







U.S. NEWS



President Biden greeted House Speaker Kevin McCarthy before his State of the Union at the Capitol on Feb. 7.

Biden's Budget Sets Table For Coming Campaign Fights

By CATHERINE LUCEY AND KEN THOMAS

WASHINGTON—President Biden's \$6.9 trillion budget proposal is a road map for his fights to come with congressional Republicans and his GOP opponent in his expected 2024 re-election campaign.

The plan Mr. Biden released Thursday will find little support in the House, where Speaker Kevin McCarthy (R., Calif.) is preparing his own budget proposal and must overcome his intraparty divisions.

From the battleground state of Pennsylvania, Mr. Biden's budget rollout emphasized his plans to raise taxes on corporations and the wealthiest Americans, protect Social Security and Medicare and reduce the deficit during the next decade—policies that all remain largely popular with voters.

"Being able to talk about what his agenda looks like versus what the Republican agenda looks like, it sets up the agenda not just for this budget season but it sets up many of the debates for the 2024 campaign," said Rep. Brendan Boyle (D., Pa.), who hosted Mr. Biden in his district last week.

Mr. Biden will seek to sell some of his budget ideas this week during a West Coast trip that will include an event on prescription drugs in Las Vegas on Tuesday. The president has made bringing down the cost



Members of the House Freedom Caucus, including GOP Rep. Chip Roy, left, have said they want restrictions on spending.

of insulin for diabetics a centerpiece of his healthcare agenda.

On Friday, the president sought to quickly contrast his plans with a proposal released by members of the conservative House Freedom Caucus, who said they wanted restrictions on spending in exchange for approving a debt-ceiling increase later this year.

The Freedom Caucus wants a near freeze on discretionary spending during the next decade, the rescinding of \$80 billion previously approved for the expansion of the Internal Revenue Service and a halt to the president's plan to forgive certain student debt.

"His budget makes his priorities clear: His administration is at war with the Ameri-

can people's freedom and prosperity," said Rep. Chip Roy (R., Texas), a Freedom Caucus member. "We need to shrink Washington and grow America—his budget would do the opposite."

More broadly, Republicans signaled a fight to come over taxes. Among other things, Mr. Biden proposed raising the top individual tax rate to 39.6% from 37%, increasing the corporate tax rate to 28% from 21%, taxing top earners' capital gains at higher rates and raising taxes on U.S. companies' foreign profits to 21% from 10.5%.

Mr. McCarthy tweeted that the president's plan "proposes trillions in new taxes that you and your family will pay directly or through higher costs."

Mr. Biden called for protecting just those earning \$400,000 or less a year from tax increases, which White

House senior adviser Mike Donilon said was a crucial distinction with congressional Republicans.

"Look, if the Republicans want to have that debate, then great, we'll have that debate," Mr. Donilon said. "Because we think we are clearly on the stronger side of that argument and the country has come to a view that the tax system is not fair."

Democrats said Mr. Biden's emphasis on deficit reduction, paired with the protection of domestic programs, including Medicare and Social Security, remained popular with a swath of the public.

"If he gets the Republicans in a specific battle over line-items, he will win every time," said Paul Begala, a Democratic strategist and former Clinton White House aide.

Republican strategist Alex Conant called Mr. Biden's budget "a typical tax-and-spend liberal approach. More taxes, more spending and should set up a nice contrast with a limited government approach." He also said that debt could be an area where Republicans can go on offense.

Mr. Biden has told associates he is planning to run for re-election, said a person familiar with his conversations.

Even with that campaign on the horizon, Mr. Biden has spent more time at the beginning of 2023 emphasizing his differences with House Republicans than devoting attention to the still-developing field of GOP presidential contenders, following an approach that helped Democratic Presidents Bill Clinton and Barack Obama win re-election.

Pence Nods at Bid In 2024, Blames Trump for Jan. 6

By ALEX LEARY

Former Vice President Mike Pence moved closer Saturday night to a presidential run and criticized Donald Trump over the Jan. 6, 2021, Capitol riot while making fun of a range of targets—including himself—at a Washington soiree.

"I was in the news last week when I declined to say whether I would support one of the other possible Republican candidates in 2024. Let me clear that up tonight," Mr. Pence said at the annual Gridiron Club dinner in Washington, according to prepared remarks.

"I will wholeheartedly, unreservedly support the Republican nominee for President in 2024...if it's me."

Mr. Pence faces significant challenges despite longstanding respect among Republicans. He refused to go along with Mr. Trump's effort to overturn his 2020 election loss in order to remain in power, leading some Jan. 6 rioters to call for Mr. Pence's hanging. He was at the Capitol that day to certify Joe Biden's victory and was rushed out as the mob swarmed the building.

"I was not afraid, but I was angry," he said Saturday night. "President Trump was wrong. His reckless words endangered my family and everyone at the Capitol and I believe history will hold Donald Trump accountable for January 6th." A Trump spokesman didn't respond to a request for comment.

Mr. Pence, who helped shore up support with Christian evangelicals for Mr. Trump in 2016, is traveling the country and expected to enter the presidential contest soon. He tapped his teetotaler persona to drive the comedic address to an insider group in Washington.

"I'm really not as uptight as many people think," he said. "There's this idea that I'm some kind of religious nut. I'm really not. Just ask my sons—Jedediah, Obidiah or Zecharia. It's true that I am a man of deep faith. In fact, my preferred pronouns are thou and thine."

Nodding to numerous investigations facing the former president, he joked, "Honestly, I learned a lot working beside Donald Trump. Like about subpoenas, for example."

Mr. Pence spoke just after he was roasted by the Gridiron, whose members performed a skit that featured the song "On My Own" mocking a potentially lonely presidential bid. He seems determined to join the race and took a few digs at rivals Saturday night, including Florida Gov. Ron De-

The former vice president is expected to enter the 2024 contest soon.

Santis, the current top alternative to Mr. Trump among GOP primary voters.

"And then there's Ron DeSantis who has those everyman populist qualities that are so relatable," Mr. Pence said, "like degrees from Harvard and Yale."

Mr. Pence also took aim at a fellow Indianan, Biden administration Transportation Secretary Pete Buttigieg. He joked that Mr. Buttigieg, who is openly gay, took "maternity leave" and then the rest of the country got postpartum depression as a series of problems befell airlines and the air-traffic control system.



