses on profitability. **B2**
- ◆ **Oil refiner Phillips 66** named former Cenovus executive Robert W. Pease to its board, bending to pressure from activist investor Elliott. **B3**
- ◆ **Lyft shares soared** as much as 60% in after-hours trading after its earnings release accidentally added an extra zero to a key profitability metric. **B4**
- ◆ **MSCI will drop** dozens of companies from its benchmark China index after a prolonged selloff in that market. **B13**
- ◆ **BlackRock launched** a program to let individual investors have a say in how their proxy votes are cast. **B8**

World-Wide

- ◆ **House Republicans** impeached Homeland Security Secretary Alejandro Mayorkas on a largely party-line vote, succeeding on their second try after an embarrassing defeat last week. **A1**
- ◆ **The Senate passed** a \$95.3 billion package backed by Biden that contains a fresh round of aid for Ukraine and funds for Israel and Taiwan, overcoming Republican objections but facing an uncertain future in the House. **A1**
- ◆ **Democrat Tom Suozzi** won a special election for the U.S. House in New York, a signal that his party can withstand GOP attacks on immigration in swing districts. **A3**
- ◆ **The Biden administration** is considering changes to its Covid-19 recommendations, which suggest the ill isolate for at least five days, following the adoption of new timelines by Oregon and California. **A3**
- ◆ **In Pakistan, a coalition** government led by the party of former Prime Minister Nawaz Sharif was announced, a sharing arrangement that excludes the party of jailed opposition leader Imran Khan. **A5**
- ◆ **CIA Director Burns** ended negotiations with top Middle East officials without making major strides toward a deal between Israel and Hamas that would free hostages and pause fighting in the Gaza Strip. **A5**
- ◆ **Ukrainian officials** presented fresh claims that Russian forces are using satellite internet terminals made by Elon Musk's SpaceX. **A6**
- ◆ **Died: David Bouley, 70,** haute cuisine chef. **A4**

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Inflation Clouds Rate-Cut Path

Stock market drops as consumer prices in January came in above expectations

By Justin Lahart and Nick Timiraos

Inflation eased again in January but came in above Wall Street's expectations, clouding the Federal Reserve's path to rate cuts and potentially giving the central bank breathing space to wait until the middle of the year.

The Labor Department reported Tuesday that consumer prices rose 3.1% in January from a year earlier, versus a

December gain of 3.4%. That marked the lowest reading since June.

Still, the consumer-price index was higher than the predicted 2.9%, a disappointment for investors who hope the Fed will cut rates sooner rather than later. Rate cuts tend to help stock prices by boosting economic activity and reducing competition from bonds for investor dollars.

The release gave a nasty jolt to markets. Stocks fell sharply and bond yields rose. The Dow Jones Industrial Average slid more than 500 points, or about 1.4%, its worst one-day decline since March. For all three major U.S. stock indexes, it was their worst performance on a

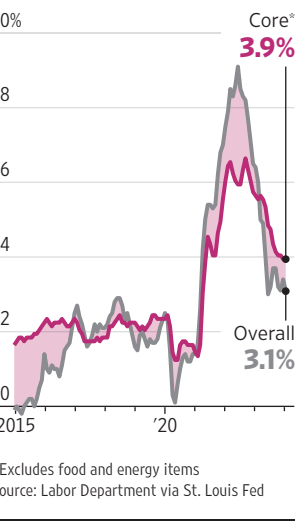
CPI release day since September 2022, according to Dow Jones Market Data.

The yield on the 10-year Treasury note rose to 4.315%, bringing it to its highest level since the end of November.

For many investors, Tuesday represented a realization: Disinflation was easy in 2023, when inflation fell from 6.4% at the start of the year to 3.4% in December. That this happened without the widely anticipated rise in unemployment or even recession came

- ◆ **Cost of car ownership squeezes budgets.....** A2
- ◆ **Stocks sink after inflation setback.....** B1

Consumer-price index, change from a year earlier



The Feathered and Fun-Loving Toast Mardi Gras



CARNIVAL COLORS: Amid parades and street parties, revelers danced and took selfies in Jackson Square in New Orleans during Mardi Gras celebrations on Tuesday, the last day before Ash Wednesday and the start of the Christian period of Lent.

Israeli Offensive Looms Over Crisis in Rafah

War drove more than a million people into a corner of Gaza, where aid bottlenecks leave them short of food and water

By Margherita Stancati and Abeer Ayyoub

JERUSALEM—Rafah, on Gaza's southern edge, is now a city of tents, and the epicenter of one of the worst humanitarian disasters in years.

Yet a deadly mix of war, politics and logistics is choking off emergency aid, and the scale of suffering has raised international pressure on Israel ahead of an anticipated offensive.

More than 1.3 million civilians, which amounts to over half of the Gaza Strip's population, have fled fighting in the Palestinian enclave and crowded into Rafah, normally home to about 300,000 residents.

Families shelter from rain and cold beneath plastic sheets strung up along roadsides. Tents from international donors have been sold for \$500 on the black market by families desperate to raise money for food. People make fires with plastic refuse to bake flatbread.

Four months into Israel's invasion of Gaza, many residents say they haven't received any aid. "We have to buy every single thing. We pay so much money just for food each day. We don't have cooking gas. When

- ◆ **Gaps remain in cease-fire negotiations...** A5
- ◆ **Abbas frustrates West's Gaza plan.....** A5

Senate Passes Aid For Ukraine, Israel

By Stobhan Hughes and Lindsay Wise

WASHINGTON—The Senate passed a \$95.3 billion package backed by President Biden that contains a fresh round of aid for Ukraine and funds for Israel and Taiwan, overcoming Republican objections but facing an uncertain future in the GOP-run House.

The Senate's 70-29 vote marked a victory for proponents of a muscular role for the U.S. in foreign affairs, for the moment elbowing aside isolationist forces in Congress. The bill's passage puts the spotlight on House Speaker Mike Johnson (R., La.), who has indicated the measure will need changes,

- ◆ **Kremlin keeps POWs' families in the dark.....** A6
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potentially including provisions tightening the U.S. southern border, to stand a chance of becoming law.

The passage in the Democratic-controlled chamber comes at a critical moment for Ukraine, which has been running short of supplies and military forces after a failed counteroffensive against Russia last year. Twenty-two Republicans joined almost all Democrats in supporting the bill. Three members of the Democratic caucus who have expressed concerns

More People Are Unattached—That's Good for Valentine's Day

Self-gifting is on the rise as consumers enjoy empowerment of treating themselves

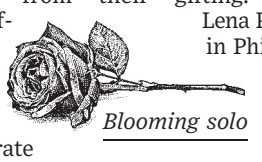
By Suzanne Kapner

This Valentine's Day, more people are saying "I love you"—to themselves.

Self-gifting is on the rise for Cupid's holiday as more consumers grow tired of receiving duds from their spouse or significant other, enjoy the empowerment of treating themselves or celebrate the single life. It's yet another way Feb. 14 is getting a makeover when nearly half the U.S. adult population is unmarried and many say they aren't looking for a romantic relationship.

The trend is a boon for retailers and could help reverse sagging Valentine's Day sales. Larger companies such as Target and Etsy to smaller jewelers and lingerie sellers are switching up marketing messages and creating special collections to emphasize self-gifting.

Lena Parsell, an art director in Philadelphia, received a pair of gray wool socks from her husband for Christmas that were so bulky and itchy that they became a magnet for her cat, who bit her toes when she wore them around the house. "My husband is amazing, but he has trouble figuring out my taste," Parsell says.



Blooming solo

INSIDE



SPORTS

The U.S. women's soccer league is paying up to lure top foreign players. **A12**

BUSINESS & FINANCE

Walmart is in talks to buy smart-TV maker Vizio for more than \$2 billion. **B1**

Texas Oil Driller Banks Big Deal, With Regrets

By Benoît Morenne

Autry Stephens, one of the last Texas wildcatters, is about to become one of the richest men in the world. He isn't sure how he feels about it.

On Monday, he said he would sell Endeavor Energy Resources, the company that sprang from a well Stephens drilled 45 years ago, to Diamondback Energy in a \$26 billion stock-and-cash deal. Most of the proceeds will go to him and his family, yet Stephens was somber. "There is certainly some sadness on my part," Stephens said Sunday, hours before the sale was announced.

The oilman for years held out on selling Endeavor, long viewed as one of the gems of the Permian Basin in West Texas and New Mexico, turning down oil behemoths including

Exxon Mobil. Stephens loved running the company, where many employees spent their whole careers. "I'll miss the people there," he said. "It was kind of a little family."

In the end, what persuaded the 85-year-old billionaire to cash out was a cancer diagnosis. The treatment left Stephens physically diminished and ready to sell. "That was a big factor in this decision," he said.

The tie-up concludes a 62-year career that spanned the rise of the Organization of the Petroleum Exporting Countries, the feared decline of U.S. crude production and its resurgence with the shale boom.

Stephens is joining the ranks of private oil companies that are cashing in on shale riches, including CrownRock, which is led by Timothy Dunn and



U.S. NEWS

Cost of Car Ownership Squeezes Budgets

By Joe Pinsker

One place Americans still can't get relief from inflation is behind the wheel.

Many of the costs related to car ownership continued to outpace the consumer-price index last month. Car insurance premiums rose 20.6% in January from a year earlier. A trip to the mechanic, the price of a parking space, and highway tolls are also up, offsetting the savings from one of the big exceptions, falling gas prices.

The ballooning costs for that car in the driveway can squeeze budgets. Transportation is Americans' second-biggest expense, after housing, and one that is hard to cut.

Already, more Americans are feeling the strain. In the fourth quarter of last year, 7.7% of auto loans transitioned to delinquency on an annualized basis, according to the New York Fed—the highest rate in 13 years.

"It's been challenging for consumers over the past few years when it comes to car ownership," said Greg Brannon, the director of automotive research at AAA.

The total annual cost of owning a new car, including expenses such as gas and insurance, climbed to \$12,182 in 2023, up from \$10,728 in 2022, according to the latest estimates from AAA.

A big part of that increase is due to higher interest



Lower gas prices are one bright spot as car costs keep rising.

rates, which raise the cost of borrowing money to buy a car.

The price of a new car it-

self rose a mellow 0.7% year-over-year, according to Labor Department data. But that was from an already high

base. The average transaction price on a new vehicle rose from \$39,813 in January 2021 to \$47,358 last month.

"This has been the biggest climb in prices in the shortest period of time that we've seen," said Jessica Caldwell, an analyst at Edmunds, an online car-shopping guide.

Higher car prices are one of the factors pushing up car insurance premiums. Premiums are also rising because of all the new technology now in cars, which can be expensive to replace.

"Cars have become more sophisticated, driving up their values and the costs of fixing them," said Neil Alldredge, president and chief executive of the National Association of

Mutual Insurance Companies.

"There's also a lag between insurance pricing and economic conditions, which is why auto insurance costs have suffered from higher-than-expected inflation," he said.

The rising cost of maintenance and body work is also driving up insurance rates. That fender bender may cost 7.9% more than a year ago, given the surge in the price of repairs.

The highest cost of car ownership last year was depreciation. Your car loses value each year you drive it.

AAA estimated that depreciation cost a driver \$4,538 in 2023 if he or she drove 15,000 miles, versus \$3,656 in 2022.

Inflation Clouds Rate Outlook

Continued from Page One as a pleasant surprise and led some to hope the path all the way back to the Fed's 2% target would also be relatively easy. Although January's report is just one month's data, it raises the risk that the path could be uneven.

Interest-rate futures, which before Tuesday's report indicated the central bank would probably begin cutting rates by its May meeting, now suggest a June start date is more likely.

Next move for Fed

Investors' belief that Fed cuts were imminent has helped fuel the rally in stocks. The Dow on Monday had hit its 12th record close of 2024.

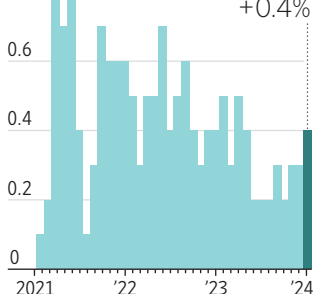
But Tuesday's inflation report underscores why Fed officials have been dismissive of such expectations. Some Fed officials have suggested that the pace of improvement over the past six months might overstate underlying progress in containing price pressures.

Officials have said they aren't ready to entertain rate cuts at their next meeting, March 19-20, because they want to see more evidence that inflation is returning to their 2% target.

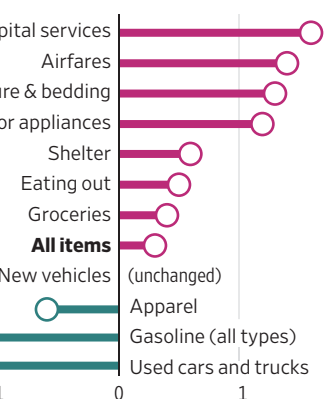
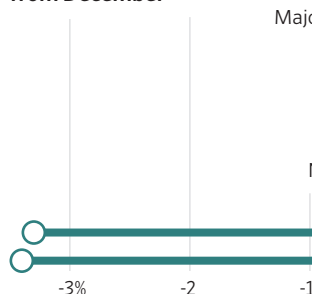
Fed Chair Jerome Powell has said officials want to see more evidence that inflation is returning to its 2% goal, which is measured against a separate gauge to be released later this month by the Commerce Department.

"It's not that the data aren't good enough. It's that there's really six months of data," Powell said in an interview on CBS earlier this month. "It doesn't need to be better than what we've seen, or even as good. It just needs to be good."

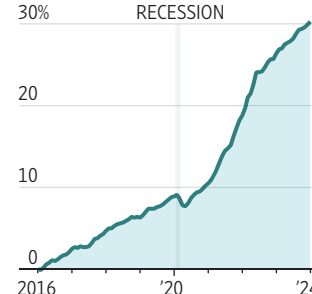
Core consumer-price index, change from previous month



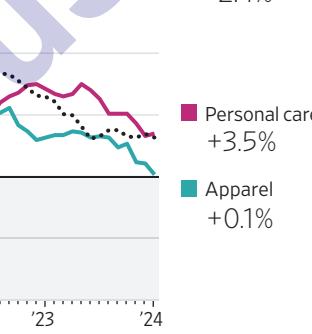
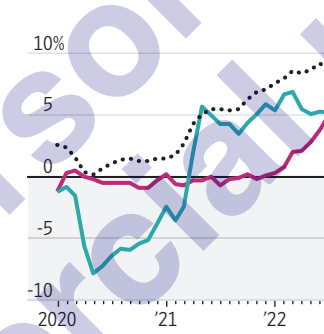
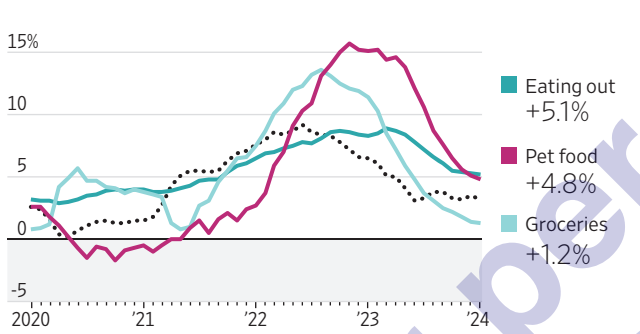
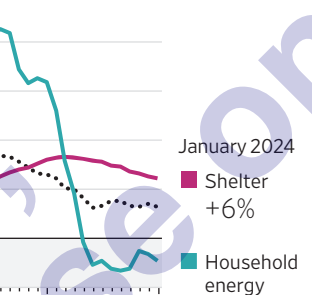
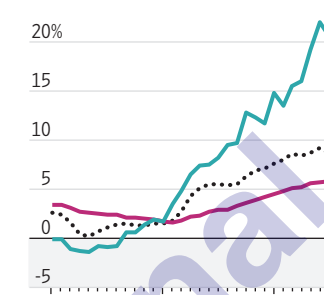
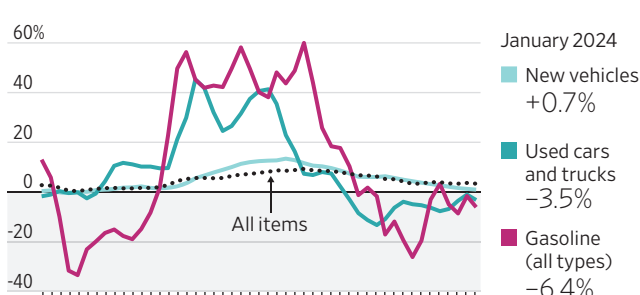
Consumer-price index for select items in January, change from December



Cumulative change in consumer prices since January 2016



Consumer-price index for select items, change from a year earlier



Note: Core CPI excludes food and energy items. Data for core CPI, MoM change for select items in January and cumulative change since 2016 are seasonally adjusted. Sources: Labor Department (Core CPI, select items in January change from December, change since 2016, YoY change in gasoline); Labor Department via the St. Louis Fed (YoY change in CPI for select items, except gasoline)

Kurt Wilberding/THE WALL STREET JOURNAL

Core prices, which exclude food and energy items in an effort to better track inflation's underlying trend, were up 3.9% in January. That was equal to December's gain, which was the lowest since mid-2021.

From a month earlier, overall prices were up a seasonally adjusted 0.3%, and core prices were up 0.4%—larger gains than economists expected.

Two inflation gauges

The Fed's preferred measure of inflation has been running cooler than the Labor

Department's, and analysts said that could continue in January. The figures released Tuesday calculate medical care and airfares differently, and those categories were especially strong in January. The Labor Department's measure also puts a much higher weight on shelter costs, which for both owners and renters are derived from rents. Shelter costs accounted for 0.23 percentage point of the monthly gain in overall prices in January. Shelter costs were up 0.6% month over month.

Some Fed officials have said they are looking for evidence that a slowdown in price pressures is broadening beyond goods such as used cars, which have seen prices decline over the past year. Tuesday's figure showed the opposite: Price declines accelerated for goods while price increases accelerated for services.

And prices are still far above where they were before the pandemic—especially for items that most consumers buy often, like groceries.

The sting of those past price increases might be part

of why so many people remain down on the economy. An analysis conducted by Goldman Sachs economists suggests that frustration with high price levels might have contributed to low confidence readings that persisted in the early 1980s even after inflation had slipped sharply.

"It does seem like it takes a while for confidence to recover, in part because people are focused on levels rather than changes," Goldman chief economist Jan Hatzius said.

The Labor Department's measure of overall consumer

CORRECTIONS & AMPLIFICATIONS
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Oil Driller Banks Deal, With Regrets

Continued from Page One agreed to a sale to Occidental Petroleum for nearly \$11 billion in December. The frenzy of deals reshaped the oil patch, consolidating the scrappy drillers who set off the shale boom among larger producers seeking premium acreage.

Endeavor is one of the last giant, privately held drillers. It has the largest remaining inventory of top-tier oil acreage of any private Permian company, according to energy-analytic firm Flow Partners, sitting on about 350,000 net acres and producing about 200,000 barrels of oil a day. The merger with Diamondback would create a juggernaut that will compete with the likes of ConocoPhillips and Exxon in the Permian.

Stephens and his family own almost all of Endeavor, and they are expected to receive virtually all of the fruits of the sale, which includes \$8 billion in cash, according to people familiar with the matter. Before the announcement, Stephens had a fortune pegged at nearly \$15 billion.

While his fortune dwarfs those accumulated by oil titans



Autry Stephens and his family own almost all of Endeavor.

such as Dunn and T. Boone Pickens, Stephens's parsimony is talked about among Midland executives. The octogenarian favors Southwest Airlines flights and drives an old Toyota Land Cruiser. For years he didn't take any distribution and he only recently started taking cash out of the company, according to people familiar with the matter.

Stephens said he was diagnosed with cancer about a year ago. While his daughter Lyndal Greth sits on Endeavor's board, Stephens said he thought putting her in charge of the company would be a burden as she is raising children. He has a son, who Stephens said wasn't inter-

ested in the family business.

Greth said her priority is focusing on her young children, and it had been an honor to work with her father. "His ambition, value system and integrity is unmatched," she said.

'I think we might have sold out early,' he said of the merger.

Few Permian companies are as coveted as Endeavor. Six months ago, Exxon approached to discuss a potential sale, Stephens said, but the conversations didn't pan out.

Endeavor started a sales process in December, Stephens said. ConocoPhillips was a bidder, but Endeavor had more cultural affinities with Diamondback, he said. Its office is down the street from En-

deavor's, and both companies' operations are centered on the Midland Basin.

"Most of my employees will have a job, good job with Diamondback, so I'd say that would be the No. 1 factor," he said. He said one of his proudest achievements was "creating jobs, and trying my darnedest to make them permanent."

Stephens grew up in a farming community in De Leon, in central Texas. He graduated from the University of Texas at Austin as a petroleum engineer and thought he would travel to exotic locales, such as the oil-rich Lake Maracaibo in Venezuela. "I just couldn't see myself sitting behind a desk," he said.

Instead he joined Humble Oil—a forebear of Exxon. He took a two-year break to join the U.S. Army Corps of Engineers, serving as a lieutenant and platoon leader responsible for fuel installations. He then worked as a reservoir engineer for a Midland bank. He drilled his first well in 1979 at 41 in Midland County, throwing his life savings into the venture, a move that he said "wasn't very smart." In 1996, Stephens founded Big Dog Drilling. Despite its name, the company started with just one small rig.

He started Endeavor in 2000 and placed his personal assets in the new company. Five years later, he acquired the U.S. assets of French company Perenco, allowing En-

deavor to grow its oil and gas production by 25%.

Stephens rode the booms and busts of the business, and his company came close to the edge in 2008 and 2014 when crude prices tumbled. Starting in 2016, Endeavor refocused on drilling horizontal wells, a technique that, combined with fracking, unleashed gushers of oil from the Permian basin.

The merger with Endeavor is a coup for Diamondback, a driller with a market capitalization of about \$27 billion before the deal was announced. Several years ago, Endeavor received a good offer to be acquired by Shell, Stephens said. Endeavor also had on-and-off conversations about a sale with Pioneer Natural Resources. He didn't offer specifics as to why the engagements with Exxon, Shell or Pioneer didn't lead to a sale. Exxon said last year it would acquire Pioneer.

"Oil people are always over-optimistic, so I think we might have sold out early," he said of the merger with Diamondback. "But we'll still have an interest in—you know, the oil business." The windfall from Endeavor's sale is poised to make Stephens and his family among the 100 richest people in the world. When asked how he planned to use the proceeds, the billionaire was surprised by the question. "I just haven't thought about it," he said.

—Collin Eaton contributed to this article.

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U.S. NEWS

CDC Is Discussing Updates To Covid Guidelines

The Biden administration is considering changes to its Covid-19 recommendations, which suggest Americans isolate for at least five days when ill, following the adoption of new timelines by Oregon and California.

By Stephanie Armour, Betsy McKay and Brianna Abbott

The Centers for Disease Control and Prevention has been reviewing possible changes to the isolation recommendations and hasn't ruled out reducing or altering the recommended number of days during which those with Covid-19 should isolate, administration officials said.

There has been no final decision on whether to change the guidance, and the review is part of a process to remain current with the risk and spread of disease, the officials said. The possibility of a guidance change was reported earlier by the Washington Post.

Oregon and California broke from CDC guidance by saying that people no longer need to isolate for a specific minimum time frame. The CDC's current guidance says people who test positive for the virus should stay home for at least five days.

Oregon said in May that people should stay home until they haven't had a fever for 24 hours without fever-reducing medicine and symptoms are improving. The state calls for masking for 10 days around other people. California's new guidance from January also doesn't mandate isolation for everyone after infection. The administration at the time of the state changes said it was also reviewing possible changes, one of the administration officials said.

"There are no updates to Covid guidelines to announce at this time," a CDC spokesman said Tuesday. "We will continue to make decisions based on the best evidence and science to keep communities healthy and safe."

Nearly everyone in the U.S. has been vaccinated or infected by the virus that causes Covid-19, diminishing its threat. Most have shed pandemic precautions, though some schools and workplaces have maintained a five-day isolation rule in line with federal guidance. Many people haven't kept up with regular booster shots.

The U.S. is in the middle of another Covid-19 winter, more than four years after the virus emerged and went on to kill some 1.1 million Americans. While Covid-19 wastewater levels, a signal of circulating virus, remain high, there have been less severe disease and death compared with the past few years, federal data show.

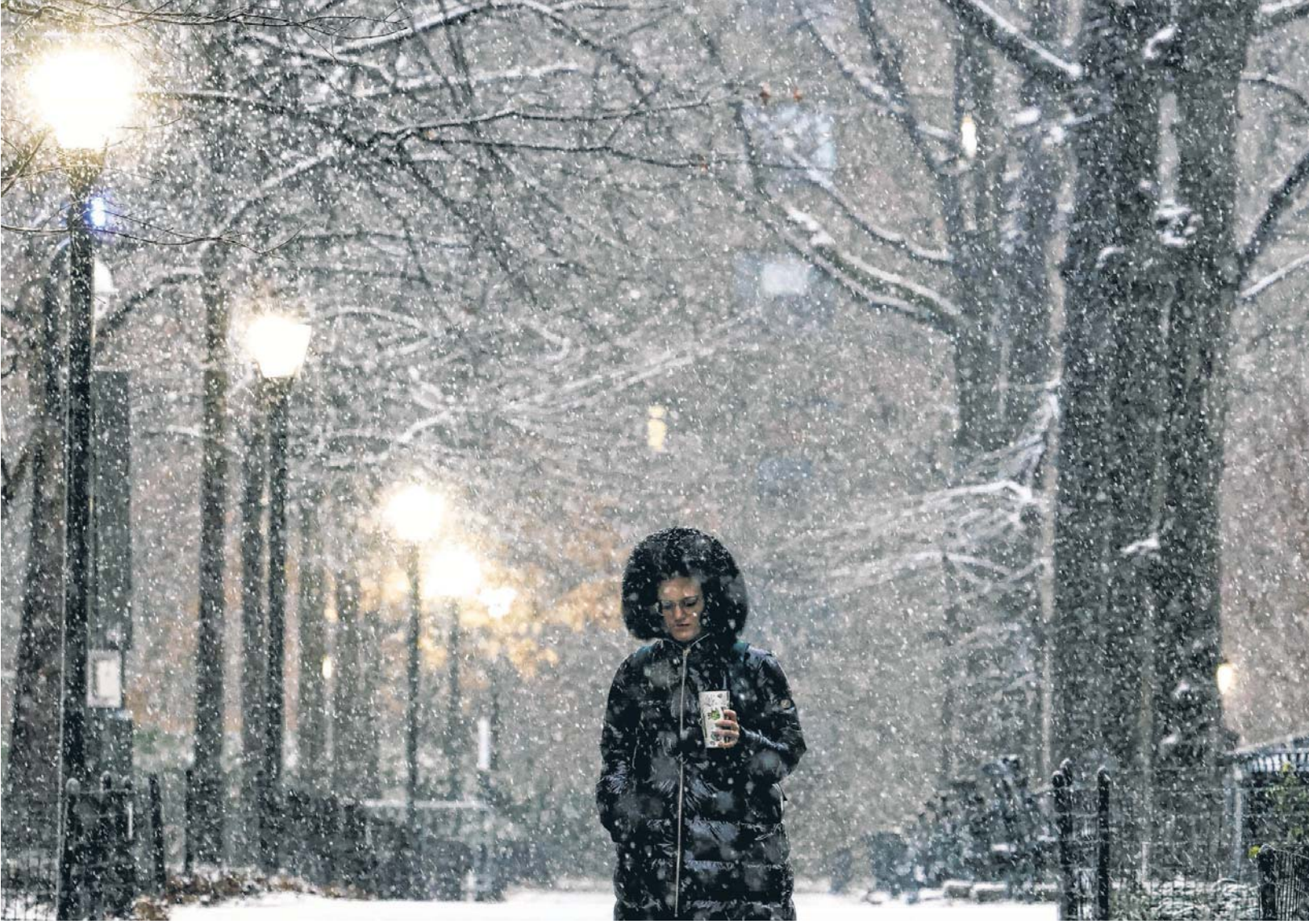
There were some 20,800 new Covid-19 hospital admissions in the week ended Feb. 3, CDC data show, down from early January. Death data now lag behind, with federal data indicating some 2,300 people died in the week ended Jan. 13, around the most recent peak.

Relaxed isolation guidance would bring Covid-19 recommendations more in line with those for the flu and respiratory syncytial virus. RSV is currently on the decline, while flu remains elevated with increases in some parts of the U.S.

Michael Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, said public-health officials should focus on recommending measures for older Americans and young children who are at highest risk of severe illness and death from Covid-19. Those include improving vaccination rates and making Paxlovid, a Covid-19 treatment, more available.



Masks and Covid-19 test kits.



Snow falls during a major winter storm in New York City. The fast-moving storm snarled commutes, caused power outages and led to school closings.

Nor'easter Brings Snow, Cancels Flights

By Gareth Vipers and Joseph De Avila

A major winter storm rolled across the Northeast on Tuesday, causing about 1,200 flight cancellations, snarling commutes and dumping several inches of snow.

The storm dropped nearly 7 inches of snow on parts of New York City, while parts of Long Island got about 9 inches, according to the National Weather Service. More

than a foot of snow fell in Connecticut and about 9 inches landed in areas of New Jersey.

About 3 inches of snow fell on New York's Central Park, less than initially forecast but still the most since January 2022.

Roughly 1,200 flights within, into or out of the U.S. had been canceled, according to FlightAware. LaGuardia, Boston Logan, Newark Liberty and John F. Kennedy airports were particularly affected.

New York City schools were closed and classes held remotely, local authorities said. Schools in Boston and Providence, R.I., were also shut for the day. In Philadelphia, classes were delayed by at least two hours.

The strong Nor'easter moved fast, forecasters said, and dumped large amounts of wet snow across a wide area before dissipating.

"This isn't a prolonged snowstorm, more a big, quick

hit," said National Weather Service forecaster David Roth.

In New York, some residents were surprised by Tuesday's storm coming after a warm February weekend.

"This is the most weird winter we've had," said Hair-old Nova, 38, of the Bronx. "It's crazy."

More than 250 road traffic accidents were reported to New Jersey State Police, Gov. Phil Murphy said in a local radio interview Tuesday.

Approximately 100,000 homes and businesses in Pennsylvania were without power Tuesday afternoon, according to PowerOutage.us, which tracks outages. PPL Electric Utilities said heavy snow caused extensive damage across its territory in Pennsylvania, and it had crews working to bring power back online.

—Talal Ansari and Erin Ailworth contributed to this article.

Democrat Wins Special Election To Replace Santos

By Jimmy Vielkind and Erin Ailworth

Democrat Tom Suozzi won a special election Tuesday in New York, flipping a seat in the House from the GOP and sending a signal that his party can withstand Republican attacks on immigration in swing districts far from the border.

Suozzi defeated Republican Mazi Pilip, the Associated Press said, to reclaim his seat representing New York's Third Congressional District. The campaigns and outside political-action committees spent more than \$20 million on ads and organizing, part of which centered on the record-setting number of illegal crossings at the border—already a point of scrutiny for President Biden and down-ballot Democrats heading into November.

