

# THE WALL STREET JOURNAL

DOW JONES | News Corp \*\*\*\*\* THURSDAY, MARCH 9, 2023 - VOL. CCLXXXI NO. 55 WSJ.com ★★★★★ \$5.00  
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## What's News

### Business & Finance

**Silergate Capital**, one of the crypto market's top banks, said it would wind down and return all deposits following a run that forced it to sell off assets at a steep loss to cover billions of dollars in withdrawals. **A1**

◆ **The boom in oil output** that over the past decade made the U.S. the world's largest producer is waning, suggesting the era of shale growth is nearing its peak. **A1**

◆ **Powell said** that the Fed was keeping its options open about how much to raise rates this month, after investors interpreted his comments Tuesday to suggest a larger half-point rate rise was likely. **A2**

◆ **Janice Eberly is** the leading candidate for the No. 2 job at the Fed, according to people familiar with the matter. **A2**

◆ **The S&P 500 and Nasdaq** closed Wednesday's session with gains of 0.1% and 0.4%, respectively, while the Dow slipped 0.2%. **B11**

◆ **JPMorgan sued** former executive Jes Staley over his ties to Jeffrey Epstein, identifying Staley as the "powerful financial executive" accused of sexual assault in a lawsuit against the bank. **B1**

◆ **GM is dealing** with a slower-than-expected rollout of two high-profile electric vehicles, increasing pressure on CEO Barra after the auto maker lost EV market share to rivals last year. **B1**

◆ **EY has paused** its plan to spin off its consulting arm amid pressure from U.S. partners to rethink how the tax practice will be divided when the firm is split, people familiar with the matter said. **B3**

### World-Wide

◆ **Biden's budget blueprint** will lay out plans to save hundreds of billions of dollars by seeking to lower drug prices, raising some business taxes, cracking down on fraud and cutting spending he sees as wasteful, according to White House officials. **A4**

◆ **U.S. officials are** investigating the possibility that a pro-Ukrainian group was responsible for last year's attack on the Nord Stream natural-gas pipeline in the Baltic Sea, a senior U.S. official said. **A7**

◆ **Russia's Wagner** paramilitary organization proclaimed control of the eastern district of the embattled city of Bakhmut. **A7**

◆ **Thousands of protesters** clashed with police in the Republic of Georgia as discontent erupted over draft legislation labeling groups receiving funding from abroad as foreign agents. **A8**

◆ **China's refusal** to cooperate on investigations into the origins of the Covid-19 pandemic has hindered the U.S.'s ability to determine how the virus emerged, a senior U.S. intelligence official said. **A5**

◆ **The U.S. will speed up** Australia's acquisition of nuclear-powered submarines by arranging for Canberra's first few subs to be built in the U.S., according to people familiar with the plan. **A18**

◆ **The Senate voted** to block the District of Columbia's recently revised criminal code, sending the measure to Biden, after many Democrats joined Republicans to reject a city law for the first time in more than three decades. **A4**

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## From Madrid to Manila, Marchers Call for Gender Equity



**BIG TURNOUT:** Demonstrations were held in Madrid, above, and other cities for International Women's Day, calling for a range of changes, from constitutional rights in Pakistan to economic parity in Manila. For photos from around the world, see A10.

## Women Rejoin the Workforce, Adding Strength to Economy

By SARAH CHANEY CAMBON AND LAUREN WEBER

American women are staging a return to the workforce that is helping propel the economy in the face of high inflation and rising interest rates.

Women have gained more jobs than men for four straight months, including in January's hiring surge, pushing them to hold more than 49.8% of all nonfarm jobs. Female workers last edged higher than men on U.S. payrolls in late 2019, before the

pandemic sent nearly 12 million women out of jobs, compared with 10 million men.

The onset of Covid-19 and social-distancing measures in early 2020 struck female-dominated jobs in services that require close personal contact, such as housekeepers, nurses and daycare instructors. Many mothers in white-collar jobs also left the workforce to care for their children after schools moved to remote instruction.

Even as job opportunities grew a year later, nearly 1.5 million fewer mothers were actively in the labor force in

March 2021 than in February 2020 amid child-care disruptions and health concerns. Some economists feared women would face challenges re-entering the longer they were out of work.

Those worries are abating. Women are rejoining the labor force and filling service-sector jobs, as they shake off the effects of pandemic disruptions and the sector goes on a hiring spree. Virtual schooling, daycare closures and fear of Covid-19 are subsiding. Other factors, such as the lure of higher pay, adoption of remote

work and financial pressures, are spurring more women to seek jobs.

The return of women to the workforce is powering the economy's underlying source of strength, the services sector, as fast-rising interest rates and elevated inflation have triggered recession risks. Many women are reaping wage gains as employers compete for a limited pool of workers, which is helping sup-

*Please turn to page A10*

◆ **Job openings declined, layoffs increased in January..... A2**

## Splash Of Color Marks Holiday

Millions in India celebrated the Holi festival on Wednesday, in which revelers cover each other in different colors. The Hindu holiday also marks the beginning of the spring season.



IDREES MOHAMMED/EPA/SHUTTERSTOCK

## Lavish Office Perks Disappear With Corporate Belt-Tightening

By ANNE MARIE CHAKER

The ping-pong tables have turned.

Companies are cutting back on prized employee perks from fancy coffee to free cab rides as they vow to trim costs and prioritize efficiency. These extras, above and beyond traditional healthcare and retirement plans, were meant to make workers want to join companies and stay there.

They have grown to be seen by some as a form of compensation, so the cuts can sting.

The cuts sometimes run alongside layoffs. Before Facebook parent Meta Platforms Inc. laid off 11,000 workers, it ended free laundry and dry cleaning services for employees. Twilio Inc., which has had two rounds of job cuts in five months, slashed its employee allowances for spending on wellness and books. Sales-

force, which is cutting 10% of global staff, is also dialing back a bevy of coveted benefits. Specialty-coffee baristas at the company's San Francisco tower were shown the door. The company cut ties with Trailblazer Ranch, a 75-acre wellness retreat that mixed skills training with yoga and hiking. Also gone: the extra paid day off every month Salesforce gave employees for

*Please turn to page A5*

## Videos of City Hall Pranks Lift A Tiny Town to Celebrity Status

The mayor of Oneonta, Ala., draws attention and visitors with TikTok clips

By STU WOO

ONEONTA, Ala.—To some Washington lawmakers, TikTok poses a national security threat. Oneonta Mayor Richard Phillips credits the app for putting his town on the map.

Mayor Phillips went viral with a series of TikTok videos suitably named "Mayor She-nanigans." In one of his first

videos, in 2021, he stops by the office of Police Chief Charles Clifton and asks, "Do we have a tank that I can drive?" The chief's eyes bulge in surprise. "Like with a cannon?" he asks.

TikTok users took a liking to the mayor's farcical requests and the earnest, unguarded responses of his staff. *Please turn to page A2*



**INSIDE**  
**U.S. NEWS**  
DOJ cites pattern of police abuse in Louisville in probe after Taylor killing. **A3**

## Shale Boom Wanes As Gushers Dry Up

By COLLIN EATON AND BENOIT MORENNE

HOUSTON—The boom in oil output that over the past decade made the U.S. the world's largest producer is waning, suggesting the era of shale growth is nearing its peak.

Frackers are hitting fewer big gushers in the Permian Basin, the U.S.'s busiest oil patch, the latest sign they have drained their catalog of good wells. Shale companies' biggest and best wells are producing less oil, according to data reviewed by The Wall Street Journal.

The Journal reported last year that companies would exhaust their best U.S. inventory in a handful of years if they resumed the breakneck drilling

pace of prepandemic times.

Now, recent results out of the Permian, spread across West Texas and New Mexico, are mimicking the onset of a production plateau that has taken place at other, more mature U.S. shale plays.

At a major industry conference here this week, executives cited the stagnation in shale, saying it signaled a return to more dependence on foreign energy sources and more challenging times ahead for major U.S. companies, after most of them posted record earnings last year.

"The world is going back to a world that we had in the '70s and the '80s," said ConocoPhillips Chief Executive Ryan Lance, during a panel at the *Please turn to page A8*

## Stakes in Firms Give Beijing New Control

'Golden share' holdings help Chinese state make sure companies hew to party agenda

By LINGLING WEI

In its uneasy dance with China's private sector, the Communist Party is moving away from a public battle with some of the country's biggest companies. Instead, it is inching toward a quieter form of control.

At the center of the effort is a push by various levels of government to take stakes in the private companies that have long driven Chinese innovation and job creation.

The government stakes are sometimes very small, like the 1% holding that a fund of Beijing's cyberspace watchdog recently took in the digital-media unit of e-commerce giant Alibaba

Group Holding Ltd. But they tend to give the government board seats, voting power and sway over business decisions. Colloquially, they are known as golden shares.

For the companies, there is little choice: Selling such a stake to a government entity that seeks one is crucial for staying in business. For the state, the stakes mean more direct involvement in some of China's most high-profile companies—digital cornerstones of Chinese life and, in some cases, darlings of global investors.

The government originally *Please turn to page A9*

◆ **Borrowing burdens Chinese cities..... A9**

U.S. NEWS

# Powell Says Data Are Key To Size of Next Rate Rise

By NICK TIMIRAOS

WASHINGTON—Federal Reserve Chair Jerome Powell said Wednesday officials were keeping their options open over how much to raise interest rates this month after investors interpreted his comments Tuesday to suggest a half-percentage-point increase was likely.

His comments over two days of congressional hearings show how the central bank is contemplating a shift in tactics to keep up with an economy showing surprising strength after a year of rate increases.

Mr. Powell said government reports on hiring and inflation in February, due for release over the coming week, would shape the outcome of the March 21-22 meeting.

“I stress that no decision has been made on this,” Mr. Powell told the House Financial Services Committee. He inserted those words ad lib into his opening remarks that were otherwise identical to testimony delivered Tuesday in the Senate, when he said officials were prepared to make a larger rate increase if warranted by “the totality of the data.”

His comments indicated Fed officials will debate whether to raise rates by a quarter-point, as they did last month, or by a half-point, as they did in December.

## Eberly Seen in Lead For Fed Vice Chair

WASHINGTON—Janice Eberly, a finance professor at Northwestern University, is the leading candidate for the No. 2 job at the Federal Reserve, according to people familiar with the matter.

The White House has homed in on Ms. Eberly in recent days as the front-runner to be nominated as Fed vice chair, the people said. President Biden hasn’t yet made a final decision.

Ms. Eberly, who has a Ph.D. in economics from the Massachusetts Institute of Technology, became senior associate dean at Northwestern’s Kellogg School of Management in 2020. During the Obama administration, she served as assistant Treasury secretary for economic policy, akin to the department’s chief economist.

The White House and Ms. Eberly declined to comment. Lael Brainard stepped down as Fed vice chair to become the director of the White House National Economic Council.

—Andrew Restuccia and Nick Timiraos

They raised their benchmark federal-funds rate to a range between 4.5% and 4.75% last month, their latest increase aimed at fighting inflation by slowing the economy. They slowed the pace of rate increases at their past two meetings after lifting them by 0.75-point at four consecutive gatherings last year.

Officials have spent the past 2½ months highlighting the benefit of slowing rate rises so they can better evaluate the impact of their past moves and explaining why the ultimate level of interest rates was more important than the magnitude of increase at a given meeting.

They have used quarterly interest-rate projections—which will be updated at their meeting in two weeks—to guide investors about their near-term intentions.

That had convinced many investors that the Fed had settled on a strategy of raising rates in quarter-point increments until officials saw enough evidence that the economy was slowing for them to suspend rate increases. So when Mr. Powell signaled a half-point rate rise was in play on Tuesday, it led to a significant shift in market expectations.

Mr. Powell opened the door to a larger rate increase this

week after several economic reports revealed hiring, spending and inflation were hotter in January than expected. Equally important, data revisions showed inflation and labor demand didn’t soften as much as initially reported late last year.

Employers added 517,000 jobs in January, a surge that shocked economists who were anticipating hiring to slow. The Labor Department is set to report on February hiring this Friday.

Meanwhile, inflation’s decline late last year stalled in January. The 12-month inflation rate, excluding volatile food and energy items, was 4.7%, up from 4.6% in December, as measured by the Commerce Department’s personal-consumption expenditures price index.

The data surprised the Fed, which has been trying to curb investment, spending and hiring by raising rates, which makes it more expensive to borrow and can push down the price of assets such as stocks and real estate. The fed-funds rate influences other borrowing costs throughout the economy.

Market expectations of a half-point, or 50-basis-point, Fed rate increase edged higher Wednesday after Mr. Powell’s remarks and after a government report showed job openings remained high in January.

# Imports, Exports Rise In Strong Start to Year

By YUKA HAYASHI AND ANTHONY DEBARROS

WASHINGTON—U.S. trade with the rest of the world grew in January, adding to signs the global economy started the year on a surprisingly strong note.

Imports grew 3% to a seasonally adjusted \$325.8 billion, reflecting increases in the shipments of automobiles and consumer goods such as cell-phones, toys and sporting goods, the Commerce Department said Wednesday. Exports rose 3.4% to \$257.5 billion, as the sale of pharmaceutical drugs and other consumer goods increased. Trade data isn’t adjusted for inflation.

As a result, the trade gap in goods and services expanded 1.6% in January to \$68.3 billion from December’s revised deficit of \$67.2 billion.

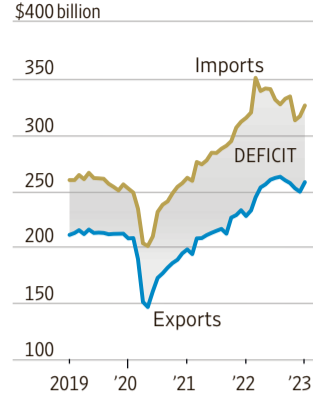
The trade data came against the backdrop of renewed signs of strength for the U.S. and global economies. In the U.S., consumers continue to spend more amid strong job growth.

Europe has also started the year with vigor, propelled by lower energy prices. China emerged from Covid-19 lockdowns, though trade showed sizable declines in the first two months of the year.

Many economists expect that actions of the Federal Reserve and other central banks will cool trade activities in the coming months.

Imports of services increased in January as more Americans

U.S. monthly trade in goods and services



Note: Balance of payments basis; seasonally adjusted. Source: Commerce Department

traveled overseas. Services exports declined amid decreased spending on transportation.

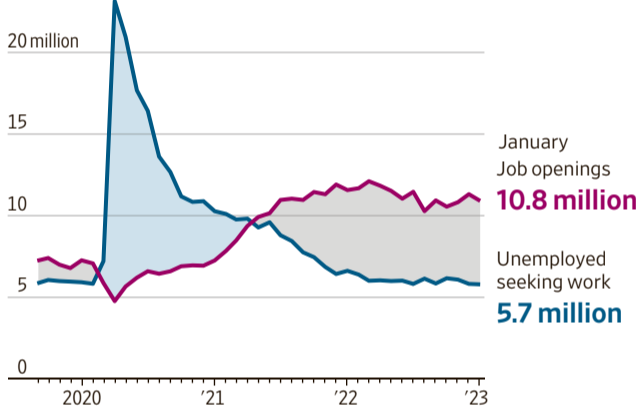
Goods exports to China fell 5% in January to \$13.1 billion, despite the easing of pandemic lockdowns in the country.

Although imports of goods from China ticked up slightly in January, on a 12-month basis they fell to \$527.2 billion—the fourth monthly decrease in a row. That softening reverses steady growth that began in September 2020.

The U.S.’s combined exports to Canada and Mexico, meanwhile, rose 3.1% to \$54.3 billion, and imports expanded 3.6% to \$71.4 billion. January’s exports to the European Union grew 1.5% to \$30.9 billion, while imports fell 3.1% to \$47.3 billion.

# Job Openings Declined, Layoffs Increased in January

U.S. job openings vs. unemployed people seeking work



Note: Seasonally adjusted. Source: Labor Department

By BRYAN MENA

U.S. job openings fell in January and layoffs rose in a sign that demand for workers could be cooling a little in the historically tight labor market.

There were a seasonally adjusted 10.8 million job openings in January, the Labor Department said Wednesday, down from December’s upwardly revised 11.2 million. The government figures join private-sector estimates through February showing early signs of cooling demand for U.S. workers.

January’s total was down from a record 12 million last March, according to revised 2022 data, but still well above

7 million openings in February 2020. January openings exceeded the 5.7 million unemployed workers looking for work by nearly 2 to 1.

Openings fell sharply in the information, construction and real-estate sectors in January from the prior month, while leisure-and-hospitality and retail openings grew.

“The labor market is still very strong and the main reason for that is labor shortages because we’re seeing the biggest job gains in those industries that haven’t yet fully rehired everyone who was let go during the pandemic,” said Dana Peterson, chief economist at the Conference Board.

Layoffs increased to a seasonally adjusted 1.7 million in January from 1.5 million in December. January layoffs rose about 20% compared with a year earlier, but they remained below prepandemic levels.

The revised figures showed that layoffs were higher than previously reported last year and began to slightly increase in the second half of 2022, Nick Bunker, an economist at jobs site Indeed, said in a note.