Mike Pence spoke at an event in South Carolina earlier this month.

Lake's Senate Ambition Makes GOP Nervous

By ELIZA COLLINS

PHOENIX—Kari Lake is still contesting the result of the Arizona governor race she lost. But she is now turning her attention to the state's 2024 Senate contest, setting the stage for a political bounceback while worrying some Republicans who feel she is too extreme to win a general election.

Ms. Lake, an ally of former President Donald Trump, has said she is focused on her election lawsuits, but aides say she is considering entering the race for Senate. Her entrance would add further unpredictability to what could be a three-way contest for the seat currently held by independent Sen. Kyrsten Sinema.

Ms. Lake, a charismatic former local TV anchor, narrowly lost the contest for governor by 17,000 votes in November's midterm elections. She was one of several Republican candidates who aligned themselves with Mr. Trump and lost in competitive states.

Pollsters and strategists across the ideological spectrum believe Ms. Lake would be hard to beat in a GOP primary due to her rock-star status among many conservatives. The uncertainty has pushed other Republicans who are close to her, including the 2022 GOP Senate candidate Blake Masters, to factor her plans into their own decision-

making, while Ms. Lake's team argues her conservative policies and messaging can win the state.

"The GOP field is completely paralyzed, waiting for her next steps," said Caroline Wren, a Lake senior adviser. "They, like the media, know that Kari will dominate a primary election and sprint through a general race" to win the seat for the party, Ms. Wren said.

Ms. Lake would be very tough to beat in a GOP primary, said Mike Noble, chief of research at the nonpartisan Phoenix-based polling company OH Predictive Insights. However, he said, she would "have a big problem heading into the general election" as some voters turned off by a Trump-aligned candidate move away from the GOP.

Americans for Prosperity, a group funded by billionaire Charles Koch that is opposing Mr. Trump for president, said it is seeking an alternative to Ms. Lake.

Ms. Lake continues to falsely maintain that she won the 2022 gubernatorial election and has asked the Arizona Supreme Court to consider her case. People familiar with her thinking say she won't move forward with a Senate run until her legal battle is resolved.

Some Republicans say the party needs to move toward mainstream candidates to start winning again.

"After three disappointing elections in a row, conservatives are hungry for candidates who can actually win," said John Ashbrook, a Republican strategist closely aligned with Senate Minority Leader

Mitch McConnell (R., Ky.).

On the Democratic side, Rep. Ruben Gallego has already entered the Senate race. Ms. Sinema, who last year left the Democratic Party to register as an independent, hasn't said if she will run again. Representatives for both lawmakers declined to comment.

Republicans are hoping to keep voters like Steve Russell, a 73-year-old retiree from Litchfield Park, who identifies as conservative and voted twice for Mr. Trump. But he soured on the former president and his allies after his response to the Jan. 6, 2021, Capitol riot.

"Kari Lake, she's too Trumpish," he said.

Meanwhile, Kevin Pratt, 40, a Buckeye resident who works on quality assurance, is excited about the prospect of Ms. Lake's candidacy because of conservative positions on the border and the economy and her association with Mr. Trump. "Trump did a lot of good," he said.

Mr. Masters, an ally of venture capitalist Peter Thiel, said he "will probably run" for Senate. Some people familiar with his thinking have said he would stay out of the race if Ms. Lake gets in.

Mr. Masters, who lost to Democratic Sen. Mark Kelly in the 2022 race, said "how the field shapes up is certainly a factor," but that he believed he was uniquely positioned to unite GOP voters.



Kari Lake at March's Conservative Political Action Conference.

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U.S. NEWS

# Prostate Cancer Patients Can Delay Aggressive Care

By ARIANA PEREZ-CASTELLS

Many prostate-cancer patients could delay or forgo radical treatment without compromising quality of life or longevity, a study showed, adding to a reconsideration of how aggressively to treat some common cancers.

Men with low-grade and some with moderate-grade localized prostate cancer could safely choose surveillance over surgery or radiation, according to a study published on Saturday in the New England Journal of Medicine. Its authors followed about 1,600 men in the U.K. diagnosed with localized prostate cancer for a median of 15 years. They found

that mortality was low whether patients received radiotherapy, a prostatectomy or active monitoring: 3% of patients in the study died from prostate cancer.

The length and breadth of the study confirms that surveillance is sufficient to manage early-stage prostate cancer for many patients, said Matthew Smith, director of the Genitourinary Malignancies Program at the Massachusetts General Hospital Cancer Center in Boston.

"This is truly a landmark study in prostate cancer," said Dr. Smith, who wasn't involved in the research.

Around 31,600 men in the U.S. died of prostate cancer in

2019, according to the Centers for Disease Control and Prevention. It is the second-most-common cancer among men in the country after skin cancer and disproportionately affects Black men. Some 2% of patients in the U.K. study identified as nonwhite.

Patients in the study's monitoring group, who were routinely tested for the level of prostate-specific antigen in their blood instead of undergoing surgery or radiation, experienced more spread of their cancer than patients who received more intensive therapies. But death rates across the groups that received radiation, surgery or regular surveillance were similar, the

researchers found.

"Everybody expected that the curves would separate and would start to see a survival advantage for men who receive radical treatment, and that's not happened," said Dr. Freddie Hamdy, professor of surgery and urology at the University of Oxford and a co-author of the study. "That was a big surprise."

At the outset of the study, around two-thirds of men had low-risk disease and one-third had moderate-risk disease. Results of the study were originally published after a median of 10 years of data was collected in 2016.

Active monitoring evolved over the years the study was

conducted. Today it can consist of tests including a prostate-cancer screening test, genomics testing of the tissue or blood, advanced imaging and biopsy when required. Around half of the monitored patients in the study were referred for treatment and underwent radiation or surgery, delaying but not forgoing more radical treatment.