Special elections often feature lower voter turnout than general elections, so the lessons of the result are limited. But it brings immediate implications for the House of Representatives. Suozzi will succeed disgraced former Rep. George Santos, a Republican who was expelled from the House in December, to fill one of four vacancies in the chamber. Suozzi will cut into an already narrow GOP majority in the chamber, where the party breakdown is currently 219 Republicans and 212 Democrats.

Suozzi beat back criticism from Pilip over the Biden administration's stewardship of the southern border and the way New York City's Democratic mayor, Eric Adams, has handled more than 177,000 migrants who have come to the city since 2022. GOP super PACs such as the Congressional Leadership Fund spent millions on immigration-themed attack ads. With 84% of votes counted

late Tuesday, Suozzi led Pilip by 8 percentage points, according to the AP.

"This race was centered on immigration and the economy—much like the issues all across our country," Suozzi told supporters Tuesday night. "We, you, won this race, because we addressed the issues and we found a way to bind our divisions."

Suozzi used his own experience—he previously served in Congress for six years—to cast Pilip as unqualified for the office. That resonated with some voters who said they wanted a departure from Santos, who made up family and career details during his earlier campaign.

Susan Barnett, 78 years old, said she voted for Suozzi. "The other young lady has no qualifications," Barnett said.

The largely suburban district covers parts of Long Island's Nassau County, including its North Shore, as well as parts of Queens. Pilip held rallies in that New York City borough near a tent city—just outside the district boundary—set up by city officials to care for a thousand migrants.

Suozzi, a former Nassau County executive who preceded Santos in the congressional seat, also called for securing the border and attacked Pilip for critiquing Biden's border approach without providing an alternative. She said she would push to hire more border-patrol agents, build a wall and tighten requirements for asylum.

Suozzi endorsed a bipartisan deal that would have established a new asylum process at the border to deliver fast case resolutions and swift deportations for migrants who don't qualify. "I've always worked across party lines to get things done," Suozzi said



Tom Suozzi told supporters Tuesday night that 'we found a way to bind our divisions.'

at a debate last week. "My opponent is unvetted and unprepared." Pilip responded by attacking Suozzi as in line with Biden and "the squad" of outspoken House progressives.

Suozzi and Democrats attacked Pilip as an extremist and tied her to Republican positions against abortion rights. Pilip said she personally opposes abortion but wouldn't vote for a national ban. She also said Suozzi hasn't solved problems during his long stints in office.

The Senate immigration bill would have set a higher bar for asylum claims and created new limits on the number of immigrants seeking asylum to prevent the system from getting overwhelmed. It failed a preliminary vote in that chamber after former President Donald Trump, the front-runner for the Republican presidential nomination, urged lawmakers to oppose it. In a statement, Pilip called the bill "an absolute nonstarter for me."

Lawrence Levy, executive dean of the National Center for Suburban Studies at Hofstra University, said the immigration clash in the district has risen above issues of abortion rights, inflation and the war in Israel.

Levy said the race was a test for whether Democrats could blunt GOP messaging on immigration, which he said Republicans sought to use as a synonym for crime. A loss would have sent "shivers through the Democrats nationwide," Levy said before the race was called.

—Joseph De Avila contributed to this article.

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Heart's Desire

U.S. NEWS

Foreign Aid Bill Passes The Senate

Continued from page A1 about Israel's military operations in Gaza voted "no."

"With this bill, the Senate declares that American leadership will not waver, will not falter, will not fail," said Senate Majority Leader Chuck Schumer (D., N.Y.), shortly after final passage Tuesday morning. Schumer said he believed a strong majority of the House would support the bill if lawmakers were given a vote, while pressing Johnson to move quickly. That sentiment was echoed by Biden, who on Tuesday called the moment an "inflection point" and urged Johnson to "let the full House speak its mind."

The new aid package provides about \$60 billion related to Ukraine, marking the largest single infusion of aid to the country since the Russian invasion in early 2022.

That includes some \$20 billion to replenish U.S. stockpiles drawn down during earlier rounds of support to Ukraine,



Senate Majority Leader Chuck Schumer left a news conference Tuesday after the Ukraine vote.

and \$13.8 billion to help Ukraine buy weapons and munitions from the U.S. It also includes \$785 billion to help sustain Ukraine's government—a reduction from the \$11.8 billion requested by the Biden administration—and a prohibition on using the funds to cover pensions for Ukrainians.

The bill also includes \$14.1 billion for Israel, both for missile-defense systems and to help

Israel finance other weaponry, and \$9.15 billion to provide food, water and other humanitarian aid in hot spots including Gaza, the West Bank and Ukraine. It provides \$2.4 billion to support U.S. operations related to attacks by the Houthis on shipping in the Red Sea and \$2 billion in foreign-military financing for the Indo-Pacific—money seen as aimed at helping Taiwan buy weapons.

The Senate bill's chances are uncertain in the House because of the greater power of Ukraine skeptics and influence of Republican presidential front-runner Donald Trump, who has opposed more Ukraine aid and recently suggested turning the aid package into a loan. He has taken a skeptical view of U.S. commitments overseas, has praised President Vladimir Putin of Russia and said at a rally

Saturday that he would encourage Russia to attack U.S. allies in the North Atlantic Treaty Organization that don't contribute sufficiently to military defense.

Biden said Tuesday of Trump's remarks: "It's dumb, it's shameful, it's dangerous, it's un-American."

Trump's campaign didn't respond to a request for comment.

Some Republican lawmakers are continuing to demand tighter control of the U.S. border as a condition for any aid, just a week after Republicans, including Johnson, rejected a bipartisan compromise devised by Sens. James Lankford (R., Okla.), Krysten Sinema (I., Ariz.) and Chris Murphy (D., Conn.).

Johnson criticized the Senate aid bill on Monday for lacking border provisions and made clear it is unlikely to get a vote in its current form, but he has kept his options open. In brief comments on Tuesday, he said: "National security begins with border security. We have said that all along."

Democrats said Republicans already had their chance on the border and failed, and should now just vote on the Senate bill. "The speaker said he wouldn't pass Ukraine funding without a border deal and we got a deal and then he killed the deal," said Murphy on so-

cial media. "Now he says he won't pass our Ukraine funding bill [because] it doesn't include a border deal...honestly."

Proponents of the Senate bill, who included both Schumer and Sen. Mitch McConnell of Kentucky, the chamber's GOP leader, celebrated the victory as a win for U.S. security and the nation's role in the world.

"History settles every account," said McConnell. Today, he said, "history will record that the Senate did not blink."

Republican opponents in the Senate described continued aid for the war efforts as folly, arguing that the U.S. doesn't have the resources to keep supporting Kyiv—or that Putin would prevail anyway.

"If you're concerned about the Ukrainian people, you ought to do everything you can to bring this war to an end," said Sen. Ron Johnson (R., Wis.). He said Putin is "an evil war criminal. But he will not lose, he's not going to lose."

President Volodymyr Zelenskyy of Ukraine thanked senators Tuesday for their support. The aid, he said, "helps to save human lives from Russian terror."

—Ken Thomas, Tarini Parti, Isabel Coles and Alex Leary contributed to this article.

House GOP Impeaches Mayorkas

Continued from Page One vor of impeachment except for three: Reps. Ken Buck of Colorado, Tom McClintock of California and Mike Gallagher of Wisconsin. Two Democrats and two Republicans didn't vote.

The effort last week to impeach Mayorkas fell one vote short of passage, with the same three Republicans voting and all Democrats against the move that time as well. The unexpected defeat highlighted the party's lack of wiggle room on contentious legislation,

with a thin 219-212 majority with all members present.

House Majority Leader Steve Scalise (R., La.) last week had been absent for cancer treatment, but he returned this week and helped bolster GOP ranks.

In the impeachment resolution, Republicans accused Mayorkas of demonstrating a "willful and systemic refusal to comply with the law" and "breaching the public trust." Bipartisan critics of the effort said the charges amounted to policy disagreements or performance failings, but not impeachable crimes.

"With today's vote, Congress has taken decisive action to defend our constitutional order and hold accountable a public official who has violated his oath of office," said Rep. Mark Green (R., Tenn.), chairman of the Homeland Security

Committee.

In a statement after the vote, Biden, a Democrat, said: "History will not look kindly on House Republicans for their blatant act of unconstitutional partisanship that has targeted an honorable public servant in order to play petty political games."

Republican leaders held the vote just as their majority is set to shrink even further, with Democrat Tom Suozzi winning a closely watched special election Tuesday night in New York to replace expelled Republican Rep. George Santos.

Republicans continued the impeachment effort after rejecting an effort in the Senate to craft a bipartisan border deal to address many of the same issues House conservatives are raising. House Speaker Mike Johnson (R.,



Alejandro Mayorkas

La.) called the Senate's deal—which paired aid for Ukraine with changes to border policy—dead on arrival, eventually leading most Republicans in the House and Senate to criticize the bill as insufficient. On Tuesday morning,

the Senate passed a \$95.3 billion package for Ukraine, Israel and Taiwan that excluded border-policy changes, a measure that heads to the House.

Johnson said next to war, impeachment "is arguably the most serious authority given to the House and we have treated this matter accordingly."

In an opinion article in The Wall Street Journal last week, Gallagher, one of the three GOP dissenters, said Mayorkas's performance "has been a disgrace" but said impeachment would "set a dangerous new precedent that would be used against future Republican administrations."

The border has become a central concern for Congress and the White House as arrests of migrants hit records in recent months. Border Patrol agents in December arrested

nearly 250,000 migrants caught crossing the border illegally.

The House impeachment managers will present the articles of impeachment to the Senate later this month after the current recess, according to the office of Senate Majority Leader Chuck Schumer (D., N.Y.). Senators would be sworn in as jurors in the trial the next day, and Senate President Pro Tem Patty Murray (D., Wash.) would preside.

Schumer said that House Republicans failed to produce any evidence that Mayorkas has committed any crime. "This is a new low," he said.

Mayorkas is the first sitting cabinet official to be impeached. Secretary of War William Belknap resigned just ahead of his impeachment vote in 1876, and he was acquitted in the Senate.

U.S. WATCH



GROUNDBREAKING LAWMAKER: Former State Rep. Alyce Clarke inspected her official portrait in the Mississippi State Capitol in Jackson on Tuesday. Clarke, a Democrat, is the first woman and the first African-American to have a portrait displayed in the state Capitol.

WASHINGTON SEC Anticipates Climate-Rule Suits

Securities and Exchange Commission head Gary Gensler said possible lawsuits challenging the agency's proposed climate-disclosure rule would be "part of our democracy," but added that the SEC is working to craft a rule that holds up to judicial scrutiny.

The SEC has yet to release a final version of climate regulations first proposed nearly two years ago. But the wide-ranging proposal—which would require companies to report on climate-related risks and carbon emissions—has been criticized even from within the agency and is expected to face legal challenges.

Gensler, who spoke at Yale Law School on Tuesday, suggested that the agency's being forced to defend the rule in court is part of the process. "That's part of our democracy. We live in a great democracy," Gensler said. "That's what the public wants."

Gensler said that he is focused on making regulations that can stand up to legal challenges.

Many public companies already provide investors with some sort of climate-related disclosures, but the SEC rule is meant to make that reporting more consistent.

—Richard Vanderford

OHIO Bribery Case Allegations Denied

Two fired executives of FirstEnergy and a former top state utilities regulator pleaded not guilty Tuesday to state charges related to a \$60 million bribery scheme that centered on securing a legislative bailout for two Ohio nuclear power plants with the help of a powerful House speaker.

Former FirstEnergy CEO Chuck Jones and Senior Vice President Michael Dowling forcefully pushed back after Republican Attorney General Dave Yost announced their indictments Monday, disputing fact patterns laid out in the state's 50-page indictment and claiming a lack of evidence.

They and Sam Randazzo, a former chair of the Public Utilities Commission of Ohio who is also federally charged, were indicted by a Summit County grand jury Friday on a combined 27 criminal counts, including bribery, theft, tampering with records and money laundering.

The indictments marked the latest development in what has been labeled the largest corruption case in Ohio history. Former House Speaker Larry Householder was convicted of racketeering last year and sentenced to 20 years in federal prison for leading the scheme.

—Associated Press

OBITUARY David Bouley, Famed Chef, 70

David Bouley, the award-winning and frenetic chef whose idiosyncratic haute cuisine and crusty breads pleased critics and the public during a career chasing sleek deliciousness, has died. He was 70.

Bouley died of a heart attack Monday at his home in Kent, Conn., according to Lisa Queen, his literary agent.

Along with Daniel Boulud, Alain Ducasse and Jean-Georges Vongerichten, Bouley was part of a culinary vanguard in the 1980s that created the New American style and turned fine dining into an expressive art form, leading to the rise of rock-star chefs.

"He is as responsible as any chef for the high Gothic style of the '80s," Grub Street wrote in 2017.

Bouley spent much of his career cooking in the Tribeca neighborhood of Manhattan, starting with Montrachet when it opened in 1985 and then his own restaurant, Bouley, two years later.

Other restaurants he worked in include Danube, Bouley Bakery, Upstairs at Bouley, Bouley at Home, Se-cession and Brushstroke, a collaborative effort with the Tsuji Culinary Institute in Osaka, Japan.

—Associated Press

Advertisement for ChildFund.org with text: "Hope is what we do." and "At ChildFund, hope is about helping kids everywhere grow up healthy, educated, skilled and - above all - safe. Hope is about keeping children safe wherever they are: at home, in school, online. Hope is about all of us - including children - writing our story together." Includes ChildFund logo and website URL.

WORLD NEWS

Sharif's Party Forms Coalition in Pakistan

Opposition leader Khan's organization says election rigging deprived it of win

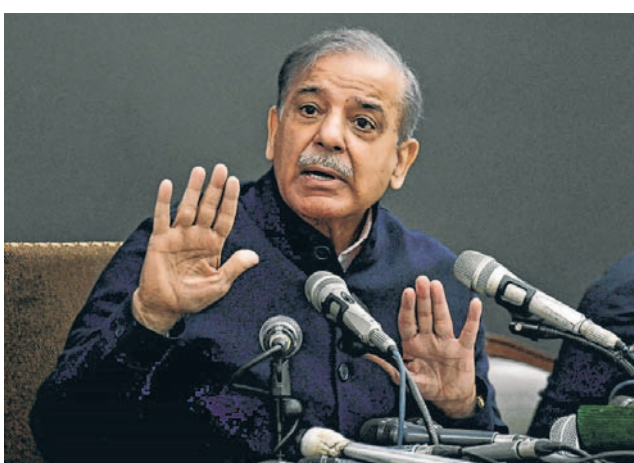
By SAIED SHAH

ISLAMABAD, Pakistan—A coalition government led by the party of a former prime minister was announced Tuesday after elections last week failed to show a winner with a single majority. The new coalition excludes the party of jailed opposition leader Imran Khan which won the most seats in the Feb. 8 contest.

Under the deal, Shehbaz Sharif, younger brother of three-term Prime Minister Nawaz Sharif, will serve again as prime minister, his party said. The party, Pakistan Muslim League-N, took the second most seats in this month's election, which was marred by

allegations of rigging. Questions of legitimacy likely will linger over the new administration. The government will need to stabilize the fragile economy, which is surviving on a bailout from the International Monetary Fund. Candidates associated with Khan's Pakistan Tehreek-e-Insaf party took at least 90 of the 265 seats being contested, according to the official results. Party officials said their effort was hindered by not being allowed to campaign in a large parts of the country or use its well-known cricket-bat symbol on the paper ballot.

Khan's party says it has the right to form the new administration. But the official result still left Pakistan Tehreek-e-Insaf short of a majority in Parliament. Khan's party says that vote rigging deprived it of dozens more seats. The coalition, which includes most of the country's



Shehbaz Sharif will serve as Pakistan's prime minister under a new coalition government announced on Tuesday.

other parties, says it has the numbers for a majority but they will need to prove it when the new Parliament convenes in the weeks ahead.

Pakistan's powerful military, which Khan's party says was behind his ousting from power

in 2022, supported Sharif's party in the election, according to politicians from both sides. The military admits it interfered in politics in the past, but says it no longer does so.

The Election Commission, in charge of the election, de-

clined to comment on the rigging allegations. The interim government, which oversaw the election period, says that those with complaints should take them to the election commission and the courts.

Shehbaz Sharif, who is 72 years old, has been a loyal political lieutenant to his older brother. The party says that if it had won a majority on its own, Nawaz Sharif would have been prime minister again, but the younger brother is better at managing a coalition.

Shehbaz Sharif appealed for an end to political infighting, sitting at a news conference with the other coalition partners. "Because of the hole the economy has fallen into, tough decisions are needed and these can't be made without consensus," he said. "Let's forgive and forget."

The new administration will need to start negotiations for a fresh IMF loan within days

of coming to power. Inflation is running at a punishing 30%. There has been a surge in terrorist attacks since the takeover of neighboring Afghanistan by the Taliban in 2021.

But the coalition appears to be unsteady from the start. The second largest party in the partnership, the Pakistan Peoples Party, said it wouldn't serve in the cabinet and it would support the administration on a case-by-case basis in Parliament.

Khan's party has made clear it won't cooperate with any new government formed by its rivals.

Pakistan's Western allies have raised concerns about the election, with the European Union saying there was a lack of a level playing field and the U.S. calling for an investigation into claims of electoral interference and fraud. Washington has indicated that it will work with the new administration.

Talks Over Cease-Fire, Hostages Fail to Bridge Gaps

By JARED MALSIN AND SUMMER SAID

Central Intelligence Agency Director William Burns ended negotiations with top Mideast officials Tuesday without making major strides toward a deal between Israel and Hamas that would free hostages and pause fighting in the Gaza Strip, according to officials familiar with the talks.

Burns held talks with David Barnea, the head of Israel's Mossad intelligence agency, as well as Egyptian intelligence chief Abbas Kamel and Qatari Prime Minister Sheikh Mohammed bin Abdulrahman al-Thani, the officials said.

The talks were part of an intensifying effort by the Biden administration to achieve a cease-fire in Gaza and stop a conflict that has reduced much of the enclave to ruins and pushed the Middle East to the brink of a regional war.

A team of Israeli security officials led by Barnea left Cairo on Tuesday without closing any of the major gaps in the negotiations, including the duration of a cease-fire and the ratio of Palestinian prisoners to be released for each hostage, Egypt-

tian officials said. The Israeli officials reiterated the government's view that Hamas's terms for the deal are unrealistic, they said. Hamas officials didn't participate in the talks in Cairo.

A U.S. official said there was no breakthrough or breakdown in the negotiations. Egyptian officials said the talks would continue through diplomatic and security channels in the coming days.

Tuesday's talks were held as Israel is preparing to expand its military operations into the city of Rafah on Gaza's border with Egypt, where more than a million Palestinian civilians are sheltering. A ground assault in Rafah likely would worsen the humanitarian crisis.

During the negotiations, Israeli officials warned that if Hamas doesn't accept Israel's terms for a temporary cease-fire, Israel's military would proceed with an offensive in Rafah, according to officials familiar with the talks.

Israel's top commander, Lt. Gen. Herzl Halevi, said Tuesday that his forces would expand to new areas of operations. He said Israeli forces are returning to areas in northern Gaza, as militants stream into

zones previously cleared by the Israeli offensive. Operations also are continuing in Khan Younis, where Halevi said Israel is working to destroy Hamas's infrastructure.

Israel's military has said it believes senior Hamas leaders are sheltering in tunnels under Khan Younis and other cities in Gaza. The military on Tuesday screened footage that it claimed showed Hamas's leader in Gaza, Yahya Sinwar, traversing a Khan Younis tunnel with family. The video is from the early days of the war, the military said.

South Africa's government said Tuesday that it made an urgent request to the International Court of Justice to consider whether Israel's plans to extend its operations in Rafah require the court to use its power to prevent further harm to Palestinians in Gaza. Last month, the United Nations court ordered Israel to take measures to stop the destruction of the enclave's Palestinian community and allow the entry of humanitarian aid, but didn't order a cease-fire.

The Israeli government declined to comment. Representatives for the ICJ didn't respond to a request for comment.



A Palestinian family packs to leave the Gaza city of Rafah as Israel says it is preparing to strike.

Abbas Is Clinging to Power, Frustrating West's Gaza Plan

RAMALLAH, West Bank—Whenever Mahmoud Abbas is quizzed about who he wants as his successor, the 88-year-old president of the Palestinian Authority gives his standard reply: no one yet.

By Omar Abdel-Baqi, Summer Said and Fatima AbdulKarim



President Mahmoud Abbas is refusing to give up power.

His father lived to over 100, so why fret about finding a replacement, an Egyptian official recalls Abbas responding to the longstanding succession question. "He is convinced he has another 20 years to go," said a former Abbas staffer.

Abbas has ruled the Palestinian Authority as leader of Fatah, its largest party, for nearly two decades and hasn't faced general elections since 2006. His poll ratings are on the floor, with 90% of Palestinians calling for his resignation and the authority he leads widely viewed as ineffective and corrupt.

His insistence on staying in power is snarling plans for Gaza, where the U.S. and its Arab allies want the Palestinian Authority, which controls parts of the Israeli-occupied West Bank, to govern in place of Hamas after the war with Israel.

In the months before the Oct. 7 Hamas attacks on Israel, the Palestinian Authority was fighting for its life, cracking down on political rivals and militants, who challenged its flimsy grip on power.

And while the authority is the only candidate Western and Arab officials have for the herculean tasks of rebuilding Gaza and replacing Hamas, there are questions as to whether Abbas and the West Bank leadership are up to the job.

Israeli Prime Minister Benjamin Netanyahu has spoken

against a role for the authority in Gaza after the war but hasn't set out an alternative.

In public, the U.S. says a revitalized Palestinian Authority should govern the West Bank and Gaza, and that Abbas's office has ideas for changes that are a "step in the right direction." In private, Western and Arab officials say revitalization means removing Abbas as president or at least curbing his powers.

Talks among Palestinian factions, Arab states and the U.S. have included discussions about potential successors, say people involved in the situation.

Abbas is refusing to accept reforms that would diminish his power and make a Palestinian Authority takeover acceptable to Israelis and Gazans, say Arab officials. A spokesman for Abbas denied that the president is blocking progress, and blamed Israel's occupation of the West Bank and U.S. support for Israel for the lack of stability in the Palestinian territories.

Abbas is diplomatic but not charismatic, says Yossi Beilin, a former Israeli deputy foreign minister who worked with him to craft the Oslo Accords in the 1990s. A bureaucrat, Abbas stood alongside Yasser Arafat, the Palestine Liberation Organi-

zation leader, at the signing.

Today, Abbas, who didn't respond to a request to be interviewed, is regarded more as a dead weight by Western nations and their allies. He increasingly is undermined by Hamas, which violently opposes his pursuit of Palestinian statehood through dialogue with the West and, at times, Israel.

For years, that dynamic has posed a conundrum for Western nations: Support elections with the chance Hamas wins, or continue to back an unpopular ruler who hasn't faced a general election for 18 years. Oct. 7 and the subsequent surge in support for Hamas changed that calculation, Mideast analysts say, making an overhaul of the Palestinian Authority a priority.

One workaround discussed by U.S. and Arab negotiators is to push Abbas to appoint a new prime minister with more executive power, say Egyptian officials. But the president recognizes that play, they say. He became the Palestinian Authority's first prime minister in 2003, backed by the U.S., which sought a closer partner than it had in Arafat.

After Arafat's death, when Abbas became president in 2005 after Hamas boycotted elections, he stripped power from the prime minister's office.

Although Abbas says he won't be replaced through elections, he has told Arab and U.S. officials that he would be open to forming a new government with Mohammed Mustafa, a former Palestinian economy minister and World Bank executive, who isn't viewed as a threat to the president, say Arab officials. His rise as a senior member of Fatah saw him become a close associate of Arafat. But, he lacked the PLO leader's rapport with ordinary Palestinians, analysts say.

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WORLD NEWS

Ukraine Cites Arab Ties to Russia, Starlink

Ukrainian officials presented fresh claims that Russian forces are using satellite internet terminals made by Elon Musk's SpaceX, a day after the billionaire expressed skepticism that Ukraine could prevail in the war with Russia.

By Ian Lovett, Micah Maidenberg and Drew FitzGerald

Russian forces have purchased satellite internet terminals made by SpaceX in "Arab countries" and used them at the front line, according to Ukrainian officials, potentially undercutting a major battlefield advantage for Kyiv's army. Meanwhile, in a forum on his social-media platform X, Musk said "there is no way in hell" Russian President Vladimir Putin will lose the war.

Moscow has bought satellite internet terminals in 'Arab countries.'

On Tuesday, Ukraine's military-intelligence agency, known as HUR, posted an audio recording that it said was intercepted from Russian radio communications. In the recording, two men can be heard speaking in Russian about how to get Starlink, SpaceX's satellite internet system.

"Arabs bring everything to us: wires, Wi-Fi, router..." says one of the men, who HUR says are Russian troops. The men say the devices each cost 200,000 Russian rubles, or about \$2,200.

Starlink, which is more secure than cell or radio signals, is considered so vital to Ukrainian operations that the Pentagon struck a deal with SpaceX last year to fund access for Kyiv's forces. Until now, Russian

forces have had no similarly secure communications system.

SpaceX didn't respond to a request for comment on Tuesday. Musk has denied previous reports that Moscow is buying Starlink systems. "To the best of our knowledge, no Starlinks have been sold directly or indirectly to Russia," Musk wrote in a Sunday post on X.

Moreover, responding to reports in Ukrainian media that Russia was obtaining Starlink terminals in Dubai, Starlink posted on X last week that the devices can't be obtained there.

Neither Musk nor Starlink has responded directly to questions about whether the devices could be gotten in other countries and used in Russian-occupied parts of Ukraine.

The Russian defense ministry didn't respond to a request for comment.

Access to Starlink has been a politically charged issue since early in the war, when Musk decided to make the service available in Ukraine. Last year, when SpaceX said it could no longer fund access for Kyiv, the Pentagon agreed to pay to keep the service running. Private donors, governments and other organizations also pay for terminals.

SpaceX can track Starlink users within geographic areas, but distinguishing Ukrainian customers from unauthorized Russian troops poses a challenge.

Watch a Video

Scan this code for Musk's claim there is 'no way in hell' Putin will lose the war.



Yevheniya Synelnyk hasn't heard from her brother since shortly after he was captured by the Russians 18 months ago.

Kremlin Keeps POWs' Families in Dark

By IAN LOVETT AND IEVGENIYA SIVORKA

KYIV, Ukraine—Yevheniya Synelnyk hadn't heard from her brother, Artem, since a 30-second phone call shortly after he was taken into Russian captivity 18 months ago. So when Russian officials said a plane with 65 Ukrainian prisoners of war was shot down last month, she was gripped with fear. Could Artem have been on board?

More than two weeks later, she still isn't sure if her brother—or any other Ukrainian prisoner—was on the plane, or where he might be.

"There is no information about whether he's alive," said Synelnyk, 32 years old.

Two years into the full-scale invasion, families of the roughly 6,000 Ukrainian prisoners of war are facing a near-total information blackout about the status of their loved ones, which Ukrainian officials say is part of an effort to sow discord in Ukraine.

Human-rights workers say they are being denied access to POW camps where Ukrainians are held. When prisoners are returned to Ukraine, they are gaunt, complaining of starvation and torture in Russia.

Under the Geneva Convention, prisoners of war must be treated humanely. According to United Nations human-rights monitors, Ukrainian prisoners' lack of contact with the outside world is unusual.

For prisoners' families, the agony of waiting is compounding the economic and physical strains of life during wartime. Analysts say making life unbearable for civilians, including with frequent missile and artillery strikes on nonmilitary targets, is part of a longstanding Kremlin strategy, designed to kneecap resistance to Russian forces.

Many relatives, like Synelnyk, have gone more than a year without word from their loved ones, and are protesting to press Ukrainian officials to

bring the prisoners home.

The plane crash has created a difficult situation for Kyiv.

Moscow says the plane was heading to a prisoner exchange when it was shot by Ukrainian forces, killing 65 Ukrainian prisoners. Russian officials say they recovered metal fragments indicating the plane was hit by U.S.-made Patriot missiles, and have released video of debris they say was found at the site. U.S. officials said it was possible some Ukrainian prisoners were on board.

Ukrainian officials say Moscow didn't warn them that a plane would be transporting prisoners near the border, as is customary, but haven't denied shooting it down. Officials also say Russia has refused to repatriate Ukrainian bodies or provide any other evidence of who was on board.

As a result, Ukrainian officials say they still aren't sure which—if any—Ukrainian prisoners were on the plane, and can't offer clarity to relatives.

The Russian Ministry of Defense didn't respond to requests for comment about the treatment of POWs.

Danielle Bell, head of the U.N. human-rights monitoring mission in Ukraine, said her team has regular access to the facilities in Ukraine where Russian POWs are held. She documented some abuses when Russian prisoners were captured, but not after they reached the POW camps, she said. The Russian prisoners also can send letters and text messages to their families.

U.N. monitors have been able to visit Ukrainian POWs in Russian custody only once, in August 2022. Bell's team interviewed Ukrainian POWs when they return from captivity. They almost always recount stories of torture.

"To have zero access—none—from our side, this is new," Bell said. "The Ukrainian prisoners are rarely able to send letters. There's a lack of access to the outside world."

WORLD WATCH



Farmers ran for cover after Indian police fired tear gas to disperse crowds marching to New Delhi.

INDIA Farmers March Toward the Capital

Indian police on Tuesday used tear gas and detained some farmers who clashed with them and tried to break barricades blocking their way to New Delhi to demand guaranteed crop prices in a repeat of 2021 protests, when they camped on the capital's outskirts for more than a year.

Police dropped tear gas canisters on the farmers from a drone at one of the border points in northern Haryana state that leads to New Delhi, where tens of thousands of farmers are headed on tractors and trucks.

Police have sealed multiple entry points into the capital with barriers. The government has banned large gatherings in the capital.

The demonstration comes more than two years after Prime Minister Narendra Modi withdrew controversial agriculture laws that had triggered the earlier protests.

The farmers are asking for legislation that will guarantee a minimum support price for all farm produce. India protects agricultural producers against any sharp fall in farm prices by announcing a minimum purchase price for certain essential crops at the beginning of the sowing season.

—Associated Press

NORTH KOREA Pyongyang Tests Cruise Missiles

North Korea on Wednesday fired multiple cruise missiles into the sea in its fifth test of such weapons since January, South Korea's military said, extending a streak in weapons demonstrations that's elevating tensions in the region.

South Korea's Joint Chiefs of Staff said the South Korean and U.S. militaries were analyzing the launches that were detected in waters northeast of the eastern coastal city of Wonsan. The South Korean military didn't immediately provide the exact numbers of missiles fired or how far they flew. It wasn't immediately clear either whether the missiles were fired from land or from sea assets.

Experts say North Korea is ramping up pressure in an election year in South Korea and the U.S. with a long-term focus of forcing Washington to accept the idea of the North as a nuclear power and extract security and economic concessions from a position of strength.

The U.S., South Korea and Japan have been strengthening their combined military exercises and sharpening their nuclear-deterrence strategies.

—Associated Press

RUSSIA Blinken Speaks to Detained American

Secretary of State Antony Blinken said he had spoken by phone Monday with Paul Whelan, a former U.S. Marine held in Russia since 2018, and said Tuesday the Biden administration will keep working until Whelan and other wrongfully detained Americans, including Wall Street Journal reporter Evan Gershkovich, are freed.