Meanwhile, the revisions showed that quitting was slightly lower than previously reported in 2022, he added.

The job market remains solid. Employers added more than half a million jobs in Janu-

ary, and unemployment fell to a 53-year low of 3.4%. A job-postings index by Indeed showed that available jobs advertised online fell throughout February but remain well above prepandemic levels.

While many businesses continue to hire, a wave of layoffs has rippled across the economy, mostly in white-collar industries.

Employers in leisure and hospitality drove January’s robust job growth, adding 128,000 jobs that month, up from 2022’s average of 89,000 a month. Healthcare companies such as doctors’ offices and outpatient facilities also added jobs at a strong pace.



Richard Phillips, right, the mayor of Oneonta, Ala., persuaded workers at a cafe to dance with him on the city’s main drag for a video. Fans on TikTok took a liking to the mayor’s farcical requests.

## A Mayor Wins Fame On TikTok

Continued from Page One

A relaxed Alabama drawl adds local color. Fans say it’s like a Southern version of the TV show “Parks and Recreation,” which is set in the fictional city of Pawnee, Ind. Oneonta’s TikTok account now has 117,000 followers—around 17 viewers for each of its 7,000 residents—and has tallied millions of views.

“This has got to be a joke,” the mayor recalled thinking when he stood smiling alongside a TikTok-inspired visitor. The woman drove two hours from Georgia to take a photo with him in Oneonta (ON-e-on-tuh). He has since used his celebrity to try to draw attention to local tourist attractions, including three wooden covered bridges nearby.

Washington officials fear that the video platform’s Chi-

nese owner, ByteDance Ltd., could give Chinese officials a means to snoop on Americans or distribute propaganda. The U.S. has banned federal employees from using TikTok on work devices, and Congress is debating a ban on the app nationwide. TikTok says it doesn’t pose a threat.

Mr. Clifton, the police chief, sees minimal risks for his city. “What’s the Chinese government seeing from the Oneonta police department that’s going to help them?” he said.

Mayor Phillips, a 41-year-old Oneonta native, started the city’s TikTok account after winning the 2020 mayoral race, a leadership role that inspired his municipal levity. “I wanted to make City Hall seem like more than just a place to pay a parking ticket,” he said.

When he asked Mr. Clifton about driving a tank, he recorded the conversation with a phone hidden in his crossed arms. He later asked the chief’s permission to upload the video.

“I’d figure, like, nine people would see it,” the mayor said. He posted the video early one morning and hopped in the shower. “When I came out, it

went from two views to, like, 400,000,” he said. It now has more than nine million views.

Mr. Clifton didn’t know anything about TikTok, he said. Now, he is a TikTok personality. One video shows the aftermath of a prank by a police officer and firefighters who rigged the chief’s truck to honk when he hit the brakes. Another shows a tit-for-tat prank: filling an officer’s dashboard vents with confetti. Mr. Clifton hopes the videos humanize police officers and entice prospective recruits in the TikTok audience. “It’s where the kids are,” the 51-year-old chief said.

The first trick is to grab the viewer right away, Mayor Phillips said. One of the city’s most-popular videos opens with the mayor asking Dalton Farmer, the human-resources director, “Will you come help me get these chickens out of the lobby?” Mr. Farmer furrows his eyebrows and silent stares for about three seconds before saying, “What?” The mayor repeats the question. Mr. Farmer, a bearded 29-year-old, mutters, “Oh my gosh,” removes an AirPod and stands to help.

The performance made Mr. Farmer an unlikely sex symbol. “Dalton is mad cute,” one comment said. “Is Dalton single?” another asked. The videos also earned Mr. Farmer star treatment at a recent conference for municipal human-resources directors. *Aren’t you that guy from TikTok?* people asked. The whole thing could be laced with irony, he said: “Maybe I look like a typical office man.”

The city clerk stars in her own video. The mayor asks about the city’s jelly-bean supplier. “What jelly beans? What are you talking about?” she says. In another, hizzoner asks a front-desk employee to help him set up a petting zoo in the lobby. “Fun!” she says excitedly. “That’s a neat idea.”

Everyone at City Hall has wised up. “After a while, we

started catching on when he started acting funky,” said city administrator Allie Alcorn, 31. “So, he had to chill.”

The mayor recently headed to a cafe to ask young workers if they wanted to dance with him in the middle of Oneonta’s main drag to the Miley Cyrus song “Flowers.”

“I need five of you,” Mayor Phillips said. He gave his phone to one of the workers

while he and four others went outside for a dry run. “Let’s let this truck go by. I can’t get kids killed,” he said. They did a shimmy in one take.

The video hasn’t generated the same buzz as earlier hits, only 7,000 views so far. “Even if we get a thousand views,” the mayor said, “that’s a thousand people who learn about our community and what they can do here.”

## CORRECTIONS & AMPLIFICATIONS

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U.S. NEWS

# DOJ Cites Pattern of Police Abuse in Louisville

BY SADIE GURMAN AND BEN KESLING

The Justice Department on Wednesday faulted the Louisville Metro Police Department for widespread unconstitutional practices in a probe launched after the 2020 killing of Breonna Taylor. It also said it would examine the role of special police units following the deadly January beating of Tyre Nichols in Memphis.

A sweeping, two-year investigation following Ms. Taylor's killing found officers routinely used excessive force, made illegal arrests and discriminatory traffic stops, and unlawfully executed search warrants without knocking and announcing their presence, among other civil-rights viola-

tions that had a disproportionate impact on Black people.

Louisville officers videotaped themselves throwing drinks at pedestrians from their cars, assaulting people with disabilities and targeted Black people for stops and searches, calling them "monkeys, animal and boy," the report found, among other systemic abuses.

"This conduct is unacceptable. It is heartbreaking. It erodes the community trust necessary to effective policing," Attorney General Merrick Garland said in announcing the findings in Louisville, where he appeared alongside the city's mayor and police chief. Mr. Garland said the Justice Department's findings were well-summarized by a

police supervisor who said, "Breonna Taylor was a symptom of problems that we have had for years."

The blistering 90-page report is the latest step in a process leading to a court-enforceable settlement spelling out specific changes the police department in Kentucky's largest city must make to improve its force. The Louisville Metro Police Department has already begun making changes as part of a settlement with the family of Ms. Taylor, who was shot to death in her home during a botched police raid.

Federal prosecutors in August charged four former Louisville Metro Police Department officers in Ms. Taylor's death, accusing the officers of several crimes, including lying

to obtain the warrant used to search Ms. Taylor's home and then staging a coverup. One of the four has pleaded guilty and three have pleaded not guilty. One of the officers involved was acquitted in state court on charges of wanton endangerment.

The broader "pattern-or-practice" investigation found the department for years "practiced an aggressive style of policing that it deploys selectively, especially against Black people, but also against vulnerable people throughout the city."

Investigators over almost two years conducted hundreds of interviews with residents, judges, attorneys and activists; rode along with police officers; and reviewed thousands of

documents and body-camera footage, said Kristen Clarke, head of the Justice Department's Civil Rights Division.

"This report paints a painful picture of LMPD's past, but it helps point us in the right direction for our future and to the next phase in the process of police reform in Louisville," Mayor Craig Greenberg said.

A representative of Louisville's police union didn't respond to requests for comment.

The Justice Department under Mr. Garland has opened several similar investigations in Minneapolis, Phoenix, Oklahoma and elsewhere. The far-reaching probes are one way in which the Biden administration has taken an active role in trying to transform local law enforcement in the face of

outrage over the killings of Ms. Taylor and other Black people, which fueled nationwide protests.

The Justice Department separately said Wednesday it would examine the Memphis Police Department policies on use of force and de-escalation after the fatal beating of Mr. Nichols and would more broadly review the use of specialized units around the country. Mr. Nichols was pulled over on Jan. 7 in a traffic stop by a so-called Scorpion team, a crime-fighting unit in the Memphis police force that residents have accused of violent tactics.

Five former Memphis police officers pleaded not guilty last month to second-degree murder and other charges in connection with Mr. Nichols's death.



A superconductor at an extremely low temperature levitated above magnets at Rochester.

## New Superconductor Is Called a Breakthrough

Scientists' creation has potential to realize efficient electrical grid and better battery life

BY AYLIN WOODWARD

U.S. scientists say they have produced the first commercially accessible material that eliminates the loss of energy as electricity moves along a wire, a breakthrough that could mean longer-lasting batteries, more-efficient power grids and improved high-speed trains.

Materials that can conduct electric currents without any loss—so-called superconductors—have been wildly impractical because they typically need to be extremely cooled, to around minus 320 degrees Fahrenheit, and subjected to extreme pressure to work.

Now, a group of researchers at the University of Rochester report that they have created a new superconductor that can operate at room temperature

and a much lower pressure than previously discovered superconducting materials.

The breakthrough has the potential to create lossless electrical grids, and better and cheaper magnets for use in future nuclear fusion reactors, among other things, according to Ranga Dias, assistant professor of mechanical engineering and physics at Rochester, who led the breakthrough work. That is because perfect conductors that work in everyday, ambient conditions don't require expensive, large cooling systems.

"We could magnetically levitate trains above superconducting rails, change the way electricity is stored and transferred, and revolutionize medical imaging," Dr. Dias said.

Superconductors demonstrate what physicists call the Meissner effect, when a material expels its magnetic field. If you put a superconductor near a magnet, it will levitate, he added.

In 2020, his group reported

that they had created a superconductor made up of a hydrogen, sulfur and carbon combination that operated at roughly room temperature. The catch was it only worked after being baked by a laser and crushed between the tips of two diamonds to a pressure greater than that found in the center of the Earth, in a device known as a diamond anvil cell.

For the new study, published Wednesday in the journal Nature, the researchers tweaked their superconductor recipe—adding nitrogen and a rare-earth metal known as lutetium to the hydrogen instead of sulfur and carbon—and again heated and squeezed it in the diamond anvil cell.

They named the resulting material "reddmatter," which they found could exist at 69 degrees Fahrenheit and 145,000 pounds per square inch of pressure—about 1/360th of the pressure in Earth's core. That is about a 10-degree Fahrenheit increase in temperature and a drop to

Researchers at the University of Rochester revealed they created a superconductor dubbed 'reddmatter.' Usually these materials operate at extreme temperatures and pressures. But 'reddmatter' works at room temperature and a lower pressure than other superconducting materials.

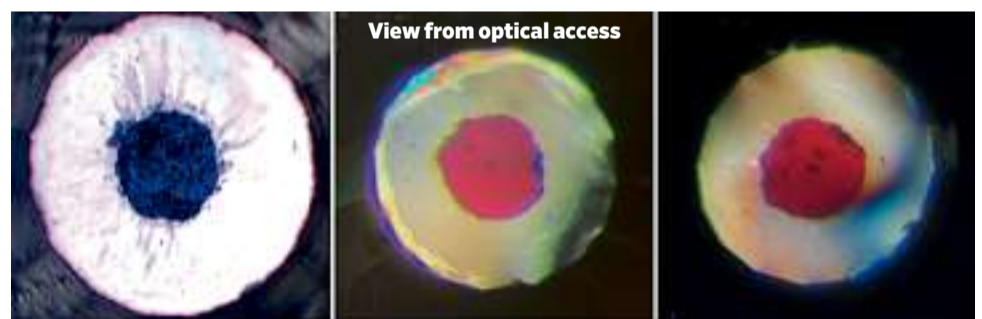
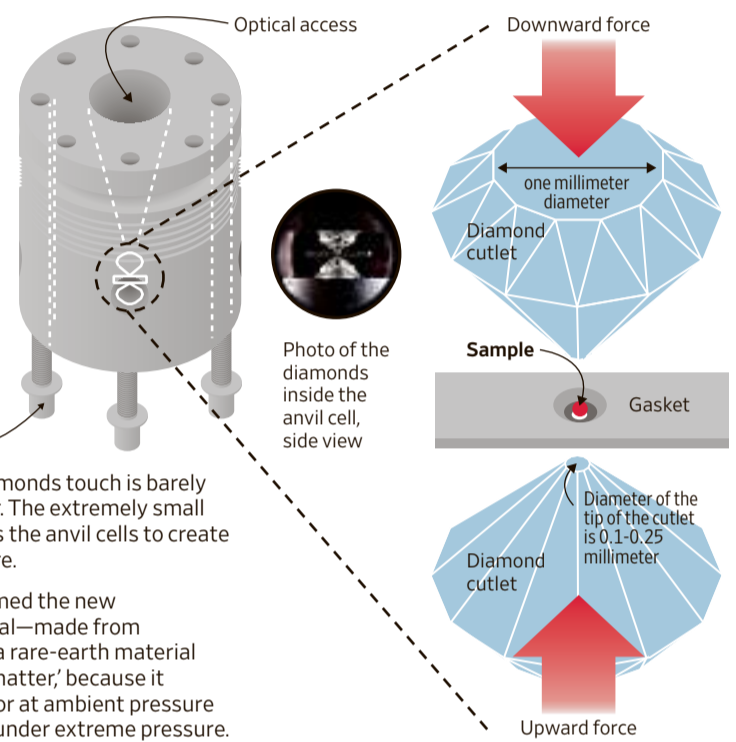
Here's how the researchers achieved it.

These 'reddmatter' samples were made and studied in a device called a **diamond anvil cell**, or DAC. The device enables scientists to test materials under different pressures to see if those materials are superconducting, while also tweaking the temperature with a laser.

Screws are tightened to create force on the diamonds and sample inside

The place where the diamonds touch is barely wider than a human hair. The extremely small area of their tips enables the anvil cells to create immense pressures there.

The researchers nicknamed the new superconducting material—made from hydrogen, nitrogen and a rare-earth material named lutetium—'reddmatter,' because it changed from a blue color at ambient pressure to pink, then bright red, under extreme pressure.



Photos: J. Adam Fenster and Ranga Dias, University of Rochester  
Source: Ranga Dias et al., University of Rochester

Brian McGill/THE WALL STREET JOURNAL

about 1/1,000 of the pressure compared with its predecessor from 2020.

"These results are a breakthrough for the scientific community that was enabled by [Dr. Dias's] keen chemical intuition," said Stanley Tozer, a research scientist at the National

High Magnetic Field Laboratory at Florida State University.

While a far cry from the pressure people experience at sea level—about 15 psi—the new pressure is within "a range where engineers can jump on and make a commer-

cially viable product," Dr. Tozer said. Engineers and material scientists can achieve pressures around 145,000 psi using specialized techniques and instruments involved in chip manufacturing and synthesizing diamonds, for instance.



TAG HEUER BOUTIQUE  
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BEYOND THE EDGE

TAG HEUER AQUARACER

U.S. NEWS

Senate Votes to Block D.C. Crime Law

By SIOBHAN HUGHES

WASHINGTON—The Senate voted 81 to 14 to block the District of Columbia's recently revised criminal code...

made the city less safe. But he also nodded to the broader political debate, saying: "Violent crime has become an epidemic in America. This resolution is a referendum on it."

Opponents of the congressional action have "one simple message for Congress and President Biden: Keep your hands off D.C.," said Democrat Eleanor Holmes Norton...

Senate Republicans were joined by 33 Democrats in backing the measure. Fourteen Democrats voted no, with Democratic Sen. Raphael Warnock of Georgia voting present.

Congress has authority under federal law to review the city's laws before they take effect. Lawmakers have routinely added riders to spending bills to nullify D.C.

measures on issues including drugs and abortion, but haven't formally blocked a D.C. law since 1991, when Congress stepped in to stop a building that would have exceeded the city's height limits.

33

Democrats who joined with the GOP in the vote

The House last month approved the measure to block the criminal-code changes. Then, after several Senate Democrats voiced support for the bill, Mr. Biden said last week he would sign it into law...

idents and potential staidhood, but they were also sensitive to looking soft on crime.

Mr. Biden's statement reversed a position staked out just weeks earlier by his White House, which had said that Congress should respect the city's right to govern its own local affairs.

The city's criminal-code revisions would, among other things, eliminate almost all mandatory minimum sentences and reduce the maximum punishments for certain crimes...

misdemeanors involving penalties of less than six months, which she said would strain the judicial system.

Proponents of the D.C. code say the changes have been misunderstood and misrepresented. The overhaul also would have added new tools to crack down on crimes...

"The facts—they've been so distorted away from the truth," said Sen. Cory Booker (D., N.J.), who made a plea in a closed-door Senate lunch Tuesday...

Medicine, Defense Focuses of Budget

WASHINGTON—President Biden's budget blueprint will lay out plans to save hundreds of billions of dollars by seeking to lower drug prices...

By Andrew Restuccia, Richard Rubin and Stephanie Armour

Mr. Biden is set to release his fiscal 2024 budget plan on Thursday. Administration officials said it would propose cutting federal budget deficits by nearly \$3 trillion over the next decade.

The document also is expected to lay out the president's priorities for the next two years and shed light on possible themes of his expected re-election campaign.

Mr. Biden is expected to call for a defense budget of more than \$835 billion, according to people familiar with the matter.