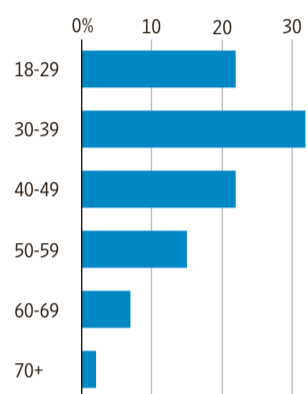
Patients who undergo radical treatment can experience side effects including urinary incontinence, rectal pain, bowel urgency and erectile dysfunction. An accompanying paper published Saturday in the New England Journal of Medicine Evidence, based on patient-reported information,

shows how the side effects of treatment vary over time for surgery, radiation and monitoring.

The study reinforces the idea that active surveillance is the preferred treatment for low- and some intermediate-risk prostate cancer, said Behfar Eghdaie, a urological oncologist and prostate-cancer surgeon at Memorial Sloan Kettering in New York, who wasn't involved in the study. He said the findings can reassure patients and physicians that active surveillance is the right choice for many.

"We will delay surgery and radiation in these patients, which will lead to improved quality of life," said Dr. Eghdaie.

Share of outstanding student-loan debt by age



Source: New York Fed Consumer Credit Panel/Equifax

## Debt Crunch Awaits Younger Borrowers

By GABRIEL T. RUBIN AND GWYNN GULFORD

The expected restart of student-loan repayments later this year could add to pressure on younger borrowers, who are already falling behind on debt in an era of high inflation and rising interest rates.

Americans in their 30s and younger are showing signs of financial strain. In the fourth quarter, they fell behind on credit-card payments by 90 days or more at a rate similar to that in 2009, at the end of the financial crisis. Those borrowers also hold more than 54% of outstanding student-loan debt, New York Federal Reserve data show.

About 40 million borrowers hold \$1.6 trillion in federal student debt, with many of them owing hundreds of dollars a month. Most haven't made payments on that debt since March 2020, when the federal government halted payments at the start of the pandemic. The suspension was extended several times by the Biden administration. But student-loan payments are expected to restart this summer after the Supreme Court acts on litigation challenging a Biden plan for mass student-debt cancellation.

"It is unprecedented that you have a multiyear pause on what's known to be a difficult debt for a lot of people, and it just turns back on," said Kathryn Anne Edwards, an economist at Rand Corp.

Borrowers in their 20s and 30s reached 90-day or more delinquency on credit-card debt and auto loans at a higher rate in the fourth quarter of 2022 than before the pandemic. Older age groups, in contrast, did so at or below their pre-Covid rate, researchers at the New York Fed said.

Millennial and Gen Z consumers accounted for about 30% of spending in 2021, up from approximately 25% in 2019, according to Labor Department surveys.

Student-debt delinquencies have plunged during the payment pause. Less than 1% of student debt in aggregate was 90 or more days delinquent or in default last quarter, as the Education Department launched a program that removed default status from about \$34 billion in loans.

A Government Accountability Office report last year estimated that about half of borrowers would be at risk of delinquency and default when the payment suspension ends.



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## U.S. NEWS

# Biden Curbs Oil, Gas In U.S. Arctic Ocean

By ANDREW RESTUCCIA  
AND BENOÎT MORENNE

WASHINGTON—President Biden moved to block future oil and gas leasing in the Arctic Ocean's federal waters, part of a sweeping plan to protect 16 million acres of land and water in Alaska.

Sunday's announcement comes as the administration is preparing to approve the massive Willow oil-drilling project in the Alaskan Arctic over the objections of environmentalists and many Democrats who wanted the project scuttled, according to people familiar with the matter.

The limits apply to future leases and wouldn't stop ConocoPhillips's Willow project from moving forward. The company has held key oil and gas leases in the region for years.

The Interior Department said Mr. Biden had decided to make about 2.8 million acres

in the Arctic's Beaufort Sea off-limits to future oil and gas leasing indefinitely. The move completes a yearslong effort by Democrats to restrict fossil-fuel development in the U.S. Arctic Ocean, building on previous moves by former President Barack Obama to block leasing in the Chukchi Sea and part of the Beaufort Sea.

As part of the conservation plan, the administration will also move to issue new federal rules limiting oil and gas leasing on 13 million acres of Alaska's National Petroleum Reserve, and extend protections to key rivers and lakes in the state. Administration officials argued that the efforts will form a "firewall" against future oil and gas leasing in the Arctic and federal lands in Alaska's North Slope.

The expected approval of the Willow project will nonetheless anger environmental activists, who for years have fought against a project they

have described as a ticking carbon bomb.

The project has won the support of the oil-and-gas industry, Alaska's congressional delegation and many Alaskan natives. The White House has declined to comment on Willow's expected approval.

Companies have been active in offshore Arctic fields since the late 1960s but in the past decade, operators such as Shell PLC have abandoned their Arctic plans after drilling wells that yielded little oil and gas. Pressure by environmental groups to preserve federal waters, difficulty obtaining permits, and icebound seas and unpredictable weather, which make exploration expensive and dangerous, have led many large oil companies to ditch development plans in the region.

In 2015, Shell put an end to a \$7 billion Arctic campaign due to disappointing production results against the back-



An exploratory drilling camp at the proposed site of an oil project on Alaska's North Slope. The U.S. is expected to approve this project while moving to block future oil and gas leasing in Arctic waters.

CONOCOPhillips/ASSOCIATED PRESS

drop of falling oil prices. BP PLC left Alaska in 2020 after being active in the region for 60 years, selling its holdings for \$5.6 billion to Hilcorp Energy Co.

Lease sales in federal waters off the coast of Alaska

have attracted little interest in recent years. A December federal lease sale off Alaska's south central coast saw only one bidder, Hilcorp, make an offer on one block in Lower Cook Inlet.

New restrictions on drilling

in Alaska's National Petroleum Reserve could potentially undermine incentives for further oil and gas development there if they go far enough, analysts at research firm ClearView Energy Partners LLC wrote in a note on Sunday.

## On Lockdown's Third Anniversary, President Moves On

By STEPHANIE ARMOUR  
AND SABRINA SIDDIQUI

WASHINGTON—President Biden marked the first anniversary of the Covid-19 lockdowns two years ago with a high-profile speech, and his administration gave frequent briefings on the topic. Last year, he gave an address on the American Rescue Plan and the country's economic recovery from the pandemic.