Whelan was convicted on espionage charges he has denied, after a secret trial in 2020. He has since been the subject of prisoner-swap talks between Russia and the U.S.

"Our intensive efforts to bring Paul home continue every single day, and they will until he and Evan Gershkovich and every other American wrongfully detained is back with their loved ones," Blinken said at the Wilson Center, a Washington think tank.

Gershkovich was detained by Russia's Federal Security Service on March 29 while on a reporting trip in the city of Yekaterinburg. He is being held on an allegation of espionage that he, the Journal and the U.S. government vehemently deny.

Russia has said that it is acting in accordance with its own laws.

—Brett Forrest

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WORLD NEWS

Shipbuilding Feeds China's Ambitions

Country's shipyards are ready for a protracted war, but U.S. lags far behind

By NIHARIKA MANDHANA

China emerged as a global power by turning itself into the world's factory floor. It is expanding that power—and its military might—by becoming the world's shipyard.

More than half of the world's commercial shipbuilding output last year came from China. Most of what China doesn't build comes from South Korea and Japan. Europe accounts for just 5%; the U.S., next to nothing.

"The scale [of China's shipbuilding] is just almost hard to fathom," said Thomas Shugart, an adjunct senior fellow at the Center for a New American Security whose research focuses on maritime competition.

This shipbuilding empire is a symbol of China's historic transformation from an inward-looking continental nation to a maritime power—and a pivotal strategic asset for Beijing as President Xi Jinping tries to reshape the world order in peacetime and prepares to prevail in war.

Giant Chinese shipbuilding firms that crank out container-ships, oil tankers and bulk carriers for shipping lines from China, the West and even Taiwan are often the same ones building warships for China's navy. With their order books full for years to come, the shipyards have expanded, trained enormous pools of workers and built sprawling supply chains.

China's military planners have leveraged all that to build up the world's largest navy, in hull count—a force central to Xi's ambitions to project power overseas, protect sea lanes that connect China to the world and absorb Taiwan.

The U.S.'s once-robust shipbuilding industry no longer



A large ship is under construction at Haixiwan Shipbuilding in Qingdao, China.

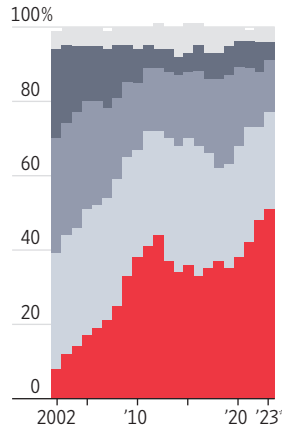
produces any significant number of commercial oceangoing ships. Several shipyards have only one big customer, the Navy, and those shipyards are often battling backlogs, worker shortages, a paucity of suppliers and cost overruns.

"China benefits from a massive commercial shipbuilding workload," Rear Adm. Thomas J. Anderson said to a congressional subcommittee in May, when he was the program executive officer for ships in the U.S. Navy. Meanwhile, he said, the U.S. government largely goes it alone, bearing all the costs of the ships and associated infrastructure.

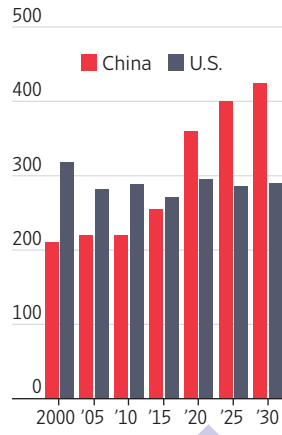
In a protracted conflict, China's shipyards would give its navy a significant upper hand. They would be able to quickly accelerate production, replace lost ships and repair damaged ones. That is a capability U.S. shipyards brought to World War II, building Allied vessels faster than German U-boats could sink them.

Today, the U.S.'s shipyards struggle to keep up with peacetime demand. Submarines are bogged down by

Ship deliveries by builder country/region



Numbers of Chinese and U.S. navy battle force ships*



*as of January 2024. †China figures are for end of calendar year; U.S. figures are for end of fiscal year. Note: Figures may not add to 100 due to rounding. Sources: Clarksons Research (deliveries); Congressional Research Service (navy ships)

maintenance delays and new ones are behind schedule. There isn't enough trained labor, dry docks are in short supply, and in the case of some critical components, only a handful of vendors are still standing.

This is especially troubling, U.S. strategists said, in light of what the Ukraine conflict has

shown: Wars can last a long time, and fighting them requires industry. The U.S.'s weapons factories have struggled to keep up with Ukraine's battlefields. Its munition makers—and shipyards—aren't ready for a war with China.

If the U.S. intervened in a conflict over Taiwan, U.S. forces would need to stop Chi-

nese ships from reaching the island and discharging equipment and thousands of troops. Each side would try to take enemy ships off the board to prevent those ships from firing their missiles.

Both sides would need to quickly get damaged ships repaired and able to use their firepower. The U.S. would struggle, not least because modern shipyard workers need to be trained.

China's advantage is visible on an island near Shanghai, at the mouth of the river Yangtze. Two immense shipyards are located on the island, known as Changxing, concentrating a great deal of ship-making power in one place.

Changxing Island is being transformed into a colossal "shipbuilding base," wrote the Center for Strategic and International Studies in a May report. The buildup started with the relocation of the Jiangnan shipyard from central Shanghai through 2005 to 2008, followed by the transfer of a second shipyard, Hudong Zhonghua, still under way.

The shipyards belong to subsidiaries of state-owned China State Shipbuilding Corp., whose clients range from the Chinese navy to foreign shipping lines. French shipping giant CMA CGM signed a \$3 billion deal last year with it for 16 containerships, after ordering 22 vessels two years before that. Taiwan's Evergreen Marine is also a big customer.

Satellite images from Maxar Technologies show Jiangnan's vast facility. Around two dozen ships are visible, some new, others apparently in for refurbishment or repairs. There are what appear to be container-ships, destroyers and China's third aircraft carrier.

Satellite images of Jiangnan analyzed by CSIS in recent years captured an Evergreen vessel docked alongside three Chinese warships and, in another instance, the identifiable green of an Evergreen hull next to the Chinese aircraft

carrier. A dry dock used for the carrier was earlier occupied by a containership being built for CMA CGM, the CSIS analysis showed, suggesting that resources were being shared between the commercial and military side of operations.

"All these countries that are buying ships from China are paying them to build the shipyards they would need to repair their fleet in wartime," said Shugart of the Center for a New American Security. "It's kind of hard to watch."

CMA CGM didn't respond to a request for comment. Evergreen said that its vessels were being built by the commercial department of China State Shipbuilding Corp., which it said was separate from the military department. Evergreen's shipbuilding contracts are of a purely civil commercial nature, it said.

China's navy fields 370 battle force ships, more than the U.S. Navy, and is expected to grow to 435 by 2030. Its shipyards are building increasingly sophisticated warships, such as the Renhai-class surface combatant. They have also built the world's largest coast guard and fishing fleets, and an extensive merchant marine.

The U.S. Navy is expected in the next several years to stay at the present 292 hulls or shrink—retiring more ships than it commissions—before it starts to grow again. The logistics support and sealift fleet that helps the military is aging.

The U.S. Navy has superior platforms, such as a large number of aircraft carriers. But naval strategists increasingly argue that fleet size also matters.

Carlos Del Toro, the U.S. Navy secretary, said he is looking hard at shipbuilding. He has directed a review of the causes of U.S. shipbuilding problems and is seeking recommendations for a shipbuilding industrial base "that provides combat capabilities that our warfighters need, on a schedule that is relevant," according to the Navy.

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FROM PAGE ONE

Rafah Braces for Next Crisis

Continued from Page One
we find wood, we make a fire to cook lentils or pasta," said Suha Arafat, 47 years old.

Aid deliveries are hindered by the war's intensity, the closure of Gaza's borders by Israel and Egypt, and strict inspections and restrictions by Israel on what goods can enter Gaza and where they can go. The aid shortfall is made worse by the size of the displaced population and the unpreparedness of the United Nations for the scale of need. Assistance is further hampered by anarchy and pervasive looting.

Israel, Egypt and the U.N. each say they are doing the best they can to facilitate emergency deliveries and have blamed each other for the crisis. Israel, which is seeking to destroy Hamas, said the Palestinian Islamist militant group is seizing some of the aid.

Fear is growing that the Israeli military will launch a ground offensive against Hamas in the Rafah area. The U.S. and European countries worry such a battle would cause mass fatalities, squeeze already scarce aid and leave displaced Palestinians with nowhere to go. The war has so far killed more than 28,000 people in Gaza, most of them women and children, according to Palestinian health authorities. The figures don't distinguish between civilians and combatants.

The deepening humanitarian crisis and the death toll are fueling frustration in the Biden administration. President Biden has broadly supported Israel in the war, but he has become increasingly critical of how Israel is waging its campaign and is pressing for a cease-fire deal.

The war has divided Democratic voters whom Biden needs for his re-election bid. A battle for Rafah could further alienate left-leaning voters angry over the level of civilian suffering.

Rafah is the last bastion of Hamas, and its militants are sheltering among civilians there, according to Israel. Hamas, which the U.S. has designated a terrorist organization, triggered the war with the Oct. 7 attack on Israel, killing about 1,200 people and taking around 250 hostages.

The U.S. has urged Israel not to launch a major assault in Rafah without a plan to safeguard refugees. Israel wants the U.S. and Gulf Arab countries to fund tent cities in southwestern Gaza so people can shelter there before Israeli forces move into Rafah.

Most of the humanitarian aid to Gaza passes through Rafah, where the U.N. and nongovernmental organizations run operations. With only a trickle of commercial goods entering Gaza, these organizations remain the only means for filling basic needs.

Finding clean water and food is a daily struggle. Most people often go a full day without eating, according to residents and the World Food Program. Flour costs as much as 10 times its prewar price, residents said. Many people are making bread with grains used to feed animals.

"I've never seen anything as desperate, complex and challenging," said Sam Bloch, director of emergency response at World Central



Palestinians receiving donated food in the city of Rafah in Gaza. More than 1.3 million civilians have fled other parts of Gaza to take shelter there.

Kitchen, a Washington-based nonprofit that provides meals in crisis zones.

When Bloch arrived in Rafah in December, he said, the town had trees. Almost all of them have since been chopped down for firewood. "By the time I left, people were digging up the roots of those trees to cook with, to make a cup of tea," he said.

Hard border

After the Oct. 7 attack, Israel blocked all goods and aid from entering the Gaza Strip. Following U.S. pressure, Israel allowed food, water, some medical and shelter supplies and limited amounts of fuel.

Around 170 relief trucks enter Gaza daily through Rafah and the nearby crossing of Kerem Shalom on the Israel side of the border. Before the war, an average of 500 commercial trucks and 100 aid trucks a day passed into the enclave.

Getting aid into Gaza is just part of the problem. The U.N., which oversees the humanitarian effort, has limited capabilities within the strip. Moving the aid to other parts of Gaza is dangerous because of the war. At night, criminal gangs hit aid trucks.

On a recent day, a convoy of U.N. aid trucks left Rafah before dawn for the northern part of Gaza. The trucks waited hours at an Israeli army checkpoint. By mid-morning, a crowd looted four of the six trucks. Looting is so common that the U.N. has coined the euphemism, spontaneous self-distribution.

Israel is under international pressure to do more to relieve the crisis in Gaza, where most of its 2.3 million people are displaced and without adequate access to medical care.

At the same time, Israeli Prime Minister Benjamin Netanyahu is facing criticism from his far-right allies for allowing any aid. "The minimal aid we committed to is an important condition for the continuation of the war, because if there is a large humanitarian collapse, we can't continue the war," he said last week.

Israel in December reopened its Kerem Shalom crossing into Gaza to allow the U.N. and NGOs to increase aid. More recently, Israel allowed flour shipments for Gaza to be unloaded in its port of Ashdod. Protesters have repeatedly blocked hu-

manitarian convoys at both locations.

"We are feeding our enemy," said Rachel Touito, one of the protest organizers.

Overwhelmed

Before Oct. 7, the U.N. had an emergency plan for a war in Gaza. It mapped out shelters and matched various tasks to international agencies and aid groups.

U.N. staff planned to manage its humanitarian response from Gaza City in the north, where a bunker stored food and communications equipment. The plan's worst-case scenario estimated around 500,000 displaced people.

The plan collapsed on Oct. 11, when senior U.N. officials

received a late-night call from the Israeli military instructing U.N. staff to evacuate northern Gaza ahead of aerial bombing.

The only U.N. agency with a Gaza-wide network was the U.N. Relief and Works Agency. Unrwa, the largest U.N. operation in Gaza, runs schools, healthcare facilities and other services. It quickly pivoted to emergency-aid delivery.

"We had to rethink completely, restart from scratch our operations in the south," said Andrea De Domenico, who heads the U.N. Office for the Coordination of Humanitarian Affairs in Gaza and the West Bank. "The only thing we could do was to piggyback on Unrwa's presence."

Israel recently alleged that 10% of Unrwa staff in Gaza

were affiliated with Hamas and that a dozen Unrwa employees took part in the Oct. 7 attacks. Unrwa fired workers allegedly involved. The U.S. and other Western donors have suspended funding, raising fears about the consequences.

"If Unrwa stops, the response stops," said Scott Anderson, who is overseeing Unrwa's aid distribution in Gaza. "If we are not paying staff, I don't know how anybody will be delivering aid."

Before the war, most humanitarian aid and commercial goods for Gaza entered via Israel. Aid now has to go through Egypt, which is ill-equipped for the job.

The U.N. and other aid groups are dependent on the Egyptian Red Crescent, or ERC, a local affiliate of the International Committee of the Red Cross, which oversees the movement of the bulk of humanitarian goods from Egypt to the Gaza border.

The ERC struggled with the size of the task, but the Egyptian government wants it to stay in the lead, Israeli and U.N. officials said. The ERC acknowledges it is short of warehouses and trained staff.

The U.N. has limited say on which goods should be given priority, which makes it harder for the U.N. to meet its target of sending 100 trucks of food a day into Gaza. Israeli and U.N. officials say donations from Arab countries, distributed in Gaza by the Palestinian Red Crescent Society, often take precedence.

"We do not reject anything," said Khaled Zayed, a senior ERC official. He said many donor countries are sending goods to Egypt without a plan for their storage or distribution.

Delays at the Egyptian checkpoints and at the crossings with Gaza means it often takes two weeks for humanitarian goods to reach the strip. Security and political requirements on both sides of the Gaza border, first by Egyptian and then by Israeli authorities, mean that goods have to be unloaded and reloaded in new trucks at least four times.

Israel says it doesn't limit the amount of aid within permitted categories and blames the U.N. and other aid groups for lacking the capacity to deliver more. The U.N. says it could expand operations if Israel allowed more trucks,

communications equipment, generators and other equipment. Israel officials say the gear might end up in the hands of Hamas.

The U.N. is pressing Israel to allow it to build a protective wall from Kerem Shalom to Rafah to protect aid convoys from criminal gangs. This week, men armed with knives and sticks assaulted truck drivers for the first time on the route.

'Still bombing'

To avoid getting hit in the crossfire between Israel's military and Hamas, the U.N. and aid groups share their movements with both sides. Even so, the Israeli military has hit humanitarian assets, including a truck carrying food last week. The Israeli military said it was reviewing the incident.

Missions to northern Gaza require Israeli military approval. More than half of requests since the beginning of this year have been denied, the U.N. said, sharply limiting aid in the north. Israeli authorities didn't respond to requests for comment.

Extensive blackouts of mobile-phone and internet connections have left aid groups dependent on a limited number of satellite phones.

World Central Kitchen's main facility in Gaza provides around 30,000 hot meals and meat kits in Rafah every day. Getting food beyond Rafah is a struggle. Moving even a few miles can take hours because of combat and checkpoints.

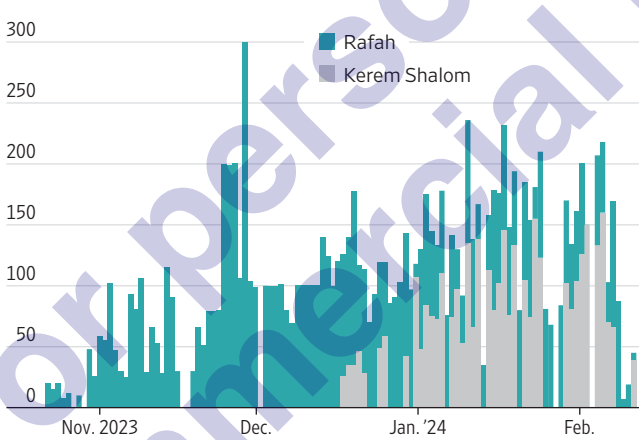
In Rafah, Noha Saadawi is desperate for diapers for her 1-year-old baby, the youngest of her three children. The only ones she can find cost the equivalent of \$55 a package. She can't find baby formula, but on the black market she can buy a kilo of powdered milk. It is labeled as a humanitarian donation but sells for the equivalent of \$10.

Israeli airstrikes, part of a special-forces operation that freed two hostages, killed dozens of civilians in Rafah on Monday, according to Palestinian health authorities. Some humanitarian organizations, including World Central Kitchen, are pulling staff from Gaza in response.

Saadawi fears what might come next. "We don't know where we would go," she said.

—Carrie Keller-Lynn and Menna Farouk contributed to this article.

Daily number of trucks entering Gaza through each crossing



Israel's proposed evacuation plan for Rafah



1 Displaced Palestinians to be concentrated in the western area of the enclave, within the coastal strip.

2 Setting up close to 15 camp villages, areas included are south of Al Mawasi and Sharm Park, each with 25,000 tents.

Sources: U.N. Relief and Works Agency for Palestine Refugees in the Near East (trucks); Egyptian officials familiar with the Israeli proposal (evacuation plan); Google Earth (satellite image)

Buy Yourself A Valentine

Continued from Page One
"Sometimes he really nails it," like when he commissioned a portrait of Parsell and their daughter. Other times he falls short, such as when he bought her kitchen towels. "Or he'll say, 'I didn't know what to get you, so just pick out something for yourself.'"

That is what she is doing this Valentine's Day. She designed a custom ring from jeweler Bario Neal of 18-karat gold with an aquamarine stone, which is her mother's and daughter's birthstone. "It's about love in all different

ways," she says.

Last year, 39% of U.S. consumers said they bought themselves a Valentine's Day gift, according to a poll of more than 1,000 people by market-research firm Circana.

Marshal Cohen, Circana's chief industry adviser, says the trend is a carry-over from the Covid years. "People were getting practical gifts during the pandemic like vacuum cleaners, so they started buying romantic things for themselves." Retailers are hoping self-gifting will reignite Valentine's Day. U.S. discretionary general merchandise sales fell 4% in dollars and 6% in units during the two weeks ended Feb. 18, 2023, compared with the same period the prior year, according to Circana.

Target is advertising heart-themed T-shirts and sweat-shirts for Valentine's Day, which it says are "fit for the

whole fam or just you." In Etsy's "gift mode," shoppers can select "myself" as the recipient and "Valentine's Day" as the occasion.

Online lingerie seller Adore Me is touting more buy-for-yourself items in its Valentine's Day line up, including a red, lacy push-up bra that carries the tagline on social media, "Forget gifts for others, this is the gift you need for you this Valentine's Day."

That self-gifting message has performed better on Facebook and Instagram than others aimed at buying gifts for romantic partners, says Ranjan Roy, Adore Me's vice president of strategy. These days, "people are looking for micro indulgences—small ways to splurge on themselves."

Collector's Cage, which sells previously owned designer handbags online and at two stores in Copenhagen, is

running social-media ads with the message, "From You, To You." The company is offering a special treat for single shoppers—a mystery gift that includes leather-treatment products emblazoned with the words, "Love yourself...and your bag this Valentine's Day."

Founder Mathias Moslund says he changed tack after last year's more traditional Valentine's Day marketing fell flat. "All of my girlfriends have boyfriends so I feel left out on Valentine's Day," says Anna Rusborg, a 19-year-old student, who lives in Copenhagen and is treating herself to a vintage Louis Vuitton Speedy Bag from Collector's Cage. "I know I'll find love someday, but buying a bag for myself makes me feel independent."

Women aren't the only targets. Bevel, which makes grooming products for men, offered a discount promotion

through Feb. 14 to urge its male customers to buy for themselves. "Treat yourself with goods made just for you," its website says.

Lately, Valentine's Day is being reinterpreted to reflect the growing number of singles. According to the Census Bureau, 49.2% of U.S. adults were unmarried in 2023, compared with 41.9% in 1993.

The Pew Research Center found 56% of single Americans in a 2022 study said they weren't looking for a relationship or casual dates. That was up from 50% in 2019.

Nearly a third of Valentine's Day diners last year were solo or in groups of three or more, according to OpenTable, an online restaurant reservation service. And "Galentine" celebrations that fête female friendships are now widespread. "I've been doing more solo

dating," says Amanda Hernandez, a 29-year-old nurse who lives in Passaic Park, N.J., and threw a Galentine party this year. "I like going to museums, bars and other events on my own instead of waiting for friends or a romantic partner to be available."

Alina Wilson bought herself a bracelet and earrings years ago when going through a difficult time at work. "Any time I was nervous, I would look at the bracelet and it would help me stay grounded," recalls the 52-year-old owner of a medical spa and wellness center in Lake Oswego, Ore.

For Valentine's Day, Wilson is treating herself to a diamond tennis bracelet. "I'm not going to turn down a gift from my partner," she says. "But buying for myself makes me feel great. You can't love another person unless you love yourself."

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, February 14, 2024 | A9

By ANDREA PETERSEN

At a biomedical center here, there's a man scarfing down Frosted Flakes and tater tots while hooked up to an IV. His job? To help the government figure out what you should eat.

That man, Kevin Elizabeth, a 28-year-old tech worker, is one of 500 Americans who will be living at scientific facilities around the country for six weeks, eating precisely selected meals and undergoing hundreds of medical tests. He is part of a new study, costing \$189 million, that is one of the most ambitious nutrition-research projects the National Institutes of Health has ever undertaken.

If the study succeeds, it could help Americans get healthier and cut through years of confusion about nutrition guidance.

Chronic diseases linked to our diets are on the rise. Sometimes-conflicting advice hasn't helped—remember the low-fat craze?—and has resulted in little improvement in our health. The percentage of U.S. adults ages 20 and over with obesity is 41.9%, according to Centers for Disease Control and Prevention data collected from 2017 to 2020. That is up from 30.5% in 1999 to 2000. About 15% of American adults have diabetes, up from 10.3% in 2001 to 2004, CDC data show.

The NIH study will involve 10,000 participants in total, some of whom are signing up for intense measures, like monitors that follow them and make sure they don't eat smuggled food, or special eyeglass attachments to record what they eat.

If all goes according to plan, in a few years you'll be able to walk into your doctor's office, get a few simple medical tests, answer questions about your health and lifestyle, and receive personalized diet advice, says Holly Nicastro, coordinator for the NIH's Nutrition for Precision Health study.

A diet plan, just for you

Scientists agree broadly on what constitutes a healthy diet—heavy on veggies, fruit, whole grains and lean protein—but more research is showing that different people respond differently to the same foods, such as bread or bananas.

Elizabeth and his fellow participants spend two weeks each on three different diets. One is high fat and low carb; another is low on added sugars and heavy on vegetables, along with fruit, fish, poultry, eggs and dairy; a third is high in ultra-processed foods and added sugars.

The study's scientists will take the data they are collecting to create algorithms that, they hope, can predict what a particular diet will do for any one of us. They're recruiting participants with a range of ages, ethnicities, backgrounds and health conditions to make

Researchers hope they can predict what a specific diet will do for a person.



Finding the Right Foods That Work Best for You

Scientists investigate how different people respond to different diets

sure the results apply broadly.

"We might be able to fine-tune diets," said Alice H. Lichtenstein, director of the Cardiovascular Nutrition Team at Tufts University, who isn't involved in the NIH study. "So it will work out better if one person in the family gets a little more protein and somebody else gets a little more fat and another gets a little more carbohydrate."

With more customized guidance, nutrition researchers hope that more Americans will see results—like blood-sugar levels dropping or blood pressure improving—and stick to healthier diets.

"There can be this public perception out there that 'Oh, everyone knows what you're supposed to eat, but it doesn't work for me.' But if this is for me and based on me," people might be more likely to follow the plan, Nicastro said.

Carefully crafted meals

Elizabeth was encouraged to consume every last morsel of his Frosted Flakes breakfast, down to

the sugary milk left behind in the cereal bowl. Scientists at the facility here, Pennington Biomedical Research Center, part of the Louisiana State University System, want to know exactly how much he's eating of his carefully designed meal.

He wore a heart-rate monitor, a device to record his physical activity, and a continuous glucose monitor to measure blood sugar. An IV stuck out of his hand. Nine times over the next four hours, a technician drew Elizabeth's blood to measure his body's response to the meal, including his insulin and glucose levels, along with dozens of other metrics. Elizabeth gave samples of urine, stool and saliva. Scientists had already collected specimens of his hair and nails, and put him through a DEXA scan, a full-body X-ray that quantifies the amounts of fat, bone and muscle.

"I thought it would be nice if I could do something meaningful for, like, science and, personally, just to learn more about diet and how it affects me personally," said Elizabeth, who works in technology at a company that rents out heavy equipment to businesses.

Since he works remotely from

his Baton Rouge home, his schedule hasn't changed much in the study. But he misses his fiancée, who's a nurse elsewhere at Pennington Biomedical, and their two cats.

Elizabeth was on day 13 of the largely ultra-processed diet when he had his blood drawn around his Frosted Flakes breakfast. The diet resembled what Elizabeth typically eats at home (a lot of convenience foods like frozen pizza), though he said he felt more tired than usual, especially during exercise.

Camera glasses

One novel tool being used in the study: small cameras that attach to eyeglasses and start recording when the wearer chews. The cameras were designed to ensure that people accurately report what they eat.

The glasses have been a tough sell. "A lot of the participants are wondering if it captures other things," said Catherine Champagne, professor of dietary assessment and nutrition counseling at Pennington Biomedical and Louisiana State.

Study workers periodically blend the meals into a giant smoothie and have them analyzed by an outside lab, to make sure all

▲ Kevin Elizabeth, top right, is living at a scientific facility for six weeks—eating precisely selected meals and undergoing medical tests—to help scientists determine what people should eat.

the sites' daily menus have consistent proportions of fats, carbs, protein and other components.

Staffers monitor participants who are staying at Pennington Biomedical to make sure they are sticking to the plans. Someone watches them eat their study meals and encourages them to eat the whole thing. Escorts accompany participants to the gym and on walks to prevent any sneaky vending-machine dashes.

And then there's the bathroom. Some participants elsewhere in the NIH study are using a new "smart" toilet paper device to collect stool samples. The researchers are particularly interested in how the three diets affect the gut microbiome—and how that influences how people respond to a diet.

On that Tuesday morning at Pennington Biomedical, Elizabeth was lying down in a hospital bed with a clear plastic hood covering his head. He was instructed not to move or talk. Biomedical engineer Isabella Reed was conducting a test to measure Elizabeth's resting metabolic rate, basically the number of calories he burns just by being alive and awake. A TV was on.

"They can't watch the Food Network," said Reed, who said even looking at food can change the test results. Anything scary is out, too; being freaked out can burn calories. "We watch a lot of Hallmark movies and HGTV," she said.

Easing Children Out Of the Financial Nest

By VERONICA DAGHER

Parents are cutting the financial cord with their adult kids later than ever. They hope it isn't awkward.

They have been paying the phone bill and covering rent for far longer than in prior generations. Some help with down payments to buy homes. Others put a roof over their kids' heads well into their 30s to help them save because they can't cover rising costs of living.

That comes with a price. More than a quarter of parents who are helping their children financially said it caused them to postpone retirement, according to a recent Credit Karma survey. More than half had to cut back on expenses and about a third took on debt.

Feeling stretched, they are negotiating the terms of separation.

Nancy Clark and her then-28-year-old son, Reid Clark, had just sat down to dinner in June 2022 when the conversation turned to when he would move out. The topic had come up before, but this time they set a date: one year later.

Nancy, now 60, said she remembers thinking: "I know that becoming financially independent needs to feel a little painful."

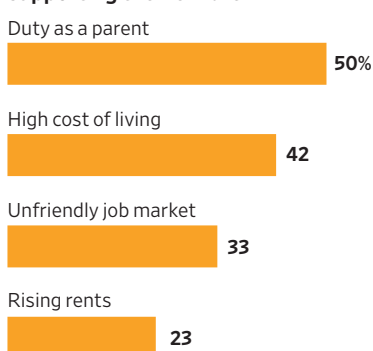
Reid set off on his own last June. He ditched a job managing his family's three ice-cream shops in New

Hampshire for a gig as the assistant to a professional ice-hockey team's mascot in St. Paul, Minn. He also works at an M&M's store.

Nancy occasionally gives \$50. By this June, Reid will no longer get any financial help. He hasn't needed to hit up his mom for rent money in the past few months. "I want to chart my own path in life," he said.

Taking such a gradual approach and framing the conversation around gaining financial independence give it a positive spin, said Rocky Fittizzi, a wealth-strategies adviser at Bank of America Private Bank.

Reasons parents say they are supporting their children



Note: Shows the share of parents who support their children that cited each reason. Source: Credit Karma via Qualtrics survey of 1,249 U.S. adults above the age of 18, conducted Nov. 20-26, 2023



An emotional decision

Many adult children are living at home to save money. The cost of food and rent have jumped, and the share of 25-to-29 year-olds with student loans rose to 43% in 2022 from 28% in 1992. The rise was even bigger for those between 30 and 34, according to a recent report by the Pew Research Center.

Some 20% of men and 12% of women between 25 and 34 years old lived at home last year, a far larger portion than two decades ago, according to Census Bureau data.

During the pandemic, layoffs and money strains forced some adult children and their parents to live together and share finances, said Arne Boudewyn at Insights Squared Consulting Group, a family wealth consulting company.

Worries over losing the close bonds forged during those years may add to the stress of ending monetary help, financial advisers said.

"Letting go is often harder for parents these days because we need to feel needed as much as we want to feel wanted," said Bobbi Rebell, the founder of Financial Wellness Strategies, which gives workshops for parents about how to teach their children to be financially responsible.

Semi-tough love

Pam Lucina was in her first year of law school 30 years ago when her father told her she was off the payroll. Her parents had paid for her undergraduate education. Assuming they would pay for law school too, she had chosen a pricey one.

She graduated with \$40,000 in student debt and couldn't afford to contribute to her 401(k) for about five years.

"I'm grateful for all of their past support, but I wish I had been more pre-

pared," said Lucina, 52, an executive vice president at Northern Trust.

Lucina said the experience was a main reason she became a financial adviser. She has three daughters, and recently asked the oldest to complete her own college financial-aid form.

She tells clients that even if they have good intentions, it can feel to the children as if their parents are withholding money to punish them.

"Assure them that love is not contingent on finances," she said.

Create an exit strategy

There are times when financial help is necessary. With a health issue or addition, parents often use a special-needs trust, where funds typically go directly to treatment. Others opt to help temporarily after a layoff.

But financial advisers said parents need to set boundaries.

Ashley Kaufman's parents told her she would need to move out of their Manhattan apartment once she saved \$100,000 for a down payment on her own place.