The White House said the budget will outline a plan requiring that insurance companies that run Medicaid Managed Care programs pay back Medicaid if companies charge more than the cost of patient care.

The proposal would save \$20 billion over 10 years, the White House said, and is similar to what is already required of Medicare Managed Care plans.

A series of new prescription drug-related proposals would save more than \$200 billion over a decade by imposing new rules on the pharmaceutical industry, according to the White House.

Mr. Biden also will propose extending the solvency of a key Medicare trust fund by at least 25 years.

U.S. WATCH



ANOTHER RAIL MISHAP: A rockslide on the tracks caused an empty CSX coal train to derail Wednesday inside the New River Gorge National Park and Preserve in West Virginia.

Drug Didn't Prevent Memory Loss in Study

An experimental drug from Eli Lilly & Co. failed to prevent memory loss in a study of healthy older people with a high risk of developing clinical Alzheimer's disease.

The drug was no better than a placebo over about 4½ years of treatment at slowing patients' decline in areas including memory and the ability to plan and complete tasks.

the amyloid protein in their brains, known as plaques, a biological hallmark of Alzheimer's that is a risk factor for developing memory problems and other symptoms from the disease.

"We did not have high hopes that the study was going to work," said Mark Mintun, Lilly group vice president of neuroscience research and development.

—Joseph Walker

City Council Passes Rent-Control Measure

The Boston City Council approved a rent-control measure that aims to keep a tighter lid on rising costs in one of the nation's most expensive regions.

The measure would cap rent increases at the Boston metro consumer-price index plus 6%, not to exceed 10% rent increases in a year.

The plan also includes measures aimed at preventing evictions without an adequate

cause, such as failing to pay rent or using the property for illegal purposes.

The proposal came from Mayor Michelle Wu, a Democrat who has made rent control one of her main housing priorities since taking office in New England's largest city in late 2021.

A real-estate trade and lobbying group has already launched a six-figure spending campaign aimed at swaying Bostonians, arguing that rental rules will dissuade developers the region needs to build more housing.

—Jon Kamp

Advertisement for IYD (International Youth Development) featuring a man in a blue shirt and text: 'HELP EARTHQUAKE SURVIVORS IN SYRIA AND TÜRKIYE'. Includes logos for UN WFP and World Food Program USA.

Crypto's Silvergate To Close

Continued from Page One it one of the few non-crypto companies to go out of business as a result of the market rout. A handful of banks took a chance on crypto customers that other lenders wouldn't touch.

Those customers rushed to pull their deposits out of Silvergate following the FTX collapse. A subsequent regulatory crackdown, in turn, spooked banks serving crypto companies, prompting them to back away from the business.

In 2013, the bank was a commercial real-estate lender with a handful of branches in the San Diego area in search of deposits. It opened up to

crypto companies the next year, and its deposits grew dramatically, with nearly all of them coming from the digital-currency world.

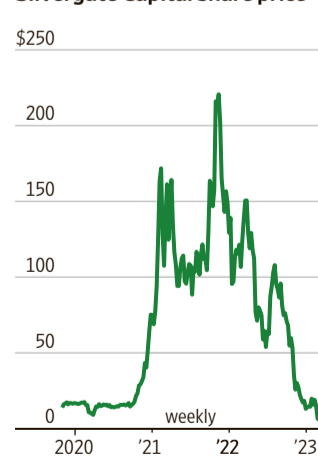
The bank sold most of its traditional business to concentrate on crypto companies and institutional investors, providing banking services to exchanges such as FTX, Coinbase and Kraken.

Instead of tying its deposits up in loans, the bank kept almost all of them in cash or easy-to-sell securities. That allowed it to meet withdrawals that ballooned into the billions.

The Silvergate collapse leaves the struggling crypto industry with one less bank. Regulators have been raising concerns about banks' crypto exposure, leading them to rethink any exposure to the crypto sector, no matter how small.

regulators warned banks about liquidity risks related to cryptocurrency deposits. The push from banking regulators is part of a broader crackdown that threatens to sever digital currencies from the real-world financial system.

Silvergate Capital share price



about liquidity risks related to cryptocurrency deposits.

The push from banking regulators is part of a broader crackdown that threatens to sever digital currencies from the real-world financial system.

While the crypto industry often pitched itself as an alternative to banks, it still relies heavily on banks to link up with a financial system that runs on hard currencies such as dollars and euros.

able customers to move money in and out of digital currencies.

Silvergate disclosed last week that it sold more securities in January and February and the losses from those sales might leave the bank "less than well-capitalized."

Following the disclosure, crypto companies including Coinbase Global Inc., Circle Internet Financial, Paxos Trust Co. and Galaxy Digital Holdings Ltd. cut ties with the bank.

On Friday, the bank said that its Silvergate Exchange Network, a special payments network popular with crypto customers, would shut down.

California Department of Financial Protection and Innovation Commissioner Clothilde Hewlett said the regulator "is monitoring the situation closely to facilitate the safe and expeditious voluntary liquidation of Silvergate."

—David Benoit contributed to this article.

## U.S. NEWS

# Covid's Origins Remain Murky, Spy Chief Says

By DUSTIN VOLZ

WASHINGTON—The Chinese government's refusal to cooperate on investigations into the origins of the Covid-19 pandemic has hindered the U.S.'s ability to determine whether the virus emerged naturally or was the result of a lab leak, a senior U.S. intelligence official said Wednesday, while Republicans signaled their support for the leak hypothesis was growing.

"China has not fully cooperated, and that is a key critical gap that would help us understand what, exactly, happened," Director of National Intelligence Avril Haines said during a hearing of the Senate Intelligence Committee. She committed to continuing to investigate the emergence of the virus, which has killed millions worldwide.

Questions about the pandemic's origins were rekindled last month after The Wall Street Journal reported the U.S. Energy Department had come to believe, albeit with low confidence, that the virus most likely had leaked out of a Chinese laboratory. The Energy Department had previously been undecided on how the virus emerged.

The Journal also noted that the Federal Bureau of Investigation had come to that conclusion in 2021 with "moderate confidence" and still holds to that view. Four other agencies, along with a national intelligence panel, judge that it was likely the result of a natural transmission with "low confidence," and two are undecided.

Appearing during an annual hearing on worldwide threats to the U.S., Ms. Haines confirmed the Energy Department had slightly changed its deter-

mination, adding that its conclusion stemmed from different factors than those that had informed the FBI.

"So you can see how challenging this has been across the community," she said.

Ms. Haines's position prompted a response from Sen. Susan Collins, who said the weight of the circumstantial evidence pointed to an accidental lab leak.

"I just don't understand why you continue to maintain on behalf of the intelligence community that these are two equally plausible explanations," said Sen. Collins (R., Maine). "They simply are not."

China, which has placed limits on investigations by the World Health Organization, has disputed that the virus could have leaked from one of its labs and has suggested it emerged outside China.

FBI Director Chris Wray, appearing alongside Ms. Haines and the chiefs of other intelligence agencies, reiterated that his agency, which employs microbiologists and other scientists, has "long assessed, going back all the way to the summer of 2021, that the origin of the pandemic was likely a lab incident in Wuhan" in China.

Ms. Haines, who oversees the nation's fleet of intelligence agencies, said the long-held view of the broader intelligence community is that there are two plausible hypotheses: that Covid-19 was either the result of natural exposure to an infected animal or an incident at a laboratory.

## Watch a Video



Scan this code for a video on China's response to claims about Covid's origin.



U.S. Navy sailors in February prepared material recovered in the Atlantic Ocean from a Chinese balloon shot down by the Air Force.

# GOP Senators, in Letter, Ask Pentagon About Communications on Spy Balloon

By NANCY A. YOUSSEF

Two Republican senators said the Pentagon had been insufficiently forthcoming about who in the Biden administration was informed about a suspected Chinese spy balloon that flew over the U.S., and when.

In a letter to the Pentagon leadership Wednesday, Sens. Roger Wicker of Mississippi and Marco Rubio of Florida said the Defense Department was "spearheading a communications strategy that aims to hide the administration's early missteps."

Last month a U.S. fighter jet shot down the suspected Chinese spy balloon off the coast of South Carolina. At issue in the correspondence between the Pentagon and the senators is a dispute over when the senior leadership of the Pentagon learned of the

balloon—and why the military waited to shoot it down until it had crossed much of the continental U.S.

On Feb. 8, Sens. Wicker and Rubio wrote to Defense Secretary Lloyd Austin and Director of National Intelligence Avril Haines, asking when Mr. Austin and Army Gen. Mark Milley, the chairman of the Joint Chiefs of Staff, knew of the balloon's trajectory and when the military began crafting options for the White House. The senators also asked how the U.S. plans to better secure its airspace. At least three prior incidents occurred during the Trump administration and one other during the Biden administration, the Pentagon has said.

On Feb. 27, Colin Kahl, the Undersecretary of Defense of Policy, referred the senators to prior congressional testimony. In a second letter Wednesday,

the senators asked for more details.

In the letter, the two Republicans said that they had learned that Gen. Glen VanHerck, commander of the North American Aerospace Defense Command, notified his superiors about the balloon on Jan. 28, when it was over the Aleutian Islands.

"But it is our understanding you did not learn of the balloon until at least a few days later, by which point the balloon had traversed Alaska and Canada and re-entered the United States," they wrote to Mr. Austin.

The Pentagon declined to comment about the letters. But the Pentagon said in a statement that Mr. Austin learned about the balloon Jan. 27, one day before it entered U.S. airspace. Once it was over Aleutian Islands and Alaska, "the

NORAD/NORTHCOM commander assessed that the balloon did not present a physical or military threat to North America and could not take immediate action as it was not demonstrating hostile action or intent," the Pentagon said, and the commander sought higher-level authority to take action.

The Pentagon said President Biden authorized the Feb. 4 operation to shoot the balloon down on Jan. 31. The department wouldn't say when it informed the president about the balloon and by whom.

After the downing of the balloon, the U.S. military shot down three other objects flying over Alaska, Canada's Yukon territory and Lake Huron that officials now believe were recreational balloons. Since Feb. 12, U.S. radar hasn't spotted any new objects, defense officials said.

# Workplace Perks Begin To Vanish

Continued from Page One well-being.

Tech companies have long been renowned as employee-first meccas that could easily afford amenities like free meals, fitness classes and game rooms decked out with ping-pong tables and other diversions. Recent trims to tech's workplace embellishments come as more companies acknowledge they grew too quickly during the pandemic.

The moves also signal a power shift in the boss-worker dynamic, said Dan Cable, professor of organizational behavior at London Business School. Employees quickly acclimate to all the extra benefits on offer to make them feel good about their jobs, so they are mainly noticed only when they disappear, he said.

"When you take that away, there's a feeling of anger, even pain," Prof. Cable said.

Grousing aside, many people who were laid off said they would have preferred job security to freebies.

"I would rather have the perk eliminated and for me to keep my job," said Michelle Repp, a Sioux Falls, S.D., product manager who joined Twilio last year as a remote worker.

Ms. Repp said one benefit that attracted her to Twilio was its Recharge program—a monthlong sabbatical the company offered to certain employees. Twilio said in mid-February that it would sunset the program, when Ms. Repp was laid off.

Twilio said it hasn't touched benefits like medical insurance, retirement plans and the employee stock-purchase program.

Free food is on the chopping block at some companies.

Meta said it shifted its bus shuttle times to leave by 6 p.m. and pushed back its dinner service to later. The move discourages workers from staying just long enough to eat a free meal. To-go containers also vanished from the cafeteria.

A Meta spokesman said the



BERNARD VON JUTZCZENKA/PICTURE ALLIANCE/GETTY IMAGES

Tech companies took perks to another level over a decade ago, for a college-fraternity vibe. Games at Facebook's Berlin office.

company has adjusted on-site services and amenities to better reflect the needs of its distributed workforce.

Perks, such as free meals, paid birthdays off and employee discounts—all of which rank highly—help employees feel more rewarded, so much so that the extras might be viewed as a form of compensation, said Tony Guadagni, a senior principal at Gartner Inc. who studies employee perceptions of what it calls nontraditional boutique benefits. But they are also an investment.

"These were no longer low-cost perks," he said. "An offer of a 6 p.m. dinner every night adds up quickly."

## At Meta, to-go containers disappeared from the cafeteria.

Less beloved perks include corporate outings for families and subscription services, such as monthly wine clubs, according to Gartner's annual survey of rewards.

When office workers went remote in early 2020, life without some perks took adjustment. Google told employees in 2020 that they couldn't expense meals while working from home as a replacement for free meals offered at the office. A company spokesman declined to comment.

Some companies piled on extras to entice workers back to offices, adding bars, outdoor terraces and other elabo-

rate lounge areas.

Goldman Sachs helped cover the cost of cabs to and from work as an alternative to public transportation. (The bank now offers rides home for employees who work late into the evening.) Goldman, which offered free breakfast and lunch in the aftermath of the pandemic, canceled those meals last year. In January, free coffee disappeared from the Sky Lobby on the 11th floor of Goldman's New York headquarters. A bank spokeswoman said free drip coffee and espresso drinks are still offered on each floor.

The traditional calculus, employment benefits experts said, has been that perks cost employers relatively little but help buy them the loyalty of their masses. Extras like snacks and an on-site gym enticed many workers to stay at the office for longer.

Tech companies took perks to another level, introducing a culture more than a decade ago that bridged a grown-up world with a college-fraternity vibe. Pets came to work, hoodies replaced suits and colleagues blew off steam in music rooms and game areas.

James Arnold, a Meta recruiter who got laid off in November, said he and most of his team worked remotely, so on-campus benefits didn't filter down to them. In recent weeks, several other companies have rolled back remote work options, including financial-services company USAA and Walt Disney Co.

"I guess my favorite perk was working remotely," said the 40-year-old, who lives on Oahu, Hawaii.

IN MEMORIAM

# Marvin H. Davidson

1935-2023



Davidson Kempner Capital Management would like to honor its Founder, Marvin H. Davidson, who passed away on February 28, 2023 at the age of 87.

Marvin founded M.H. Davidson & Co. in 1983, which later became Davidson Kempner Capital Management. His business acumen, disciplined approach to risk management and dedication to mentorship characterized his successful career.

Marvin's vision and foundational values were instrumental in shaping what Davidson Kempner represents today and his legacy will live on. Since retiring from Davidson Kempner in 2003, he remained a close friend of the firm.

Beyond his professional achievements, Marvin was a dedicated family man, philanthropist and champion for the wellbeing of others. Our deepest condolences are with Marvin's family.

Davidson Kempner  
Capital Management LP

U.S. NEWS

# Abortion Pill Fight Engulfs Walgreens

Chain draws heat after halting sales in several states, in latest sign of fast-shifting landscape

By JENNIFER CALFAS

Pharmacies and medication abortion are emerging as contentious political battlegrounds in the increasingly complex issue of abortion access in the U.S.

**Walgreens Boots Alliance Inc.** has found itself at the center of the fray after the pharmacy chain said it wouldn't dispense the abortion pill in states where abortion is illegal and in several states where it is currently legal, including Alaska, Iowa, Kansas and Montana, given the "complexity and flux" of the laws.

The move won praise from some Republican politicians but sparked backlash from several Democratic leaders. California said on Wednesday that it was dropping a multi-million-dollar contract with the company.

GOP state attorneys general last month sent Walgreens letters outlining their legal arguments against the Food and Drug Administration's move to loosen restrictions on the abortion pill. **CVS Health Corp.** received similar letters.

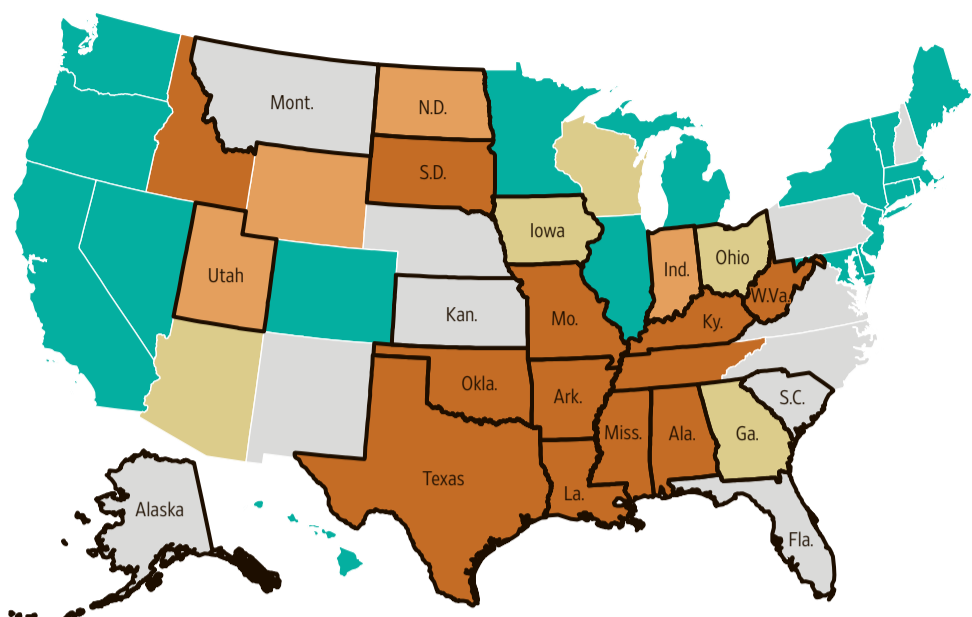
California Gov. Gavin Newsom said Monday the state wouldn't do business with Walgreens "or any company that covers to the extremists and puts women's lives at risk."