On Saturday, the third anniversary of the shutdowns that were triggered by the pandemic, Mr. Biden had no public events planned. His White House has largely shifted focus away from a virus that continues to kill about 2,000 people a week but ranks low among priorities for the Amer-

ican public.

The last briefing by the White House Covid-19 response team was almost seven months ago—a marked shift from the issue that dominated Mr. Biden's first year in office. He hasn't given a pandemic-focused speech since October and asserted in his State of the Union address last month that the virus "no longer controls us." Mr. Biden will end a national emergency and public-health emergency declaration for Covid-19 on May 11.

The shift, White House officials say, reflects the nation's progress against the pandemic with the widespread availability of vaccines and therapeutics, and the need for localities, public-health agencies and the health industry to now

take up the mantle of public messaging on the virus.

"The reason it was so prominent two years ago when the president took office was that 3,000 to 4,000 Americans were dying every day of this virus. It was incredibly disrupt-

**Covid kills about 2,000 people a week but ranks low among Americans' priorities.**

tive to our lives," said Ashish Jha, the White House Covid-19 coordinator.

"Covid is still around, it's not gone. People are still get-

ting sick and dying from it. It's still a problem," he added. "But that level of disruption is clearly better."

Public-health agencies and leaders remain polarized on the best way for the administration to message on Covid-19. Some argue that continuing to sound the alarm could trigger a backlash and lead to public apathy should the White House need to later communicate any worrisome developments such as a more deadly strain.

"The fact that the government's not in our face all the time isn't all bad," said Jeremy Faust, an emergency physician at Brigham and Women's Hospital and an instructor at Harvard Medical School. "People tend to tune

out so there are times when less is more. And the average person doesn't care, which is a problem. The downside then is there is a vacuum of information, though."

Other public-health leaders are frustrated with the diminished messaging on the pandemic. "Two days ago, 549 people died from Covid. Two years ago, that's the data we were talking about," said Vin Gupta, who served as a health adviser to Mr. Biden's post-election transition team. "It's a false narrative to say Covid is over."

Some administration officials say the dearth of new Covid funding has also played a role in limiting the government's role in pandemic response.

The overall drop in cases also

has more people and lawmakers feeling less urgency. The seven-day average of hospital admissions for Covid-19 was 2,849 from March 2-8 this year, down 87% from the peak that occurred in Jan. 9-15 last year, according to the Centers for Disease Control and Prevention.

But those numbers might not continue their downward trend. During a lull in August 2021, deaths dropped to less than 2,000 a week on average, according to CDC data, before increasing again to more than 17,000 a week by February 2022.

According to the CDC, 16.3% of Americans have received an updated booster dose.

"Right now there's a 'mission accomplished' feeling but it's not entirely accomplished," Dr. Gupta said.

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## WORLD NEWS

## Saudi-Iran Pact Marks Setback for Israel

Netanyahu has made securing a regional anti-Tehran alliance a key foreign-policy aim

By SHAYNDI RAICE  
AND AARON BOXERMAN

JERUSALEM—Saudi Arabia's surprise agreement to renew diplomatic relations with Iran marks a significant blow to Israeli Prime Minister Benjamin Netanyahu's key foreign-policy goal: creating a regional alliance built around isolating Iran.

Mr. Netanyahu has long led the charge to garner international support for isolating Iran and halting its efforts to acquire nuclear weapons. Israel views Iran as its primary global foe because of its support for proxy militias across the Middle East that target Israel, such as Lebanon-based Hezbollah and Gaza-based Hamas, both designated as terrorist organizations by the U.S.

Also, as part of the effort to counter Iran, Mr. Netanyahu



Prime Minister Benjamin Netanyahu has sparked protests over his plans to overhaul Israel's judiciary.

has made normalizing relations with Saudi Arabia a central goal, with hopes of creating a security-based alliance made up of Sunni Arab countries and Israel. Normalization with Saudi Arabia—home to

Islam's two holiest sites—could also pave the way for more peace deals with other Muslim countries.

Mr. Netanyahu's "premier goals are isolating Iran and expanding relations with Arab

countries. And at the moment, he's failed at both," said Aviv Bushinsky, a former chief of staff to Mr. Netanyahu.

A spokesman for Mr. Netanyahu declined to comment. Israeli news outlets re-

ported that a senior official traveling with Mr. Netanyahu on a trip to Rome on Friday blamed the previous Israeli government and the Biden administration for the deal.

Israel's regional foes hailed the agreement between Riyadh and Tehran. The Palestinian militant group Hamas called it "an important step to unify the ranks of the Islamic people." "This is a positive development," said Hassan Nasrallah, who leads Hezbollah. "It is in the interest of all the peoples of the region."

On Friday, Iran and Saudi Arabia agreed to re-establish diplomatic relations in a deal mediated by China, ending seven years of estrangement and calling into question geopolitical alignments in the Middle East. The agreement shows Middle East diplomacy is no longer solely dominated by the U.S., Israel's biggest and most important ally.

That Washington's main competitor, China, negotiated the agreement between Saudi Arabia and Iran should be con-

cerning to Israel, said Yoel Guzansky, a researcher at the Institute for National Security Studies in Tel Aviv. "The less influence the U.S. has in the region, the worse it is for Israel."

The deal also underscores how multiple crises at home—including a plan to overhaul the country's judiciary and growing violence in Israel and the occupied West Bank—have set back Mr. Netanyahu's ability to move forward on his foreign-policy aims. Hundreds of thousands of Israelis have been protesting Mr. Netanyahu's government's plans to overhaul the judiciary.

Political analysts and some Israeli politicians say the government has been focused on the internal situation to the detriment of the regional chessboard.

"The world doesn't stop while we busy ourselves with power struggles and head-butting—certainly not the worst of our foes," said Yuli Edelstein, a senior member of Mr. Netanyahu's Likud party, after the deal was announced on Friday.

## Beijing Embraces Diplomacy

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The Saudi-Iran deal, hashed out behind closed doors in Beijing last week, takes on some of the most sensitive issues between two countries that have been on opposite sides of proxy conflicts across the Middle East for years.

Saudi Arabia agreed to tone down critical coverage of Iran by Iran International, a Farsi-language satellite news channel funded by Saudi business people, officials from the two countries said. Tehran has accused Iran International of instigating a monthslong protest movement. The head of Iran's

intelligence agency has called it a terrorist organization.