The cybersecurity consultant hit her goal by the time she was 25, but she wasn't sure she was ready to move out. She enjoyed seeing her younger siblings regularly and playing with the family dog, she said. Her parents encouraged her to go to some open houses anyway.

Kaufman, the stepdaughter of Rebell from Financial Wellness Strategies, is now 27. She bought her apartment around two years ago and is happy to be building equity.

"I'm glad my parents gave me a little nudge," she said.

—Julia Carpenter contributed to this article.

CHRISTIANA BOUTIC FOR THE WALL STREET JOURNAL

ERICCA BURCHETT/THE WALL STREET JOURNAL (3)

PERSONAL JOURNAL.

Five Strategies for Improving Meetings

New technology, including virtual-reality tools, and old school walk-and-talks are being adopted by businesses

By Ray A. Smith and Lindsay Ellis

Everyone hates meetings. There are too many of them. They drag on. Or they could have been an email. But meetings are an important way people collaborate and push ideas forward.

Here are five ways meetings could look and feel different in the future.

The High-Tech Meeting

With hybrid work here to stay, more office meeting rooms will be equipped with artificial intelligence, holograms, virtual reality and other immersive technologies that allow remote workers to feel like they are in the same room as their in-office colleagues.

New technologies could address some of the challenges that come with hybrid video meetings. "They are looking in but they can't see everybody or they don't know who's speaking," says Nilesh Parmar, business area director of places, U.S., for Arcadis, a global design and consulting firm.

To address these sorts of concerns, Arcadis is using a new strategy with some clients: motion detection cameras that automatically pan to whoever is speaking in the room. "You're literally having a one-to-one conversation and then the camera will pan back out and then take the whole room in again," says Parmar.

Technological glitches are bound to happen on occasion with these newer technologies, such as a slight delay in the camera coordinating how soon it pans to the speaker. But Parmar says if there is such a moment, the camera will automatically pan out to show the whole room.

The company also has some clients using virtual reality to make participants feel they are physically experiencing the same room even if they are in different locations.

The Walk-and-Talk

A new one-on-one meeting will attempt to shift the work environment from indoors to the outdoors. The walk-and-talk aims to reduce the amount of time spent looking at—or being distracted by—screens, as well as sitting passively.



ble app used for outdoor activities such as hiking.

Weekly walk-and-talks are actively encouraged at AllTrails, says Schneidermann. The mostly remote company makes a point of having employees come into its San Francisco office on Wednesdays to connect in person rather than on screen.

In addition to the one-on-ones, the company conducts group meetings held while hiking trails at state or national parks or local wilderness areas, every first Friday of the month.

The Pregamer

In the future, there will be fewer meetings and they'll go faster, in large part due to a new corporate concept: pregaming.

Colleagues will add their thoughts, ideas or feedback on the

set agenda for a planned meeting to a shareable online document at least a week prior.

As a result, more workers will have a chance to express their thoughts, he says. In a traditional meeting, "some people aren't as effective in the spur of a moment in a room.

Time will get saved because there will be no need for the obligatory information update that typically starts a meeting, says Ferrazzi. With that info already in a one-page document accompanying the editable document, participants can just cut to the chase.

Fewer people would have to attend since they have already weighed in. "You can land the plane in the meeting rather than needing another meeting," says Ferrazzi.

These meetings won't be the usual one-hour confab held in the typical conference room setting.

At cloud-storage company Dropbox, which has been "virtual first," or remote about 90% of the time since the pandemic, teams of staffers aim to meet up once every three months.

One potential issue with this model is some employees might prefer going to a meeting and being done with it rather than having to spend more time with colleagues on nonbusiness.

The Retreat

At some companies, in-person staff meetings will be less frequent, once every three months rather than weekly or monthly.

One potential issue with this model is some employees might prefer going to a meeting and being done with it rather than having to spend more time with colleagues on nonbusiness.

That hasn't been much of a hurdle for Dropbox, says Allison Vendt, global head of Virtual First, a team at Dropbox focused on its remote-work operating model.

But the company has learned that offering a flexible approach to the quarterly gatherings is important. For example, she said, a team could decide to gather in a co-working space with the goal of tackling a critical project instead of an off-site multiday meeting with a lot of activities and programs.

This retreat model goes a step beyond hybrid video meetings while simultaneously respecting workers' desire for flexibility in where they live and work from.

There are some times where we need you to be in-person in some form or fashion, but we're not going to make you commute to an office every week," just to attend a meeting, says CEO Drew Houston.

The Skills Prep

Because teams want to maximize rare in-person confabs, premeeting preparation is getting supercharged. Virtual-reality tools equipped with artificial intelligence can help workers receive real-time feedback when they practice presentations or for tough one-on-one conversations.

Young professionals are using these tools at Hofstra University in Hempstead, N.Y., to polish their soft skills. "They get feedback on word fillers, and the speed at which they speak, the cadence," says Janet A. Lenaghan, dean of Hofstra's Frank G. Zarb School of Business.

One executive M.B.A. student—who is already in the workforce—has asked to bring work colleagues to the school's lab to get a taste of the AI-assisted technology, she added.

Wearing one of Hofstra's virtual-reality Meta Quest 2 headsets, users can practice delivering difficult feedback to an underperforming colleague—portrayed by a moody avatar—

or other trial scenarios like giving a presentation in a hotel ballroom or facing a skeptical client. The school is using software from companies including Ovation and VirtualSpeech.

The technology listens to users' delivery. Then comes AI-generated feedback. Get to the point. Cut the



Some programs allow users to change the audience from an enthusiastic crowd applauding to a group in business attire looking at their phones, yawning and asking tough questions.

It will be challenging to know when to invest in this technology, which Lenaghan says is developing quickly. Hofstra spent about \$100,000 on software licensing fees and has purchased 12 headsets for students.

Some Dogs End Up on An Airline's No-Fly List

By Jacob Passy

TRUE OR FALSE: There's a no-fly list for dogs and your pet might be on it.

Travelers like Megan Moskowitz say it absolutely exists. When Moskowitz tried to fly with her dog, an English cocker spaniel named Maci, to visit family in Indiana, she says United Airlines agents at Newark Liberty International Airport wouldn't let Maci on the plane.

She says the agents took photos of Maci and informed her that Maci was permanently banned from traveling with the airline.

United declined to comment beyond pointing to the section of its website that details its policies on flying with pets. The Transportation Department granted Moskowitz more leeway in 2021 to keep pets off planes if they aren't service animals.

Pet owners have tangled with airlines in recent years as carriers have cracked down on people traveling with animals. Airlines said more people traveling with pets led to an uptick in incidents involving these animals, including bites, urination and defecation. They also re-

ceived complaints from some passengers, including those with allergies, about the animals.

Dog owners say United Airlines has developed the strictest reputation for its policy of banning furry companions judged not to fit comfortably in a kennel, even if they behave well in the air.

Moskowitz had chosen Maci because she wanted a small dog she could bring on trips. Her first flight with Maci in November went off without a hitch. But since the Newark incident, Moskowitz, an advertising professional in New York City, has hesitated to try flying with Maci again.

"It seems like such a gamble," she says.

Teddy makes the list

Gabriela Garcia-Orth says she never used to encounter any difficulty flying with her 8-year-old Pomeranian, Teddy. The marketing professional who lives in New Jersey estimates the two have flown more than a dozen times together.

In November, Garcia-Orth and her husband tried to fly back to Newark from Houston with Teddy after a wedding. The family arrived at the airport hours early as a precaution after having paid United's \$125 fee to travel with a dog. But a United employee told them their 10-pound dog wouldn't be allowed to fly.

Garcia-Orth says the couple pleaded with the United agent to let them travel home. The agent obliged, she says, but they were told that a note about Teddy was being



added to their file.

"It was confusing," Garcia-Orth says. "But I didn't want to get into it because I didn't want to escalate the situation."

Understanding the rules

In general, airlines require an animal to be small enough to be comfortable in a carrier that can fit underneath the seat in front of a passenger. Many airlines stipulate that the pet must be able to stand up and turn around in the carrier without touching the sides to fly.

Airlines usually limit the number of pets they allow in the cabin, and passengers are typically charged a

Air carriers were given more leeway in 2021 to keep pets off planes.

fee to fly with their pets.

Some airlines allow larger pets to be transported in a plane's baggage hold, but have limitations based on an animal's size. Others, including United, have discontinued this service in recent years for most travelers.

United isn't the only airline that pet owners have had issues getting their pets on board.

Jimmy Chang is a YouTuber from Denver who owns a Miniature Schnauzer named Milo. Chang says he and his family are regular South-

west customers and have flown with Milo twice.

This December, when Chang and two of his children were flying to California to attend a family member's funeral, Milo was turned away at the check-in desk, Chang says. Milo's carrier still had the tag from the family's last flight attached.

Chang's brother-in-law drove to the airport to get Milo so that the family could still make their flight. Chang says he is now re-evaluating his allegiance to Southwest.

"Now if there's another airline where the time may be a little bit more convenient or the price may be a little bit lower, then we're flying with them," he says.

A Southwest spokeswoman said in an email that the airline's "pet-friendly policy is in line with" Federal Aviation Administration guidelines.

Some travelers say that the unpredictability with their pets has complicated making plans. Rachael Breder is training her 2-year-old Pembroke Welsh corgi named Chesapeake, or Chessa, to compete in dog agility competitions. On the last trip she took on United with Chessa, Breder says agents told her they were flagging her account because of Chessa's size.

Breder, an account manager for a propane company who lives in Sellersville, Pa., hopes to enter Chessa into competitions across the U.S., and maybe one day take her to compete overseas. That is, if she can find a reliably amenable airline.

"There's travel that I want to do with her," she says.

PETE RYAN (3)

GETTY IMAGES

ARTS IN REVIEW



Ben Mendelsohn and John Malkovich, left, and Maisie Williams, above, in the Apple TV+ series.

TELEVISION REVIEW | JOHN ANDERSON

Couture Amid War

'The New Look' follows Christian Dior and Coco Chanel in 1940s France

'INSPIRED BY TRUE EVENTS' is less a boast than a disclaimer at the beginning of "The New Look," the "look" being the French fashion revolution incited by Christian Dior in the wake of World War II, and the "true events"—i.e., who did what during the Nazi occupation—having always been more gray than anything even Dior would have designed. "There is the truth," Dior (Ben Mendelsohn) tells an audience of rapturous students at the Sorbonne in 1955. "But there is always another truth that lives behind it." Think of "The New Look" as the haute-couture version of "The Sorrow and the Pity."

This 10-part series, created by Todd A. Kessler ("Bloodline"), is hardly as grim as the 1969 Marcel Ophüls film, but it does explore a similarly treacherous moral territory—how is one to behave under Nazis? At the same time, it tells the story of two pivotal designers of French fashion: Coco Chanel (Juliette Binoche), who had revolutionized style after World War I; and Dior, who mostly is trying to survive World War II. It is a peculiar construction inasmuch as the two principals almost never meet, though each is aware of the other. "Christian Dior ruined French couture and I'm coming back to save it," Chanel says, after her eight-year exile in Switzerland, and during a tantrum over Dior's adoring audience at the Sorbonne. There, a student asks Dior—who has made

his nervous way to the stage only after a tarot-card reading—the basic question: If Chanel closed her fashion house before the Nazis marched in, why did you continue designing for Nazi wives and girlfriends? To which Dior responds, and we are carried back to the Paris of 1943.

Is Chanel the hero of this story? Hardly, though Mr. Kessler and his crew couldn't have maintained our interest with a Coco who was entirely rotten. Ms. Binoche's character is just a little

rotten, and a lot delusional. Certain accounts will tell you that Chanel closed her house in 1939 to spite her striking workers, rather than on any principle. "The New Look" will tell you that she used the German Aryan Laws to grab her company back from the Jewish partners who controlled it, and fell in love with a particularly untrustworthy Nazi operative, Hans Von Dincklage, or "Spatz" (the reliably devilish Claes Bang), who will entangle her in an SS scheme to carry a secret Third Reich plea

for peace to one of her society acquaintances—Winston Churchill—thus making her a collaborator. Albeit one who seems capable of wriggling out of anything.

And Dior? When we meet his younger self, he is working as a designer of dresses for the house of Lucien Lelong (John Malkovich, in one of his more eccentric performances), who is taking the unheroic approach of keeping his workers employed while awaiting the departure of the Nazis from Paris (which, everyone says, is imminent). Christian, burdened by guilt and life, needs to work to support his sister, Catherine (Maisie Williams), and finance the various Resistance fighters taking up residence in his apartment. Mr. Mendelsohn is a tad old for the part, but Dior in 1943 is a dour figure, weary beyond his years, paralyzed by moral conflict, superstition and fear for his sister while yearning to design "the most beautiful women's clothes that have ever existed." Coco, meanwhile, is angling to steal her company back from the Wertheimer brothers

(Charles Berling, Jérôme Robart), who had the sense to relocate out of Nazi-occupied France.

In a sense, Chanel and Dior represent the two sides of the French franc during the occupation, especially after Catherine is arrested by the Gestapo, tortured and sent to Ravensbrück. Christian explores every angle at his disposal to learn her whereabouts and even tries to persuade the Resistance at one point to bomb the deportation train she may or may not be on. The editing, mostly by the formidable Aaron Kuhn, is not what one would call "seamless" (the usual compliment to editors); the effect sought is to slam us back and forth between the miseries of someone like Catherine and the ethics-challenged egomania of Chanel. "This is war!" Coco declares regarding the Wertheimers and one thinks, "No. It's not."

There are many interesting accents in "The New Look," Mr. Malkovich's being the most interplanetary, but even Ms. Binoche is suspect and she's French—though the hurdle she has to jump is having possession of such good English and then having to speak it with a heavy French accent. It's a back flip with a half twist. She does succeed in making Coco, who is a moral bankrupt, eminently watchable, and Emily Mortimer as Elsa Lombardi—illegitimate child of English royalty, global house guest and, ultimately, a Coco victim—is also first-rate. Likewise Mr. Mendelsohn, a marvelous actor capable of being quite scary (see: "Animal Kingdom") but who makes Dior a character lovable in his anguish, an artist who just wants to imagine and create in a world where such dreams seem evanescent. (A scene in which Dior hires as his new model a young girl out of work "because the government closed the brothels" is heartbreaking.)

The introductory titles to "The New Look" are rather lofty, one thinks. "When the war ended," we are told, "an unknown fashion designer would emerge as the French icon of hope. This is the story of how creation helped return spirit and life to the world." By the end, you believe it.

The New Look
Begins Wednesday, Apple TV+

Mr. Anderson is the Journal's TV critic.



Juliette Binoche and Claes Bang, right, in the historical drama from creator Todd A. Kessler.

FILM REVIEW | KYLE SMITH

'Madame Web': Spider-Sisters Silliness

'MADAME WEB,' yet another cinematic disquisition on arachno-human commingling, comes up with a cute euphemism for dead I hadn't heard before: room temp. Unfazeable Queens paramedic Cassie (Dakota Johnson) is gutsy and resourceful, and no one is going to go room temp on her watch. Except herself, when she plunges off a bridge while rescuing someone in a car and spends three minutes in cardiac arrest. Visions of her future come to her while she's effectively dead: fireworks, explosions, a giant S that viewers might assume stands for either spider or spinoff. It turns out to be neither, not that the actual meaning is interesting.

Not much else here grabs the attention, either. "Madame Web," which is produced by Sony via its longstanding licensing rights to Marvel's Spider-People, isn't as awful as "Morbius," a fellow spin-off in the Spidey-verse. But even though it starts out likable, it gets sillier as it goes along and winds up as camp.

Ms. Johnson is charismatic as usual in the title role of Cassie, whose mother, Constance (Kerry Bishé), a scientist, went to the Amazon jungle in the late stages of her pregnancy in 1973 in search of a rare rumored spider whose venom she

thought might cure congenital illness in her yet-to-be-born child. Seems like a longshot, but everything works perfectly until Constance's associate, Ezekiel (Tahar Rahim), double-crosses her and steals the rare bug. Those bitten by the spider take to skittering up trees and across the leaf canopy while exhibiting superior strength and wearing costumes that look like the downtown versions of the famous Spider-Man outfit.

Back in Queens, 30 years later—this is the rare feature that func-

tions as a period piece set in 2003, although the quartet of screenwriters can't come up with much in the way of differences from today except pay phones and a glimpse of a Blockbuster Video outlet—Cassie has a thriving career in ambulance work alongside her partner, Ben Parker (Adam Scott). Yes (groan), that's Peter Parker's Uncle Ben. His sister, Mary (Emma Roberts), is about to give birth. Superpowers may be the thing the audience loves most to see, but super-coincidences merely indicate lazy screenwriting. The nefarious Ezekiel is also nearby, using stolen NSA credentials and a hired data nerd (an utterly wasted Zosia Mamet, who spends the movie barking at computer monitors) to help him target three young women he believes are



fated to kill him.

Ezekiel, who has the powers of a dark Spider-Man, is among the least scary villains seen on screen since Willem Dafoe's cackling pleasure-cruise bomber in "Speed 2: Cruise Control," and his thuddingly portentous dialogue—"Every day that goes by, my appointment with death gets closer"—undoes all of the good will built up by Ms. Johnson's plucky, winsome performance.

Cassie—short for Cassandra, the prophet of Greek drama—uses her own visions of the near-future to get the jump on Ezekiel, locating the trio

▲ Dakota Johnson in writer-director S.J. Clarkson's entry in the Sony Spidey-verse.

of teen girls who, according to Ezekiel's dreams, will grow into Spider-Women and kill him. Each girl represents a different race or ethnicity and all are, like Cassie, missing their moms: Julia (Sydney Sweeney, who must have signed up for this shambles before she became a star in her own right), Anya (Isabela Merced) and Mattie (Celeste O'Connor).

Writer-director S.J. Clarkson, previously a television director credited

with episodes of "Jessica Jones," "Orange Is the New Black" and "Succession," steers the script in increasingly ludicrous directions in the second half. Cassie, appointing herself surrogate mother to the three girls, nevertheless dumps them with Ben Parker while she goes down to the Amazon rainforest to figure out what powers she has. Luckily enough—like winning the Powerball lucky—she immediately runs into the Basil Exposition of the jungle, a fellow who knows what her mom did 30 years ago, recognizes Cassie and can explain everything. One of her powers turns out to be the ability to occupy several places simultaneously, because that's how webs work, or something. Cue an absurd confrontation with Ezekiel involving the neon Pepsi-Cola sign (overlooking the East River in Queens), which is

to New York landmarks what this film is to superhero epics. The good news for the talented Ms. Johnson, who has a habit of getting stuck in bad movies such as the "Fifty Shades" trilogy, is that "Madame Web" seems unlikely to occupy more of her time with sequels. It collapses so pathetically that studio executives might as well have dialed 911 to rescue it. But with Ms. Johnson Saturday on a recent episode of "Saturday Night Live," joining the chorus of those ridiculing it, it's going to be declared room temp on arrival.

SPORTS

The Brilliant NFL Coach Who Can't Stop Losing Big Games

Kyle Shanahan is one of the game's smartest coaches, but three Super Bowl letdowns are raising doubts about whether he can win the big one

By Andrew Beaton and Joshua Robinson

Las Vegas

San Francisco 49ers' coach Kyle Shanahan knows better than anyone else what it's like to watch a lead evaporate late in the Super Bowl.

He'd felt it seven years ago as offensive coordinator of the Atlanta Falcons when the New England Patriots stormed back from a 28-3 deficit in the biggest comeback in Super Bowl history.

Then on Sunday night, it happened again.

In their Super Bowl rematch, the 49ers led the Chiefs three separate times—including by 10 points in the first half and later with seconds left in regulation—until Patrick Mahomes sprang to life and snatched the Lombardi Trophy out of San Francisco's grasp.

And yet Shanahan, who became the Niners coach in 2017, is also regarded as one of the brightest minds in football. Taking over a club that won just two games the year before he was hired, he has now reached the NFC Championship game or the Super Bowl in four of the past five seasons.

The lack of a title remains the glaring absence on Shanahan's otherwise glittering resume. He has now been on the losing side in three Super Bowls, two of which happened to be the only ones to go into overtime.

"I don't care how you lose," Shanahan said on Sunday. "When you lose Super Bowls, especially ones you think you can pull off, it hurts."

Shanahan, the son of Mike Shanahan, who won two Super Bowls in charge of John Elway's Denver Broncos, has established himself as one the game's premier offensive innovators over the past decade.



San Francisco 49ers coach Kyle Shanahan walks off the field after losing Super Bowl LVIII to the Kansas City Chiefs, the third time that the team he coached has let slip a lead with a chance to lift the Lombardi Trophy.

Ryan into an MVP. And Shanahan's use of tightly packed formations flummoxed defenses around the country. So when the Niners hired him, they were betting on a coaching wunderkind.

By the 2019 season, it was already paying off. He had taken San Francisco all the way to the Super Bowl, where the team led Mahomes and the Chiefs 20-10 midway through the fourth quarter.

Throughout that spell, his 49ers have been one of the most reliably excellent teams in football. Over the past three seasons, only the Chiefs and the Dallas Cowboys have more regular season wins. It made perfect sense that Shanahan would get another shot at a Super Bowl.

That chance came on Sunday. The 49ers built up a 10-0 lead in the first half and seemed in control. The advantage could have been even bigger had star running back Christian McCaffrey not fumbled the ball in Kansas City territory on the game's opening possession.

But by the time the game was over, after Mahomes hit receiver Mecole Hardman for the game-winning touchdown in overtime, the Chiefs were the ones storming the field in celebration. Again.

The question now is whether Shanahan's record in the biggest games is the equivalent of a cold run at the blackjack table or the symptom of strategic miscues in critical spots.

"We had our chances," Shanahan said. "Needed to score a couple touchdowns, but we didn't."

The outcome also raised ques-

tions about how the Niners handled the NFL's new postseason overtime rules. Since the change in 2022, both teams have a chance to possess the ball even if the side that receives the opening kickoff scores a touchdown. Some teams view that as a reason to win the toss and defer in order to know precisely whether they need a field goal or a touchdown when their turn comes.

But a few 49ers players sounded completely unaware that this new regulation had been implemented.

"I assumed you just want the ball because you score a touchdown and win, but I guess that's not the case," fullback Kyle Juszczyk said afterward. "I don't totally know the strategy there."

The Niners won the toss and elected to take the football, with Shanahan later explaining that if the Chiefs matched whatever the

Niners did on the opening possession, the chance to get the ball third was too good to pass up. But that decision was still a surprise to the Kansas City sideline.

"That's crazy," defensive tackle Chris Jones remembered thinking.

It wound up playing right into Kansas City's hands. San Francisco quarterback Brock Purdy led a drive for a field goal. Then Mahomes replied with a touchdown.

The irony is that the Chiefs are the reason this new rule exists at all. After they beat the Bills in a postseason overtime thriller two years ago, when Buffalo didn't get a chance with the ball in overtime, it sparked such outrage that the NFL rewrote its rulebook.

On Monday morning, Chiefs coach Andy Reid said they had spent time preparing this exact scenario with the team's analytics staff—and would have opted to kick off. "We had it all mapped out and we were able to cover it with the guys, so everybody knew," he said.

Shanahan has faced other tactical questions in big games over the years. Even after the Patriots had winnowed the Falcons lead down to 28-20 in 2017, Atlanta's offense brought the ball back to New England's 22-yard line, where a high-probability field goal could have made it a two-score game late in the fourth quarter.

Then, after a run went nowhere, Shanahan called two straight pass plays that backfired spectacularly. One produced a 12-yard sack, the other ended with a holding penalty, forcing a punt.

Brady and the Pats got the ball back, scored a touchdown, executed on the 2-point conversion and put it away in overtime.

Still, none of that means Shanahan's reputation as a coach with a tendency to fall at the highest hurdle is set forever. In fact, he doesn't have to look far to find someone who faced doubts that he could come through when it counted, before shedding that reputation.

Take the Philadelphia Eagles, who were arguably the NFL's most successful losers, reaching five NFC Championship games and one Super Bowl from 2001 to 2008 without winning a title. The team's mustachioed coach was seen as one of those frustrated geniuses who might never win it all.

But nobody thinks about Andy Reid that way these days. That's because the former frustrated genius just won his third Super Bowl.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers 1 through 71 indicating starting positions for clues.

- 30 Sonoma runner
31 "Feels so-o-o good!"
33 Exacta, e.g.
34 Field requiring constant practice
35 Before, in ballades
37 Research setting
38 Suffer
39 "The Stepford Wives" author
41 Trillion: Prefix
44 Whoop it up
46 "The Prince of Tides" actor
49 Stomachs
50 Fermented soy sauce
51 Gut courses
53 Put up
54 Craft at a camp
55 "Ad ___ per aspera" (Kansas motto)
56 Düsseldorf denials
58 Nicholas II, for one
59 "___girl!"
62 Invitation letters
64 Invite
65 Science expounder Bill

PASSION PLAY | By Kathy Lowden

A word search puzzle with clues and answers. Clues include 'Carpenter's leveler', 'Lock parts', 'The Pat McAfee Show' channel, etc.

Previous Puzzle's Solution: A grid showing the answers to the previous crossword puzzle.

U.S. Women's Soccer Has a Plan to Fix World Cup Woes—With Dollars

By Rachel Bachman

WHEN THE FOUR-TIME champion U.S. team crashed out of the Women's World Cup in the round of 16 last year, things looked grim for the game in America.

The U.S. team looked aimless. The National Women's Soccer League where most team members played looked globally underfunded and overmatched.

Now, six short months later, stateside soccer leaders are turning to a trusted American strategy to reverse the trend. They're throwing money at the problem.

The U.S. Soccer Federation hired trophy-collecting Chelsea FC Women coach Emma Hayes to lead the U.S. women last November by offering about \$1.6 million a year—or triple the salary of her predecessor Vlatko Andonovski.

Last month, the NWSL's Washington Spirit lured the coach of the FC Barcelona women's team that supplied eight players to Spain's World Cup squad, quadrupling Jonathan Giráldez Costas's salary, according to a person familiar with the situation.

And the NWSL has started spraying cash to attract players from across the pond. On Tuesday, San Jose, Calif.-based NWSL expansion team Bay FC announced the signing of 23-year-old Zambian striker Racheal Kundananji.

Her move from Madrid CFF commanded a world record for a women's transfer fee, at €735,000 or nearly \$800,000, according to a person familiar with the deal.

exceeds \$2 million—about one-third of the \$6 million in women's transfer fees paid out globally last year.

League leaders say the infusion will improve competition and sharpen American players—just as the U.S. team heads for a crucial summer showdown at the Olympics.

Several forces have combined to boost spending in the NWSL. In November, it signed a broadcast-rights deal worth \$60 million a year—up from a paltry \$1.5

day-in, day-out against players of equally high quality."

Bay FC, one of two new clubs in the now 14-team league, is part of a wave of prominent new ownership. The club is majority-owned by investment firm Sixth Street and co-founded with four former U.S. team stars including Brandi Chastain.

Sixth Street CEO and Bay FC co-chair, Alan Waxman, last year said the firm was committing \$125 million to launch the team, including a \$53 mil-



Bay FC paid a record transfer fee for Racheal Kundananji.

million for its previous deal. Soon after that, the NWSL announced it was upping the salary cap to \$2.75 million, a nearly 40% increase from last season.

Bay FC has made the biggest offseason splash, before it kicks off on March 16. In addition to Kundananji, it landed Venezuelan midfielder Deyna Castellanos from Manchester City and Nigerian forward Asisat Oshoala, a six-time African women's player of the year and Barcelona's top scorer last season.

Attracting elite international players, Rushton said, will pull in more overseas fans, which will increase revenue, raise the salary cap and allow teams to spend more.

Also, Rushton said, "it allows the U.S. women's national team players who are playing here to play with a higher-quality player and a higher-caliber player, right? That naturally is going to improve their game by playing

lion league franchise fee and millions more for construction of a training facility and talent acquisition.

Bay FC pursued players with an ambitious pitch: to build the club into a global brand. A handful of the world's top clubs unfettered by salary caps still spend more than NWSL teams, Waxman said, "But that doesn't mean that we can't pick our spots."

Across the country, defending NWSL champion N.J./NY Gotham FC has paid to sign a core of U.S. players, including Crystal Dunn, Rose Lavelle, Lynn Williams and Michelle.

The surge in spending has prompted a phenomenon that used to be exclusive to the men's game: transfer rumors. "Watching that in the women's game, just seeing the buzz surrounding some of the players...has been really fun," Gotham GM Yael Averbuch West said.

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

PHOTO: JEFFREY M. HARRIS/GETTY IMAGES

OPINION

New Sports App Won't Last Long



BUSINESS WORLD By Holman W. Jenkins, Jr.

Craving a bundle of cable channels whose only commonality is that, sometimes, they might host a sporting event you want to watch? That's what Disney, Fox and Warner Brothers Discovery are getting together to offer, a bundle of channels that occasionally feature sports. Call it a dog's breakfast of a cable bundle, including the all-sports channel ESPN, plus your local Fox and ABC affiliates, which sometimes show a ballgame or racing event when they aren't showing local news, soaps or "The Simpsons." Included too: the cable mainstays TBS and TNT with their holiday "Star Wars" marathons and "Big Bang Theory" reruns, though each also occasionally shows a baseball, basketball or NASCAR event. In other words, a bunch of victims of cable's decline trying to get paid for their expensive sports contracts. A gimmicky cable replacement app, it won't solve the real problem of sports fans: how to get the contests they want. It won't solve the problem faced by the sports leagues: how to package their content for optimal fan viewing and revenue.

Maybe one day our personal AI negotiating agents will solve these problems. In the meantime, if the new app's September launch even comes off, its half-life will be measured in years at most for reasons I will get to. And first it will have to survive the lawyers and regulators because of the way it plays fast and loose with the underlying distribution and content deals its promoters signed in the cable era.

But the app is also an option that some consumers may find useful, at least for a while. For its key organizer, Disney, the announcement is being taken as a sign that Disney's stock may be done repricing itself for the death of cable. Punished shareholders can perhaps begin to hope for growth again.

The same week saw reviewers finding fault with the clunkiness and questionable usability of Apple's new Vision Pro headset—in fact, everything but its sound and picture quality.

The week also saw the cognoscenti savoring a new insight from Mark Zuckerberg. As foreshadowed in a column last year, Mr. Zuckerberg now sees the metaverse primarily as a venue for interacting not with real people but with artificial intelligence.

The future is coming into view, and it will be a melding of entertainment, artificial in-

telligence and e-commerce, which brings us to the first reason the new app has a minimal life expectancy. With its divided parentage and broadcast orientation, it will be hard-pressed to support sports betting, which all now see as a test case of interactive home entertainment.

Even family-friendly Disney has made its peace with sports wagering as a way to get young consumers who are al-

But the gambit will pay off if it helps old Hollywood stem its streaming losses.

ready addicted to social media and videogames to pay attention to three-hour sports contests and their associated commercials. Disney just took a \$1.5 billion stake in Epic Games, of "Fortnite" fame. Next time CEO Bob Iger strikes a deal for a Taylor Swift concert film, expect it to be offered in interactive form, so subscribers can wander virtually backstage and get beat up by Ms. Swift's bodyguards.