On Wednesday, Mr. Newsom's office said the California Department of General Services was withdrawing the planned renewal of its contract with Walgreens to provide specialty prescription drugs, mainly for the department of corrections. The state has paid about \$54 million to Walgreens under the contract, Mr. Newsom's office said.

A Walgreens spokesman reiterated the company's plan to dispense medication abortion where it is legally allowed — in-

**States whose attorneys general wrote Walgreens about dispensing the abortion pill**

- Near-total abortion ban
- Could soon ban nearly all\*
- Could revive unenforced ban†
- Neither banned nor protected
- Access to abortion protected



\*Trigger ban or near-total post-Dobbs ban temporarily blocked or not immediate †No trigger ban but has unenforced near-total pre-Dobbs ban or six-week ban (one in effect) Note: Laws as of Feb. 9. Sources: Walgreens; Guttmacher Institute; staff reports

cluding in California. The company is still in the process of seeking certification to dispense mifepristone, the drug that blocks a hormone needed to sustain pregnancy.

"We are deeply disappointed by the decision by the state of California not to renew our longstanding contract due to false and misleading information," the spokesman said in a statement Wednesday evening.

Illinois Gov. J.B. Pritzker met with leaders at the Illinois-based company and urged them to reconsider their decision. Six Democratic U.S. senators sent a letter to Walgreens Chief Executive Rosalind Brewer this week seeking to clarify the company's policies. The senators wrote that declining to dispense medication abortion in states where it is legal "would be a betrayal of your customers."

Former Vice President Mike Pence, meanwhile, praised the state attorneys general who

sent the letters and Walgreens in a speech last weekend. "Americans don't want their pharmacies to become abortion facilities," Mr. Pence, a Republican, said. "I commend Walgreens for yielding to the rule of law."

The political furor is the latest example of the quickly shifting landscape that has

## A lawsuit in Texas could upend nationwide access to mifepristone.

emerged since the U.S. Supreme Court overturned *Roe v. Wade* in June, returning the question of abortion's legality to the states. In less than a year, new and newly enforced state laws have created a patchwork of access. About a dozen states have enacted

near-total bans that restrict both surgical and medication abortions. Other states have added new protections and bolstered existing ones.

A lawsuit in Texas could upend nationwide access to mifepristone. Abortion opponents sued the FDA and Department of Health and Human Services in November in an attempt to undo the approval of the abortion-inducing pill. Two other lawsuits filed in January challenge states that have restricted medication abortions.

"This is what we are in store for," said Rachel Rebouché, dean of Temple University's law school and an expert on reproductive-health law. "The center of the abortion debate in this country will be over pills, in part because they are really hard to stop."

Medication abortion made up more than half of all abortions in 2020, according to the Guttmacher Institute, a research group that supports abortion rights and tracks na-

tional and state statistics.

A medication abortion requires taking mifepristone and then misoprostol, which causes uterine contractions. The FDA approved the use of mifepristone in 2000 for up until seven weeks in pregnancy and later extended that to 10 weeks. The FDA relaxed restrictions around the drug in 2021, allowing patients to get mifepristone without an in-person visit to a hospital or doctor.

The FDA in January expanded access further, allowing bricks-and-mortar pharmacies like Walgreens to dispense the drug for the first time. Walgreens, followed by other major chains like CVS, said it would seek certification to dispense mifepristone in states where abortion is legal. Antiabortion groups and lawmakers are pushing back. Activists have protested outside of pharmacies—and some interrupted Walgreens' annual shareholders meeting.

"It's really going to be part of the standard protocol of community pro-life groups to have a regular presence outside of pharmacies as we get further and further into this," said Kristan Hawkins, president of Students for Life of America.

Kirsten Moore, director of the Expanding Medication Abortion Access Project, said she believes it will take time for pharmacies to get certified and for the FDA's new policy to sort out. "We, as the advocates on the abortion care side, just have to keep our heads down, don't freak out over everything and say this is the way of the future," Ms. Moore said.

The letters 20 state attorneys general sent to Walgreens and CVS in February cite a 150-year-old federal law that they said prohibits the mailing of medication used to perform an abortion. The federal government in December said the Comstock Act doesn't prohibit the mailing of mifepristone or misoprostol, unless it's done with the intention to use it unlawfully.

# Watchdog Asked to Probe Mail Shipping

By CHRISTOPHER WEAVER

A Virginia congressman requested that a government watchdog open an investigation of the U.S. Postal Service's freight-shipping practices.

The Wall Street Journal reported this month that the agency hires trucking contractors with unsafe driving records.

Democratic Rep. Gerry Connolly, a member of the House Committee on Oversight and Accountability that oversees the USPS, asked the USPS's Inspector General on Tuesday to investigate the Postal Service's policies for selecting and overseeing trucking contractors and subcontractors, according to a letter viewed by the Journal.

The letter also called for investigators to address specific questions, including the number of people killed in crashes with USPS's trucking contractors between 2017 and 2022 and what policies USPS has in place to screen contractors for safety problems.

In a statement Wednesday, USPS spokesman David Partenheimer said the agency had received a request from its watchdog for information on the safety and security of its freight network and would respond to the inquiry.

"[A]dherence to best transportation safety practices has been and will continue to be a top priority for the U.S. Postal Service," the statement said.

The Journal reported March 1 that USPS has used dozens of contractors that another government agency, the Transportation Department, put on probation for poor safety performance and hundreds more that had high rates of violations of a law limiting how long drivers can spend behind the wheel each day.

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## WORLD NEWS

## U.S. Probes Nord Stream Pipeline Blasts

U.S. officials are investigating the possibility that a pro-Ukrainian group was responsible for last year's attack on the Nord Stream natural-gas

By *Bojan Pancevski,*  
*William Boston*  
and *Vivian Salama*

pipeline in the Baltic Sea, a senior U.S. official said, while Germany said its investigators have searched a ship in connection with the sabotage.

The assessment by U.S. intelligence that a pro-Ukrainian group could have been responsible isn't definitive, the senior official said. But it adds to the growing sense among investigators in the U.S. and Europe that neither Moscow nor pro-Russian operatives were behind the explosions.

The U.S. official said investigators had no indication that the alleged perpetrators were linked to the government of

Ukrainian President Volodymyr Zelensky, and that U.S. intelligence officials are focused on potential nonstate actors as the possible culprits.

Ukrainian officials denied involvement in the blasts. Mykhailo Podolyak, an adviser to Mr. Zelensky, said Kyiv had no reason to carry out such an attack because it didn't advance any of Ukraine's core interests. He said Russia benefits most from such an attack, because Moscow can use it as a false flag to blame Ukraine and deepen rifts in the Western alliance backing Kyiv.

The New York Times earlier reported that investigators were looking into the possibility pro-Ukrainian groups had attacked the pipeline.

The Nord Stream and Nord Stream 2 pipelines, built to transfer gas from Russia to Europe, were damaged in explosions in September, sparking several international in-

vestigations into the cause of the blasts. At the time, both pipelines were filled with natural gas but weren't in use.

Sweden, Denmark and Germany, the three countries closest to the site of the blasts, started investigations after the incident. While the investigators quickly determined that the blasts were the result of sabotage, they haven't reached a conclusion on who might be responsible.

Any evidence of official Ukrainian involvement in the Nord Stream blast would be politically damaging for Kyiv's partners in Europe, especially for Germany, one of Ukraine's largest military supporters. While recent surveys show a majority of the German public still supports Ukraine against Russia's invasion, voters have become increasingly concerned about the conflict spilling over into Western Europe.

The Swedish, Danish and

German investigators have been sharing their findings among themselves and with the U.S., according to several officials.

Germany's federal prosecutor, responsible for investigations into serious crimes against national security such as terrorism, said Wednesday that between Jan. 18 and 20, investigators searched a ship that they had found "in connection with a suspicious ship rental."

"There is a suspicion that the ship in question could have been used to transport explosive devices that detonated on September 26, 2022 at the gas pipelines," the prosecutor said.

The prosecutor said there was no evidence that German employees of the company that rented the ship were involved in the alleged attack.

"The identity of the perpetrators and their motives are the subject of ongoing investigations. Reliable statements on this, especially on the ques-

tion of state control, cannot be made at this time," the prosecutor said.

A senior German official familiar with the probe said investigators found traces of TNT at the site of the blast.

German Defense Minister Boris Pistorius warned against drawing conclusions at this point in the investigation. "We have to distinguish clearly... whether it was a Ukrainian group, so it could have been on Ukrainian behalf, or a pro-Ukrainian one without the knowledge of the government," Mr. Pistorius said.

"I want to point out that there is also talk that it could have been a so-called false-flag operation," he added, citing the opinions of unidentified experts.

A senior German official briefed on the results of the probes recently said the culprit might never be known.

"There will never be certainty, he said. "No one has

left fingerprints down there."

White House press secretary Karine Jean-Pierre said Tuesday that the U.S. wouldn't comment on the continuing investigations in Europe.

In Poland, whose government named Russia as the most likely suspect shortly after the blast, officials said they were holding off on reaching any judgments until evidence is released, or an investigation is completed.

The Kremlin rejected the recent reports about the origin of the blasts, calling them a media campaign to create a diversion. Russian President Vladimir Putin has previously accused "Anglo-Saxon powers" of blowing up the pipelines.

"Clearly, the authors of the attack want to distract attention," Kremlin spokesman Dmitry Peskov was quoted as saying by state news wire RIA Novosti. "This is clearly a coordinated media blast."

## Wagner Claims Control of Eastern Part of Bakhmut

By *MARCUS WALKER*

KYIV, Ukraine—Russia's Wagner paramilitary organization proclaimed control of the eastern district of Bakhmut, after Ukrainian defenders' withdrawal in recent days to positions on the western bank of the river that bisects the city.

Bakhmut remains the focal point of Russia's offensive, aimed at taking more territory in eastern Ukraine. Wagner forces have led the attack on Bakhmut, pushing back Ukrainian troops inside the largely destroyed city, while seeking to surround it and cut off its last supply roads.

"Everything east of the Bakhmutka River is completely under the control of Wagner," the mercenary group's founder, Yevgeny Prigozhin, said on his Telegram channel Wednesday.

Ukrainian troops completed their withdrawal from the roughly one-third of Bakhmut that lies on the river's eastern



Ukrainian soldiers fired a howitzer toward Russian positions near the besieged Ukrainian city of Bakhmut on Wednesday.

bank this week, soldiers said. So far, Ukrainian commanders haven't left Bakhmut as a whole, despite rising casualties.

The head of the North Atlantic Treaty Organization said

Wednesday that Russia might take the city soon. "They have suffered big losses, but at the same time we cannot rule out that Bakhmut may eventually fall in the coming days," NATO

Secretary-General Jens Stoltenberg said.

Ukrainian forces are gambling that, despite their own losses, they can destroy enough of Wagner's manpower and other

Russian forces, and blunt Russia's ability to advance farther or defend against Kyiv's plans to take back occupied lands.

On Wednesday, U.S. Director of National Intelligence

Avril Haines described the conflict in Ukraine as a "grinding, attritional war" in which neither side has a decisive advantage. She said Russia is suffering from leadership exhaustion, sagging troop morale, ammunition shortages, and high casualty rates that have frustrated its advances.

"We do not see the Russian military recovering enough this year to make major territorial gains," she said during a Senate hearing, explaining that Moscow may shift focus to holding and defending existing occupied territory.

The battle lines moved little on Wednesday, said the General Staff of Ukraine's Armed Forces. Its troops fought off fresh Russian attacks around Bakhmut and at other points along the eastern Ukraine border.

—*Evan Gershkovich*  
in Moscow and  
*Dustin Volz* in Washington  
contributed to this article.

## Ukraine Seeks to Reassure U.S. Lawmakers Over Graft

By *MARCUS WALKER*

KYIV, Ukraine—A year into Russia's full-scale invasion, Ukrainian Finance Minister Sergii Marchenko is steadily gathering enough financial aid from the U.S. and other international allies to ensure the Ukrainian state can keep functioning. His new challenge is to assuage doubts about the country's history of corruption.

Graft scandals at the Ukrainian Defense Ministry and other government agencies have added to calls in the U.S. for stricter controls over assistance for Ukraine, as more American voters and lawmakers are growing skeptical about the cost of financial and military support for the country's defense against Russia's invasion.

Republican members of the House of Representatives oversight committee wrote to the Biden administration in late February demanding more information on how U.S. taxpayer aid to Ukraine is monitored.

"It is critical that government agencies administering these funds ensure they are used for their intended purposes to prevent and reduce the risk of waste, fraud, and abuse," the letter said.

The administration's assurances that the aid wasn't fall-

ing prey to corruption sat uneasily with recent revelations of corruption in Ukraine, the lawmakers said.

Ukrainian President Volodymyr Zelensky recently ousted a string of senior officials after Ukrainian investigative journalists revealed that the Defense Ministry was paying inflated prices for food for the army, among other procurement scandals. The oustings showed that Kyiv is capable of

**Mr. Zelensky ousted some senior officials over procurement scandals.**

cracking down, but were also a reminder of Ukraine's longstanding graft problem.

Mr. Marchenko, the 42-year-old finance chief, said U.S. and other foreign aid for Ukraine's military and its budget is tightly monitored, but that Ukraine also needs to show progress in its broader fight against corruption to preserve the trust of its Western supporters.

"We can show every individual who has received money from U.S. taxpayers.

When we're talking about our international partners' money, it's impossible to steal," Mr. Marchenko said. "But our partners also want to see that no hryvnias are stolen from our own treasury."

Russia's assault has devastated Ukraine's economy, which shrank by about 30% last year. Kyiv is using its own tax revenue mainly to fight the war, while the U.S., the European Union and others have agreed to help cover Kyiv's civilian budget deficit.

U.S. financial aid is tied to specific spending agreed between U.S. and Ukrainian officials. The \$15.5 billion disbursed so far has helped to pay salaries of Ukrainian teachers, healthcare workers and first responders, as well as support for nearly two million refugees displaced within the country and welfare programs for poor and disabled people, according to both governments.

Although no specific instances have emerged so far involving the misuse of U.S. financial aid, Ukraine's poor general reputation for graft is causing unease as the cost of supporting the country rises.

U.S. disbursements, which are handled by the U.S. Agency for International Development, mostly flow via the World Bank.

## Seoul Approves Sale of Arms Parts

By *DAEL YOON*

SEOUL—South Korea said it approved the export of its weapons components to Ukraine last year, as the country faces pressure to provide military aid directly to Kyiv.

South Korea has supplied Ukraine with \$100 million in humanitarian assistance since the war began, but it has said it wouldn't provide lethal aid to Kyiv. The South Korean Defense Ministry said Wednesday that policy hasn't changed, adding that it approved the export of its components that were part of Krab howitzers made in Poland.

South Korea, one of the world's fastest-growing arms exporters, signed its largest military-export deal last year to supply tanks and jet fighters to Poland. Warsaw also bought artillery, ammunition and weapons components such as chassis.

South Korea's export approval was earlier reported by Reuters.

South Korea sold artillery shells to the U.S. last year that were destined for Ukraine, The Wall Street Journal has reported. Seoul said talks happened under the premise that the U.S. would be the final user. Seoul has come under pres-

sure to directly supply arms to Ukraine because it makes weapons that are compatible with those used by many North Atlantic Treaty Organization countries and often can produce them faster than other European suppliers, weapons-industry analysts say.

Seoul plans to send an additional \$130 million in financial aid and humanitarian assistance to Ukraine, the Foreign Ministry said in February. But the South Korean government has maintained it won't provide lethal weapons, citing a law that prevents it from arming countries engaged in conflicts.

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## WORLD NEWS

# Georgian Protesters Clash With Police

Critics say proposed law on foreign funding of groups could hurt efforts to join EU

By JUSTYNA MIELNIKIEWICZ  
AND EVAN GERSHKOVICH

Thousands of protesters clashed with police in Georgia as discontent erupted over draft legislation labeling groups receiving funding from abroad as foreign agents, which critics warn could hinder the Black Sea republic's prospects of joining the European Union.

Georgia's Parliament on Tuesday evening gave initial backing to the law, which opponents say is inspired by similar Russian legislation and would require organizations receiving more than a fifth of their funding from abroad to register as foreign agents or face significant fines. The move drew thousands of people to the Parliament building in Georgia's capital, Tbilisi, where police officers used tear gas and water hoses on the demonstrators, some of whom later lobbed stones and gasoline bombs on Tuesday and into early Wednesday.

Georgia's Interior Ministry said it detained 66 protesters overnight for hooliganism and disobedience.