Iran International said it is independent. "Iran-Saudi relations have never been a factor influencing our reporting or editorial guidelines: there is no change to these," said a spokesman for Volant Media, the channel's owner.

According to Saudi, Iranian and U.S. officials, Iran agreed to stop encouraging cross-border attacks on Saudi Arabia from Yemen by Iranian-backed Houthi rebels, who took over swaths of the country and have been fighting against a military coalition led by Saudi Arabia since 2015.

A truce has held for almost a year, and the Houthis and the Saudis have been engaged in direct talks for months aimed at ending the war, also a top Biden administration goal.

The foreign ministries of China, Iran and Saudi Arabia didn't respond to requests for

comment.

The deal allows Chinese leaders to "advance perceptions of their own global role, and they undermine the U.S. contention that a U.S.-led rules based order is the only responsible choice governments can make, and the only way to advance security," said Jon Alterman, a Mideast expert at the Center for Strategic and International Studies think tank.

Reopening embassies and renewing diplomatic relations isn't likely to immediately lessen the longstanding security tensions that have divided Riyadh and Tehran for decades and fueled their competition for regional dominance.

Some Western and Iranian analysts said the deal won't be sustainable without the blessing of the Islamic Revolutionary Guard Corps, the hard-line faction that has made armed influence in the Middle East a cornerstone of its policy. The

IRGC hasn't weighed in publicly on the deal.

There have been several aborted attempts to patch up relations since the two countries cut ties in 2016 after the Saudi Embassy in Tehran was overrun amid protests over the execution of a prominent Shiite cleric by the Saudi government.

## China has signaled a new chapter in competition with the U.S.

This time, U.S. and Saudi officials said, Iran was motivated to strike a deal as a currency crisis grips the country, roiling an economy battered by U.S. sanctions over its nuclear program and the aftermath of

months of protests against the clerical regime's rule.

The rapidly deteriorating economy has threatened the country's celebrations of the Persian New Year, Nowruz, on March 21. But the Iranian currency, the rial, rose more than 10% on Saturday, to 450,000 rials to the dollar, following Friday's agreement to restore diplomatic relations with Saudi Arabia.

Iranian officials said they expect economic benefits from a rapprochement with Saudi Arabia at a time of extreme political and financial isolation.

The Islamic Republic has launched a military alliance with Russia, but Moscow has proved to be of little immediate help economically. Russia's use of Iran's drones to attack Ukraine, and Tehran's brutal crackdown on protesters last year, have diminished hopes of reviving a deal to lift U.S. sanctions in exchange for lim-

its on Iran's nuclear program.

The deal with Saudi Arabia is "a tactical move by Iran, under immense international isolation and internal economic near-collapse," said Mostafa Pakzad, an Iranian adviser to foreign companies operating in his country.

China is the biggest importer of Iranian oil and has significant economic leverage there.

Saudi officials are hopeful that China can use its economic ties to influence Iran's behavior, something the U.S. has struggled to achieve through sanctions, negotiations or threat of military action. But they and other Gulf Arab officials have expressed skepticism in private that China, whose activities in the Middle East have mostly been limited to deepening economic ties, would succeed in navigating one of the thorniest rivalries in the world.

## U.K. Seeks Nuclear Boost

Continued from Page One

with President Biden and Prime Minister Anthony Albanese of Australia to discuss a pact under which the three countries share defense technology. The so-called AUKUS deal will give Australia nuclear submarines for the first time, part of an attempt by the allies to build a more muscular military presence in the Pacific where China has pushed to establish territorial dominance.

The British stance toward China mirrors increased concern among U.S. national-security officials over what they see as the increased threat from China, militarily in the South China Sea, technologically in key areas and diplomatically around the world.

"The threats to our security are increasing; the world has become a more volatile place," Mr. Sunak said. "What we need to do as allies is out-cooperate and out-compete our adversaries."

The invasion of Ukraine, meanwhile, has prompted European nations to revisit military spending plans as they rush to both counter Russian belligerence and help Ukraine repel Russian forces that invaded more than a year ago. The U.K. is, after the U.S., the biggest donor of military equipment to Ukraine. It has advocated for giving more advanced capabilities to Kyiv, such as longer-range weapons, to help Ukraine maximize any advantage it can gain in a counteroffensive against Russian forces expected in the spring.

In recent months France and Germany have suggested that giving Ukraine the best chance of success on the battlefield could potentially pave the way for Ukraine to consider negotiating for a cessation of hostilities, though neither Ukraine nor Russia has indicated any readiness to engage.

"If we can get Ukraine the particular things they need,



Prime Minister Rishi Sunak en route to San Diego on Sunday.

whether it's air defense, artillery, heavy armor in the form of tanks and longer-range weapons, those are the key capabilities and support they need now in order to make sure that offensive has the best possible chance of success," Mr. Sunak said.

But he declined to put a timeline or scope on any prospect of peace talks.

"It's Ukraine's right as a sovereign country to decide what it thinks is an appropriate settlement for itself," he said. "I view our job as putting them in the strongest possible position to do that, whenever the moment they feel is appropriate."

Ukraine's Western allies have mooted the prospect of security assurances for the country that may one day bring it into the North Atlantic Treaty Organization to try to deter any future Russian aggression.

"Some kind of longer-form relationship and security has to be part of the equation here: to provide Ukraine with the security and collective security that we all share on the European continent," Mr. Sunak said, though he added that the focus now is on training Ukrainian armed forces on NATO standardized equipment and providing NATO-standard military aid in the current war.

In an effort to encourage allies to follow suit, Britain was the first to offer Ukraine over a dozen Challenger II tanks. The U.K. has also recently supplied Ukraine with long-range missiles to allow it

to strike deep behind front lines. Mr. Sunak recently met with President Volodymyr Zelenskyy of Ukraine and pledged to consider sending jet fighters to the country. U.K. Defense Secretary Ben Wallace subsequently explained that the jets would most likely be sent once the current conflict was over.

The increased military spending made public on Sunday of £5 billion, roughly equivalent to \$6 billion, is less than some officials in the U.K. Ministry of Defense hoped for. Defense chiefs wanted around a £11 billion increase in the budget, on top of the £71 billion the country spent last year on defense.