Not only is the new sports app poorly suited for interactivity, however, it's also doomed because its underlying sports rights will immediately begin expiring, starting this year with the NBA. The

new "sports" app will offer less and less sports unless its backers are ready to outbid Apple, Amazon, YouTube and—gulp—Disney's own forthcoming and franchise-redefining ESPN app. In turn, its customers will find that what they're increasingly paying for is "Simpsons" reruns. Last week's media sensation was hard to justify. At best, the new app is a stopgap to corral some of the sports fans fleeing cable. Then again, the real strategy may lie elsewhere. Sports was once the glue that held together the cable package. Now sports is prized streaming content because it can't be binged. You have to wait for the game; baseball season ends, but football season begins, etc.

Expect the new app quickly to be bundled with Disney's marquee streaming property, Disney+. Expect it to be bundled with Warner's Max (formerly HBO). The mission: reduce deadly "churn," or customers constantly signing up for and dropping the subscription services that old Hollywood is betting its future on.

Survival is the name of the game vs. industry leader Netflix. If their expiring sports rights can help stabilize their streaming revenues and subscriber acquisition costs for the next couple of years, that might be justification enough for the dog's breakfast app.

BOOKSHELF | By Robert W. Merry

A Liberal Of His Time

True Believer

By James Traub Basic, 528 pages, \$35

When Hubert Humphrey arrived in the U.S. Senate in January 1949, the 37-year-old didn't exactly take the place by storm. As James Traub relates in his compelling biography, "True Believer: Hubert Humphrey's Quest for a More Just America," the Minnesota Democrat—with his liberalism on his sleeve and his open hostility to the chamber's Southern oligarchs—struck some colleagues as "a self-righteous ideologue and pedant who didn't know when to sit down and shut up." Humphrey later recalled that he had never "felt so unwanted."

Then he stepped Lyndon Johnson, also a Senate freshman but a veteran of the House and a virtuoso legislator. "God-damn it, Hubert," admonished Johnson, "why can't you be something but a gramophone for the NAACP? . . . You're spending so much time making speeches that there is no time left to get anything done."

Johnson later offered to work with Humphrey while continuing to shun the Senate's other "bomb throwers," as Johnson called firebrand liberals. Thus began Humphrey's senatorial education and his understanding that, as Mr. Traub writes, social relationships, not ideological convictions, were the coin of the Senate's realm.

The liberal credo remained a fundamental element of Humphrey's persona, though, and his career was marked by a constant struggle to mesh his convictions with legislative compromises and the imperatives of presidential ambition. That delicate byplay forms a significant leitmotif in Mr. Traub's narrative of an irrepressible politician rising from boyhood poverty to his eventual status as what the author calls "the incarnation of mid-twentieth-century American liberalism."

Mr. Traub, a journalist and author whose books include biographies of John Quincy Adams and Judah Benjamin, has rendered here a sensitive, vivid and sometimes poignant portrait of a political crusader who thrived with progressivism but saw his presidential dreams dashed as his brand of politics "abruptly lost its appeal to the majority of Americans."

Humphrey grew up in Doland, S.D., where his father was the local pharmacist and where young Hubert developed an idealized sense of small-town America as the national essence. There was no cynicism in the Humphrey household but plenty of political passion. The father's hero was the feisty prairie populist William Jennings Bryan, and young Hubert tapped into his vein of civic regard for the poor and disadvantaged.

That populist spirit intensified when America's agricultural economy collapsed in the 1920s and masses of farmers lost their holdings to local banks that were themselves in precarious straits. When the Humphrey home was repossessed, the family moved into far more modest rental quarters, and young Hubert augmented the family income by selling newspapers and performing odd jobs. "I never had a day I didn't work," he recalled.

He followed his father into the pharmacy business and later pursued an academic career in Louisiana and Minnesota. But he soon gravitated toward politics and excelled instantly. His "furious energies," writes Mr. Traub, "burst forth in a kind of frenzy, a fervent mixture of patriotic ardor, personal ambition, and sheer metabolism." Wherever he went, he attacked the status quo and spun out visions of civic improvement.

As the mayor of Minneapolis in the mid-1940s, he smashed entrenched organized-crime interests and joined Eleanor Roosevelt, Arthur Schlesinger Jr. and others in founding Americans for Democratic Action, a leading voice for anticommunist liberalism. Humphrey led the way toward a fusion of Minnesota Democrats and the state's Farmer-Labor Party to upend the Republicans' longtime state dominance. But when the new party fell under the sway of communists, Humphrey led a campaign to purge it of such unwelcome ideologues.

Hubert Humphrey's political ambitions were dashed as his brand of politics abruptly lost its appeal to the majority of Americans.

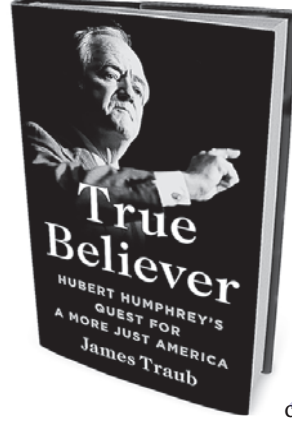
The cleansed party became the state's most powerful political force and the vehicle for Humphrey's triumphant 1948 senatorial campaign, waged while he also led his party in successfully fighting for a strong civil-rights platform at that year's National Democratic Convention. Humphrey's fiery 10-minute oration there helped cement his image as a rising star of the American left. Indeed, it was in the area of civil rights—"the great unfinished business of the Democratic Party," as Mr. Traub writes—that Humphrey's most passionate convictions meshed most impressively with the parliamentary skills he would hone at Lyndon Johnson's elbow.

In fact it was Johnson, after becoming president and a fervent advocate of a strong 1964 civil-rights bill, who insisted that Humphrey serve as Senate floor manager for the landmark legislation. The senator from Minnesota adroitly busted up a Southern filibuster, aligned himself with Republican moderates and ushered the legislation into the statute books. It was, writes Mr. Traub, "the great legislative achievement of Humphrey's life."

It also was the zenith of his career. As vice president during Johnson's 1965-69 term, with the Vietnam War increasingly looking like a fiasco, Humphrey was subjected to endless public humiliations from a president who wouldn't countenance even the most measured and cautious words of warning. Urban and antiwar riots undermined the Democrats' political standing in much of the country. Humphrey's 1968 and 1972 presidential bids ended in defeat. On top of that, the youth counterculture seemed to single him out with particular venom for trading his maverick audacity for establishment caution. As Mr. Traub puts it: "The habits of small-town America in 1930 made him a figure of ridicule in 1968."

Along the way, Humphrey placed himself at the vanguard of policymaking in a wide range of areas, including civil rights, voting rights, job training, urban development, welfare expansion and school funding. While the liberal impulse was to keep going, granting the federal government still greater increments of power to bolster the welfare state, the American people said no and gave the country Richard Nixon and Ronald Reagan. Hubert Humphrey was a man of his time during the heyday of American liberalism—and faded inevitably when it died.

Mr. Merry is the author, most recently, of "President McKinley: Architect of the American Century."



Trump Thinks NATO Is Optional



POLITICS & IDEAS By William A. Galston

Judging from recent media chatter, the 2024 presidential election boils down to a contest between creeping dementia and raging psychopathy. But something larger is at stake—the future of the West. President Biden believes that the security of Europe depends on halting Vladimir Putin's aggression against Ukraine. Donald Trump is indifferent at best to Ukraine's fate. Mr. Biden believes that the North Atlantic Treaty Organization is the linchpin of American and European security, while Mr. Trump sees it as welfare for wealthy countries that should be able to defend themselves.

Last fall, congressional Republicans insisted on linking continued aid for Ukraine to policy changes, secured by legislation, at the southern border. After laboring for four months, Senate negotiators produced a bill to do this, which earned a thumbs-down from Mr. Trump and was killed in less than four days. The former president wants an issue, not a solution. Although the Senate recently approved aid for Ukraine by a bipartisan 70-29 vote, the bill, which contains no border reforms, faces dim prospects in the House.

Let's be clear about the consequences of failing to renew aid for Kyiv. Ukrainian

troops are running out of vital military supplies. Along the front, Russian forces are now firing artillery shells at five to 10 times the rate the Ukrainians can. Ukrainian forces are so short of ammunition that they are being told to save their fire for large contingents of Russian attackers, allowing smaller groups to advance. Air-defense systems are being depleted, exposing urban civilians to Russian drones and missiles. The Russians are slowly degrading Ukrainian defenses in and around the front-line cities of Avdiivka and Kupiansk.

Michael Kofman, a Russia expert at the Carnegie Endowment for International Peace, says that without additional American aid, the Ukrainians could hold out for part of 2024 at most, after which "they will start to lose slowly."

Writing recently in the Journal, German Chancellor Olaf Scholz declared that a Russian victory in Ukraine would "dramatically change the face of Europe" and "deal a severe blow to the liberal world order" by providing a blueprint for other authoritarian leaders who are contemplating forcible seizures of territory. Mr. Scholz emphasized Europe's financial and military contributions to Ukraine's defense but also stressed—rightly—that the commitment to Ukraine must remain firm on both sides of the Atlantic.

Europe can dig deeper, but it can't fill the military gap that the end of American aid

would create. Since the end of the Cold War, European countries have shrunk their armed forces and dismantled their defense-industrial base. European leaders have acknowledged that they won't meet their target of producing a million 155mm artillery shells for Ukraine by March. Even though the U.S. has allowed its own military production capacities to weaken, the U.S. is still the indispensable nation when it comes to weapons.

Biden doesn't, and that makes the 2024 election more than a clash of personalities.

This is why Mr. Trump's recent comments are ringing alarm bells throughout Europe. Speaking of NATO countries that haven't yet met the target of spending 2% of their gross domestic product on defense, he said, "No, I would not protect you" against the Russians. "I would encourage them to do whatever the hell they want."

Jens Stoltenberg, NATO's secretary-general, issued a firm but measured response: "Any suggestion that allies will not defend each other undermines all of our security, including that of the U.S., and puts American and European soldiers at increased risk." He said he was confident that whoever wins the November election, the U.S. will remain a

"strong and committed NATO ally."

Other European leaders are less confident. Norbert Röttgen, a leading defense voice in Germany's Parliament, said everyone should watch the video of Mr. Trump's statement to understand that "Europe may soon have no choice but to defend itself." Left unstated was the harsh reality that at present Europe can't do so, and becoming self-sufficient would take time and wrenching reductions in the Continent's social programs. An abrupt shift in American policy would create crises across Europe.

I assume that after serving as president for four years, Mr. Trump is aware of Article 5 of NATO's founding charter, which states that an armed attack against a NATO member "shall be considered an attack against them all." But he doesn't seem to care. For him, the charter is just a piece of paper. He will defend NATO members against attack only if he deems them worthy and only if he calculates it to be in America's self-interest.

For Mr. Biden, NATO is a solemn compact based on common interests and shared values. For Mr. Trump, it's a financial transaction. He doesn't regard Europe's defense as a vital American interest. If he is elected to a second term, we will find out whether "America First" means "America Alone." This is one of many reasons the choice Americans will make in November is much more than a clash of personalities.

Reagan's Free-Market Moon Shot

By Rainer Zitelmann

You've probably heard of John F. Kennedy's 1962 "moon shot" speech, but perhaps not Ronald Reagan's equally visionary 1984 speech in which he predicted a great future for private space travel.

After the moon-landing successes, American space travel no longer made such rapid progress. It became clear that the state was too sluggish to overcome the next big challenges. Thus Reagan, in his radio address that Jan. 28, promised "to encourage American industry to move quickly and decisively into space."

"Obstacles to private-sector space activities will be removed, and we'll take appropriate steps to spur private enterprise in space," he said. "We expect space-related investments to grow quickly in future years, creating many new jobs and greater prosperity for all Americans. Companies interested in putting payloads into space, for example, should have ready access to private sector launch services. . . . So, we're going to bring into play America's greatest

asset—the vitality of our free enterprise system."

That October he signed the Commercial Space Launch Act, which enabled private enterprises to commercialize space and space technology.

Thanks to visionaries like Peter Marquez, Reagan's vision became a reality. Mr. Marquez was the National Security Council's director of space policy for both the

In 1984 he foresaw the space economy, which has overshadowed the space program.

George W. Bush and Obama administrations. "When I was writing the National Space Policy," Mr. Marquez said, "I kept a copy of Reagan's first space policy on my desk. It emphasized what commercial industry could do. Since then, we had gone away from all these things that were supposedly hard and fast rules of the American ethos: trust industry, trust capitalism, trust

technology. In 2010, I didn't think I was doing anything revolutionary. I was just going back in time to the 1980s."

In recent decades, unfortunately, the trend in the U.S. and many other countries has been toward less capitalism



A SpaceX Falcon 9 rocket.

and more government, which increasingly restricts freedom of entrepreneurship through regulations. But in the space industry things have gone in the other direction. More and more private companies are dominating space travel, led

by Elon Musk's SpaceX. There are now thousands of private companies in the global space sector. According to the latest space investment quarterly report from venture-capital firm Space Capital, over the past 10 years, investors have poured \$298 billion into 1,832 unique space companies. In his book "The Space Economy," Space Capital's founder, Chad Anderson, predicts: "The Space Economy is on track to becoming the dominant source of growth across the global economy."

The first people on Mars likely will be sent by private companies, not government space agencies. Reagan was right that the future of the space economy lies in the free enterprise system. He doubtless would be proud of Mr. Musk and other American pioneers for showing that capitalism isn't the problem but the solution, on Earth and in space.

Mr. Zitelmann is author of "The Power of Capitalism," "In Defense of Capitalism," and "How Nations Escape Poverty."

OPINION

REVIEW & OUTLOOK

The Senate Rejects American Retreat

The Senate's 70-29 predawn vote Tuesday approving U.S. aid for Ukraine, Israel and Taiwan was a rare bipartisan accomplishment in Washington. This is a victory for American security that would buttress U.S. defenses and hold the line against compounding dangers abroad.

Twenty-two Republicans vote to help allies. Next up: Speaker Johnson.

Some 22 Republicans voted for the bill, up from 17 who supported starting work on the bill last week, and the converts include Jim Risch of Idaho and John Boozman of Arkansas. A yes vote took political courage. Donald Trump and his new GOP establishment are campaigning against Ukraine, and President Biden is incapable of pressing a public case for his own policies abroad.

But China, Russia, North Korea and Iran are mounting an increasingly aggressive and coordinated challenge to U.S. power. Some Republicans grasp the stakes and are acting as a backbone to a weak President, in the best Republican tradition since World War II. Arthur Vandenberg helped Truman establish NATO, and Bob Dole supported Bill Clinton in the Balkans in the 1990s.

Deserving particular credit: GOP Senators Dan Sullivan of Alaska, Susan Collins of Maine, Roger Wicker of Mississippi and Thom Tillis of North Carolina. All shaped the bill for the better and repeatedly explained the U.S. interest in Ukraine, Israel and Taiwan—over angry barages from the bill's opponents.

Sen. Sullivan was right when he said on the floor that the measure isn't so much a foreign aid bill as a down payment on a badly needed American rearmament. About 60% of the bill's \$95 billion in funding will flow to a brittle U.S. industrial base that is straining to produce enough artillery shells, missiles and air defenses for the U.S. and its allies.

Yet the vote was instructive about some Republicans who portray themselves as defense hawks, not least Sen. Lindsey Graham, who voted no, demanding Congress focus first on the border. The South Carolinian is now ducking this weekend's Munich Security Conference, where he's been a regular, perhaps to spare himself the embarrassment. But the country needs him in a role more useful than Mr. Trump's political spokesman.

Sen. Tom Cotton also voted no, and on the

floor he said the bill offered too much economic and budget support for Ukraine. Yet Republicans managed to cut President Biden's financial aid request by nearly \$4 billion, to \$7.9 billion. Europe is stepping up to offer more cash, and Republicans have a strong hand to continue trimming this account.

But much of the rest of the \$95 billion is for U.S. arsenals and Red Sea operations, and a no vote heralds weakness against China and Iran as much as it does Russia. Anyone who thinks a fight over Taiwan is coming should be rushing to pass \$2 billion in weapons sales and training for Pacific partners. The bill also includes billions to produce 100,000 155mm artillery rounds per month. Ukraine is voraciously consuming shells, but 155mm is important to Israel, Taiwan and U.S. forces on the Korean peninsula.

Wherever the U.S. fights, troops need air cover, and the measure helps grow Patriot missile production to 650 a year, from 550 now. The U.S. is expending Tomahawk missiles in the Middle East and needs more of its best weapons in the Pacific. The bill devotes \$133 million to expanding production of rocket motors that feed cruise missiles.

* * *

Next up is the House, and Speaker Mike Johnson said this week the body will "continue to work its own will on these important matters." If he means it, he won't let the GOP's isolationist wing block the will of the House majority that supports Ukraine. The supporters include half the Republicans, and critics can offer amendments. Mr. Johnson ascended to power as an affable patriot, and he can't dodge this test of his leadership and convictions.

If Mr. Johnson blocks a vote, he and Republicans will bear responsibility for what comes next—in Ukraine and elsewhere. The world will absorb the lesson that the U.S. is unprepared to provide weapons for allies willing to fight in their own defense against a marauding dictator, as the Ukrainians have done with valor and at great cost.

Seventy Senators are on record opposing a diminished America in a world that is more dangerous than it's been in decades. House Republicans now face a test of what they believe, and the stakes couldn't be higher.

Sticker Shock and Sticky Inflation

Stock prices tumbled Tuesday after the Labor Department's inflation reading for January came in hotter than expected, suggesting the Federal Reserve may start cutting interest rates later rather than sooner. But the news that inflation is proving sticky won't surprise most Americans.

The consumer-price index rose 0.3% in January and 3.1% over the last year. Excluding food and energy, core prices have increased 3.9% year-over-year. That's progress from a year or two ago. Prices for goods have fallen over the last year, which is good news if you're looking to buy a used car or washing machine.

But January's 0.4% monthly increase in the core inflation index (sans food and energy) is the highest since last May. Some analysts blame the government's measurement of housing, which rises and falls with a lag. Owners' equivalent rent rose 0.6% in January. More startling was the 2.4% increase in hotel and lodging prices, which had declined for most of last year.

Home insurance was also up 0.7% in January and 4.1% over the last year, which represents the biggest increase since April 2015. Repair of household items (18.2% since January 2023) was the largest on record—not good news if you

need to fix a washing machine. Car repair and insurance prices also continue to climb. Prices for food away from home have accelerated over the last six months, which makes it tougher to take the family out for Sunday dinner.

In sum, inflation in services shows little sign of easing. Services excluding energy rose 0.7% in January, the most since September 2022. One reason may be that businesses are passing on their increasing labor, material and rent costs to customers with a lag. Consumers haven't pulled back because they still have pandemic savings and wages are increasing.

Real average hourly earnings after inflation increased by 0.3% in January and are up 1.4% over the year. On the other hand, a shorter work week means that workers' average weekly earnings are 0.1% lower than a year ago. All this helps explain why Americans on Main Street are sour even as Wall Street is cheering for faster interest-rate cuts.

Fed Chair Jerome Powell has been cautious about easing too soon, no doubt because he remembers the stop-and-go inflation of the 1970s. While he might pull off a soft economic landing, the last disinflationary mile was always going to be the hardest.

Let's See the Biden-Hur Transcript

If President Biden believes that his mental faculties were unfairly maligned by special counsel Robert Hur, there's an easy way to clear up the record: He could call on the Justice Department to release the transcript of his five-hour interview. House Republicans are already seeking it, along with any recordings, and Mr. Biden's acquiescence might speed things along.

Mr. Hur says in his report that Mr. Biden portrayed himself "during his interview with our office" as "a sympathetic, well-meaning, elderly man with a poor memory." Twice Mr. Biden is quoted as failing to recall which years he was America's VP. "If it was 2013—when did I stop being Vice President?" And: "In 2009, am I still Vice President?"

The President angrily denied all this last week. "There's even a reference that I don't remember when my son died," he said. "How in the hell dare he raise that. Frankly, when I was asked the question, I thought to myself it wasn't any of their damn business." Mr. Biden's lawyers, who reviewed a draft of Mr. Hur's report before its public release, made an even more vigorous defense in a letter that the special counsel appended to his final document.

"Far from being 'hazy,'" it argues, "the President proceeded to provide often detailed recollections across a wide range of questions, from staff management of paper flow in the West Wing to the events surrounding the creation of the 2009 memorandum on the Afghanistan surge." Mr. Biden's attorneys then assert: "The President's inability to recall dates or details of events that happened years ago is neither surprising nor unusual."

These stories sound mutually exclusive, and reading the transcript could prove one of them

right. If the White House is confident in its version of events, it should want the transcript to come out.

The interview might need redactions to protect sensitive or personal details. But the argument playing out about the President's memory doesn't implicate the contents of his classified files. The dispute is about how well Mr. Biden performed in answering questions under pressure, which the public rarely gets to see, given how infrequently he conducts press interviews or news conferences.

Mr. Hur's team spent five hours with the President, and his assessment is shifting the public debate on the wisdom of giving an 81-year-old the nuclear launch codes for another four years. Beltway media types are insisting that the nomination die is already cast, and the Democratic future is Biden or bust. Jonathan Martin, Politico's hall monitor for conventional wisdom, is leading this Biden protection campaign. But that isn't inevitable.

If Mr. Biden announced tomorrow a decision to bow out and release his delegates, Democrats would get a real competition. We've never argued that such a turn of events is likely. What we've said is that it would be good for Democrats and the country. Pardon us for saying that Americans deserve a better choice than Joe Biden vs. Donald Trump.

Most of the public is ready to turn the page on both men. Which of them would win in November is hard to predict, but the polls today suggest Mr. Biden would lose. He doesn't want to admit that. Who would? The question isn't whether changing Mr. Biden's mind is likely. It's whether, if his dismal polling continues, Democratic bigwigs will try.

LETTERS TO THE EDITOR

Biden's White House Doth Protest Too Much

Regarding your editorial "A Tipping Point on Biden's Decline" (Feb. 10): My mother died from Alzheimer's disease at 93. She showed the same level of impairment as President Biden at his age. We had to take away her keys when she was 83 after she rear-ended a car at a stoplight. We were thankful no one was hurt; it could have been so much worse. By the time she was 86, she was functionally incapacitated.

Every American who has had experience with loved ones with dementia knows where the president is headed and how quickly he could decline. The people who love him need to take away the keys and insist he end his campaign. The consequences of letting him continue to drive our country could be catastrophic.

RAY BALESTRI Dallas

bias. He would then be condemned for having brought charges that may have influenced the election but were rejected by a jury verdict.

Not ready to acknowledge in his published report that Washington jurors are biased, Mr. Hur, moved more by discretion than candor, has attributed his decision to a prediction of how unbiased jurors would be influenced by Mr. Biden's failing memory and advanced age.

NATHAN LEWIN Potomac, Md.

Mr. Lewin is a Washington lawyer with a Supreme Court practice.

I find it interesting how the Biden staff rushed to bash the Hur report. Have they ever heard of Shakespeare and his famous quote: "The lady doth protest too much, methinks"?

ROZLYN PATTERSON Naperville, Ill.

It would seem remarkably easy to learn Mr. Biden's exact words in his deposition with Mr. Hur: Release the audio and allow those interested to hear the questions and the answers.

ELLIOT M. PURITZ Palm Coast, Fla.

One side has a candidate who can't remember, and the other has a candidate who can't forget. Will that be our choice in November?

REBECCA KUSHNER Iowa City, Iowa

Nothing to Fear From E-Filing Your Taxes

In "Beware of E-Filing Your Tax Return" (op-ed, Feb. 6), Jay Starkman limits his discussion to returns prepared (more or less) manually, then filed electronically. The source of calculation errors is the human preparer.

Real e-filing is different. This will be the 39th consecutive year I have prepared and filed my returns using TurboTax, and not a single one has been flagged with a calculation error. My advice to Mr. Starkman: Join me in the late 20th century.

EM. PROF. TONY LIMA California State University, East Bay Hayward, Calif.

well before the deadline, so there is time to solve the inevitable webpage hang-up. It is more convenient, and the electronic "paper trail" is much clearer to show compliance.

JOHN D. FAUCHER Oak Park, Calif.

Telling taxpayers to avoid electronic filing due to security concerns is akin to advising drivers not to stop at stop signs for fear of rear-end collisions. When it comes to paper filing, the risks are substantial and often overlooked. It isn't as simple as sending a letter; it requires certified mail. The mail can get lost, meaning you must also have the postal receipt.

In the tax-season rush, temporary staff handle sensitive paper returns, potentially compromising taxpayer information. These paper returns might also languish in storage for over a year before processing.

SOREN G. BROCKDORF, C.P.A. Gainesville, Fla.

The Battle of Values Beneath the Gaza War

Alison Leigh Cowan's "The IDF's Rabbis Go to War" (Houses of Worship, Feb. 2) is an understated but eloquent reminder of the stark distinction between the values of the Jewish state and its enemies. The "war" waged by these Israel Defense Forces rabbis doesn't consist of calls to jihad or violence of any kind. Instead, it is a battle to preserve the sanctity of life even in death, by fulfilling the intricate dictates of Jewish law in the most difficult circumstances, as a testament to man's spiritual nature, created in God's image.

The rabbis' dedication sheds light on the battle of values that underlies the war against Hamas. It helps us understand what is at stake and explains, at least in part, why this war has garnered much greater attention than far bloodier conflicts elsewhere.

MICHAEL SCHNEIDER Monsey, N.Y.

The Rest of the Country Can Learn From Portland's Error

After spending more than four decades in Portland, Ore., I finally had enough of the crime, homelessness and open drug use to move to north Georgia this past summer. Measure 110 sent me over the edge ("Oregon Rethinks Drug Decriminalization," Review & Outlook, Jan. 30).

I was already planning to move in 2020, but when the pandemic hit I waited it out. In those three years before my escape, I witnessed people shoplifting from major brand stores (with no security or police called), dirty needles at bus shelters, tents erected on street corners in residential neighborhoods and homicides rising to all-time highs.

I hope the nation takes a hard look at Oregon's failed policies before anyone thinks about decriminalizing hard drugs again. It will take years for Portland to turn it around. Until then, I'll think fondly about what my hometown was before far-left policies took hold.

TRACEE LARSON Canton, Ga.

Pepper ... And Salt

THE WALL STREET JOURNAL



"We raised the price but lowered the down payment . . . so it kind of evens out."

No Argument for a Tax Credit

There may be good arguments "In Defense of the Child Tax Credit," but Timothy Carney doesn't make them (op-ed, Feb. 8). His comparison of five low-earning bachelors living next door to a higher-earning family of five is more of an expression of opposition to progressive taxes than support for the child tax credit.

JOHN H. BOYET Tampa, Fla.

Julius Caesar vs. Republicans

Divide and conquer, Julius Caesar knew. The entry of Matt Rosendale, Montana's 2018 U.S. Senate election loser, to the primary ("Matt Rosendale's Gift to Chuck Schumer," Review & Outlook, Feb. 10) suggests a variation is needed to describe today's GOP: divided and conquerable.

TOM EGLINTON Asheville, N.C.

CLARIFICATION

In 2006-07, Elise Stefanik worked as an executive assistant for the White House Domestic Policy Council. Gregory Jacob, author of the Feb. 12 op-ed "Stefanik Disqualifies Herself for the Vice Presidency," is a member of the council. Ms. Stefanik reported to the council's director, Karl Zinsmeister, not to Mr. Jacob.

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

OPINION

Musk Fights Sweden's Unions

By Lars Jonung

Lund, Sweden Sweden is the West's most corporatist society. Powerful interest groups, often described as "social partners," use collective bargaining to set rents for apartments and wages earned in labor markets.

This model is being challenged by Tesla CEO Elon Musk, who is refusing to enter into collective wage agreements with Swedish trade unions. The unions have responded with strikes and blockades on Tesla operations in the country. Government authorities have been restricted from supplying license plates for new Tesla cars. In a show of solidarity with striking Tesla workers, garbage collection for the company has stopped.

The power of unions in Sweden is enormous. No domestic company can survive if it refuses to bargain with them. Only a rich foreign businessman like Mr. Musk can challenge the system, commonly described as the Swedish model.

Individual contracting was eliminated in two main areas by the Social Democrats during their long period of government: the rental market, which constitutes about 30% of the housing market, and the labor market. Only collective agreements apply in these areas.

Collective bargaining holds rents below market level, creating huge queues for apartments. More than a million Swedes, out of a population of 10.4 million, are waiting in these queues. In central Stockholm, the queuing time for apartments is between seven and 11 years, though for attractive ones it is sometimes more than 20 years. It's like waiting for a new Trabant in East Germany. Similarly, collective wage agreements set a minimum wage for each sector, resulting in fewer jobs. The Swedish unemployment rate is around 8%, currently the third-highest in Europe.

Liberal democracy presupposes fundamental rights and freedoms. Some of these, such as the freedoms of opinion, press and expression, are enshrined in the Swedish constitution. But the right of the individual to enter into contracts isn't similarly guaranteed.

He refuses to enter into the collective wage agreements that define the West's most corporatist economy.

Individual contracting can only be guaranteed in Sweden through new legislation that weakens the prevailing structure. The most radical reform would be to write into the constitution that every Swedish citizen has the right to enter freely into agreements. A Swedish constitution that guarantees these rights would dampen today's overwhelming corporatist forces. No tenant renting an apartment could be forced to become a member of the Swedish Tenants Union, as is the case today. Queues for apartments would disappear if rents rose to market-clearing levels. Blockades and strikes could no longer force people to accept collective agreements.

These legislative measures would strengthen liberal democracy in Sweden, but they wouldn't end collective agreement or trade unions. Employers and employees will use collective agreements when they are mutually beneficial.

Liberal democracy is being threatened globally by growing populist and illiberal movements. The government in Stockholm should counteract this threat by strengthening people's individual rights and freedoms in the Swedish constitution. If this happens, Mr. Musk will have given Sweden a great gift.

Mr. Jonung is a senior professor of economics at Sweden's Lund University. He served as chief economic adviser to Prime Minister Carl Bildt, 1992-94.

Biden's Memory Problems, and Mine

By Joseph Epstein

Apparently require a trigger warning, for I tend to get a touch nervous when I hear people speak about Joe Biden's age as a disqualifying factor. The president is younger than I am. Already, as in the recent special counsel report on the unauthorized documents found in his Delaware garage, Mr. Biden is referred to as an "elderly man with a poor memory." Whenever I see him speak, I discover a stuttering, muttering man who is six years my junior. He can neither speak without the aid of a teleprompter, nor converse with a visiting dignitary without glancing down at note cards. Bidenomics, hell. Bidenverbalflubics is more like it.

Anyone who has reached the august—make that december—age of 80 knows the sorry feeling of going to that poorly arranged filing cabinet known as the human mind to find the title of the book or movie, the date of the historical event, the name of the athlete that one needs to keep the conversation going, to make one's point, to demonstrate one's wide range of knowledge, only to be unable to find it. For some among us it happens less frequently than for others. But among those of us of a certain age, none, I

Anyone over 80 knows the feeling of reaching for a fact or a name and coming up with nothing.

daresay, evade it altogether. Might this be the mind's revenge for filling it over the years with so much trivia: song lyrics, batting averages, jokes, phone numbers, commercial tag lines, passwords and so much more? The digital age, with its social platforms, chat rooms and the rest, has made it possible to overload the already overstuffed filing cabinet with even more mental dross and detritus.