On Wednesday evening, thousands of protesters turned out again. They marched through Tbilisi to Parliament chanting, "No to the Russian law." Georgia's opposition, which has accused the country's government of openly siding with Russia since its invasion of Ukraine, vowed daily protests until the legislation is withdrawn. Outside the Parliament building, which was rein-



A woman in the capital of Tbilisi is comforted after being tear gassed by police in a protest that turned violent.

forced after the violent clashes overnight, demonstrators waved Georgian, Ukrainian, EU and U.S. flags.

Critics, including the EU and U.S., say the proposed law would infringe on freedoms in the country. They point to the Soviet-era connotations of the foreign-agent label and how Moscow—which ruled Georgia until the fall of the Soviet Union in 1991—has used its for-

ign-agents law in recent years to clamp down on dissent.

"We know how this law works in Russia and we are sure that it will work this way in Georgia," said Natia Berishvili, a municipal government worker in Tbilisi, as she brandished a poster reading, "Stop Russia!"

Gvantsa Pipia, a university student, said she had come to protest not just over the foreign-agent bill but also what

she described as her country's embrace of Moscow.

"We don't want to go back to the U.S.S.R.," she said. "We want our future to be bright and European."

Pro-Western sentiment is high in Georgia, which borders Russia and lost roughly 20% of its territory to Moscow-backed separatists in a five-day war in 2008. More than 80% of the Georgian public favors joining

the EU, polls show. But Georgia has seen backsliding on democratic overhauls, observers say.

On Wednesday, European Council President Charles Michel said he was strongly concerned about the developments in Georgia. "Adoption of this 'foreign influence' law is not compatible with the EU path which [a] majority in Georgia wants," he posted on Twitter.

# EU Plans \$1.1 Billion on Arms for Kyiv, Bloc

By DANIEL MICHAELS  
AND ALISTAIR MACDONALD

BRUSSELS—The European Union plans to spend at least \$1.1 billion on ammunition for Ukraine and rebuilding member countries' stocks, after a year of supporting Kyiv's war against Russia.

Before Russia's large-scale invasion of Ukraine last year, the 27-country bloc shunned financing weapons or supporting lethal assistance to other nations. Members have funded their defense and foreign military support either directly or through the North Atlantic Treaty Organization, a separate alliance to which most EU countries belong.

Soon after Russia's invasion in February 2022, the EU broke that longstanding taboo and said it would reimburse a portion of its members' military donations to Ukraine. Since then, the EU has increased the funding it is devoting to defense.

EU defense ministers, who met with NATO Secretary-General Jens Stoltenberg in Stockholm on Wednesday, said they would propose giving Ukraine more ammunition from EU members' stocks and using bloc funding to help replenish those supplies.

"We are in war times and

we have to have, I am sorry to say, a war mentality," said EU foreign-policy chief Josep Borrell. He said the ministers would propose spending 1 billion euros, equivalent to around \$1.1 billion, on ammunition when national leaders meet at a summit this month.

The EU has given members €450 million for ammunition supplied to Ukraine, but needs to supply "more and faster," Mr. Borrell said.

The EU's efforts will be aimed at getting countries to dig into their stocks of 155mm shells, the NATO standard artillery munition, for Ukraine, while boosting the region's industrial capacity to replace those shells.

Mr. Stoltenberg lauded efforts by EU and NATO members to boost arms production but said supplies to Ukraine had depleted stockpiles. "Of course, in the long run, that is not sustainable," he said.

The war in Ukraine is consuming ammunition at rates unseen since World War II. Ukrainian forces have been firing around 6,000 artillery shells a day, experts and intelligence officials said. At the height of the fighting in eastern Ukraine's Donbas area, Russia was using more ammunition in two days than the entire stock of the British mili-



Jens Stoltenberg and Josep Borrell are involved in the effort.

tary, according to the Royal United Services Institute, a U.K. defense think tank.

Ukrainian officials on Wednesday said they believed the military needed at least 356,300 shells a month.

Mr. Borrell said the EU prefers that purchases are from European producers because the bloc needs to support its defense industry, although if members quickly buy new ammunition to replace supplies sent to Ukraine, "I am not going to ask them, where did you buy it?"

EU diplomats said there had been informal discussions with Norway, which isn't a bloc member, regarding the

spending plan, and the talks could extend to the U.K., Canada and the U.S., which European Commission President Ursula von der Leyen is currently visiting.

The EU has signed off on €3.6 billion in spending under its defense-finance vehicle, the European Peace Facility. That accounts for roughly half the total funding for the EPF for the 2021-27 period. EU capitals late last year agreed in principle to earmark an additional €2 billion for this year, although Hungary has pushed to shift spending away from Ukraine. Funding decisions require the backing of all 27 EU

member states.

Europe's defense industry is fragmented across many companies and countries, a situation the region's leaders have often tried to reverse with greater coordination and consolidation.

There are 15 companies in Europe that can supply the required ammunition, Mr. Borrell said. "The defense industry has to produce more," he said.

NATO members' lack of shells follows decades during which the countries' forces planned for asymmetric warfare against unsophisticated opponents, such as the Taliban in Afghanistan, rather than more traditional ground battles currently happening in Ukraine. A yearslong drought in Ukraine arms orders meant that many defense companies had decommissioned production lines for large-caliber ammunition.

In December, Czechoslovak Group AS, a Czech company that produces a large portion of Europe's shells, estimated that Ukraine was using up to 40,000 NATO-standard 155mm artillery shells each month, while the entire annual production of such projectiles in Europe was around 300,000.

European companies are now starting to increase capacity.

## U.S. Boom In Shale Is Waning

Continued from Page One  
conference called CERAWEEK by S&P Global. He warned that the Organization of the Petroleum Exporting Countries would soon supply more of the world's oil.

Oil production from the best 10% of wells drilled in the Delaware portion of the Permian was 15% lower last year, on average, than top 2017 wells, according to data from analytics firm FLOW Partners LLC. Meanwhile, the average well put out 6% less oil than the prior year, according to an analysis of data from analytics firm Novi Labs.

The atrophy of once-booming sweet spots has big implications for the global oil market, which years ago could

count on rapidly growing U.S. output to blunt the effects of supply disruptions and rising demand. Without successful exploration or technological advances, the industry's inventory constraints are expected eventually to push companies to tap lower-quality wells that would require higher oil prices to attract investment, industry executives said.

Oil production in the U.S. rose from about 7.2 million barrels a day a decade ago to a high of about 13 million barrels a day before the pandemic. Domestic output last year grew at one-third of the annual average pace seen in shale's heyday from 2017 to 2019, and it hasn't yet caught up with prepandemic levels.

The slowdown was mostly because of investor pressure on companies to curtail spending and limit growth in favor of generating higher returns. At the same time, weaker well results in the Permian's Delaware Basin contributed to flattening output.

U.S. output grew about half

as fast as many forecasters initially expected last year and is projected to increase by about the same amount this year, according to the Energy Information Administration.

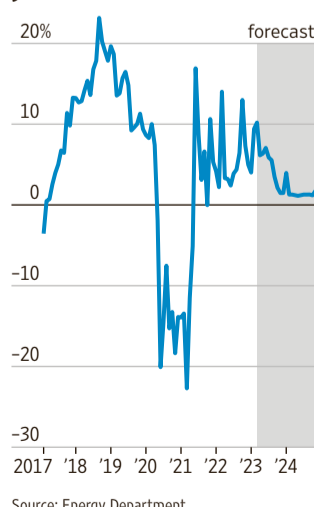
The recent degradation in well performance has stoked executives' and investors' concerns about the industry's runway for growth and has led companies to consider mergers this year.

Companies such as Chevron Corp., Devon Energy Corp. and others that have held the Permian up as a pillar of their future plans saw top wells yield less crude last year than the previous year.

Chevron, one of the largest landholders in the Permian, drilled some of the region's most prolific wells in Culberson County, Texas, but some of its newer wells there have seen productivity decline.

The wells Chevron brought online in Culberson last year are ultimately expected to produce 42% less oil, on average, than wells that began producing in 2018, according to

### Monthly U.S. crude oil production, change from a year earlier



Source: Energy Department

FLOW's estimates. The top 10% of wells Chevron brought online across the Delaware last year were about 25% less productive on average than its wells the year before, according to Novi Labs data.

Chevron executives said last week the company missed its

oil-production target in the Delaware, citing higher-than-expected depletion rates. The company plans to revise its approach in the Permian, they said, shifting some drilling into New Mexico, and targeting areas that are likely more productive—moves that will reduce its pace of activity somewhat.

Chevron Chief Executive Mike Wirth said last week the rate of production growth and drilling activity the U.S. shale industry saw a decade ago "is unlikely to be repeated," though the Permian still has areas that haven't been developed. Chevron plans to boost production in the Permian to 1 million barrels a day by 2025, eventually plateauing at 1.2 million later this decade.

Devon has drilled some of the most productive wells the Delaware had ever seen, in an area the company dubbed Boundary Raider. In 2020, its average well pumped more than 342,000 barrels over a nine-month period, but the following year, its average fell to more than 167,000 barrels,

# Canada Leaves Main Rate Unchanged

By PAUL VIEIRA

OTTAWA—The Bank of Canada kept its main interest rate unchanged on Wednesday, the first time it has done so in about a year, arguing that economic data point to inflation sharply decelerating this year toward its 2% target.

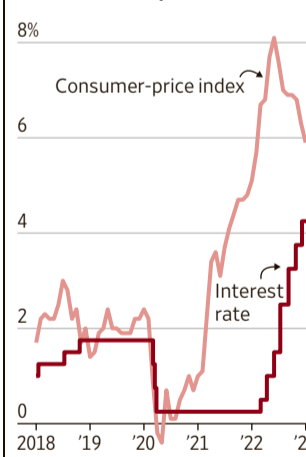
In its latest policy announcement, the Bank of Canada held its target for the overnight rate at 4.50%, following a quarter-point increase in January. Starting in March of last year, the Bank of Canada raised rates eight times, lifting borrowing costs by 4.25 percentage points to wrestle down historically high inflation. The decision to hold rates steady was based on an assessment of recent data, which showed inflation slowing to below 6% and economic activity stalling in the fourth quarter, the central bank said in a statement explaining its rationale.

A dozen economists surveyed last week by The Wall Street Journal said they expected Canada's main interest rate to remain unchanged.

In its January decision, the Bank of Canada said it would take time out on further rate increases to assess the impact of sharply higher borrowing costs, the first developed-world central bank to do so after global authorities tightened financial conditions last year to cool activity and slow the pace of price increases. The Bank of Canada said in a policy statement that plan remains intact—a contrast to remarks from Federal Reserve Chair Jerome Powell, who this week told U.S. lawmakers the Fed would likely lift rates higher than previously expected this year to cool an economy that has shown surprising strength.

Economists say the Bank of Canada's pledge to pause will be tested should rate policy between Canada and the Fed sharply diverge. Such a scenario could weaken the Canadian currency relative to the U.S. dollar, and in turn place upward pressure on inflation as imports—largely paid for in U.S. dollars—become costlier. The Canadian dollar is trading at a roughly four-month low relative to the U.S. dollar, and lost steam Wednesday after the Bank of Canada's statement.

### Bank of Canada interest rate vs. consumer-price index



Sources: Bank of Canada (Interest rate); Statistics Canada (CPI)

## FROM PAGE ONE

according to FLOW President Tom Loughrey. Companies' midlevel wells are still producing steadily, but gushers are harder to come by, Mr. Loughrey said.

"The big well is coming down hard right now," he said. Rick Muncrief, Devon's chief executive, attributed the productivity decline to maturing U.S. oil-and-gas fields. "I'm not terribly surprised, and I'm not terribly alarmed," he said, saying that wells drilled in the Boundary Raider area still generated excellent returns. Mr. Muncrief said that tight crude supplies pushing oil prices higher would make tapping into less productive formations economically viable for operators.

Shale's sluggishness means global oil markets will have to rely on Middle Eastern crude over the next decades, said Scott Sheffield, CEO of Pioneer Natural Resources Co.

"We're just not gonna have that big growth pump like we used to," he said of U.S. crude production.







PERSONAL JOURNAL.

# A New Mom Reports Back From War Zone

When a journalist was asked to join Biden on secret trip to Kyiv, her first question was how to pump, store breast milk

By SABRINA SIDDIQUI

I had just dropped my 9-month-old daughter off at daycare when I received a call to report to the White House for a private meeting.

It was three days before I was set to travel with President Biden to Poland for a two-day visit tied to the anniversary of Russia's invasion of Ukraine. Sitting inside White House communications director Kate Bedingfield's office on Feb. 17, I was informed I would be one of two journalists to instead accompany Mr. Biden on a clandestine journey to Kyiv with a large segment of the journey occurring by train.

My first and primary question was how would I

be able to pump breast milk.

I had just returned to The Wall Street Journal's Washington bureau from maternity leave the month prior and was still coping with leaving my baby, Sofia, for the first time.

Now I was being told that I would be traveling to a war zone via train and that we would depart from Andrews Air Force Base in Maryland the following night.

As the only two reporters on the trip, Evan Vucci of the Associated Press and I would be sworn to secrecy and allowed to inform only our spouses and one editor at our news organizations of the plans. Our cellphones would be confiscated for almost the entire trip.

Tamara Keith, president of the White House Correspondents' Association, was at the meeting and asked if I was up for the assignment. The association coordinates the rotation of print outlets

to do "pool" duty on foreign travel (writing dispatches to share with other news organizations), and the Journal was up next. "I can do it, but I really just need to be able to pump," I said. "That's nonnegotiable."

The conversation shifted from the logistics of Mr. Biden's trip to the logistics of my ability to pump. There would be electrical outlets on the train, but there was no guarantee they would work, and the pump I used could only be operated if plugged into a power supply.

Barring our laptops, all Bluetooth-enabled devices would be taken from us because of security considerations, so several rechargeable wireless pumps were off-limits. Ms. Bedingfield said to follow up with her on the exact model so she could raise it during trip planning.

I was grateful that Ms. Bedingfield and Ms. Keith, both working moms them-

President Biden and national-security adviser Jake Sullivan on the train



Sabrina Siddiqui gets her daughter, Sofia, now 10 months old, ready for daycare.

selves, understood.

While preparing for the trip, I realized I wouldn't be able to look at photos and videos of Sofia on my phone while pumping and dispatched my husband, Ali, to a CVS to print some of my favorite photos of her. I packed the brown bear lovey that helped get her through her four-month nap regression and her favorite rubber ducky to keep her close.

Sofia was asleep when I left late Saturday, so at bedtime I lingered by her crib a little longer. Nearly two days without a single update on how she was doing seemed unbearable, but I reminded myself she would be in good hands with Ali.

At Andrews, an aide asked for our devices but said they were aware of my pump. We took off at 4:15 a.m.

I pumped during the flight and fretted about the impact of the many time-zone changes and overall stress level on my milk supply. While rummaging through my purse, I found a handwritten letter from Ali telling me how proud Sofia would be one day.

After a brief refueling stop at Ramstein Air Base in Germany, we landed in Rzeszów in Poland. I asked the flight attendants to store my breast milk in the fridge. How lucky I was to have the option.

The nerves crept in as we officially embarked for Ukraine. I reminded myself that there was arguably no safer mode of travel than with the president. Still, a part of me wondered if something might go wrong. I grabbed Sofia's lovey and rubber ducky and Ali's letter and stuffed them into my

jacket pockets. I wanted them on my person so that, should something happen, people would know what mattered to me the most.

An hourlong motorcade brought us from Rzeszów to the Przemysł Główny train station, not far from the Polish-Ukrainian border.

Our train crossed the border within an hour. I had a sleeper cabin to myself. I pumped every three hours while working.

We were looked after by a kind Polish attendant who spoke little English. Thankfully, I arranged through Google Translate for her to

**'I really just need to be able to pump,' I said. 'That's nonnegotiable.'**

store my breast milk.

As we approached Kyiv, we got our first glimpse of Mr. Biden as he stepped off the train and declared, "It's good to be back in Kyiv."

Ukrainian troops lined the perimeter of our first stop, Mariinsky Palace, the ceremonial residence of President Volodymyr Zelensky. As he and Mr. Biden shook hands outside, I asked Mr. Biden about the significance of visiting the capital one year after Russia's invasion, and he reflected on how it was his eighth visit to Kyiv. "Each time more significant" than the last, he said.

**The reporter multitasked on the train from Kyiv, all the while thinking of Sofia.**

By the time we made our final stop at the U.S. Embassy, photos and videos of Mr. Biden in Kyiv had surfaced on social media. I was handed a U.S. government MiFi to dispatch my pool reports.

When we boarded the train once more, it felt as though a weight had been lifted. Although we still had 10 hours to go and a flight to Warsaw, the journey back felt a lot less fraught.

When all was said and done, I thought about what Sofia might make of this trip one day. There was much to unpack and a lot yet to know about the historic impact of Mr. Biden's visit. But all I could think of was what it meant to experience it all as a working mom and the many roles and responsibilities we are tasked with on any given day.

In some ways, my ability to pull off this trip could be seen as a testament to how far we've come. But I was also aware that I had been given the resources that enabled me to pump and store my milk without issue.