But the government's budget is stretched following the pandemic, and the nation's economy is stagnating as inflation takes a toll.

While the U.K. had previously committed to ramping up defense spending to 2.5% of annual economic output by 2030 from about 2.2% currently, it said on Sunday that was a "long-term" target.

The increased military spending is part of a new national security review, expected Monday, which comes just two years after the ruling Conservative government published a wide ranging re-examination of Britain's foreign policy priorities, called the Integrated Review.

That review argued that the world order that the U.K. had helped to build in the wake of World War II was crumbling and that globalization was in retreat.

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## WORLD NEWS

# China Gains Force In the Seas

Continued from Page One

erations of Southeast Asian nations, and a fishing militia that swarms the rich fishing waters, lingering for days.

The U.S. missed the moment to hold back China's buildup in part because it was focused on collaborating with Beijing on global issues such as North Korea and Iran, and was preoccupied by wars in Iraq and Afghanistan. China also stated outright in 2015 that it didn't intend to militarize the South China Sea.

## Entrenched gains

China's broader challenge to America's long pre-eminence across the Indo-Pacific region threatens U.S. allies such as Japan, and puts the vast majority of the world's advanced semiconductors, which are produced in Taiwan, at risk. China's buildup in the South China Sea especially threatens the Philippines, a U.S. ally.

Former U.S. and Southeast Asian officials and security analysts warn that China's gains in the waters are now so entrenched that, short of military conflict, they are unlikely to be reversed.

"They have such a reach now into the South China Sea with sea power and air power" they could obstruct or interfere with international trade, said retired Adm. Harry B. Harris Jr., who long was a senior naval officer in the region and led the U.S. Pacific Command from 2015 to 2018. The U.S. would have to decide if it would go to war with China if it carried out such actions, he said.

China's Foreign Ministry didn't respond to a request for comment.

China said previously its coast guard used the laser with the Philippine vessel for navigation safety and said it took possession of the rocket debris after friendly consultation. In response to the U.S. allegation that it conducted an unsafe air maneuver in December, Beijing accused the American aircraft of flying dangerously.

More broadly, China has accused the U.S. of meddling in the region, and rejected a 2016 ruling by an international tribunal that said its claims to historic rights in the South China Sea had no legal basis.

## Global clout

In recent years, the U.S. has named China as its main security challenge. Lately, disputes between the two nations over a suspected surveillance balloon and sharp rhetoric have pushed U.S.-China relations to their most hostile in years.

President Xi Jinping, who took office as China's head of state in 2013, has backed a stronger Chinese military and a more assertive foreign posture as part of his campaign to steadily expand Beijing's global clout. On Friday, Iran and Saudi Arabia agreed to re-establish diplomatic relations in a deal mediated by China, signaling its rapidly growing influence overseas.

Along its disputed Himalayan border with India, China has gradually widened its troop presence and built new infrastructure. In the Arctic, White House officials have said China is seeking to increase its influence with economic and military activities, as warming temperatures melt sea ice and potentially widen trade routes.

Taiwan, which China claims as its territory, is at the center of growing tensions in the region. In August, China carried out dayslong military exercises around Taiwan that included launching missiles over the island for what is believed to be the first time.

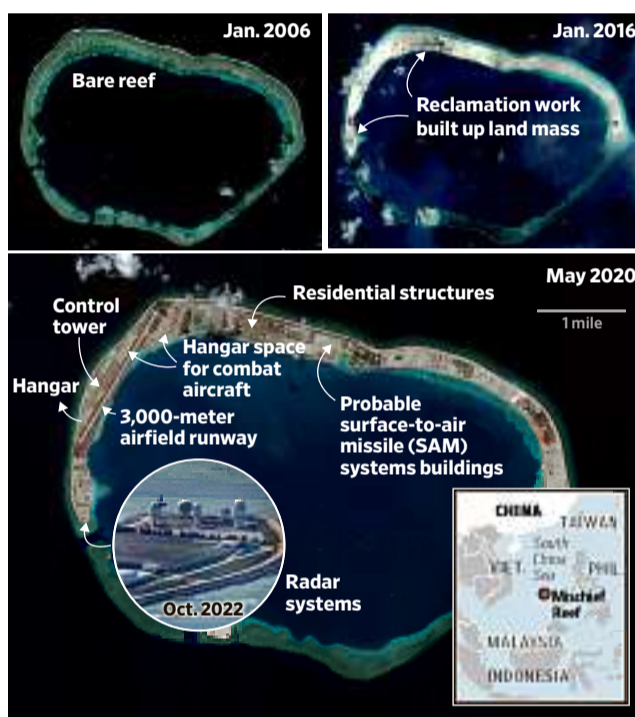
China's gradualist approach has often confounded its opponents, leaving them uncertain about whether, when and how strongly to respond without escalating tensions. "That's the long game that they often play," the U.S. Navy's 7th Fleet Commander Vice Adm. Karl Thomas said in an interview last year. "They will build a capability—it's there and they'll just incrementally increase their presence."

U.S. Defense Department spokesman Lt. Col. Martin Meiners said that China's decision "to conduct large-scale land reclamation, outpost construction, and militarization of



The U.S. said a Chinese Navy J-11 fighter jet flew dangerously close to a U.S. Air Force aircraft over the South China Sea in December.

China built up Mischief Reef, a reef in the Spratly Islands in the South China Sea, into an artificial island that is used as a military outpost.



Photos: DigitalGlobe/Reuters (2006, 2016); Maxar/Getty Images (2020); Ezra Acayan/Getty Images (2022)  
Source: The Asia Maritime Transparency Initiative at The Center for Strategic and International Studies

Brian McGill and Max Rust/The Wall Street Journal

disputed land features in the South China Sea is deeply destabilizing and has, over the years, brought into sharper focus Beijing's increasing resort to coercion and deception to change facts on the ground."

The U.S. will maintain an active military presence in the South China Sea through strategic patrols, and combined and multinational exercises, he said. The U.S. is also upgrading its force posture in the Indo-Pacific, he said, to build a more dynamic and flexible forward presence in the region.