Mideast Failure Leads Biden Back to Trump Policies

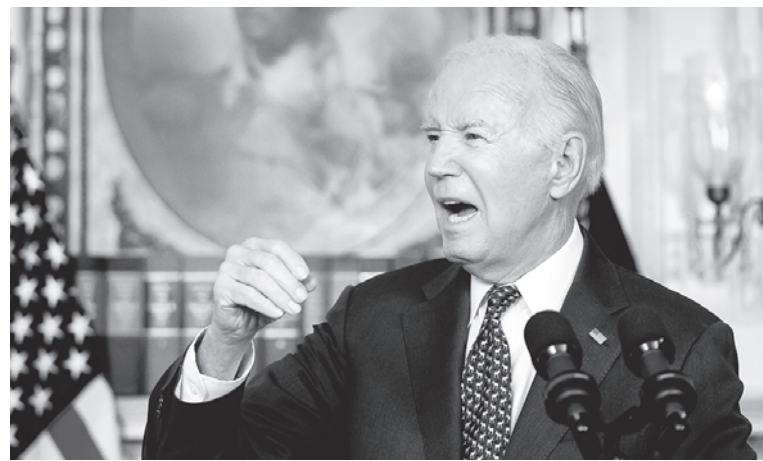
By David Schenker

After reports last month that at least a dozen employees of the United Nations Relief and Works Agency participated in Hamas's Oct. 7 massacre of 1,200 Israelis, the Biden administration suspended funding to the organization. Mr. Biden was likely loath to cut the aid. His administration announced with great fanfare 2½ years ago that it would resume the nearly \$320 million year in U.S. assistance to Unrwa, which President Trump had zeroed out in 2018.

Mr. Biden's reversion to the Trump policy on Unrwa is the latest in a series of U-turns on the Middle East. As security has deteriorated across the region, the White House has adopted the once-maligned policies of its predecessor toward Iran and its proxies.

The Houthis in Yemen are one example. In January 2021, during the final days of the Trump administration, Secretary of State Mike Pompeo designated the Houthis a foreign terrorist organization. The precipitating incident was a Dec. 30, 2020, attack on the Aden airport, including a plane carrying members of Yemen's U.N.-recognized governing cabinet. The Houthis had a record of targeting Saudi civilians as well as international shipping in the Red Sea.

At the time, some Democrats accused Mr. Pompeo of tying the hands of the incoming administration. While the Houthis met the criteria for des-



Biden at his press conference following the special counsel's report.

ignation as a foreign terrorist organization, the Biden transition team worried that the designation might trigger a famine in Yemen, undermine Saudi-Houthi peace talks, and scuttle U.S. efforts to re-enter a nuclear deal with Tehran. In its first major foreign-policy decision, on Feb. 16, 2021, the Biden administration took the Houthis off the list despite the group's continuing terrorist activities.

Yet as the Houthis launched more missiles and drones toward Israel and harassed commercial ships in the Red Sea, the administration reassessed its position. On Jan. 17, Secretary of State Antony Blinken named the Houthis a specially designated global terrorist group, a slightly less onerous classification than foreign terrorist organization.

The president has moved away from reversals on Unrwa, the Houthis, Iran sanctions and more.

The Jan. 28 drone attack by the Iran-backed Iraqi Hashd Shiite militia that killed three U.S. soldiers in Jordan has the Biden administration reportedly reviewing its approach to sanctions against Tehran. After the Trump administration withdrew in 2018 from the Iran nuclear deal, Washington engaged in a maximum pressure campaign against the theocracy. But Mr. Biden, seeking a return to the deal and de-escalation, abandoned the Trump sanctions and unblocked billions of frozen regime funds.

According to the influential Saudi-funded news service Iran International, the administration is in talks with Western partners to "intensify

sanctions against Tehran." This report and other accounts of growing frustration with Tehran in the European Union suggest that Mr. Biden may even move to restore the coercive multilateral economic measures in place before the Iran deal.

Until recently, to avoid confrontation with Baghdad—which is politically allied with many of these Iran-backed militias—Mr. Biden had responded to Hashd attacks on U.S.

The president has moved away from reversals on Unrwa, the Houthis, Iran sanctions and more.

military and diplomatic personnel in Iraq by retaliating against these forces in Syria. But as the assaults intensified, in late 2023 the Biden administration resumed Mr. Trump's practice of striking back within Iraqi territory.

Mr. Biden's return to Trump-era policies comes after three years of trial and mostly error. His approach to Iran featured a failed effort to return to the nuclear deal, lax application of sanctions, repeated releases of frozen assets, and a general disinclination toward conflict with the theocracy and its proxies.

Mr. Trump's Iran policy wasn't as strong as it should have been. His ad-

ditional quotation, remnants from past readings, all are readily available to me. Yet at lunch with friends I am unable to recall the name of Sam Spade's partner (Miles Archer) or the author of "The Decameron" (Giovanni Boccaccio). The operations of memory, like those of consciousness, remain among life's mysteries.

There's nothing mysterious about the operation of Mr. Biden's memory, which malfunctions at what appears an ever increasing rate. Not age but mind is the president's problem (Henry Kissinger's mind and memory seemed to function well right up until his death at 100.) With the world's seas so choppy, Mr. Biden's mind isn't one anyone would want at the helm of our ship of state. The problem with Donald Trump, who is four years younger than Mr. Biden, isn't memory but tact, want of culture, generosity of spirit. These flaws haven't come with age. They seem to have been with Mr. Trump all his days.

When accused of having a flawed memory, Mr. Biden shifts into high dudgeon. How, he demands, could someone with an enfeebled memory have accomplished all the historically significant improvements his administration has made? Let pass that recent polls show large majorities of Americans think otherwise, both about his mind and about his accomplishments.

But, then, who knows? In his befogged mental condition, Joseph Robinette Biden Jr. may be absolutely convinced that he has been among American history's great presidents.

Mr. Epstein is author, most recently, of "The Novel, Who Needs It?"



UPWARD MOBILITY By Jason L. Riley

It may be the most bizarre presidential campaign strategy since Walter Mondale promised to raise taxes in 1984 and went on to lose 49 states to Ronald Reagan. Joe Biden has convinced himself that immigration is a winning issue for Democrats. The plan is to persuade voters that stratospheric levels of unlawful migration on his watch are entirely someone else's fault. "I'll be taking this issue to the country," the president announced last week from the White House. "Every day between now and November, the American people are going to know that the only reason the border is not secure is Donald Trump and his MAGA Re-

publican friends." Huh?

Not even the president's besties in the liberal press—the same outlets now disputing special counsel Robert Hur's descriptions of Mr. Biden's mental decline—are buying that nonsense. A recent front-page New York Times article reported that a record 300,000 migrants had crossed the border illegally in December alone. "It is not just because they believe they will be able to make it across the 2,000-mile southern frontier," the story noted matter-of-factly. "They are also certain that once they make it to the United States, they will be able to stay. Forever. And by and large, they are not wrong."

If Mondale assumed four decades ago that the electorate wanted Reagan's tax cuts reversed, Mr. Biden told himself that he won in 2020 because voters were unhappy with Mr. Trump's border policies. It was delusional but nevertheless what the hard left demanded. Even if the president has come to see the error of his thinking, it's probably too late to convince voters that he is committed to changing course. Mr. Biden abandoned his predecessor's enforcement policies, looked the other way as foreign nationals gamed our asylum laws, and told the country that mounting unlawful entries were a "seasonal" phenomenon that would soon peter out. Immigration ought to be the last topic he wants to raise on the campaign trail.

Political damage from the president's border neglect is still being calculated. Lately, illegal immigration has become a top issue for voters in both parties. An ABC News/Ipsos survey released Sunday showed that Americans not only trust Mr. Trump

more than Mr. Biden on illegal immigration but also blame Democrats for the Senate's border-bill collapse last week, even though Mr. Biden supported the legislation and Mr. Trump opposed it.

Republicans control the House and obviously share blame for this debacle. They must explain to GOP voters why conservatives rejected bipartisan legislation, even though it included many border provisions that the party has demanded for decades. Mr. Trump clearly wants to run hard on

Biden thinks he can win by blaming the immigration crisis on Trump. Really.

border security this fall, and he fears that doing something to address it now will steal his thunder. It's also clear that Republicans in Congress are loath to cross their presumptive nominee, even if the price of doing nothing is another year of historically high illegal immigration.

You can't blame Democrats for aiming to exploit this dynamic, but after years of trying to erase the southern border instead of repair it, they lack credibility. Moreover, the political left's current immigration woes extend beyond images on TV of giant migrant caravans wading across the Rio Grande. The problem is also playing out in the sanctuary jurisdictions that have welcomed newcomers with free housing, food, healthcare and schooling for migrant children. During periods of strong economic growth, concerns about illegal immigration tend to recede. But voters to-

day continue to give Mr. Biden poor marks on the economy, a situation that could exacerbate anti-immigrant sentiment and diminish turnout for the president among Democrats and independents.

The 1996 welfare-reform law was meant to discourage foreigners from entering the U.S. to go on the dole. Most illegal immigrants already didn't qualify for federal and state welfare programs, and the new law extended restrictions to legal immigrants who had been in the country for less than five years. Over time, liberals have chipped away at the eligibility requirements, to the point that millions of illegal immigrants today are receiving far more than just sanctuary.

Illinois began offering free healthcare to illegal immigrants in 2022. In January California expanded its Medicaid program, Medi-Cal, to cover people regardless of their immigration status, and next year undocumented seniors will become eligible for the state's food-assistance program. Earlier this month, New York announced the launch of a pilot program that offers prepaid credit cards to migrant families for food and baby supplies. Eligibility for a separate welfare program that dispenses cash payments was modified recently to include the undocumented.

"It's one thing to have free immigration to jobs," said Milton Friedman. "It's another thing to have free immigration to welfare. And you can't have both." While campaigning in 2020, Mr. Biden said that "Milton Friedman isn't running the show anymore." Perhaps, but rejecting that wise advice could cost Democrats dearly.

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#ISTANDWITH EVAN

It has been 322 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting WSJ.com/Evan. Use the hashtag **#IStandWithEvan** to help keep his story front and center.



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, February 14, 2024 | B1

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Stocks Sink After Inflation Setback

Session was worst for indexes on day of consumer-price report since 2022

By CHARLEY GRANT

A hotter-than-expected inflation report sent stocks tumbling Tuesday and sparked worries about just how soon the Federal Reserve will start cutting interest rates.

The tech-heavy Nasdaq Composite shed 1.8%, while the Dow Jones Industrial Average declined 1.4%, or 525 points. The benchmark S&P 500 fell 1.4%, pulled lower by all 11 of its sectors. The trading session was the worst for

stocks on a release day for the consumer-price index since 2022, according to Dow Jones Market Data.

Major indexes have soared in recent months on bets that the Fed's work to tame inflation was nearly done and the central bank would soon pivot to cutting rates. Tuesday's report, though only slightly stronger than expected, appeared to throw cold water on some of those hopes.

Consumer prices rose 0.3% in January from a month earlier, the Labor Department said. Core prices, a measure that excludes food and energy, rose 0.4%.

Bond prices fell as yields rose. The benchmark 10-year Treasury yield settled at

4.315%, up from 4.170% on Monday. The yield on the 2-year Treasury note rose to 4.654%.

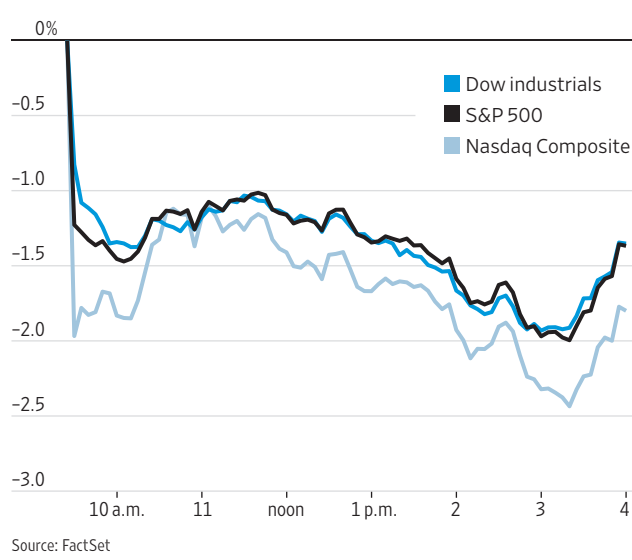
Many investors expected the Fed to cut interest rates as many as six times in 2024 when the year began, though central-bank officials had signaled three cuts were more likely. But the latest report calls more aggressive forecasts into question.

"I think the market is coming to the realization that it was overly enthusiastic over how many cuts we would get," said John Mowrey, chief investment officer at NFJ Investment Group.

Traders in interest-rate derivatives are now pricing in an

Please turn to page B13

Index performance Tuesday



Source: FactSet

Walmart In Talks To Buy Smart-TV Firm Vizio

By JESSICA TOONKEL AND SARAH NASSAUER

Walmart is in talks to buy smart-television manufacturer Vizio for more than \$2 billion, according to people familiar with the situation.

The move would give Walmart more places where it can sell ads and pitch shoppers on goods.

Walmart, including its Sam's Club chain, has historically been Vizio's largest customer. Vizio is the largest television brand at Walmart by sales.

The discussions between Walmart and Vizio continue, and a deal may not happen.

Shares in Vizio surged 25% to \$9.75 Tuesday, bringing the company's stock-market value close to \$2 billion. Meanwhile, shares in Vizio rival Roku fell 8.8%.

The deal talks demonstrate the importance of consumer data and ad space for major retailers as they build their ad businesses and compete with Amazon. In addition to being an e-commerce behemoth, Amazon is among the biggest ad players in the U.S. behind Google parent Alphabet and Facebook owner Meta Platforms. Amazon has also been building its own smart-TV business.

There is also more competition among retailers hunting for ad dollars with companies including Best Buy, Kroger and Instacart jumping into the business. Advertisers continue to shift dollars into the retail media space, which is expected to grow significantly.

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Investors Won Battle on Venezuela Sanctions

By KEJAL VYAS AND ALEXANDER SAEEDY

After the U.S. dropped an array of sanctions against Venezuela in October, it warned that it could reimpose all of them, except one. The White House admitted that its ban on buying Venezuelan bonds was a failure that had potentially benefited enemies of the U.S.

Behind the scenes, a group of powerful Wall Street investors had been feeding Washington a stream of evidence that showed Venezuelan bonds were being traded by investors with ties to Russia. They said Moscow was hoping to gain influence in the U.S.'s backyard.

The Biden administration said dropping the debt-trading ban "would have the positive effect of displacing nefarious players in this market." It was the first time the U.S. publicly acknowledged that banning U.S. investors from buying



Some of the Venezuelan bonds held by U.S. firms were backed by the cash flow from oil sales.

debt of a sanctioned country could backfire.

The investors stood to benefit from the end of the ban, because prices of Venezuela's bonds were expected to rise.

They did, giving the investors a windfall of hundreds of millions of dollars.

The U.S. has ramped up its use of sanctions in the past two decades. In response,

countries such as Russia, Iran and North Korea have become increasingly adept at moving cash and goods across their borders. Debt-buying bans, which have also been imposed

on Russia and Belarus, are now seen as giving foreign buyers a chance to profit and potentially influence debt restructurings while making it harder to track the trades.

The Trump-era sanctions on the government of Venezuela's authoritarian leader, Nicolás Maduro, were meant to hammer the regime. The White House made it illegal for American investors to extend new loans to Caracas, and it barred investors from buying any of the government's outstanding bonds. Venezuela at times stashed outstanding bonds in domestic financial institutions or offshore and sold them when it needed cash.

U.S. firms held Venezuelan bonds valued at about \$50 billion, typically issued by the national government or the country's state-owned oil company, Petróleos de Venezuela. Investors liked them because they offered high yields

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Ex-Apple Executive Eyed for Sports Venture

By JESSICA TOONKEL AND ISABELLA SIMONETTI

Disney's ESPN, Fox and Warner Bros. Discovery have begun reviewing potential candidates to lead their new streaming venture, which will offer all their live-sports programming in one package.

Pete Distad, who was a top executive at Apple in charge of its video and sports businesses before leaving the tech giant last spring, is among the top candidates for chief executive officer that the companies are considering, according to people familiar with the situation. Distad earlier was a marketing and distribution executive for the streaming service Hulu.

The names of other candidates the companies are considering couldn't be learned. They are expected to name a CEO in the coming weeks, and the as-yet-unnamed service itself is slated to launch later this year.

Please turn to page B2

Barclays Reinvention to Test Its Clout as Big Bank

By JOSH MITCHELL

LONDON—Two years ago, C.S. Venkatakrisnan was unexpectedly thrust into the top job at British banking giant Barclays. A year later, he felt a lump on his neck and was diagnosed with cancer.

Now, after successfully undergoing treatment, Venkatakrisnan faces a career-defining test. The Indian-born risk specialist is trying to succeed where his predecessors failed, to persuade investors that Barclays's eclectic mix of Main Street finance and Wall Street

heft makes sense.

He is preparing to unveil his

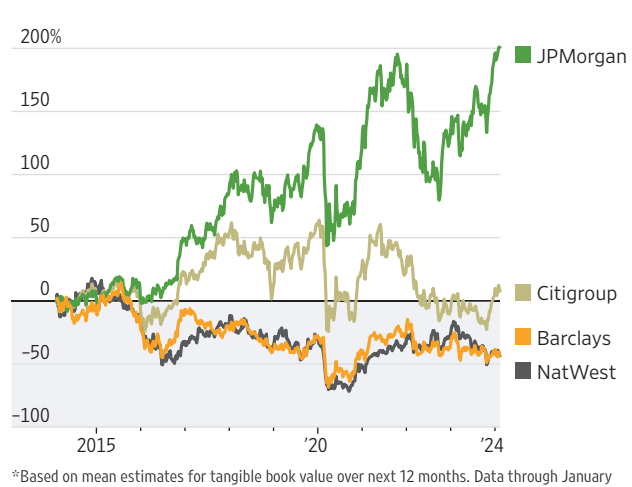
blueprint for the bank alongside annual results due Feb. 20.

Venkatakrisnan, 58 years old, took over as chief executive in November 2021, after then-CEO Jes Staley resigned over his ties to convicted sex offender Jeffrey Epstein.

Since then, Barclays shares in London have fallen by more than a quarter. Dozens of top bankers quit last year for other institutions. Consumer balances at its vaunted credit-card arm are down sharply since the pandemic, while competition is mounting in Main Street banking in Brit-

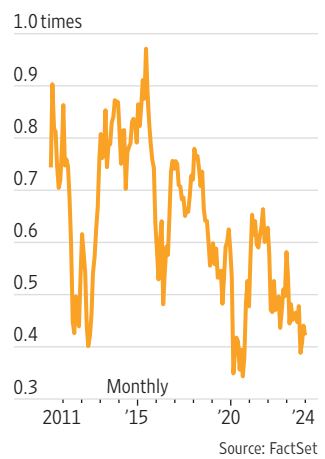
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Share-price performance, past 10 years



*Based on mean estimates for tangible book value over next 12 months. Data through January

Price/tangible-book-value ratio for Barclays shares*



Source: FactSet

INSIDE



ENVIRONMENT
U.S. companies are hiring fewer people for roles related to ESG issues. **B3**



PROPERTY
Tough rent laws caused turmoil at New York Community Bank. **B6**

Early Adopters of Microsoft AI Hold Doubts About Bot's Value

By TOM DOTAN

Microsoft's new artificial-intelligence assistant for its bestselling software has been in the hands of testers for more than six months and their reviews are in: useful, but often doesn't live up to its price.

The company is hoping for one of its biggest hits in decades with Copilot for Microsoft 365, an AI upgrade that plugs into Word, Outlook and

Teams. It uses the same technology as OpenAI's ChatGPT and can summarize emails, generate text and create documents based on natural language prompts.

Companies involved in testing say their employees have been clamoring to test the tool—at least initially. So far, the shortcomings with software including Excel and PowerPoint and its tendency to make mistakes have given

some testers pause about whether, at \$30 a head a month, it is worth the price.

"I wouldn't say we're ready to spend \$30 per user for every user in the company," said Sharon Mandell, the chief information officer at networking hardware company Juniper Networks, which has been

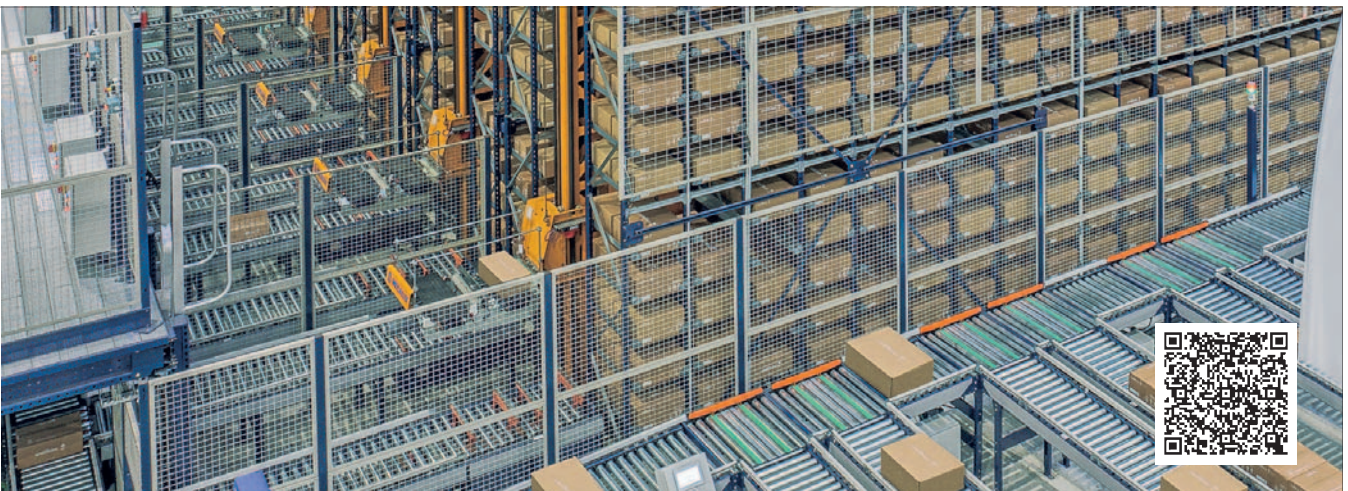
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◆ Generative AI firms face copyright limitations. ... B4

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INDEX TO BUSINESSES

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

Table with 3 columns: Letter (A, B, C, D, E-H), Company Name, and Page Reference. Includes entries like Airbnb (B6), Alphabet (B3, B4), Amazon.com (B1, B3), and Microsoft (B1, B4).

INDEX TO PEOPLE

Table with 3 columns: Letter (A, B, C, D, E, F, G, H), Name, and Page Reference. Includes entries like Appenzeller, Guido (B4), Bant, Alexander (B3), and Musk, Elon (A6).

BUSINESS & FINANCE

Instacart Cuts 7% of Its Workforce

By Preetika Rana

Instacart is cutting about 250 employees, or roughly 7% of staff, as it focuses on profitability amid heated competition in the grocery-delivery business and rising food costs. The layoffs are aimed at cutting back on certain projects, while focusing on those that generate bigger returns. "This will allow us to reshape the company and flatten the organization so we can focus on our most promising initiatives," Chief Executive Fidi Simo said in an investor letter. Instacart said three executives, including its chief technology officer and chief operating officer, will leave the company for personal reasons. Following the news, the company's shares were down 3% in after-hours trading. Instacart is the latest tech company to cut staff this year. Last week, DocuSign said it

would cut about 6% of its workforce, and Snapchat parent Snap said it was slicing 10% of its staff. Okta, Zoom, Google and Amazon have also recently moved to cut jobs. The tech industry has continued its belt-tightening even after cutting tens of thousands of workers since 2022. The industry, which grew with little restraint until a few years ago, has emerged from a recent downturn with a new focus on profitability. Meanwhile, excitement about the potential opportunity of artificial intelligence has nudged some companies to increase automation and shift resources from other efforts. Instacart commands the U.S. grocery-delivery market, but competition is mounting from rivals, including DoorDash and Uber Technologies' Uber Eats. All three apps saw their sales skyrocket during the pandemic. While sales have remained ele-

vated—showing that consumer habits have shifted toward convenience and delivery—growth has sharply cooled from pandemic peaks. Delivery is a capital-intensive and logistically challenging undertaking. Instacart and its rivals expanded into more-lucrative businesses, such as advertising, to bolster profits. Uber, which also has a more mature ride-sharing business, marked its first full year of profit in 2023. DoorDash, which leads the restaurant-delivery business, has also been trimming its losses. Instacart, formally called **Maplebear**, went public in September. As of Monday's close, its shares have fallen 19% since their first day of trading. Over the same period, Uber shares have climbed 49%, DoorDash shares have risen 46% and the tech-heavy Nasdaq Composite Index is up 16%. Instacart announced Tues-

day's layoffs alongside its fourth-quarter results. The company posted a profit of \$135 million for the three months through Dec. 31, down 71% from the same quarter a year earlier when it gained from a tax allowance. The value of transactions on its app grew by 7% to \$7.89 billion, slightly better than the estimates of analysts polled by FactSet. The value of transactions indicates consumer demand, while revenue refers to Instacart's cut from it. The company's revenue grew by 6% to \$803 million, in line with Wall Street's forecast. About 70% of that revenue was earned by charging a cut on transactions, while the rest came from other avenues, including advertising. For the current quarter that ends in March, Instacart projected the value of transactions on its app to be between \$8 billion and \$8.2 billion.

Walmart In Talks With Vizio

Continued from page B1 pected to hit \$59.6 billion in U.S. ad revenue this year, up almost 30% from last year, according to Insider Intelligence. Walmart gets most of its U.S. revenue from its grocery business, which typically has low profit margins. Executives see the Walmart Connect ad unit as a path to healthier profits and a way to generate cash beyond the company's long-time engine of selling goods through stores. That would give Walmart, the country's largest retailer by revenue, more money to plow into offering faster shipping and other services. Seattle-based Amazon leans on profits from its advertising and cloud-computing businesses in a similar manner. Early last year Walmart said it earned around \$2.7 billion in global advertising revenue for the previous 12 months. The company reports full-year earnings next week. Walmart is already testing selling ads through connected TVs. A potential Vizio purchase could make the prospect easier and more appealing to potential advertisers. Vizio was founded in 2002 by its chief executive, William Wang. Vizio priced its initial public offering in 2021 at \$21 and shares opened trading at \$17.50. Vizio is set to report fourth-quarter earnings on Feb. 27.



For Walmart, the logic behind a deal is to increase ad revenue, not to sell more TVs.

Vizio is best known for selling low-price TVs, but it has tried in recent years to expand into advertising and streaming. It sells ads that users see when they turn on its sets and inside some free video services. For Walmart the logic behind a potential deal is to increase advertising revenue, not sell more low-price TVs. Data on TV ad sales and viewership are controlled by whichever company owns a TV's operating system. Walmart already has a large private-label electronics business through its Onn brand, which offers phone chargers, speakers and televisions. The Onn TVs run on op-

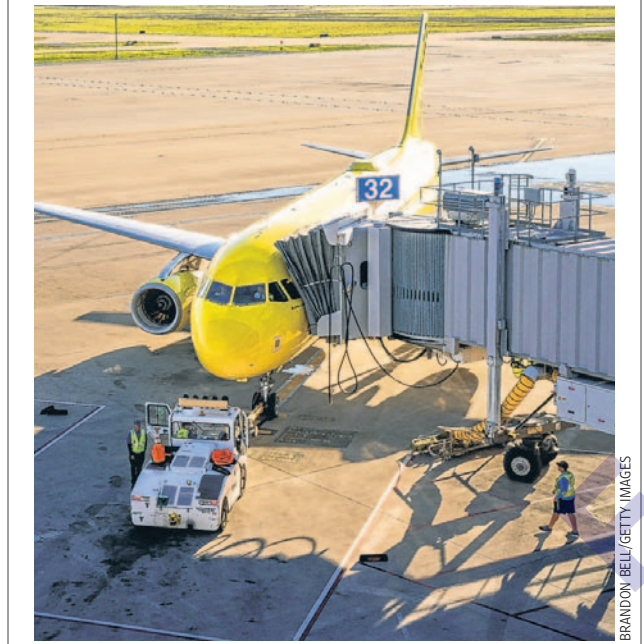
erating systems from Roku or Google TV. Amazon makes up 17% of the operating systems in connected TVs, compared with Vizio's operating system, which makes up 8%, according to Parks Associates. Roku has 25% market share. Buying Vizio would give Walmart access to a TV operating system and more ad inventory and viewership data. For example, an advertiser such as Procter & Gamble that sells goods inside Walmart stores could run an ad through Walmart's advertising unit, and those ads could be shown to viewers on Vizio TVs. Finally, Walmart could po-

tentially track those ads back to the purchase of goods. The mounds of data that retailers have made them even more attractive to brands in the wake of Apple's policy changes in 2021 that required apps to ask users if they want to be tracked. Apple's move has dented some tech platforms' ability to prove the effectiveness of their ads. Retailers have stepped in with their data that can help brands target ads and measure the outcome of the pitches. A potential deal "gives Walmart control over a massive amount of proprietary data—particularly viewing data, which along with its data on what people are buying—is massively important," said Dave Morgan, CEO of Simulmedia, an ad tech company. —Suzanne Vranica contributed to this article.

erating systems from Roku or Google TV. Amazon makes up 17% of the operating systems in connected TVs, compared with Vizio's operating system, which makes up 8%, according to Parks Associates. Roku has 25% market share. Buying Vizio would give Walmart access to a TV operating system and more ad inventory and viewership data. For example, an advertiser such as Procter & Gamble that sells goods inside Walmart stores could run an ad through Walmart's advertising unit, and those ads could be shown to viewers on Vizio TVs. Finally, Walmart could po-

25% Increase in Vizio stock price on Tuesday as word of the talks spread.

Watch a Video: What's Ahead for Spirit, Whose Stock Had Soared Amid Deal Talks



Scan this code for a video on budget airline Spirit, whose stock was soaring as Frontier and JetBlue engaged in a bidding war for the smaller carrier. Now, Spirit's future is up in the air.