What a difference it makes when working moms are inside the room to make decisions. And as a new mom, it was a good reminder that motherhood doesn't come at the expense of our jobs but makes us stronger to do them. Although Sofia is far too young to realize any of it, when she is someday old enough, I hope if she has one takeaway from her mother's trip to Kyiv with the president, it is what working moms are capable of.



VALERIE PLESCH FOR THE WALL STREET JOURNAL (TOP, BOTTOM); EVAN VUCCI/PRESS POOL (2)

  
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## ARTS IN REVIEW



JULIETA CERVANTES (3)

## DANCE REVIEW

## Pina Bausch's Brazilian Dance Spectacle

By ROBERT GRESKOVIC

Brooklyn, N.Y.

**‘ÁGUA,’** the nearly three-hour dance-theater spectacle by Pina Bausch now at the BAM Howard Gilman Opera House, dates from 2001, when its director and choreographer, who died in 2009, was creating works inspired by residencies outside her native Germany. In this case she and her Tanztheater Wuppertal Pina Bausch, nowadays directed by Boris Charmatz, took inspiration from time spent in Brazil. “Água” is Portuguese for “water.”

The episodic work unfolds often magically and extravagantly to music from a wide-ranging 31-part playlist of recordings (with the Tiger Lillies here and Tom Waits there) as the basic set of white walls and floor is overrun with visual projections of film and still images amid which the Tanztheater Wuppertal actor-dancers move and sometimes speak. While members of the 21-member troupe can sometimes find themselves dwarfed by the vivid projections as well as by the large-scale plant-life elements of the set—all designed by Peter Pabst—this disparity of scale can also be theatrically effective. In costumes designed by Marion Cito, the women, with their flowing, loose hair and floor-length evening attire, suggest modern-day



nymphs or sirens, while the sometimes skit-like vignettes they enact reveal surreal or comedic situations. The men, in plainer, casual clothing—mostly shirts and pants—tend to take a back seat to their more prominent female counterparts as they participate in intermittent battle-of-the-sexes encounters.

The piece's water theme actually arrives late amid the work's light-filled atmosphere of tropical vegetation and animal and bird life.

When water eventually becomes a focus of “Água,” it does so in extremes: Footage of ferociously cascading waterfalls contrasts strikingly with the playful, teasing sprays of mouthfuls of water released from dancer to dancer.

Low points of the sprawling production are few, as when the second part begins slowly with sometimes coy encounters between individual dancers. But the high points are many—the most notable being a full-cast scene near the end



Maria Giovanna Delle Donne, above and above left, and a scene from Bausch's 'Água,' left, now at the BAM Howard Gilman Opera House

of the first part. Here, briefly dressed in beachwear, the dancers arise from a bank of white sofas to toy with gaudy towels printed with pin-up-girl images that the men and women comically pose behind, as if they were cartoonish carnival canvases.

Statuesque, delicately smoky-voiced Julie Shanahan, who was part of the 2001 cast of “Água,” regales the audience with some bad-dream-like monologues about her life as a dancer and its foibles. Petite Tsai-Chin Yu pads around in one shoe that she kicks off after asking audience members where they're from, before “interpreting” her clodhopper's landing as a prediction of weather in the hometowns given by respondents.

Elsewhere, Naomi Brito repeatedly drops to the floor and throws her dress's skirt over her head to bare her shapely legs. She does this each time she senses one of the men approaching, only to have none of the three she spies pay her the slightest attention. Undaunted she tries, tries and tries again.

Bausch's solo dances tend to be crafted with gestural moves for the upper body, making for contemplative soliloquies that range from evoking lyrical freedom to suggesting inner turmoil. An especially engaging one is for dark-haired, white-gowned Maria Giovanna Delle Donne, whose arm and hand

articulations captivate, not least because Bausch provides them with fine details in which Ms. Delle Donne's fingers move as if quivering plant filaments.

The most stirring group choreography in “Água” occurs near the end of the piece. For this climactic moment, all the men and women tumble and course from one side of the stage to the other, with the men hunkering down to present themselves as obstacles over which the women somersault backward as their skirts fan out like so many floral blooms.

The capstone of “Água” is a typically sly, Bauschian one. With their costumes sticking to them after coming in contact with water from sprays and from a makeshift pipeline of individual tubes that carries it from the wings, the dancers sit on little metal café tables and rock there like contented children.

Eventually, the stage is left only to the tables. Finally, without urgency, the full cast calmly re-enters, walking with linked hands in the mode that Bausch regularly arranged for her dancers' curtain calls. “Água” is over, and in the performance I attended on a rainy night, the audience, hours after first sitting down, responded happily on its feet.

Mr. Greskovic writes about dance for the Journal.

## MUSIC REVIEW

## An Unlikely Pair's Pop Poetry

By MARC MYERS

Composer Burt Bacharach, who died Feb. 8, worked with many top lyricists over the years on individual songs that became huge hits. But his most meaningful album partner may have been Elvis Costello. Together, they wrote about the anguish of failed relationships—creating a new breed of saloon song minus the saloon.

Their collaboration on “Painted From Memory,” in 1998, nudged them out of their lanes and resulted in a 1999 Grammy for the song “I Still Have That Other Girl.” By teaming up, they also raised their visibility. As a soulful new-wave rocker, Mr. Costello helped re-establish the relevance of Mr. Bacharach, who, in turn, gave Mr. Costello the Tin Pan Alley panache he'd long sought.

UME has just issued “The Songs of Bacharach & Costello,” a four-CD, two-LP boxed set that includes a remastered “Painted From Memory,” a new album of material for an unrealized Broadway musical, 14 live performances and three newly recorded tracks.

“Painted From Memory” is significant for its anxiety-ridden, lovelorn concept. Not since “Anyone Who Had a Heart” and “I Just Don't Know What to Do With Myself” had Mr.

Bacharach composed and arranged such strong melodies for lyrics about romantic despair and uncertainty. The music required a different approach from his usual opalescent optimism.

For his part, Mr. Costello had to write lyrics and sing in a more traditional pop vernacular. The songs demanded clear, poetic narratives, and his voice needed to express heartbreak and misery without going overboard.

Their partnership began in 1989 as a chance encounter at a Hollywood recording studio. Mr. Costello invited Mr. Bacharach to hear the mix of “Spike,” his newly completed album. Mr. Bacharach came by and liked its edgy quality and the stretched desperation of Mr. Costello's singing voice.

Six years later, when Mr. Bacharach was composing for the movie “Grace of My Heart,” he asked Mr. Costello for lyrics. Mr. Costello faxed over words as well as music for a verse and hook.

The next evening, Mr. Bacharach faxed back a revised draft with an introductory melody and a bridge that Mr. Costello describes in the new set's liner notes as “operatic in scale.” The result was “God Give Me Strength,” which would later be nominated for a Grammy. As Mr. Costello explained in



Burt Bacharach and Elvis Costello; UME has just issued a set by the two.

his 2015 memoir, “To have written a song like [that] and simply stopped would have been ridiculous.”

Mr. Costello asked Mr. Bacharach if he'd consider working with him on an album, and they slid together like magnets. At Mr. Bacharach's writing studio, they developed 11 additional songs in sync with the strained mood of “God Give Me Strength.”

Thematically, Mr. Costello's vision for the album “Painted From Memory” was inspired by Frank Sinatra's solitary ache on “Only the Lonely” (1958) and “No One Cares” (1959). Unlike the Sinatra arrangements, which feed into the sorrow, Mr. Bacharach offset the lyrics with animated and dramatic orchestrations.

On “Toledo,” a song about romantic betrayal and forgiveness, Mr. Bacharach's arrangement gingerly

circles the lyrics. Mr. Costello's vocal sounds like a cheating lover's agonized pleas outside a slammed door: “But it's no use saying that I love you / And how that girl really didn't mean a thing to me.”

Also notable is the album's torment and despair. On “I Still Have That Other Girl,” Mr. Bacharach's “Alfie”-paced arrangement builds and explodes in a crescendo as Mr. Costello gives everything he has vocally. The concept continues with “This House Is Empty Now,” a gut-wrenching extension of Mr. Bacharach's mood on “A House Is Not a Home” (1964). “Tears at the Birthday Party” looks at how cheating, a failed marriage and a refusal to forgive play out at a child's party, accompanied by a bouncy orchestration.

Though the songs all center on regret, each has a completely different coloration. In retrospect, the album's only flaw is the decision on “My Thief” to have a female vocal reply in the fourth verse: “I didn't lead you on / But there will always be / A little larceny in everyone.” It now feels intrusive and contrived.

A second collection in the box, “Taken From Life,” includes several new songs and was recorded mostly in 2021 with guest artists. These 15 tracks were conceived for an unrealized Broadway musical and have been assembled here by Mr. Costello for the first time.

Two songs that bookend these tracks are “You Can Have Her” and “Look Up Again.” The former was co-written around 2010, and lyrics for the latter predate the project and were written by Mr. Costello for his wife, singer-pianist Diana Krall. The two songs were recorded for the new set by Mr. Costello in April 2022.

The music and vocal on “You Can Have Her” are provocative, with a jaunty intro reminiscent of Joni Mitchell's “Ray's Dad's Cadillac.” “Look Up Again” has a tender melody, with a sweeping string arrangement by Vince Mendoza. The lyrics' narrative unfolds in reverse, hoping for a relationship do-over.

With the recent loss of Mr. Bacharach, the new box takes on fresh import. Songs now sound like shared marital regrets from a late father and straying son, and may turn out to be both artists' most significant and heartfelt work.

Mr. Myers is the author of “Why Jazz Happened” and “Anatomy of 55 More Songs” (Grove Press).













# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, March 9, 2023 | B1

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## GM Electric-Vehicle Push Stalls

Rollouts of GMC Hummer EV and Cadillac Lyriq are slower than expected

By Mike Colias

General Motors Co. Chief Executive Mary Barra has called 2023 a breakout year for the company's electric-vehicle push. It is off to a slow start.

The Detroit auto maker is dealing with the slower-than-expected rollouts of two high-profile electric vehicles, the GMC Hummer EV and Cadillac Lyriq, increasing pressure on Ms. Barra after GM lost EV market share to rivals last year.

More than 15 months after GM began building the electric GMC Hummer pickup truck, the company has been making roughly a dozen a day, a figure far below initial targets for this point in the rollout, people familiar with the matter said. The Hummer has a wait list of more than 80,000 people. Some Hummers have been stuck at dealerships under a sales freeze since October, as GM investigated a potential problem with water seeping into the battery pack.

GM's other high-profile new EV, the Cadillac Lyriq SUV, which it started selling almost a year ago, is also experiencing

◆ EVs buck downward trend in China auto sales..... B2

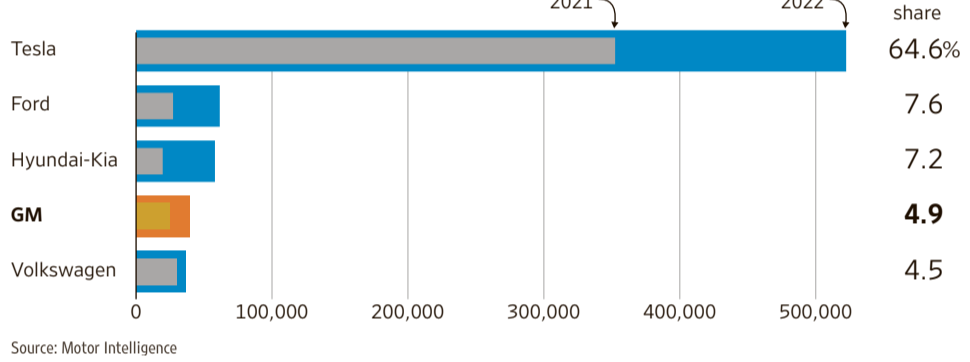


GM has been making GMC Hummer EVs at the rate of about a dozen a day, far below initial targets for the vehicle.

an unusually slow ramp-up. Through February, GM had sold roughly 1,000 Lyriqs since it began building them in March 2022. Comparatively, Tesla Inc. sold an estimated 252,000 Model Ys in the U.S. last year, according to research firm Motor Intelligence. The Lyriq is a direct competitor to the Tesla Model Y.

GM aims to produce 36,000 Lyriqs in the U.S. this year, 9% lower than its original target. Please turn to page B2

Electric vehicle sales in the U.S.



Source: Motor Intelligence

## JPMorgan Sues Staley Over His Connection To Epstein

By David Benoit and Khaideja Safdar

JPMorgan Chase & Co. sued former executive Jes Staley over his ties to Jeffrey Epstein, identifying Mr. Staley as the "powerful financial executive" accused of sexual assault in a lawsuit against the bank.

Late last year, an unnamed woman alleged that JPMorgan aided Epstein's sex trafficking by allowing him to remain a client and helping him send money to the late financier's victims.

The woman, in her lawsuit against the bank, said an Epstein friend sexually assaulted her using aggressive force but said she was afraid to identify Please turn to page B10

## Overseas Stocks Attract Investors

By Vicky Ge Huang

U.S. stock indexes are mostly higher to start 2023, but investors are increasingly looking for bargains overseas.

They have added a net \$14.4 billion to U.S. mutual and exchange-traded funds that buy international stocks this year, while pulling \$34.1 billion from domestic stock funds, according to data from Refinitiv Lipper through March 1.

The rush into international stocks has helped propel a rally in shares of overseas companies. The MSCI All Country World ex USA index, Please turn to page B11

◆ Stocks are mixed as Powell returns to Congress..... B11

## Contractors Square Off Over New F-35 Jet Engine

By Brody Mullins and Ted Mann

WASHINGTON—One of the biggest lobbying clashes in recent years is heating up again: the fight to fund an alternate engine to power the Pentagon's F-35 jet fighter.

More than a decade ago, engine maker Pratt & Whitney and its allies in Congress won out over General Electric Co. to be the exclusive supplier for the next-generation fighter. Now GE is once again lobbying Congress to provide billions of

dollars to fund an alternative engine it would build, citing what it calls the flaws in Pratt's engine.

GE's campaign is a challenge to fellow defense giant Raytheon Technologies Corp., which owns Pratt. Raytheon says developing a new engine could cost a total of \$6 billion, a price tag that swells to \$40 billion when calculated to include maintenance. Upgrading the Pratt engine would cost about \$2.5 billion, according to the company. The dispute is shaping up

to be one of the biggest lobbying contests in Washington this year, when little aside from defense spending bills is expected to move through a bitterly divided Congress. It is also drawing criticism from groups that want to reel in government spending.

"No matter how wasteful, no bad idea is ever truly dead in Washington, especially when there are billions of dollars on the line," said Steve Ellis, president of Taxpayers for Common Sense, a nonpartisan government watchdog. "You

have to kill, kill, kill, until it's dead, dead, dead."

Proponents of the engine alternative say it is needed to keep pace with a rising China and that putting a new generation of engines onto the F-35 would ultimately be more cost effective than upgrading the existing model to address concerns about thrust and efficiency.

The GE-Raytheon duel could also serve as a test for conservatives, including Ohio's Sen. J.D. Vance and Rep. Warren Davidson, who have de-

manded that fellow Republicans cut government spending, but who represent areas with voters who work at GE production facilities.

GE is reorganizing into a stand-alone aerospace company, and analysts expect it to expand its defense business to reduce reliance on engines for commercial jetliners.

"Today's geopolitical tensions require revolutionary capabilities for the U.S. military," GE said of its campaign for the F-35 second engine. "Nearly Please turn to page B5

## Trial Targets Bankers Who Moved Money for Putin's Cellist Friend

By Margot Patrick and Patricia Kowsmann

A trial of four bankers in Switzerland offers insight into how members of Russian President Vladimir Putin's inner circle used Swiss bank accounts to sidestep U.S. sanctions.

In spring of 2014, companies owned by a concert cellist close to Mr. Putin opened bank accounts at Gazprombank Switzerland, an arm of the Russian state banking giant in Zurich. A Russian media company, whose owner, a bank, had just been sanctioned over Russia's annexation of Crimea, paid the cellist's accounts a stream of dividends.

A trial that started in Zurich district court Wednesday is to decide whether the four bankers adequately vetted the cellist, Sergei Roldugin, when



Putin ally Sergei Roldugin.

they opened the accounts, and if they did enough to probe the multimillion-dollar payments. The Zurich prosecutors alleged in a November indictment that Mr. Roldugin's ownership of the companies and

the dividend payments were implausible and needed urgent clarification.

The bankers, three Russian-born and one Swiss, were charged with breaking Swiss anti-money-laundering law. They face potential seven-month suspended sentences and two years of probation. A Gazprombank Switzerland spokesman said each denies the charge. The lawyer for one of the men said "all defendants will attend and defend their interests in court."

Mr. Roldugin couldn't be reached for comment.

For decades, Switzerland was an entry point for rich Russians who wanted to move money overseas. The trial is seen as a test of the country's will to keep out illicit money, after stepping up anti-money-laundering efforts in recent Please turn to page B10



The company had originally forecast 20% revenue growth for the fourth quarter but reported a 1% rise.