In January, aircraft carrier USS Nimitz with around 5,000 crew on board sailed through the South China Sea with three American destroyers and a cruiser. The carrier strike group's mission was to show the flag, said Rear Adm. Christopher Sweeney.

"We're going to fly, sail and operate wherever international law allows us," he said.

## Potential threats

China's outposts present additional potential threats for the U.S. military to track and counter. Three of the outposts in the Spratly group of islands are full-fledged military bases that host airfields, surface-to-air and anti-ship missiles, radars and sensors that allow China to see and hear almost everything that happens in the area. One in the Paracels, farther north, also has an airfield, and China has landed a heavy bomber there.

Adm. Thomas said China already flies patrol aircraft from the Spratly outposts and could easily operate fighter jets from the sites.

The islands are "giant information sponges out there providing a much, much better targeting picture of the area than China would have if those bases weren't there," said Thomas Shugart, an adjunct senior fellow at the Center for a New American Security, a Washington-based think tank that specializes in national-security issues.

When they were first being built, a lot of people were

"pretty dismissive of those island bases—'Oh, we'd be able to scrape them clean with Tomahawk [missiles] in the first hour of the conflict,'" said Mr. Shugart. "I don't think people see it that way anymore."

The Chinese have done a very good job at building an integrated air-defense system, said Adm. Thomas. He said the U.S. has studied the islands' vulnerabilities and could disable them. "Will it be easy? I wouldn't use that word," he said.

The U.S. military is still more capable than its adversaries, and China's military more broadly has its own obstacles, including in developing the capability to carry out a potential invasion of Taiwan. The Central Intelligence Agency said Mr. Xi set a 2027 deadline for China to be ready for such action, but said Mr. Xi and the military had doubts whether Beijing could currently do so.

In the South China Sea, China has challenges in maintaining the island bases and hasn't been able to establish total dominance. Southeast Asian nations, in defiance of Beijing, have pushed through some oil-and-gas projects, upgraded structures on islands they control and maintained military outposts. China's forceful actions are also hurting its broader efforts to consolidate ties with its neighbors.

## Deeper control

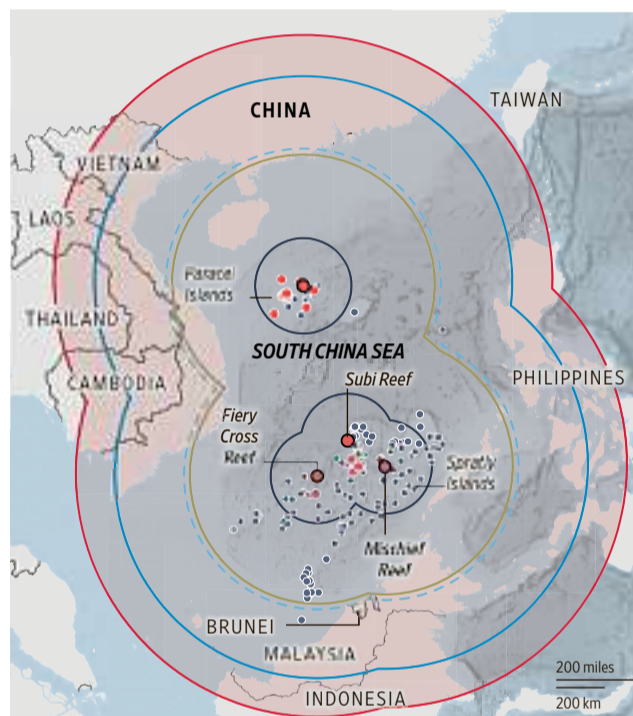
China has built outposts in two groups of islands in the South China Sea, the Paracels, which are closer to the mainland, and the Spratlys, which are much farther away. Parts of the Paracels were developed earlier, but over the past decade, China continued to reclaim land and move more military hardware there. It now has around 20 outposts there, most of them small, but some with energy infrastructure, helipads and harbors, along with the airfield on the largest.

The artificial islands in the Spratlys deepened China's control. The seven outposts there—including three large

● Chinese-occupied islands/reefs ○ With runway  
● Other islands/reefs

Potential Chinese military ranges from islands

— Anti-aircraft missiles — Anti-ship missiles  
--- Surface radar — Air radar — Fighter jets



ones known internationally as Mischief Reef, Fiery Cross Reef and Subi Reef—extend China's reach far south of its coastline and make it possible for its navy, coast guard and fishing boats to consistently sail across the waters Beijing claims.

The Spratlys buildup began around a decade ago, when the U.S. military was still deeply involved in conflicts in the Middle East and Central Asia. The Obama administration was seeking Chinese cooperation on other priorities.

In the years after Mr. Xi rose to power, U.S. officials didn't realize the degree to which he would break from the past in taking a more confrontational foreign-policy approach, said former U.S. political and military officials.

They "found it very hard to believe that China would do something so coercive and so brazen, and by the time they understood the ambition—just how big these things are going to get, just how militarized—it was too late to do anything about it," said Gregory Poling, author of a 2022 book on the history of America's involvement in the South China Sea and director of the Asia Maritime Transparency Initiative at the Washington-based Center for Strategic and International Studies.

Some U.S. officials and analysts had initially expected Mr. Xi to carry on the consensus-driven collective leadership that prevailed under his recent predecessors. Instead, Mr. Xi over the years has consolidated his singular control to a degree unseen since Mao Zedong, which makes his policies more difficult to predict.

Daniel Russel, who was Assistant Secretary of State for East Asian and Pacific Affairs from 2013 to 2017, said the Obama administration's strategy was to manage differences with China without allowing competition to "deteriorate into spiteful rivalry."

To get Beijing to stop its actions in the South China Sea, he said, the U.S. could have put something very valuable on the table, such as a concession on

Taiwan. Alternatively, he said, "We could have made this the absolute be-all and end-all of the relationship, and in effect double-dared the Chinese to enter into military conflict with the U.S. over this at the cost of any hope of progress in any other area of the relationship."

Both approaches were "utterly unrealistic," he said.

## 'Wait and see'

A 2012 crisis became a harbinger of the problems to come. After a standoff between Philippine and Chinese vessels, China seized a coral atoll called Scarborough Shoal. U.S. officials tried to mediate, but when Beijing took control Manila expected a more direct show of support from its ally, former Philippine officials said.