Barclays Clout to Be Tested

Continued from page B1 ain—including from Venkatakrishnan's old employer, JPMorgan Chase. Barclays has one of the biggest investment banks of any non-U.S. player, advising on mergers and stock offerings, and executing market trades. While Venkatakrishnan has sought to play down expectations of a major restructuring, he said he wants to shift the focus elsewhere and has acknowledged the company's weak share price is a problem. In an early sign of that emphasis, he is splashing out more than \$750 million on the banking arm of **Tesco**, the British supermarket chain. "At the core of Barclays is our U.K. bank," Venkatakrishnan told The Wall Street Journal in Davos, Switzerland, last month. "Any strong global bank has to be really good in its domestic market, and that has to be the core of our ambition." "I think if you're going to aim for higher returns and a better valuation, you need to have a more balanced bank," he said. Often known simply as Venkat, the cricket-loving banker splits his time between London and New York and tries to be in the office by 6:30 a.m. Venkatakrishnan had never

run a bank before and spent much of his career managing risk, a position that by default emphasizes caution. Now, some analysts say, he will have to act boldly. Potential courses of action—analysts, investors and industry veterans say—include shrinking the investment bank or even selling it. Other options include cutting costs throughout the bank and buying back larger amounts of shares. In theory, buybacks could help lift the share price and better position Barclays to acquire other businesses further down the line. Any serious cuts to the investment bank would likely meet fierce resistance. "It will require them to make some difficult decisions. It is down to him," said Edward Firth, a banking analyst at Keefe, Bruyette & Woods. Barclays's struggles reflect a broader reordering of the global economy and financial system since the 2008-2009 financial crisis. Share prices for big U.S. banks such as JPMorgan Chase have surged, and America's capital markets have grown considerably, aided by cheap cash and a technology-driven boom. But banks in the U.K. and continental Europe have generally fared far worse, in part because of weaker economies and tougher regulators. The shares of Barclays and numerous other European banks trade considerably below book value—or the value of their assets beyond what they owe. That suggests investors think the banks will struggle to generate a decent return

for shareholders using the assets at their disposal. Barclays has tried to remain a big, multiservice bank on both sides of the Atlantic. It even bulked up on Wall Street with a fire-sale purchase of the U.S. arm of Lehman Brothers. Bob Diamond, a former Barclays CEO, said U.K. lenders are at a disadvantage against U.S. banks because of British "ringfencing" rules that stop cheap retail deposits from funding investment banking. Those rules make capital costlier and make it harder for

banks to expand, he said. Underscoring the challenge facing Venkatakrishnan is a previous failed reinvention under Antony Jenkins, the retail banker who succeeded Diamond. In 2015, Jenkins proposed to drastically shrink the investment bank's assets. The board tentatively agreed to do so but reversed after pushback from the unit's leaders, according to a person familiar with the matter. The board, frustrated by the bank's performance, later fired Jenkins. Former JPMorgan

banker Staley came in, and instead tried to make Barclays into a compact version of the U.S. powerhouse. Venkatakrishnan was hired by Staley in 2016 as chief risk officer, before becoming head of the arm that oversees global markets. The investment bank at Barclays boomed early in the pandemic, driven by the global markets unit, which trades fixed-income securities, equities and derivatives. But profit has slumped of late, as both bond trading and dealmaking have slowed down. Self-inflicted wounds, such as mistakenly selling billions of dollars of securities that weren't properly registered in the U.S., and getting stuck with risky debt from Elon Musk's Twitter takeover, have added to the problems. The investment bank's volatile earnings are dragging down the bank's share price, said Benjamin Toms, an analyst at Royal Bank of Canada. Meanwhile, Barclays has lost ground in its own backyard. The share of U.K. consumers identifying Barclays as their primary bank fell to 13% in 2023 from 16% in 2020, according to research from RFI Global. The equivalent market share for smaller businesses fell to 17% from 20%. Barclays remained the largest U.K. bank by number of customers in both fields. Its other major line of business—credit cards—has been hit by a pandemic-related trend: Consumers, armed with cash, have paid down balances, reducing the interest income that Barclays receives.

New Sports Service Eyes First CEO

Continued from page B1 ESPN, Fox and Warner are looking for an executive seasoned in marketing subscription services and managing the challenges that arise in those businesses, such as customer turnover. Distad's team at Apple was responsible for negotiating deals with leagues. On his watch, Apple in 2022 struck a 10-year agreement with Major League Soccer worth at least \$2.5 billion. The media companies' new streaming service will carry 14 networks, including Disney's ESPN channels and its ABC network, Warner's TNT and TBS and Fox's broadcast network and sports cable channel. The service will feature sports including the National Football League, National Basketball Association, Major League Baseball, college football and basketball, golf and NASCAR. Citi analysts expect the new service to encompass about 55% of U.S. sports rights, according to a note published last week. The CEO's challenging task will be to draw millions of sports fans to subscribe to the new service without accelerating the death of cable TV, which has been a source of big profits for entertainment giants for decades.



CEO C.S. Venkatakrishnan seeks to persuade investors that the lender can remain rooted in both Main Street and Wall Street.

BUSINESS & FINANCE

ESG Hiring Boom in U.S. Companies Starts to Cool

By MARK MAURER

U.S. companies are hiring fewer people for roles related to environmental, social and corporate-governance issues as finance executives assess costs and seek faster returns on investments.

ESG job departures outpaced arrivals for half the months of last year, marking the reversal of a multiyear trend. Companies had 3,071 ESG departures compared with 2,897 arrivals in December 2023, according to employment data provider Live Data Technologies, which reviewed more than 360,000 current and former ESG professionals at U.S. companies.

Meta Platforms, Amazon and Alphabet's Google had the largest ESG job outflows among U.S. companies in 2023, according to the data. Tech, financial-services and consulting companies were particularly active with ESG departures, representative of broader cutbacks in those sectors including layoffs in some cases. Meta declined to comment and Amazon and Google didn't respond to requests for comment.

Companies are facing investor pushback and political pressure targeted at ESG efforts, with shareholders cashing out billions in favor of higher returns elsewhere. Most businesses continue to follow sustainability commitments but are changing how they handle their ESG programs, in some cases adjusting diversity initiatives by scrapping legally risky and possibly discriminatory practices.

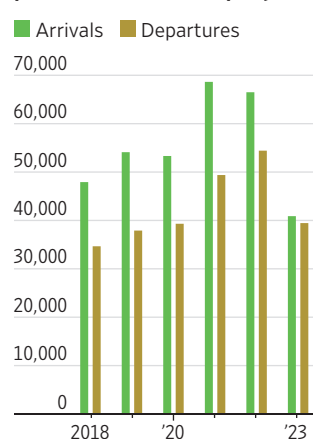
"2023 saw a real cooling in chatter around ESG and in some quarters, quite a pronounced attack on what ESG was about," said Joe Dubbin, managing director at Cripps Leadership Advisors, an executive-search firm. "It has certainly filtered through into the hiring requirements that we've been tasked to do go."

That some companies al-



Wind turbines in California. Companies are hiring fewer people for environmental, social and corporate-governance roles.

Number of times someone started or ended an ESG position at a U.S. company*



*Based on a pool of over 360,000 professionals who have held these jobs. Source: Live Data Technologies

ready have teams and don't need to build them out is certainly a factor in the slowdown in ESG hiring, Dubbin said. Regulations and investor sentiment will help determine the future level of continuing demand for these positions, he said.

Corporate boards have been placing less pressure on executives to focus on managing ESG risk compared with that of supply chain, cybersecurity, generative artificial intelligence and geopolitical uncertainty, said Alexander Bant, chief of CFO research at consulting firm Gartner. That reduced pressure has in part led to CFOs asking "substantially" fewer questions to advisers

about ESG, he said.

Companies are reconsidering the priority given to ESG programs and their pursuit of top ESG scores in response to pressure from investors seeking faster returns on investments, Dubbin said. "In delivering meaningful environmental and carbon-reduction programs, the financial returns are a long way away," he said, adding energy transitions are necessary. "It's not gone away. It's just having a repricing and that's driving hiring trends."

Some CFOs are devoting more resources to the areas of the business generating those higher short-term returns, resulting in a smaller ESG team or people incorporating ESG

into their roles in lieu of positions wholly devoted to it. For example, as a temporary fix, some companies might task the head of operations and other senior leaders to manage several performance measures for sustainability as part of their remit instead of outright hiring people to do so, said Catherine Harris, head of the Americas sustainable business practice at Acre Resources, a sustainability-focused recruitment firm.

"More businesses are recognizing they need to build a sustainability team, but resources are not as bountiful as they might like," Harris said.

New and potential corporate sustainability disclosures

and regulations in California, Europe and elsewhere are starting to pile up for a mix of public and private companies, creating new burdens for their compliance and finance teams.

Hiring for ESG positions has generally climbed since 2018, though that momentum slowed in 2020 because of the pandemic. ESG job arrivals and net inflows were both at their highest in late 2021, the data show. Sixty-three percent of ESG professionals who changed jobs in 2023 left the function, Live Data said.

For the full year of 2023, arrivals were still ahead of departures, at 40,884, versus 39,452, but the gap has signifi-

cantly narrowed compared with previous years, Live Data said, based on a review of professional profiles, company websites and other public employment data. Net inflows totaled 1,432, compared with an average of roughly 15,000 over the prior five-year period.

A drop in new ESG hires hasn't necessarily weakened companies' investments in those areas. Ninety-two percent of chief executives stand by their ESG programs, while the remaining 8% have ramped them down, according to a Teneo survey from December.

The nature of ESG positions, at least on the surface, is changing. ESG job titles sometimes include words such as sustainability, impact, responsibility, climate and diversity.

There are fewer sustainability reporting positions focused on companies' reporting of ratings and rankings and more positions within or working directly with the finance team, for example the role of "ESG controller," said Ellen Weinreb, managing director at Weinreb Group, a sustainability and ESG recruitment firm.

Phillips 66 Bows to Activist Pressure

By ROB CURRAN

Oil refiner Phillips 66 named former Cenovus executive Robert W. Pease to its board, succumbing to pressure from activist investor Elliott Investment Management.

Late last year, Elliott, controlled by billionaire hedge-fund manager Paul Singer, took a roughly \$1 billion stake in Phillips and advocated for the sale of noncore assets, a focus more on its main refining business and trimming relatively high operating costs.

Elliott said it would also push for the nomination of more directors with extensive refining experience.

On Tuesday, Phillips 66 and Elliott said they would work together to identify a second director to be named over the coming months.

Pease worked as an executive with Shell and as chief executive of Houston refinery Motiva.

"We have worked collaboratively with Phillips 66 on the board's appointment of Bob, who will bring extensive experience in refining and the energy industry more broadly," Elliott partner John Pike said in a statement.

In November, Elliott suggested the oil company could follow a similar path to Marathon Petroleum, should Phillips 66 be unable to deliver on its 2025 targets.

Elliott's campaign at Marathon Petroleum in 2019 resulted in the sale of that company's Speedway gas-station chain.

Phillips 66 also operates a chain of gas stations.



The oil refiner named former Cenovus executive Robert W. Pease to its board.

BUSINESS WATCH



HASBRO Shares Fall Amid Earnings, Outlook

Hasbro shares fell after the toymaker's results missed fourth-quarter estimates and the company forecast slumping toy sales this year.

The stock closed down 1.4% on Tuesday, mitigating some losses from the pre-market session when it was down 12% at one point.

The company said early Tuesday that it expects its consumer-products revenue to decline 7% to 12% in 2024. Consumer products typically account for more than half of Hasbro's overall revenue.

Sales fell 15% to \$5 billion in 2023.

Wizards of the Coast and digital gaming was Hasbro's only growing segment in 2023.

But Hasbro forecast that revenue from its Wizards of the Coast segment would fall 3% to 5% in 2024.

The company's sales fell 23% in the fourth quarter, which encompasses the crucial holiday period.

Revenue and adjusted profit missed analyst expectations.

Hasbro posted a more than \$1 billion loss in the quarter as a result to a large goodwill and asset impairment charge, largely connected to the company's recently completed divestment of its eOne film and television business.

—Ben Glickman

Breast-Implant Maker Files for Bankruptcy

By BECKY YERAK

Breast-implant maker Sientra has filed for bankruptcy, as robust demand for its aesthetic products during the Covid-19 pandemic's "Zoom boom" cooled.

The Irvine, Calif.-based business sought protection from creditors Monday in the U.S. Bankruptcy Court in Wilmington, Del., with roughly \$140 million in assets and \$172 million in debt as of Sept. 30, according to a court filing.

Sientra said it plans to look for a buyer for its business through a court-supervised auction process, adding that multiple parties have expressed interest.

The company said it has lined up financing from existing lenders led by Deerfield Partners to help it get through bankruptcy, of which \$22.5 million is new money and another \$67.5 million is rolled up from existing debt.

Sientra shares dropped 65% Tuesday to close at 20 cents. The stock had traded in the \$4 range as recently as July.

Other companies have also fallen victim to changing consumer preferences as Covid-19 concerns faded.

Early in the pandemic, Sientra's revenues were harmed by restrictions on nonemergency medical procedures.

But that soon changed. The period that "has been called by

some the 'Zoom boom'—a nationwide spike in consumer demand for aesthetic procedures, including breast augmentation procedures, during the pandemic—made the company's overall breast products 2020 revenue picture a good one," Sientra Chief Executive Ron Menezes said in a declaration.

Breast-products revenues grew roughly 19% in 2020 compared with the year earlier and were up another 47% in 2021, he said.

"Unfortunately, market retractions in 2023 significantly affected the company," Menezes said. Sales fell 4% to \$86.8 million in 2023, with the steepest drop occurring in the third quarter.

Besides shifts in consumer habits, Sientra also blamed inflation, rising interest rates and unusually large employee turnover for its bankruptcy. Roughly a quarter of its sales force left in the first half of 2023.

As of late September, Sientra had fallen out of compliance with the minimum revenue covenant under its first-lien term loan. It received a waiver of default until mid-January that was later extended to Feb. 11.

Sientra was founded in 2003 and went public in 2014. It had 253 full-time workers at the time of the bankruptcy filing.

—Colin Kellaheer contributed to this article.

COCA-COLA Revenue Drops On Drinks Demand

Coca-Cola's revenue fell 3% in North America as demand slid last quarter for the company's bottled water, sports drinks, coffee and tea.

Meantime, prices continued to push higher: The beverage giant's price/mix, a metric that includes prices as well as product mix, packaging and size, rose about 8% in North America.

Coke's global quarterly revenue rose and the company forecast higher organic sales growth for 2024 than

PepsiCo. Shares of Coke fell slightly to close at %59.35 on Tuesday.

The company's competitor PepsiCo last week reported an unexpected drop in revenue last quarter for its North American snacks and soda businesses, saying people were no longer snacking as much at home.

Back in October, Coke said that lower-income consumers who buy drinks for home consumption were buying less, while sales were growing in restaurants, amusement parks and airports.

—Jennifer Maloney

BOEING Deliveries in January Declined

Boeing delivered 27 jets—almost all of them 737 MAXs—in January, a sharp decrease from prior months as the U.S. plane maker deals with the aftermath of the Alaska Airlines door-plug blowout.

Analysts and airlines are sizing up Boeing's ability to churn out planes amid heightened regulatory scrutiny after the incident involving a MAX 9.

The jet maker said on Tuesday that it delivered 25 of the 737 MAXs, down from 45 and 46 in December and November, respectively. The company also

delivered one 787-9 plane and one 767. SBoeing had a backlog of 5,599 planes, most of them 737s, at the end of January.

The company said it received orders for three planes, and three order cancellations.

Boeing reports monthly orders and deliveries but not production numbers, which are a more direct indicator of how quickly the company is able to build planes. Boeing said it is producing planes at a rate of 38 a month. The company's actual output could be lowered by factory pauses. AIR, a Seattle-based research company, estimates Boeing rolled out around 24 planes last month.

—Sharon Terlep

Google Addresses 'Hallucinating' AI

Company races to fix data-set flaws that can create bizarrely wrong answers

By Belle Lin

MENLO PARK, Calif.—Google and Anthropic, two leading makers of generative artificial-intelligence systems, are racing to get ahead of the limitations of their technologies, even as they push forward on efforts to sell them to businesses.

Executives of both companies spoke at The Wall Street Journal CIO Network Summit in Menlo Park, Calif., on Monday evening, acknowledging that their AI systems are capable of hallucinations, where they authoritatively spit out statements that are flat-out wrong. Other challenges, including improving the efficiency of training or teaching the models, as well as removing copyright or sensitive data from training, don't yet have clear solutions.

The two companies have said they are addressing these limitations, but not all enterprises are ready to put their full faith—and corporate data—into their hands. Corporate technology leaders are under pressure to show that their investments in various AI systems are worth the cost, but that is a difficult sell when the systems aren't always grounded in reality.

"What tactics can you offer us as we deploy applications with these things, especially in highly regulated or high-risk or highly sensitive areas?" said audience member Lawrence Fitzpatrick, the chief technology officer of financial-services company OneMain Financial.

Jared Kaplan, co-founder and chief science officer of Anthropic, said the AI startup is working on a number of techniques that will reduce hallucinations, including building data sets where the model should respond to questions with, "I don't know." The idea is that the AI system can be trained to respond only when it has sufficient information, or will provide citations for its answers.

Still, there is a drawback to making an AI model overly cautious. "I think these systems—if you train them to never hallucinate—they will become very, very worried about making mistakes and they will say, 'I don't know the context' to everything. And so a rock doesn't hallucinate, but it isn't very useful," Kaplan said.

Alphabet-owned Google, which last year agreed to increase its investment in Anthropic to up to \$2 billion, is betting that customers will want to verify the information AI systems respond with. One solution is to make it easy for users to identify the sources of information that AI systems like its Gemini chatbot send back, said Eli Collins, vice president of product management at Google DeepMind.

"We're not in a situation where you can just trust the

model output," Collins said. "At the end of the day, I'm still going to want to know what the source of the information is so I can go there."

The provenance of model training data remains another unresolved issue. In a lawsuit filed in December, the New York Times said Microsoft and OpenAI exploited its content without permission to create their artificial-intelligence products, including OpenAI's chatbot ChatGPT.

The tools were trained on millions of pieces of Times content, the suit said, and drew on that material to serve up answers to users' prompts. But if an AI company were asked to remove certain pieces of content from the training of

its model, there is no straightforward way to do that, Kaplan said.

Since the release of AI assistants like Microsoft's Copilot and Anthropic's Claude, businesses have sought to retain control over their company data, thereby preventing tech companies from training their models on it, and potentially revealing proprietary information to competitors.

Large language models, once they have been trained on certain data, can't "delete" that information from what they have already learned, Kaplan said.

Both Google and Anthropic are addressing the biggest barrier in building more powerful models—the availability,

capacity and cost of hardware like AI chips that are used for training. "The core thing that you need there is really efficient sources of compute," Kaplan said.

Collins said Google has been working on research developments to address the issue, including its in-house chips, called tensor processing units. "We deploy it in our own data center, so we have fewer constraints," he said.

The largest version of Google's new Gemini model was already more efficient and cheaper to build than its previous iteration, he said.

—Isabelle Bousquette and Steven Rosenbush contributed to this article.

Lyft stock soared as much as 60% in after-hours trading Tuesday after its earnings release accidentally added an extra zero to a profitability metric.

Lyft's release said one of its profit margins expanded by 500 basis points, or 5 percentage points. That margin had actually only expanded by 50 basis points, or half a percentage point, the company's chief financial officer later clarified on a call with analysts.

The figure in question is a wonky but closely-watched metric. The ride-sharing company was forecasting its adjusted earnings margin as a percentage of its bookings. A higher margin signals that Lyft is earning a bigger cut from its bookings.

Many stock trades are done by computers, reacting in fractions of seconds to new information. The inflated margin likely triggered a buying frenzy before most people could digest the numbers.

A Lyft spokeswoman said the company worked to clarify the "clerical error" as soon as possible.

While Lyft shares gave up most of their initial gains, they were still up around 17% in later after-hours trading.

The goof-up overshadowed encouraging results. The company forecast better-than-expected bookings for the current quarter and said it expects to be cash-flow positive in 2024.



Jared Kaplan, co-founder of AI system maker Anthropic, at The Wall Street Journal's event.

The search giant faces copyright limitations on the data it can use.

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Microsoft had been betting that the desire to use the AI would persuade companies to sign up for massive contracts. When it made the assistant widely available in November, companies had to sign up for at least 300 subscriptions. Many were resistant to that size of commitment for unproven software, said a Microsoft software reseller.

Last month, Microsoft eased its minimum requirement, allowing businesses to pilot the software with much smaller groups.

Microsoft says it is confident the time and money saved through the tool are worth the cost.

In November, Microsoft's survey of early testers of the software found that 77% of them didn't want to give it up because it saves workers' time. Meeting summaries saved people about 30 minutes a meeting. Artificial-intelligence-assisted writing saved users six minutes on writing first drafts, Microsoft said.

Materials-science company Dow plans to roll out Copilot to approximately half of its employees by the end of 2024, after a test phase with about 300 people, according to Melanie Kalmar, chief information and chief digital officer at Dow.

"There have been tremendous efficiency gains," Kalmar said. The company, based in Midland, Mich., has approximately 35,900 employees.

Early testers who spoke with The Wall Street Journal said the AI add-ons for Microsoft's workplace communication software Teams were most useful.

Some had already become reliant on Copilot if they were late to a meeting, to get a summary of what had been said. Those in different countries and time zones now have the option to skip meetings and just read summaries.

"It has allowed people to say, 'You know what, there is already 10 other people on the call. I'm going to skip this one. I'm going to catch up in the morning by reading the digest and skipping to the parts of the meeting I really needed to hear,'" said Art Hu, global chief information officer at Lenovo.

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The sooner you recognize the signs of autism, the sooner you can help.

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THE PROPERTY REPORT

Tough Rent Laws Spurred NYCB Turmoil

Values drop at rent-stabilized apartment buildings, squeezing lender

By WILL PARKER

When **New York Community Bancorp** posted large losses last month and warned of more difficulties to come, it pointed to a significant cause for concern: troubled loans in a sinking corner of the New York City apartment market.

NYCB is the city's largest lender on rent-stabilized apartments. About \$18 billion of its loans are backed by the city's rent-stabilized units, representing more than 20% of its total loan book.

Many of the loans were made when developers had more flexibility to upgrade rent-stabilized units and then boost the rent to market rate, or convert them to condominiums. In 2019, new laws capped the amounts that landlords can raise rents at these properties. Though these buildings could deliver steady returns, business plans that were based on steeper rent increases no longer penciled out. Property values started to plummet.

Sale prices of buildings containing rent-regulated units have fallen 34% since then, according to Maverick Real Estate Partners, a private-equity fund manager. Some rent-stabilized multifamily buildings sold for half—or even less than half—of what owners paid for them before the 2019 law went into effect.

An apartment building on Manhattan's Upper West Side sold this month for close to one-third of what the owners paid for the properties a decade ago.

Other banks with high exposure to this part of the New York City apartment market include **JPMorgan Chase** and **Wells Fargo**, according to



New York Community Bancorp is New York City's biggest lender on rent-stabilized apartments.

Maverick. But NYCB might be the most vulnerable. The bank said 14% of its loans on New York City rent-stabilized buildings are now considered "criticized," meaning they face elevated default risk.

So far, most of these properties bring in more than enough profit needed to make loan payments, earnings reports show, and defaults have been rare. But as loans on these apartments mature and the cost of borrowing resets to today's interest rates, some property owners will face financing costs that have doubled.

In a downgrade last week, Moody's noted NYCB's apartment portfolio performed well historically. "However, this cycle may be different," the ratings agency said.

Boom days

When the rent laws were

more flexible, investors, and lenders like NYCB, viewed rent-stabilized housing as a safe and potentially lucrative business. Loans backing these buildings were chopped up into bonds and sold by the thousands.

Between 1994 and 2019, landlords removed more than 300,000 New York City apartments from the state's rent-stabilization registry, meaning they could charge market rates, according to the city's Rent Guidelines Board. About a million remain.

New laws in 2019 were designed to prevent the city's stock of affordable apartments from shrinking further. Last year, the maximum increase for these properties was 3%, and additional increases for renovations have been greatly reduced.

Tenant advocates have heralded the new laws as overdue relief for some of the coun-

try's most cost-burdened renters. Landlord groups say the new rules are bankrupting owners, while threatening to bring down regional banks like NYCB.

Even one of the city's Democrats warned that New York's multifamily market would suffer a severe blow if NYCB goes under.

"A failure at NYCB would destabilize not only the banking system but also the largest multifamily housing market in the country," Rep. Ritchie Torres, who represents part of the Bronx, told Politico.

Diverging fates of two Upper West Side buildings help illustrate how this niche business once worked, and how it has changed.

In 2013, the investment firm BentalGreenOak bought a rent-stabilized building where it planned to pay existing tenants to forfeit their leases and convert the build-

ing to luxury condominiums. The plan, which was executed before the new laws, was a financial success. Today penthouses at the building sell for more than \$6 million.

Around the same time, BentalGreenOak had a similar idea for another property in the same area. With a partner, it paid \$85 million for 93 rental units on Riverside Drive. That purchase price was predicated on a plan to renovate rent-stabilized units, then lease them back out at much higher rents.

But at this property, the company found tenants less receptive to buyouts. They were also more organized in opposing the company's plans, a person familiar with the matter said.

Although some renovations progressed, the company had turned over only a small portion of the units by the time the rent laws changed in

2019. As a result, BentalGreenOak wrote down a large loss and sold the property this month for just \$31 million.

Rising rates risk

More recently, higher interest rates pose the most immediate threat. NYCB's average multifamily borrower pays an interest rate below 4%, but that would jump to as high as 8% for landlords whose terms are set to expire and who need to refinance, said Peter Winter, an analyst at D.A. Davidson.

For many of NYCB's landlord customers, 8% interest would mean the properties are no longer profitable, said Sumit Grover, an analyst at Trepp, who made estimates based on figures from the bank's earnings statements.

In the interim, the bank could choose to let borrowers make interest-only payments on floating-rate loans, analysts said. That could buy borrowers more time in the case interest rates fall later this year.

Some owners of market-rate multifamily buildings in New York are also dealing with expiring loans. But they have been able to push up rents at a historic pace in recent years, giving them extra cushion.

A recent report published by the city's Department of Housing Preservation and Development said the city's apartment vacancy rate last year hit a 55-year low of 1.4%, indicating high housing demand. That could embolden landlords to raise rents further.

Meanwhile, rising insurance costs are adding to the pressures in the multifamily category. Owners of rent-stabilized buildings might feel it most acutely.

"They don't have that luxury to adjust the rent to manage what's going on in the market," Winter said.

Warehousing Demand Is Starting to Shrink

By LIZ YOUNG

Retailers and their suppliers have been slashing their inventories. Now they are turning to cutting back storage space.

A once-booming U.S. warehousing market is coping with signs of contraction as businesses consolidate warehouses and in some cases upgrade existing sites rather than add facilities. The shift comes as retailers have turned the corner on a big drawdown of inventories and are aligning their supply chains for more normal, prepandemic stocking and consumer spending patterns.

Consumer-goods maker Newell Brands, retail-pharmacy chain Rite Aid and sports-apparel retailer Fanatics are among the merchants closing warehouses or upgrading existing facilities rather than opening new sites this year.

Other companies are unloading storage capacity by subleasing space. The amount of U.S. warehouse space listed for sublease reached a record high of more than 156 million square feet in the fourth quarter of 2023, more than three times the amount available in the fourth quarter of 2021, according to real-estate services firm Savills.

That marks a significant change for an industrial real-estate market that saw demand explode and vacancy rates plummet during the pandemic, as e-commerce orders soared and retailers stocked up on goods to avoid supply-chain disruptions.

The tight market pushed the average warehouse asking rent up by nearly 24% in 2022 year-over-year, compared with an annual increase of 6.3% in 2019, before the pandemic, according to real-estate services firm JLL.

The growth in rents has slowed more recently, with rents rising 12.5% in 2023 compared with a year earlier, according to JLL.

The turnaround comes as more manufacturers and retailers are returning to the "just-in-time" lean inventory



Many companies are consolidating warehouses and upgrading to buildings that can accommodate automation and require less labor.

management strategy that had given way to greater stockpiling during the pandemic, as companies sought to build so-called buffer stock amid product shortages and widespread supply-chain disruptions.

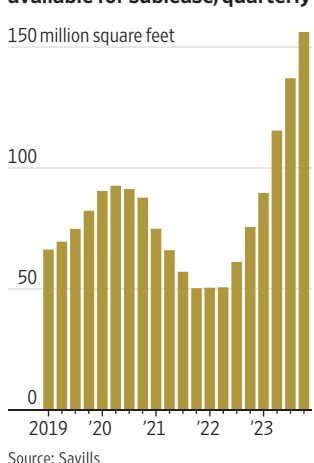
Some businesses now are subleasing space they had added "based on projections that didn't come to fruition," said Mark Russo, head of industrial research at Savills. "It was a lot of just-in-case inventory management thinking and thinking that that level of consumption was going to keep going up."

Russo said companies are retreating their supply chains to match projections for more moderate growth in consumer spending.

"We're coming off of a really unusual heightened period of demand, and that's normalizing," he said.

Russo noted space listed for sublease represents a small portion of total available

Average U.S. warehouse space available for sublease, quarterly



Source: Savills

warehouse space as developers complete construction on buildings across the country that were started without tenants lined up, known as speculative development.

Many companies now are consolidating warehouses and upgrading to newer buildings

that can accommodate more automation and require less labor, said Mehtab Randhawa, global head of industrial research at JLL.

"If you've got three different facilities or four different facilities and your real-estate costs are high, if you're coming up on renewal, it might make sense to go down from four to three in a more efficient facility," Randhawa said.

Newell Brands, which makes Yankee Candles and Sharpie markers, said it is closing a home-fragrance distribution center in Pataskala, Ohio, in March. A company representative said the building's operations will move to an existing warehouse in Newville, Pa., as part of a plan to reduce its number of distribution centers and instead run "more regionalized, multi-sourced plants with upgraded automation and digitization capabilities."

Rite Aid, which filed for

bankruptcy in October, is closing hundreds of stores and plans to close a warehouse in Woodland, Calif., and shift operations to another facility in Lancaster, Calif., beginning in May, a spokesperson said.

Fanatics is shutting down a warehouse in Jacksonville, Fla. A company spokesman said the building is one of the oldest logistics facilities the company operates. "We will be shifting our fulfillment efforts to newer buildings in and around the region where we have access to updated technology and infrastructure to ensure a better fan experience," the spokesman said.

New warehouse space remains in the industrial-property pipeline. Warehouse leasing activity across the U.S. increased 14.8% in the fourth quarter compared with the third quarter, although that was down 9% compared with the same quarter the year before, according to JLL.

Airbnb Posts Loss, Though Revenue Beat Forecasts

By BEN GLICKMAN

Airbnb said travel demand held up in its latest quarter, despite warning of the potential impact from geopolitical conflicts.

The company on Tuesday reported better-than-expected revenue in its fourth quarter.

Demand for its short-term rentals accelerated in recent months after experiencing volatility in October.

San Francisco-based Airbnb had warned in November that macroeconomic trends and geopolitical conflicts, such as the war in Gaza, might dent travel demand. The company said that it expected growth in nights booked to moderate.

Still, growth in the period came in ahead of analysts' estimates.

Nights and experiences booked increased 12% to 98.8 million in Airbnb's fourth quarter, surpassing the 98 million expected by Wall Street.

Revenue increased 17% to \$2.22 billion, surpassing the company's guidance and the \$2.17 billion forecast by analysts.

Gross bookings value was up 15% to \$15.5 billion, which was also ahead of Wall Street's expectations.

Airbnb reported a loss of \$349 million, or 55 cents a share, for the three months ended Dec. 31.

The latest quarterly results included a charge of about \$1 billion related to tax-withholding expenses and lodging-tax reserves.

Excluding that and other adjustments, the company said net income was \$489 million.

First-quarter revenue is expected to be between \$2.03 billion and \$2.07 billion, representing an increase of 12% to 14% from a year earlier.

Airbnb's board authorized a \$6 billion share-buyback program.



Congratulations to our top performers

We want the most ambitious clients to work with us, and the most ambitious people to work for us. It's as simple as that. Today we honor our top achievers for their focus on trust, partnership, and above all, the success of their clients.