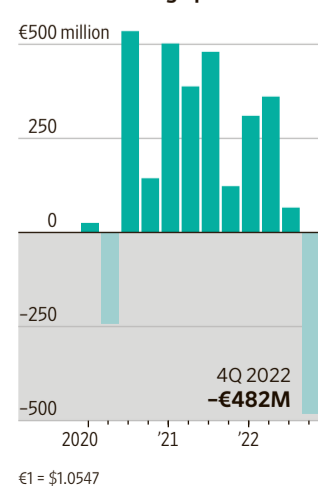
## Adidas Profit Dives on Slump In China, Kanye West's Exit

By Trefor Moss

HERZOGENAUACH, Germany—Adidas AG is facing a slump in China and \$6 billion of unsold inventory, adding to its challenges after a bruising 2022 in which it dumped its chief executive and terminated its partnership with rapper Kanye West.

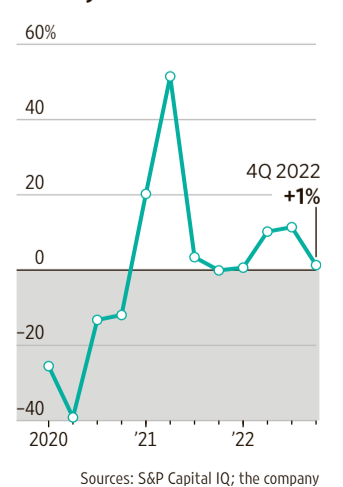
The German sportswear maker's revenue increased 6% last year to 22.5 billion euros, equivalent to \$23.7 billion, while its net profit fell 83% to €254 million. In the fourth quarter, revenue growth almost ground to a halt and the company posted a €482 mil-

Adidas quarterly profit/loss from continuing operations



€1 = \$1.0547

Quarterly revenue, change from a year earlier



Sources: S&P Capital IQ; the company

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TECHNOLOGY

# Musk Faces Challenges to Repair Twitter

**Billionaire says social-media platform is on right track, but debt payments still sting**

By MARK MAURER

The clock is ticking for Elon Musk to put Twitter Inc. back on a path to profitability as the social-media company continues to burn through cash nearly five months after the billionaire's \$44 billion takeover. Twitter's finances remain strained in part because of an advertiser pullback and high-cost debt. As a result, Mr. Musk, the company's owner

and chief executive, has taken aggressive steps to stem the cash burn by slashing costs, including reducing Twitter's workforce by about 75%. Mr. Musk, speaking at a Morgan Stanley conference Tuesday, said Twitter has a shot at being cash-flow positive in the second quarter. "The actual potential here for Twitter revenue is gigantic," he said. If Mr. Musk can buy more time to realize that potential, by injecting more equity, restructuring Twitter's debt or seeking bankruptcy protection, it will give him a chance to develop and build out new revenue streams, analysts and academics said.

"We call it the zone of insolvency, which is certainly where Twitter is: You're not profitable and you have this huge amount of debt," said Josh White, an assistant professor of finance at Vanderbilt University and a former Securities and Exchange Commission economist. "Now, he's going to have to focus on new sources of revenue generation in order to continue servicing the debt and just not go bankrupt." Twitter has to keep up with quarterly interest payments on the \$13 billion of debt that helped pay for Mr. Musk's purchase of the company. It had less than \$600 million in net debt before the takeover. The

company has to pay \$1.5 billion a year in interest costs, while its annual operating costs are now close to \$1.5 billion, Mr. Musk said Tuesday. In recent months, Twitter has been hit with lawsuits from landlords, consultants and vendors contending the company hasn't paid its bills. On average, Twitter is expected to burn \$453 million in cash annually through 2028, according to an analysis of public information by Jeffrey Davies, a former credit analyst and founder of data provider Enersection LLC. Twitter's free cash flow, or the money it had left after paying the costs to run its business, totaled \$83

million for the 12-month period ended in June, based on Mr. Davies's analysis of SEC filings. The company's business was stagnating before Mr. Musk's takeover. It hasn't booked an annual profit since 2019, and it posted a loss for eight years of the past decade. Twitter and Mr. Musk didn't respond to a request for comment on this article. Mr. Musk is seeking to lift revenue through a relaunched paid subscription service, Twitter Blue, that allows users to edit tweets and test new features before they are made available to other users. Twitter Blue has as many as 450,000 subscribers, estimates

Travis Brown, a Berlin-based software developer who tracks social-media platforms. Twitter is on a path to break even in about nine months, said Daniel Ives, a managing director at financial-services firm Wedbush Securities Inc. The social-media company likely will have to demonstrate it has a stabilized business model before it receives another infusion of capital, he said. "They're not out of the woods and there's still a lot of wood to chop, but I believe at least half of the losses have been cut out," Mr. Ives said. —Alexa Corse, Patrick Coffey and Katie Deighton contributed to this article.

# Spotify Branches Out With New Video Feed

By ANNE STEELE

Spotify Technology SA wants users to discover their next favorite artist on its platform, and not on TikTok or YouTube. The Swedish music-streaming company on Wednesday introduced a new video feed for its app, aiming to recommend music, podcasts and audiobooks to users via short clips, similar to TikTok and YouTube Shorts. Spotify's new feature, called Previews, prompts users to swipe through to browse new content recommendations. The short clips are meant to entice users to save music and shows to their libraries to listen to later. Being involved with the moments when users first hear new content, which the company calls "foreground discovery," is ultimately the key to retaining them, said Spotify co-presidents Gustav Söderström and Alex Norström. "When you have your phone

in your pocket, when you're listening to a playlist, we're really good at finding similar songs," said Mr. Söderström, who is also Spotify's product chief. "But there's another part of the discovery journey, which is foreground discovery." Though Spotify has benefited from music discovered via viral TikTok trends, the company says it wants to offer its own new content recommendations. "We don't only want to rely on other platforms to do the foreground discovery," said Mr. Söderström. Spotify's new features come as the company is facing fresh pressures. ByteDance Ltd., parent to TikTok—which Spotify Chief Executive Daniel Ek recently called a formidable competitor—is seeking to grow its music-streaming service globally, The Wall Street Journal has reported. Spotify has been expanding beyond music into other forms of audio to improve margins and help differentiate itself

from well-funded competitors with music-streaming platforms, including Apple Inc., Amazon.com Inc. and Alphabet Inc.'s Google. Spotify, which has reported strong user growth but is unprofitable, is retooling its business to streamline its operations. After spending over \$1 billion on podcast companies and talent since 2019, many of the executives who came in with those acquisitions or were charged with leading the podcast strategy have departed. Now, executives say the company is focused on tightening its spending and making good on those investments. Messrs. Söderström and Norström, under whom the company has been reorganized, defended the costly podcast strategy, pointing out that the company quickly went from having almost no presence in the format to becoming the biggest podcast platform by certain metrics. Spotify is the top U.S. podcast platform by



Co-presidents Gustav Söderström and Alex Norström at the company's Los Angeles office.

listeners, according to audio-data tracker Edison Research. "In 2019, we were all observing this kind of stagnant podcasting industry. And we basically dove head straight into this," said Mr. Norström, Spotify's business chief. "That really is what put us into the position we are today." Helping users find new pod-

casts, he said, still needs to be solved. Though the Previews feature will look a lot like feeds on platforms such as TikTok, Spotify said it intends for its video feed to be used differently. While many social-media platforms aim to keep users engaged by scrolling through videos, Spotify said it

wants users to briefly browse its Previews video feed and then spend most of their time listening to Spotify's full music, podcasts or audiobook selections. "Our end goal is that you have this library now of 50 episodes that you think are amazing that you need to listen to," said Mr. Söderström.

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Some lawmakers have expressed concern that the Chinese government could pressure TikTok or its parent to spy on people.

# TikTok Commits \$1.3 Billion to Build Europe Safeguards

By STU WOO

LONDON—TikTok said it would spend about \$1.3 billion a year on measures to safeguard European users, as the video app tries to assuage governments that are increasingly concerned about its Chinese parent company. TikTok executives said Wednesday that they would spend €1.2 billion annually on such measures, which they call Project Clover, an effort first reported earlier this week by The Wall Street Journal. The plans include opening two data centers in Ireland within weeks, and a third center in Norway later this year. They said data of European users, currently stored in Singapore and the U.S., will move to these three sites. TikTok also plans to eventually announce a European partner that will monitor how the app handles data on the continent, said Theo Bertram, the company's vice president for government relations in Europe. He said TikTok is already working with the partner but isn't ready to name it yet. TikTok said it started working on Project Clover before a series of governments, including the U.S., European Union and Canada, in recent months banned government employees from using the app on work

devices. Lawmakers in those countries say the Chinese government could order TikTok or its parent company, Beijing-based ByteDance Ltd., to spy on people or distribute propaganda. Mr. Bertram said that TikTok has never received such a request, and if it did, it would refuse to comply. He said the company is also introducing an international set of safeguards to mitigate such risks. The first major plan to address the issues is being enacted in the U.S., where Congress is considering banning TikTok or attempting to force its sale to a U.S. company. To continue operating in the U.S. as a ByteDance subsidiary, TikTok has proposed Project Texas, a \$1.5 billion plan to store the data of U.S. users on the systems of Texas-based Oracle Corp. Oracle also would monitor TikTok's video-recommendation systems for foul play. Some U.S. officials and independent researchers are skeptical that TikTok's proposal would adequately keep the app from the reach of Chinese authorities, saying an effective solution would be difficult to implement. Some engineers in China would have limited access to European data, Mr. Bertram said.

# Ex-Apple Executives Team With OpenAI and Microsoft

By AARON TILLEY

A startup founded by former Apple Inc. executives unveiled a new investment round of \$100 million and partnerships with OpenAI, creator of ChatGPT, as well as Microsoft Corp. Humane Inc., founded by Imran Chaudhri and Bethany Bongiorno, plans to launch a product this spring that incorporates artificial intelligence into a consumer device. The company hasn't disclosed what it plans to sell. Published patents suggest Humane intends to build a wearable device that may be capable of projecting a display with which users could interact. "Air and touch gestures can also be performed on a projected ephemeral display, for example, responding to user interface elements," the patent reads. The husband-and-wife co-founders were longtime Apple executives who departed in 2016. Mr. Chaudhri was the former director of design for Apple's human interface team, which focuses on the user experiences of Apple's devices. Ms. Bongiorno was a director for Apple's operating system. Patrick Gates, a former senior director of engineering at Apple, is also an early employee at Humane, where he serves as chief technology officer. The \$100 million round was led by Kindred Ventures and included participation from Microsoft, among others. OpenAI Chief Executive Sam Altman, who was an early investor in Humane, also joined in the new round. The company previously raised two rounds of financing totaling \$130 million. The company said it would be working with Microsoft to power Humane's cloud services. Humane would be teaming up with OpenAI to integrate its AI technology into the Humane device.

## BUSINESS NEWS

## Domino's China Chain Reheats IPO

A Domino's Pizza Inc. franchisee is making another attempt at serving up shares to investors. DPC Dash, which operates the pizza chain's stores in China, on Wednesday refiled paperwork for its initial public offering in Hong Kong. The Shanghai-headquartered company had previously sought to raise up to about \$73 million, but shelved that listing plan in December, blaming market conditions.

The filing said DPC Dash operated a little over 600 stores in 17 cities in China as of January. DPC Dash plans to open about 180 stores this year and around 240 in 2024. It expects a net loss this year.

China's exit from its zero-Covid-19 policy has buoyed consumer stocks.

—Dave Sebastian



IMAGINECHINA/REUTERS

## Airfares Surge for Popular Spring Getaways

By JACOB PASSY

Flying to the most popular destinations for spring getaways is costing travelers significantly more on average than before the pandemic.

Warm-weather destinations are among those seeing the largest jump in prices compared with 2019, according to an analysis of U.S. travel-agency ticket sales from Airlines Reporting Corp., a company that processes tickets for travel agencies.

For round-trip tickets to Orlando, Fla., from anywhere in the U.S. between March and April 2023, the average price travelers paid was 31% higher than for the same period in 2019. Orlando ranked as the top destination for U.S. travelers during those months, according to the company.

Other popular destinations are seeing even higher average ticket prices for U.S. travelers this year, compared with 2019.

Average ticket prices in March and April are up 51% for flights to Cancún, Mexico, and 41% for flights to Las Vegas. The ARC analysis was based on tickets purchased between December and February, versus the same period in 2018 and 2019.

The surge in prices reflects how much travel demand has recovered from the pandemic.

With that demand so high, finding last-minute deals will prove challenging, unless vacationers get creative, travel advisers say. The findings align with reports from other companies regarding what is shaping up to be a popular—and pricey—spring travel season. Data from Expedia shows that searches for flights in March

and April are up 40% versus the same time frame last year, while average ticket prices are up on a year-over-year basis.

"That revenge-travel mindset is still very much in play," says Lindsay Schwimer, a consumer travel adviser at Hopper, an online travel agency.

Airlines for America, an industry trade group, projects more than 158 million passengers will fly on U.S. airlines in March and April, a record for those months.

Many families say they even are opting to pull their children out of school for a family vacation, rather than spend a ton to travel during peak times around school breaks.

Another factor contributing to higher interest in spring-break trips—and thus higher costs—is the elimination of Covid-19-related travel restrictions since 2022. The U.S. dropped masking and testing requirements for travelers from abroad over the past

year, and cruise lines have largely eliminated their own requirements around pre-departure Covid-19 testing.

Travelers are encountering crowds at sea, too. Tracy Petriccione, co-owner of Pixie Travel, a full-service travel agency in Atlanta, says that the number of cruises her agency is booking is exceeding pre-Covid-19 levels.

"Last year, we were barely booking cruises," Mrs. Petriccione says. "Now, we have clients on every cruise line."

People looking to book last-minute cruises are coming up short because those sailings are either entirely sold out or only less desirable accommodations remain.

If folks are really on the hunt for a deal, they may need to get creative by either traveling to less popular destinations or avoiding weekend days for flights, Ms. Schwimer says. Another potential route for savings: Looking for last-minute hotel deals.



Airlines for America, an industry trade group, projects more than 158 million passengers will fly on U.S. airlines in March and April.

NYU PHOTO/NEWS/SHUTTERSTOCK

## Contractors Battle Over F-35 Plans

Continued from page B1

50 bipartisan members of Congress wrote in support of advanced engine programs like ours because they recognize these needs, in addition to the role competition can play in reducing past cost overruns."

Raytheon and Pratt & Whitney say the funding would be a waste of taxpayer money.

Paying to upgrade the existing Pratt engine is "2½ times more cost effective than a brand new program," said Jill Albertelli, head of Pratt's military engine unit.

President Biden is expected Thursday to release his fiscal 2024 budget proposal, in which the Defense Department could formally ask Congress to pay for the production of the GE engine for the plane.

Both sides are running advertisements on the internet to promote the new funds, and last week executives with more than 70 Pratt & Whitney suppliers traveled to Capitol Hill to press lawmakers to oppose the new government spending.

Stock market analysts say GE's chances of elbowing its way back into the F-35 contest are improving.

Among the issues has been the higher-than-expected cost of maintaining the Pratt engines, leading to a shortage of

existing F-35 fighters ready for flight, according to the Government Accountability Office.

Raytheon has told investors the issues are being addressed.

Last year, Congress allocated \$203 million in research funding to GE to keep its development program running, and much of the recent lobbying has focused on persuading the White House to include funding to produce the engines.

Even if that fails, GE could score a win if Congress votes to add money for the new engine.

GE draws some of its support from lawmakers who represent parts of the country that are home to GE's production facilities, including Ohio and Indiana.

Several dozen lawmakers from those states and elsewhere signed a letter last fall

**Raytheon and GE are on opposite sides of a lobbying war in Washington.**

that supported GE's position on funding a new engine "as quickly as possible," according to the letter. That was seen as a tacit nudge to consider GE's alternate engine design for the F-35, according to people familiar with the matter.

During the last big fight over funding the engine, opponents beat back GE's efforts by winning broad support from Tea Party Republicans and rank-and-file Republicans.

Lobbyists for Raytheon and Pratt & Whitney hope to replicate the winning strategy by rallying support from Freedom Caucus members and other Republican lawmakers who have called on Republican leaders to cut government spending, such as Reps. Matt Gaetz (R., Fla.), a member of the Armed Services Committee, Jim Jordan (R., Ohio), a leader of the Freedom Caucus, and Thomas Massie (R., Ky.) whose state is home to GE facilities.

When Republican Leader Kevin McCarthy of California ran for speaker in January, a group of conservative holdovers elicited a promise to reduce defense spending by roughly \$70 billion.

GE's opponents hope to rally opposition from those Republicans and other conservatives by appealing to their antigovernment ideology.

"In a testament to how hard it is to end a duplicative program in Washington, D.C., today some in Congress and the Pentagon are attempting to resurrect the earmark for the extra F-35 engine program," according to talking points being circulated to Republicans by Raytheon lobbyists.

Other targets include Mr. Vance of Ohio, Sen. Mike Braun (R., Ind.) and Rep. Jim Banks (R., Ind.), a former head of the House's fiscally conservative Republican Study Committee, which has called for budget cuts. Each represents states with GE production facilities that could see a boost in hiring if Congress funds the engine.