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Matt Aljets	John Dettleff	Derek Johnson	Damon Melda	Blake Shipley
Lee Allen	Grant Dettmer	Robb Johnson	Joe Messina	Eddie Shuai
Joe Anderson	Brooke Dewey	Matt Jones	Joseph Messina	Robert Shue
Patrick Arnold	Ronnie Deyo	Joe Judge	Scott W Miller	Hilary Sievers
Matt Astrachan	Barry Dorfman	Kelley Kackley	Jeff Miller	Jason Simon
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Kris Bjorson	Rob Franks	Conan Lee	Matt Ogle	Matt Sullivan
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Hayley Blockley	Bob Gibson	Steve Levere	Tim O'Rourke	Robert Tammillo
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James Cahill	Justin Haber	Rob Lujan	Jim Quinn	Wick Udy
Brendan Callahan	Michael Hagggar	Tony Lydon	Trevor Ragsdale	Toss Vallentine
Matt Carolan	Peter Hajimihalas	John Lydon	Mark Raines	John Vandenberg
Justin Centre	Kyle Harding	Larry Maister	Frank Recine	Jeff Venghaus
Kyle Cheung	Brittan Hawken	Tom Maloney	Peter Riguardi	Adam Viente
Alexander Chudnoff	Benjamin Heller	Evan Margolin	Michael Riley	Chris Wadley
David Churton	Marc Hertzberg	Brian Marsh	Chris Roeder	Greg Wang
Wade Clark	Mac Hewett	Rob Martin	Bill Rogers	Jaclyn Ward
Will Clay	Nicki Hines	Greg Matter	Chuck Rosien	Cynthia Wasserberger
Steve Cook	Michael Hirschfeld	Tim McCarthy	Chris Ross	Dan Wendorf
Elizabeth Cooper	Josh Hirsh	Dan McCarthy	Bennett Rudder	Scott Wetzel
Matthew Coursen	TJ Hohanadel	Greg McCavera	Zac Sakowski	Paul Whitman
Andrew Craig	Curt Holcomb	Mike McCrary	Bill Sandridge	Pat Williams
Louie Crapitto	Tom Hooper	Luke McDaniel	Drew Saunders	Al Williams
Sam Crossan	Mac Horner	Wilson McDowell	Steve Sayre	Zach Winkler
Shannon Curley	Andy Hueser	Dan McGillicuddy	Graham Schmergel	Patrick Wood
Bob Currie	Todd Hughes	Brian McMullan	Steve Schwegman	Sharon Wortmann
George Curry	Steven Hurwitz	Peter McWilliams	Hugh Scott	Bret Yerkovich
Matt Daniels	Bobby Isola	Kevin Mechelle	Brian Seitz	Kevin Ziomek
David Demarest	Matt Jackson	Andrew Medley	Brad Selner	Corey Zolcinski

BUSINESS & FINANCE

Venezuelan Bonds Unbound

Continued from page B1 and were backed by hard-currency cash flows from the sale of oil. U.S. investors sold about half of those bonds.

A group of creditors to the Venezuelan government, including Fidelity Investments, T. Rowe Price and Greynlock Capital, didn't sell and fought the ban.

People familiar with the situation said some members of that group gave State Department officials transaction records of billions of dollars in Venezuelan bond purchases by investors from Qatar, the United Arab Emirates and Cyprus. The three are well-known conduits for Russian money.

"Nobody in the U.S. government seemed to understand what market participants told them were the obvious consequences of the policy," said Hans Humes, chief investment officer at Greylock and co-chairman of the Venezuelan creditors group that lobbied to end the sanctions.

Fidelity and T. Rowe Price each held more than \$1 billion and Greylock about \$1.5 billion of Venezuelan bonds, people familiar with the matter said.

When the ban was lifted, the prices of Venezuelan bonds surged from 13 cents to around 20 cents on the dollar. Some investors expect Venezuelan bonds to be added back to JPMorgan's closely tracked emerging-markets bond index as soon as next month, potentially giving prices another boost.

The bondholders told U.S. officials that they believed there was a strong risk that investors in the Middle East and Cyprus were frontmen for



Russian Foreign Minister Sergei Lavrov met Venezuelan President Nicolás Maduro in April, bolstering sanctions opponents' case.

Moscow. And they provided Washington with records and images of trade tickets showing how the same buyers based in Qatar, the U.A.E. and Cyprus who had purchased Venezuelan bonds in 2022 and 2023 had also been active buyers of Russia's own bonds after Washington slapped on similar sanctions against Moscow following its invasion of Ukraine in 2022.

They told officials in the State Department that they believed Russia was accumulating a position in Venezuelan debt and could pursue a deal for Venezuela to sell assets to Russia in exchange for writing off the debt, according to a copy of a memo from the creditors' group sent to the U.S. government in 2023.

"Venezuela is Russia's most respected partner in Latin America," Kremlin spokesman

Dmitry Peskov said in an email. But he noted that, because of sanctions, his government's cooperation with Caracas is piecemeal.

A U.S. State Department spokesperson said, "We take seriously attempts by external actors such as Russia to expand their influence in Venezuela and take action as appropriate."

While the investors didn't have a smoking gun linking Moscow to the trades, the State Department's Venezuela Affairs Unit included bondholders' concerns in a classified and previously unreported cable sent in early 2023.

The unit's analysts viewed the bond-trading ban as counterproductive.

The State Department later warned in the diplomatic cable that the U.S. could be cut

out of any talks to restructure Venezuela's debt, potentially providing Russia or other countries more influence, according to people with knowledge of the cable.

Their case was bolstered last April by the appearance of a large Russian delegation in Caracas. Russian Foreign Minister Sergei Lavrov warned that Venezuela shouldn't succumb to Western financial pressure.

The National Security Council, which has led the rapprochement efforts with Maduro, declined to discuss intelligence that it reviewed before deciding to drop the sanctions.

"We ultimately concluded that the sanctions were bad for the United States and good for our adversaries," a senior U.S. official said. "They had created openings for China

and Iran and Russia to be able to expand a strategic foothold in Venezuela."

Unlike the other sanctions that the U.S. government reversed last fall, the debt-trading ban has been permanently removed. Washington, citing the Maduro regime's arresting political opponents and banning some from running in elections, has reimposed one of the sanctions and another is expected to come back in April.

Marshall Billingslea, who was a senior Treasury Department official during the Trump administration, defended the sanctions against Maduro's regime, which he said weren't enforced strictly enough.

Concerns over Russian meddling, Billingslea added, were part of a fearmongering campaign by critics.

BlackRock To Offer Voting to Individual Investors

By JACK PITCHER

BlackRock is launching a program to let individual investors have a say in how their proxy votes are cast for the first time.

More than three million U.S. retail shareholder accounts invested in BlackRock's largest exchange-traded fund—the iShares Core S&P 500 ETF—will be able to participate in the program beginning later this week.

Eligible shareholders can select from six voting policies from third-party proxy advisers that cover a range of voting preferences, BlackRock said in a press release.

BlackRock has a stewardship team that currently votes the shares on the majority of its clients' assets in a manner that the company says is consistent with its fiduciary duties.

The asset manager has received criticism from both sides of the political aisle on how it votes on shareholder proposals related to issues such as climate change. The asset manager began letting some institutional clients choose how their shares are voted two years ago.

As of the end of 2023, clients representing \$598 billion in assets were exercising voting choice, the company said. BlackRock is the world's largest money manager, with \$10 trillion in assets under management at the end of 2023.

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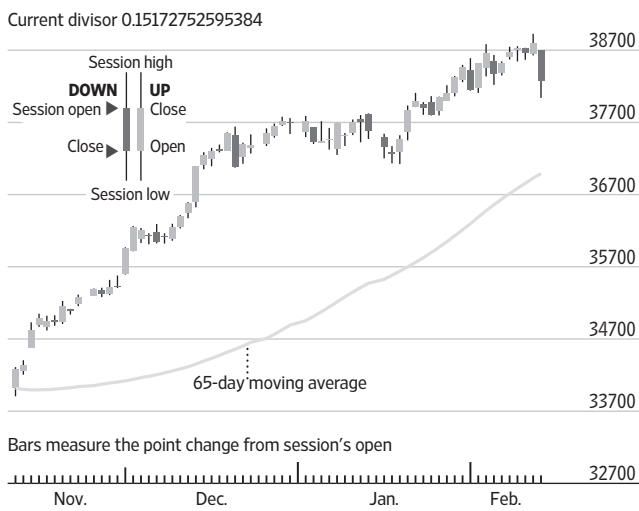
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

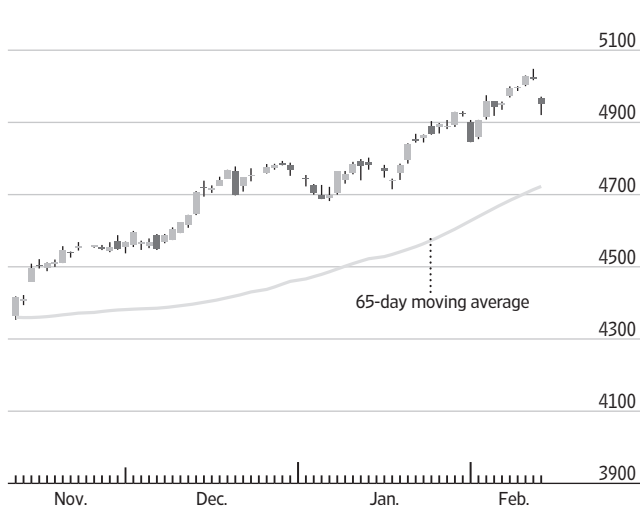
38272.75 ▼524.63, or 1.35%
 High, low, open and close for each trading day of the past three months.
 Last: 25.41, Year ago: 22.72
 Trailing P/E ratio: 18.44, P/E estimate: 18.13
 Dividend yield: 1.92, All-time high: 38797.38, 02/12/24



Current divisor 0.15172752595384
 *Weekly P/E data based on as-reported earnings from Birlinyi Associates Inc.; †Based on Nasdaq-100 Index

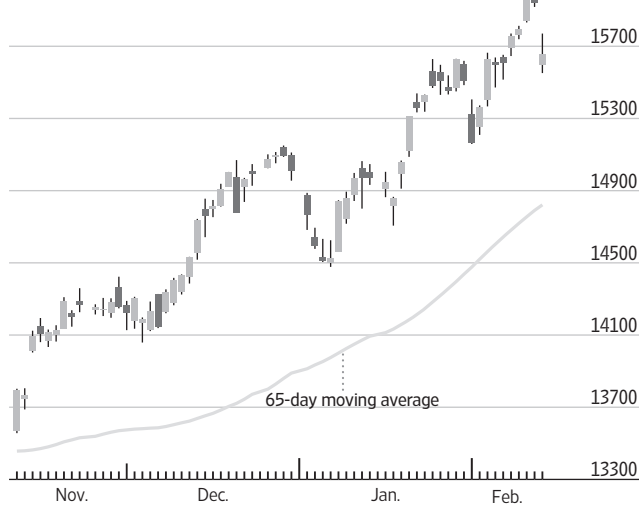
S&P 500 Index

4953.17 ▼68.67, or 1.37%
 High, low, open and close for each trading day of the past three months.
 Last: 22.85, Year ago: 19.97
 Trailing P/E ratio: 22.51, P/E estimate: 18.57
 Dividend yield: 1.49, All-time high: 5026.61, 02/09/24



Nasdaq Composite Index

15655.60 ▼286.95, or 1.80%
 High, low, open and close for each trading day of the past three months.
 Last: 31.72, Year ago: 23.63
 Trailing P/E ratio: 30.02, P/E estimate: 25.24
 Dividend yield: 0.84, All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	38699.17	38039.86	38272.75	-524.63	-1.35	38797.38	31819.14	1.5	6.8
Transportation Avg	16048.39	15670.34	15785.77	-424.69	-2.62	16695.32	13444.01	2.8	-0.7
Utility Average	843.09	818.74	829.38	-15.34	-1.82	975.39	783.08	-12.2	-5.9
Total Stock Market	49545.90	48987.54	49314.67	-791.77	-1.58	50106.44	38697.55	18.1	3.2
Barron's 400	1097.14	1061.87	1069.92	-27.22	-2.48	1097.14	881.58	5.7	-0.2
Nasdaq Stock Market									
Nasdaq Composite	15770.42	15551.44	15655.60	-286.95	-1.80	15990.66	11138.89	30.9	4.3
Nasdaq-100	17717.67	17478.23	17600.42	-282.24	-1.58	17962.41	11830.28	39.8	4.6
S&P									
500 Index	4971.30	4920.31	4953.17	-68.67	-1.37	5026.61	3855.76	19.8	3.8
MidCap 400	2791.09	2745.23	2765.08	-69.26	-2.44	2834.34	2326.82	3.5	-0.6
SmallCap 600	1284.68	1254.82	1264.45	-46.55	-3.55	1339.63	1068.80	-1.0	-4.1
Other Indexes									
Russell 2000	1992.98	1950.47	1964.17	-81.08	-3.96	2066.21	1636.94	1.3	-3.1
NYSE Composite	17332.46	16965.94	17068.54	-263.92	-1.52	17332.46	14599.05	6.5	1.3
Value Line	594.58	573.82	577.39	-17.19	-2.89	598.74	498.09	-2.5	-2.8
NYSE Arca Biotech	5113.06	4947.86	4986.92	-126.14	-2.47	5533.34	4544.40	-9.6	-8.0
NYSE Arca Pharma	992.09	980.65	984.84	-5.35	-0.54	993.90	791.91	16.9	8.2
KBW Bank	93.88	91.18	92.30	-2.78	-2.93	113.41	71.71	-18.6	-3.9
PHLX ^S Gold/Silver	107.66	102.85	103.70	-6.85	-6.19	144.37	103.31	-15.6	-17.5
PHLX ^S Oil Service	79.29	77.29	77.91	-1.75	-2.19	98.76	69.29	-16.7	-7.1
PHLX ^S Semiconductor	4514.99	4408.46	4468.18	-91.86	-2.01	4567.30	2892.39	43.1	7.0
Cboe Volatility	17.94	13.43	15.85	1.92	13.78	26.52	12.07	-16.2	27.3

§Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Lyft	LYFT	45,065.8	14.45	2.32	19.13	20.25	11.75
SPDR Portfolio S&P 500	SPLG	20,513.9	58.20	0.06	0.10	58.80	57.94
SPDR S&P 500 ETF Trust	SPY	11,146.6	494.66	0.58	0.12	494.75	490.98
Robinhood Markets	HOOD	10,550.8	12.82	0.98	8.28	13.80	11.83
Apple	AAPL	7,413.3	185.30	0.26	0.14	195.70	176.49
Intel	INTC	4,591.9	43.21	0.05	0.12	43.27	43.15
Amazon.com	AMZN	4,410.9	168.84	0.20	0.12	172.04	167.77
Airbnb	ABNB	4,311.7	143.00	-7.82	-5.18	167.20	140.89

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Lyft	LYFT	45,065.8	14.45	2.32	19.13	20.25	11.75
Larimar Therapeutics	LRMR	53.8	10.10	1.36	15.56	10.14	7.98
Resideo Technologies	REZI	89.1	18.50	1.42	8.31	18.60	17.08
Robinhood Markets	HOOD	10,550.8	12.82	0.98	8.28	13.80	11.83
BridgeBio Pharma	BBIO	135.5	35.64	2.07	6.17	35.95	33.50
...And losers							
QuidelOrtho	QDEL	347.0	45.70	-21.07	-31.56	66.77	41.50
Upstart Holdings	UPST	2,823.8	25.83	-7.09	-21.54	32.95	24.48
BlackLine	BL	191.9	51.50	-6.80	-11.66	58.45	50.92
Corsair Gaming	CRSR	52.6	11.74	-1.08	-8.42	12.99	11.60
Airbnb	ABNB	4,311.7	143.00	-7.82	-5.18	167.20	140.89

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	981,771,084	14,272,049
Adv. volume*	72,638,743	5,459,644
Decl. volume*	906,331,267	8,685,358
Issues traded	2,906	310
Advances	234	83
Declines	2,625	214
Unchanged	47	13
New highs	39	3
New lows	48	13
Closing Arms [†]	1,07	0.41
Block trades*	4,675	132

	Nasdaq	NYSE Arca
Total volume*	5,599,866,317	473,343,942
Adv. volume*	1,059,726,425	95,494,561
Decl. volume*	4,516,486,071	377,393,495
Issues traded	4,436	1,942
Advances	735	149
Declines	3,576	1,786
Unchanged	125	7
New highs	45	19
New lows	126	42
Closing Arms [†]	0.88	0.28
Block trades*	29,472	2,575

*Primary market NYSE, NYSE American, NYSE Arca only. †(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	739.58	-8.31	-1.11	1.7
	MSCI ACWI ex-USA	311.29	-1.96	-0.62	-1.7
	MSCI World	3240.26	-40.75	-1.24	2.2
	MSCI Emerging Markets	996.78	0.72	0.07	-2.6
Americas	MSCI AC Americas	1873.40	-27.43	-1.44	3.3
Canada	S&P/TSX Comp	20584.97	-482.33	-2.29	-1.8
Latin Amer.	MSCI EM Latin America	2524.75	-17.51	-0.69	-5.2
Brazil	Ibovespa	12880.20	...	Closed	-4.6
Chile	S&P IPSA	3362.04	-42.87	-1.26	-3.0
Mexico	S&P/BMV IPC	56906.99	-511.56	-0.89	-0.8
EMEA	STOXX Europe 600	482.83	-4.63	-0.95	0.8
Eurozone	Euro STOXX	483.04	-5.32	-1.09	-1.9
Belgium	Bel-20	3675.52	-40.33	-1.09	0.9
Denmark	OMX Copenhagen 20	2546.86	-6.43	-0.25	11.5
France	CAC 40	7625.31	-64.49	-0.84	1.1
Germany	DAX	16880.83	-156.52	-0.92	0.8
Israel	Tel Aviv	1853.14	10.20	0.55	-0.7
Italy	FTSE MIB	31134.17	-322.56	-1.03	2.6
Netherlands	AEX	842.62	-12.26	-1.43	7.1
Norway	Oslo Bors All-Share	1441.70	-13.96	-0.96	-5.1
South Africa	FTSE/JSE All-Share	73062.59	-659.51	-0.89	-5.0
Spain	IBEX 35	9925.40	-59.30	-0.59	-1.7
Sweden	OMX Stockholm	890.56	-7.37	-0.82	-1.4
Switzerland	Swiss Market	11142.79	-36.51	-0.33	0.04
Turkey	BIST 100	8994.00	-180.58	-1.97	20.4
U.K.	FTSE 100	7512.28	-61.41	-0.81	-2.9
U.K.	FTSE 250	18923.83	-280.10	-1.46	-3.9
Asia-Pacific	MSCI AC Asia Pacific	168.09	0.86	0.52	-0.8
Australia	S&P/ASX 200	7603.60	-11.32	-0.15	0.2
China	Shanghai Composite	2865.90	...	Closed	-3.7
Hong Kong	Hang Seng	15746.58	...	Closed	-7.6
India	S&P BSE Sensex	71555.19	482.70	0.68	-0.9
Japan	NIKKEI 225	37963.97	1066.55	2.89	13.4
Singapore	Straits Times	3141.87	3.57	0.11	-3.0
South Korea	KOSPI	2649.64	29.32	1.12	-0.2
Taiwan	TAIEX	18096.07	...	Closed	0.9
Thailand	SET	1391.73	2.43	0.17	-1.7

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Digital Brands Group	DBGI	6.85	3.99	139.09	61.02	2.30	-87.8
FibroBiologics	FBLG	13.94	6.54	88.38	55.00	6.53	...
Beamr Imaging	BMR	14.06	4.11	41.31	34.94	0.91	...
MicroCloud Hologram	HOLO	23.52	6.44	37.70	113.00	1.50	-8.5
Verde Clean Fuels CI A	VGAS	3.81	1.01	36.07	21.00	1.95	-62.5
Whole Earth Brands	FREE	4.75	1.24	35.33	4.77	2.09	38.1
VIZIO Holding	VZIO	9.75	1.93	24.68	11.28	4.82	4.5
Syntec Optics CI A	OPTX	5.67	1.07	23.26	19.50	3.02	-44.2
Bicycle Therapeutics ADR	BCYC	21.40	3.98	22.85	28.91	12.54	-14.1
NetSol Technologies	NTWK	2.82	0.52	22.44	3.30	1.72	-3.2
JetBlue Airways	JBLU	7.38	1.31	21.58	9.45	3.42	-15.2
LianBio ADR	LJAN	4.80	0.76	18.81	4.88	1.33	118.2
Conduit Pharmaceuticals	CDT	3.24	0.47	16.97	25.00	0.95	-68.6
MicroSectors Gold 3X Inv	GDXD	6.57	0.91	16.08	9.92	3.53	-10.6
Aspen Aerogels	ASPN	14.33	1.93	15.56	17.32	5.33	30.6

Most Active Stocks

COMMODITIES

Futures Contracts

Table of Metal & Petroleum Futures including Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), Gasoline-NY RBOM (NYM), and Natural Gas (NYM).

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Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table of Bond Benchmarks including Broad Market Bloomberg Fixed Income Indices, U.S. Corporate Indexes, High Yield Bonds, and U.S. Agency Bloomberg Fixed Income Indices.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

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Cash Prices | wsj.com/market-data/commodities

Tuesday, February 13, 2024

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KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts-TSI; T=Outlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 2/12

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

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February 13, 2024

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Global Government Bonds: Mapping Yields

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Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session

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MARKETS

OPEC Sticks to Forecast on Demand Growth

By Giulia Petroni

The Organization of the Petroleum Exporting Countries left its expectations for global oil-demand growth unchanged, but raised its economic forecast amid easing inflation and anticipated interest-rate cuts.

The Vienna-based cartel said in its monthly report that it expects oil demand to grow by 2.2 million barrels a day this year, in line with its previous estimates. It also held its forecast for 2025 steady at 1.8 million barrels a day.

“Continued robust economic activity in China, global air travel recovery and expected healthy petrochemical feedstock requirements will be key for oil demand growth in 2024,” it said Tuesday. “However, inflation levels, monetary tightening measures and sovereign debt levels could weigh on global oil demand prospects in the current year.”

The group raised its global economic-growth forecast to 2.7% this year and 2.9% the next, supported by interest-rate cuts from the second half of 2024 and growth momentum in the U.S. Economic growth was previously forecast at 2.6% in 2024 and 2.8% in 2025.

It lifted U.S. economic-growth estimates to 1.6% this year and to 1.7% in 2025, while it left the eurozone growth forecast unchanged at 0.5% this year and 1.2% the next.

The cartel’s latest report comes after crude-oil futures posted strong gains on escalating tensions in the Middle East and improved demand sentiment following a larger-than-expected drawdown in U.S. fuel stocks.

“Crude oil futures prices trended higher against a backdrop of easing speculative selling pressure along with supply disruptions in several regions,” OPEC said.

“Oil prices were further buoyed by stronger-than-expected macroeconomic data, specifically from the U.S., and signs of robust physical market fundamentals,” OPEC added.

Brent crude, the international benchmark, currently trades at around \$82 a barrel, while West Texas Intermediate crude, the U.S. oil gauge, is at around \$77 a barrel.

Overall, OPEC’s crude-oil production fell by 350,000 barrels a day to 26.3 million barrels a day in January compared with December levels, the cartel said, citing secondary sources.

Oil production from Libya decreased by 162,000 barrels a day to 1.01 million barrels a day, while Kuwait’s production fell by 109,000 barrels a day to 2.43 million barrels a day.

Saudi oil production rose by 25,000 barrels a day to 8.96 million barrels a day.

OPEC and its allies in November agreed to voluntary output cuts totaling around 2.2 million barrels a day for the first quarter of this year, and they are soon expected to decide whether to extend those cuts.

The group cut its non-OPEC supply growth forecast to 1.2 million barrels a day for 2024 from previous expectations of 1.3 million barrels a day, while it kept its growth expectations for 2025 unchanged at 1.3 million barrels a day.

The International Energy Agency is set to release its monthly report on Thursday.

Advisers Face Rule on Laundering

Plan would impose obligations similar to those for banks and broker-dealers.

By Mengqi Sun

U.S. investment advisers will soon need to start detecting and reporting suspected money laundering to the government under a newly proposed rule, as the U.S. again attempts to rein in potential illicit finance flowing through the private funds sector.

The new requirements, proposed Tuesday by the U.S. Treasury Department’s Financial Crimes Enforcement Network, would apply to investment advisers who register with the U.S. Securities and Exchange Commission and those who are exempted from registration but still required to report to the SEC.

Investment advisers are generally required to register with the SEC if they oversee at least \$110 million in client assets. Exempt reporting advisers generally advise only private funds and oversee less than \$150 million in the U.S. or advise only venture-capital funds.

About 17,000 state-registered advisers aren’t covered by the proposed rules, a senior FinCEN official said in a briefing call Monday.

Under the proposed rules, investment advisers would

need to implement an anti-money-laundering and counterterrorism financing compliance program, file suspicious activity reports with FinCEN and keep records such as those related to fund transfers, similar to obligations in place for banks and broker-dealers. The proposed rule would also allow information sharing between FinCEN, law enforcement agencies and certain financial institutions.

FinCEN said it would delegate the examination process to the SEC, which is responsible for overseeing investment advisers.

Investment advisers, who earn compensation for providing advice to investors on securities, aren’t generally subject to comprehensive anti-money-laundering measures. Their clients range from individual investors to private institutions and high-net-worth individuals.

FinCEN has twice in the past tried to put in place anti-money-laundering rules on the investment adviser sector by proposing rulemakings, including as recently as in 2015. But neither proposed rule was completed.

The investment sector has grown larger in the intervening years, nearly doubling in assets under management since 2015. This uneven application of anti-money-laundering controls across the sector has enabled both legitimate and illicit investors to “shop

around” for advisers who don’t ask about the source of their wealth, FinCEN said.

There has also been a surge in the use of investment advisers by bad actors, such as sanctioned individuals, corrupt officials, tax evaders and other criminals, looking to access the U.S. financial markets, according to FinCEN.

“The issue and the need for transparency is greater than it has ever been,” the senior FinCEN official said.

Through a risk assessment, also published on Tuesday, FinCEN said it has seen U.S. competitors using investment advisers to invest in early-stage companies to gain access to sensitive information and technologies with national security implications.

For instance, the FinCEN official said the agency has seen U.S. investment advisers with significant ties to Russian oligarchs investing in companies developing artificial intelligence and autonomous vehicles as well as in government military and intelligence contractors.

If the proposed rule is adopted, investment advisers would have 12 months to become compliant. FinCEN is seeking comments on the pro-

posed rule until April 15.

The proposed rule could be more of a challenge for small and midsize investment advisers to implement, compared with larger peers who may already have an anti-money-laundering program in place, according to Alma Angotti, a partner specializing in financial crimes and investigations at consulting firm Guidehouse.

“A lot of these companies and these funds probably have the skeletons of a program,” Angotti said, adding that without a regulatory and examination regime in place so far, it remains difficult to tell if existing programs are effective.

But regardless of an organization’s size, it remains important for these advisers to have risk-based compliance programs, she said. “For their own risk management, you shouldn’t want to hold money for the bad guys,” she said.

For these funds, the due-diligence process for determining the identity of investors and the source of their funding—similar to the process at banks dealing with high-net-worth clients—would likely be the biggest piece of their program to be put in place to comply with the new

suspicious activity monitoring and reporting requirements, according to Angotti.

Tuesday’s proposed rule comes as the U.S. ramps up efforts to increase financial transparency after President Biden made anticorruption a central pillar of his administration’s national security agenda.

FinCEN last week proposed a new rule that would require the disclosure of the names of people behind anonymous shell companies and trusts involved in all-cash residential real-estate transactions.

The agency is already in the process of implementing a sweeping transparency law that has created a new corporate ownership database and requires businesses to file reports detailing their beneficial ownership information.

Angotti was an enforcement attorney at FinCEN and helped write rules that affected capital-market participants after the Sept. 11, 2001, terrorist attacks, including the first proposed rule for investment advisers in 2003.

She said she is optimistic that the third time could be the charm for these rules to be finalized.

“These national security concerns about illicit financing flow are really at the forefront,” she said, adding that the U.S. has been an outlier among jurisdictions in not requiring anti-money-laundering rules for investment advisers.

FinCEN would delegate the examination process to the SEC.

MSCI Is Dropping 66 Companies From China Index

By Tracy Qu

Stock market index compiler MSCI is cutting dozens of companies from its benchmark China index after a prolonged selloff and volatile trading in the world’s second-largest economy.

The global index compiler will remove 66 companies in sectors ranging from property and pharmaceuticals to aviation from its MSCI China Index, a quarterly review showed Monday.

The deletions from the broad gauge of Chinese shares, which will take effect at the end of the month, include the likes of China Southern Airlines, Greentown China, Weibo and China Everbright

Environment Group. MSCI will also add five new names to the index: electrical-appliance maker Midea Group, biotech companies Giant Biogene and MGI Tech, China Merchants Expressway Network & Technology and Ningbo Sanxing Medical Electric.

The changes will take the total number of index constituents to just over 700, after years of largely adding names to the index.

In its previous four reviews, MSCI cut a total of 57 companies from the China index and added 113.

Chinese equities have been under pressure amid a years-long property slump and investor disappointment over the



Weibo is dropping from the index. Above, Weibo’s booth at a Shanghai trade show in 2021.

economy’s recovery after the Covid-19 pandemic. The MSCI China Index is down 7.6% this year and about 27% over the past 12 months.

MSCI also made changes to its Hong Kong index, cutting Budweiser Brewing Co. APAC, New World Development and Xinyi Glass.

The Hong Kong stock market will reopen Wednesday, while Chinese markets are closed until next week for the Lunar New Year holiday.

Stocks Sink As CPI Disappoints

Continued from page B1 8.5% chance that the Fed will cut its benchmark interest rate at its March policy meeting, down from 16% on Monday, according to the CME FedWatch tool. The chances of a cut in May are about 36%, down from 52% on Monday.

Stocks perceived as being especially sensitive to interest rates were particularly weak. The Russell 2000, an index of small and midsize companies, declined 4%. The KBW Nasdaq Regional Banking Index fell 4.5%, while the S&P 500 real-estate sector dropped 1.8%.

The S&P 500 is still up 3.8% in 2024, including a 2.2% rise in February. The inflation rate is still falling, albeit more slowly than investors hoped. Investors and strategists said those factors suggest Tuesday’s selloff doesn’t portend a deeper slump



JetBlue shares rose 22% after activist investor Carl Icahn disclosed a nearly 10% stake in the airline.

In corporate news, JetBlue Airways rose 22% after activist investor Carl Icahn disclosed a nearly 10% stake in the airline. Biogen fell 7.4% after the company projected a fifth straight year of revenue

declines, the stock’s largest one-day decline since 2020. Moody’s fell 7.9% after reporting sales and profit that fell short of analyst forecasts.

Overseas, the Stoxx Europe 600 fell 0.95%. At midday

Wednesday, Japan’s Nikkei 225 was down 0.8%. The Hong Kong market reopened after the Lunar New Year holiday and the Hang Seng Index was down 0.4%. S&P 500 futures were flat.

Watch a Video. Scan this code for a video on the latest inflation report and the markets.

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and 52-Wk High/Low. Lists various stocks and their performance metrics.