A spokesman for Mr. Vance declined to comment. Other lawmakers didn't respond to messages seeking comment.

Raytheon lobbyists also hope to appeal to conservatives by arguing that giving the engine to GE could hand the company a near-monopoly over the production of jet engines for the military.

According to data provided to lawmakers by Raytheon lobbyists, the military engine business is currently split evenly between GE and Pratt & Whitney. Awarding half of the F-35 engines to GE, however, would give the company a dominant share of the business.

—Thomas Gryta and Doug Cameron contributed to this article.

# dog·ged

/ˈdɒɡəd/

adjective

Despite spending my early life in a shelter, there's no dog more determined than me. Thanks to the National Disaster Search Dog Foundation, if you're ever trapped under rubble after a disaster, I'll find you. That's my job, and what I was born to do. You'll never find a dog more *dogged*.

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Victor  
Active Search Dog  
Rescued from Redding, CA.  
Photographed by Shaina Fishman  
at SDF's National Training Center.



General Electric wants to develop an alternative engine to the F-35 fighter, which its rival says would cost \$6 billion.

MANJUNATH KIRAN/AGENCE FRANCE-PRESSE/GETTY IMAGES







COMMODITIES

Futures Contracts

Table of Metal & Petroleum Futures including Copper-High, Gold, Palladium, Platinum, Silver, and various oil and gas contracts.

Table of Interest Rate Futures including Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, and Eurodollar contracts.

Table of Agriculture Futures including Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, and Wheat contracts.

Table of Currency Futures including Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, and Euro contracts.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended March 3. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet.

Table showing Inventories (000s barrels) and Imports (000s barrels per day) for various commodities like Crude oil, Gasoline, and Jet fuel.

Table showing Natural gas storage in billions of cubic feet, including weekly totals and five-year averages.

Table showing Weekly Demand (000s barrels per day) for Total petroleum product, Finished motor gasoline, and other fuels.

Table showing Exchange-Traded Portfolios with columns for EFT, Symbol, Closing Price, and YTD Change.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table of the Largest 100 exchange-traded funds, latest session, listing EFT, Symbol, Closing Price, and YTD Change.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of Cash Prices for Energy, Metals, and Grains and Feeds, including Iron Ore, Copper, and various grains.

Bonds

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 showing Total return, YTD total return, and Index for various bond categories like Broad Market, Mortgage-Backed, and Global Government.

Global Government: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table of Global Government bond yields and spreads for countries like Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Investment-grade spreads that tightened the most...

Table of Corporate Debt investment-grade spreads showing Issuer, Symbol, Coupon, Yield, Maturity, and Spread changes.

High-yield issues with the biggest price increases...

Table of High-yield issues showing Issuer, Symbol, Coupon, Yield, Maturity, and Spread changes.

...And spreads that widened the most

Table of Corporate Debt showing spreads that widened the most, including Delta Air Lines, HSBC Holdings, and Societe Generale.

...And with the biggest price decreases

Table of Corporate Debt showing the biggest price decreases, including Daimler Trucks Finance North America and Athens Global Funding.

Estimated spread over two active issue of bonds with maturities of two years or more

Table of Corporate Debt showing estimated spread over two active issue of bonds with maturities of two years or more.

Estimated spread over two active issue of bonds with maturities of two years or more

Table of Corporate Debt showing estimated spread over two active issue of bonds with maturities of two years or more.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are in U.S. dollars. Boldface indicates primary market trades as well as trades reported by Nasdaq BX (formerly Nasdaq), Chicago Stock Exchange, Cboe, NYSE Bats and Nasdaq ISE.

Footnotes:
-N New 52-week high.
-NW New 52-week low.
-d Indicates loss in the most recent four trading days.
-FD First-day of trading.
-H Does not meet continued listing standards.
-IF Late filing.
-IF-1 Late filing, exemption from Nasdaq requirements.
-N NYSE bankruptcy.
-v Trading halted on primary market.
-vf In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, March 8, 2023

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net % Chg. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net % Chg. Includes sub-sections M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net % Chg. Includes sub-sections T, U, V, W, X, Y, Z.

Dividend Changes

Table of dividend changes with columns for Company, Symbol, Yld %, Amount, New/Old, Frq, Payable/Record.

New Highs and Lows

Table of new highs and lows with columns for Stock, 52-Wk % High, 52-Wk % Low, and Date.

Mutual Funds

Table of mutual fund performance with columns for Fund, NAV, Chg, %Ret, and Date.

Increased

Table of increased stock prices with columns for Company, Symbol, Yld %, Amount, New/Old, Frq, Payable/Record.

IPO Scorecard

Table of IPO performance with columns for Company, Symbol, Wtd's, %Chg From, IPO Date/Offer price, Wtd's, %Chg From.

Reduced

Table of reduced stock prices with columns for Company, Symbol, Yld %, Amount, New/Old, Frq, Payable/Record.

Stocks

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net % Chg.

Policy Rates

Table of policy rates with columns for Country, Rate, and Date.

Notes on data

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, as of effective February 2, 2023.

Notes on data

Notes on data: The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Notes on data

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, as of effective February 2, 2023.



MARKETS

S&P 500, Nasdaq Gain, but Dow Falls

A deeply inverted yield curve flashes a recession signal as Fed's Powell testifies

BY ANNA HIRTENSTEIN AND VICKY GE HUANG

Stocks wobbled between small gains and losses as investors parsed a second day of congressional testimony from Federal Reserve Chair Jerome Powell and further data suggesting the labor market remains hot.

The S&P 500 climbed 5.64 points, or 0.1%, to 3992.01, while the Nasdaq Composite increased 45.67 points, or 0.4%, to 11576. The Dow Jones Industrial Average slipped 58.06 points, or 0.2%, to 32798.40.

Mr. Powell said the central bank would keep its options open about future rate increases and that coming economic data would strongly influence the rate decision at the March 21-22 meeting.

Stocks fell Tuesday when he said the Fed is prepared to

speed up the pace of interest-rate increases if inflation and the labor market don't cool down. Markets moved to price amid a higher probability of a bigger rise in rates at the central bank's next meeting.

"There's this growing concern about a 'no landing' scenario, effectively where it turns out that the Fed and other central banks have just not done anywhere near enough" to temper economic growth and curb inflation, said John Roe, head of multiasset funds at Legal & General Investment Management.

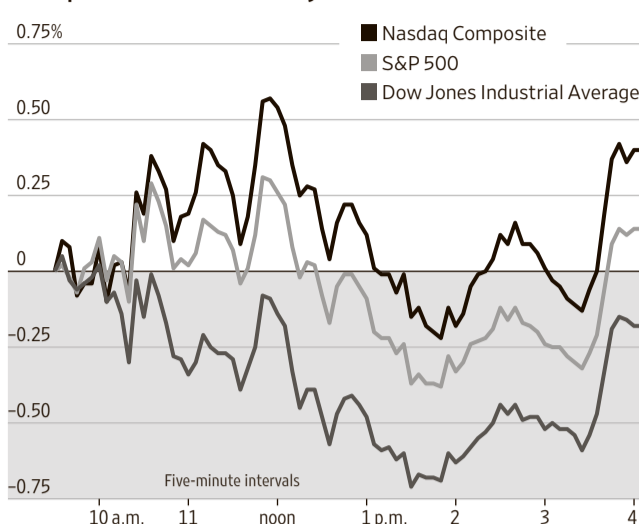
The global economy has shown signs of resilience in recent weeks.

The U.S. private sector added 242,000 jobs in February, according to the ADP employment report. That came in above economists' forecasts, another sign of an unexpectedly strong labor market.

The most important near-term indicator for gauging the health of the jobs market will be Friday's nonfarm payrolls report.

"We're in an environment where every data point can cause volatility," said Karim

Index performance Wednesday



Source: FactSet

Chedid, an investment strategist at BlackRock.

In bond markets, yields on shorter-dated Treasuries settled at multiyear highs as investors braced for higher Fed rates. The two-year yield edged higher to 5.064%, its highest closing level since June 2007, from 5.011% Tuesday. Bond yields rise as prices fall.

The yield on the benchmark

10-year Treasury note reversed earlier declines and was unchanged from Tuesday's 3.974%.

Bond-market moves in recent weeks have meant that the inversion of the yield curve—in which shorter-dated bonds yield more than longer-dated ones—deepened. Such inversions are often viewed as an indicator of a possible re-

cession.

Earlier this week, two-year yields exceeded 10-year yields by more than a percentage point for the first time since 1981. The move also indicates that investors believe that interest rates will rise higher than previously expected over the coming months.

Some investors are turning to cash and short-term Treasuries to search for income. Brian Vendig, president of MJP Wealth Advisors, which manages about \$1 billion in assets, said he has been adding to prime money-market funds, short-term Treasuries and certificates of deposit for clients.

"If you can hide in cash and get competitive yields because you are looking for principal protection or you know of an expenditure that's coming over the next 12 months, it makes sense to do that in this environment," said Mr. Vendig.

Among individual stocks, CrowdStrike rose \$3.99, or 3.2%, to \$128.92 after the cybersecurity company gave a revenue outlook that came well above analysts' forecasts. Campbell Soup gained \$1.01, or 1.9%, to \$53.14 after the

soup and snack maker reported a 12% rise in sales.

Overseas, the Stoxx Europe 600 edged up less than 0.1%. Early Thursday, Japan's Nikkei 225 was up 0.6%, but the Shanghai Composite was down 0.3%, Hong Kong's Hang Seng Index was down 0.1% and South Korea's Kospi was down 0.2%. S&P 500 futures fell 0.2%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS

Table with 2 columns: Bid type and Amount. Includes Applications, Accepted bids, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, and Cusip number.

NINE-YEAR, 11-MONTH NOTES

Table with 2 columns: Bid type and Amount. Includes Applications, Accepted bids, Auction price (rate), Interest rate, Bids at clearing yield accepted, and Cusip number.

Big Share Sales Are a Hopeful Sign for IPOs

BY CORRIE DRIEBUSCH

A string of recent big stock sales by public companies is boosting confidence among bankers and investors that the drought in IPOs may finally be easing.

More than 50 publicly traded companies in the U.S. raised a total of roughly \$7.4 billion for themselves or shareholders in February, compared with 23 raising \$1.8 billion in the same month last year, Dealogic data show. (That's still far lower than in the prior share-sale boom, when 150 companies raised \$32 billion in February 2021.)

Companies including American Water Works Co. and Burger King owner Restaurant

Brands International Inc. or their big shareholders have taken advantage of an uptick in share prices to raise cash through stock sales. American Water Works last week sold more than \$1.7 billion in stock, the biggest so-called follow-on offering in the U.S. since June, according to Dealogic. Also last week, an affiliate of 3G Capital Partners Ltd. sold more than \$470 million of Restaurant Brands stock through a so-called block trade.

Roughly \$2 billion of the sales were in the form of block trades, in which a bank buys stock from a public company or one of its big investors at a discount and then resells it to investors. The average discount investors paid in block

trades of \$50 million or more in February was 4%, down from 6% in all of 2022, pointing to increased appetite for risk coming off the worst year for U.S. IPOs in at least two

\$7.4B

Money raised by more than 50 listed companies in February

decades—and a bad one for follow-on offerings too.

Follow-on, or secondary share-sale activity, as it is also known, is often a leading indicator of IPO volume. The re-

cent surge has stoked hopes for companies waiting in the wings to list their shares, including grocery-delivery provider Instacart Inc., restaurant operator Panera Brands Inc. and British microchip designer Arm Ltd. Financial-technology giant Stripe Inc., one of Silicon Valley's most valuable startups, in late January told investors it set a goal of going public or allowing employees to sell shares in a private-market transaction within 12 months.

There have been signs of a thawing in the IPO market in the past month. Solar-technology company Nextracker Inc. priced its IPO above expectations and sold more shares than planned in early February.

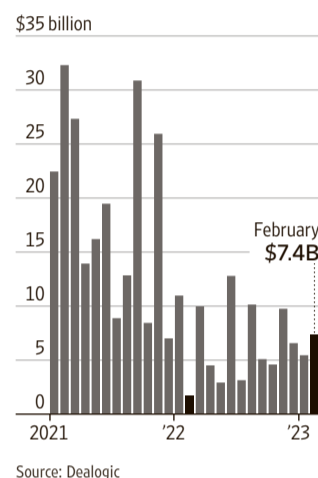
The stock is up roughly 40% from its IPO price. This week, energy company Atlas Energy Solutions Inc. is pitching shares to prospective investors with plans to list its stock on Thursday. The deal is expected to price well, according to people close to the offering.

"There are some real green shoots, with deals across sectors and product types," said Daniel Burton-Morgan, head of Americas equity-capital-markets syndicate at Bank of America Corp.

There have been false dawns since IPO activity fell off a cliff more than a year ago and this could be another one.

In late 2022, there was a brief flood of secondary stock offerings that fanned bankers'

Follow-on volume in the U.S.



Source: Dealogic

hopes, though no rush of IPOs followed.

Secondary share sales are sometimes seen as a sign companies aren't bullish about the prospects for their stocks.

Investors Shift to Overseas

Continued from page B1 which tracks developed and emerging-market stocks, has climbed 4.6% this year on a dollar basis, outpacing the S&P 500's 4% gain.

Regional stock indexes have climbed even faster. The pancontinental Stoxx Europe 600 has risen 7.2%, the Shanghai Composite is up 6.3%, U.K.'s FTSE 100 has climbed 4.7% and Japan's Nikkei 225 is up 4.8%.

The recent outflows from U.S. stock funds suggest investors lack confidence in the 2023 market rebound. They have pulled money from domestic equity funds for nine consecutive weeks, the longest stretch of outflows since June 2016.

Meanwhile, shifting global economic fundamentals have increased the allure of diversifying into international stocks, investors and analysts say.

"The case for investing outside of your home country is really the case of diversification," said Emily Leveille, a portfolio manager at Thornburg Investment Management, which manages \$42 billion in client assets.

The Thornburg International Growth fund she co-manages has returned about 7.4% this year, including dividends, according to Morningstar data as of Tuesday. Its biggest holdings include chip maker Taiwan Semiconductor Manufacturing Co., Swiss packaged-foods giant Nestle SA and British drugmaker AstraZeneca PLC.

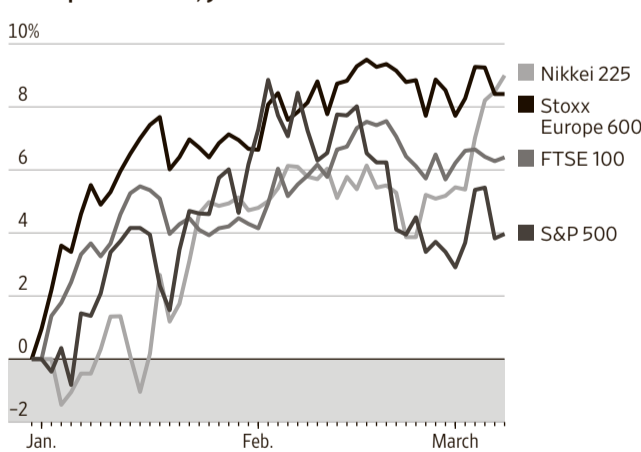
The inflows into international stock funds are a rare bright spot among the equity groups tracked by Refinitiv Lipper. Among the only other categories to attract cash on a net basis this year are dividend stock and small-cap funds.

U.S. stocks outperformed their international peers for more than a decade following the 2008 financial crisis, powered by a robust economy and the global dominance of Amer-



Hong Kong's Hang Seng Index has outperformed the S&P 500.

Index performance, year to date



Source: FactSet

ican companies. That run ended last year when concerns about higher interest rates, sticky inflation and a potential recession dragged the S&P 500 down 19%.

After racing higher in January, U.S. stocks have pulled back on worries that the Federal Reserve will be forced to raise interest rates higher than previously anticipated to cool a hot economy. Fed Chair Jerome Powell said Tuesday in a hearing on Capitol Hill that the central bank's pace of quarter-point interest-rate increases isn't set in stone, pulling the S&P 500 down 1.5% on the day.

For most of last year, investors turned their back on international stocks as they weighed global geopolitical and economic risks. Russia's invasion of Ukraine caused supply shortages and a spike in energy prices that threatened to worsen already steep inflation in Europe. In Asia, China's stringent zero-Covid

policy hampered global growth, denting the profits of companies with exposure to the world's second-largest economy.

Although the challenges facing international economies remain, some investors say they believe the worst is over. Energy prices are now well below their 2022 peaks, helping to ease inflation in the eurozone. Chinese officials have ditched pandemic-era curbs and eased pressure on domestic technology companies.

Many investors see better value in foreign stocks because they trade at a big discount to their U.S. counterparts. Companies in the S&P 500 are trading at roughly 18 times projected earnings over the next 12 months, according to FactSet. That compares with the Stoxx Europe 600's multiple of around 13 and the Hong Kong Hang Seng Index's multiple of about 10 on a local-currency basis.

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