In early 2014, Chinese dredgers were spotted piling sand onto reefs in the Spratlys. U.S. officials knew that hardliners in the Chinese military sought to dominate the waters, but it wasn't clear they would prevail, said Mr. Russel.

"Early on, there was more uncertainty and ambiguity about how serious this was...and what the prospects were for a diplomatic accommodation," he said. "Now, in retrospect, it looks like the Chinese never ever had the intention of compromising [and were] just playing for time."

Mr. Russel added that his military colleagues at the time didn't see the islands as a major national-security threat to the U.S. The outposts were likened to a handful of warships scattered around the area that couldn't move, he said.

Adm. Harris said it was obvious to him at the time China was building military installations. He recommended sailing a U.S. warship close to one of the islands to demonstrate U.S. seriousness, but the proposal was rejected by his superiors, he said.

The first time the then-chief of the U.S. Navy, Adm. Jonathan Greenert, raised the issue with his Chinese counterpart was September 2014. Adm. Wu Shengli, then commander of

the Chinese navy, said he was surprised it had taken the U.S. that long, according to Adm. Greenert, who is now retired from the Navy. The implication was that China might have expected to be confronted on the South China Sea activity before then, Adm. Greenert said.

Adm. Greenert asked what China intended to do with the islands. Logistics, said Adm. Wu. The islands would support Chinese ships and crews and would have "notional defensive measures," he said, according to Adm. Greenert.

Adm. Greenert was suspicious. The momentum of construction suggested it wouldn't take much to install offensive capabilities. It was also feasible, he said he thought, that Adm. Wu was being upfront. "It was really a matter of wait and see," he said.

Adm. Wu, who is retired from the Chinese navy, couldn't be reached, and China's Defense Ministry didn't respond to questions.

## Philippine defiance

Mr. Russel said U.S. officials repeatedly told the Chinese they were making a mistake—driving countries in the region closer to the U.S. militarily and hurting China's ties with Washington.

The Obama administration also tried to help Southeast Asian nations create new ground rules for behavior in the South China Sea with China, he said. Most governments didn't want to push too hard.

The Philippines was an exception. After the loss of Scarborough Shoal, it filed a landmark arbitration case at an international tribunal challenging China's South China Sea claims, which it won—although China rejected the ruling.

Washington helped rally support for the case and signed a new security pact with Manila in 2014.

By mid-2015, the largest three islands China was building were developing rapidly. In September, Adm. Harris, who by then had taken charge of the Pacific Command, raised his concerns before the Senate Armed Services Committee. The late Sen. John McCain, a former naval officer and an Arizona Republican, grilled the Defense Department about why the U.S. hadn't pushed back against China's actions by sailing near one of the new islands.

The following month, the U.S. Navy would undertake the maneuver, known as a freedom of navigation operation, or Fonop. It now regularly does Fonops in the South China Sea, actions that China describes as illegal.

## Military moves

In late September 2015, Mr. Xi offered reassurance on a visit to the U.S. After a White House meeting with then-President Barack Obama, Mr. Xi said his country had no intention of militarizing the South China Sea. Some U.S. officials said they saw this public pledge as a turning point, signaling that the hawks in the Chinese military wouldn't be allowed to execute all their plans.

It quickly became clear that wasn't the case. Most of the seven Spratly artificial islands were completed by early 2016. China then added military infrastructure: 72 aircraft hangars, docks, satellite communication equipment, antenna array, radars, hardened shelters for missile platforms and the missiles themselves.

Economic ventures in the South China Sea became more risky for Southeast Asian nations because of the potential for conflict with Chinese ships, said former Rear Adm. Rommel Ong, who retired as a vice commander of the Philippine navy in 2019. China's expansion eroded American credibility and altered regional dynamics, he said.

A warning by the Obama administration in March 2016 helped prevent China from further expanding its reach by building on Scarborough Shoal.

The Trump administration took a harder line by officially rejecting specific Chinese claims in the South China Sea and casting China as a bully. The Biden administration has built on that by deepening the U.S. alliance with the Philippines and expanding U.S. access to Philippine bases. It calls China's actions in the South China Sea destabilizing and coercive.

"We just don't build military bases in international waters simply because we can and we want to," said Adm. Harris. "The Chinese apparently can and did."



FROM PAGE ONE

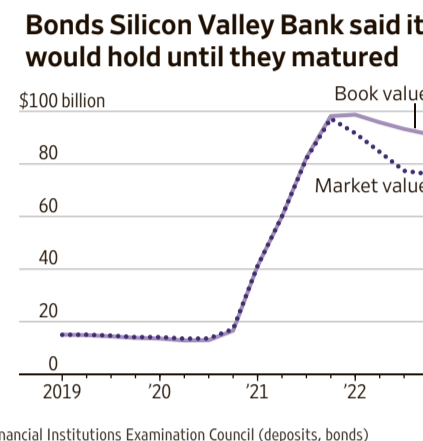
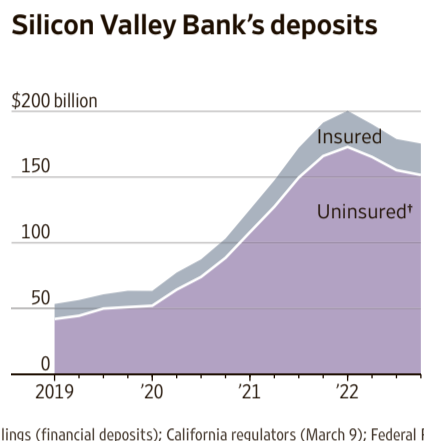
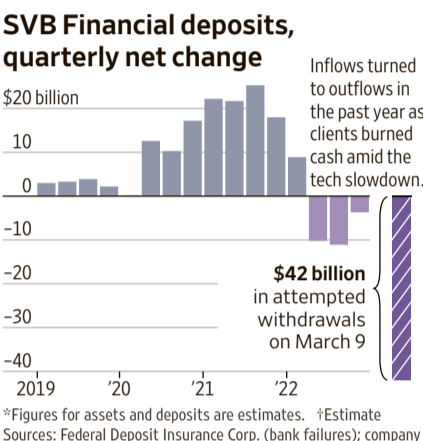
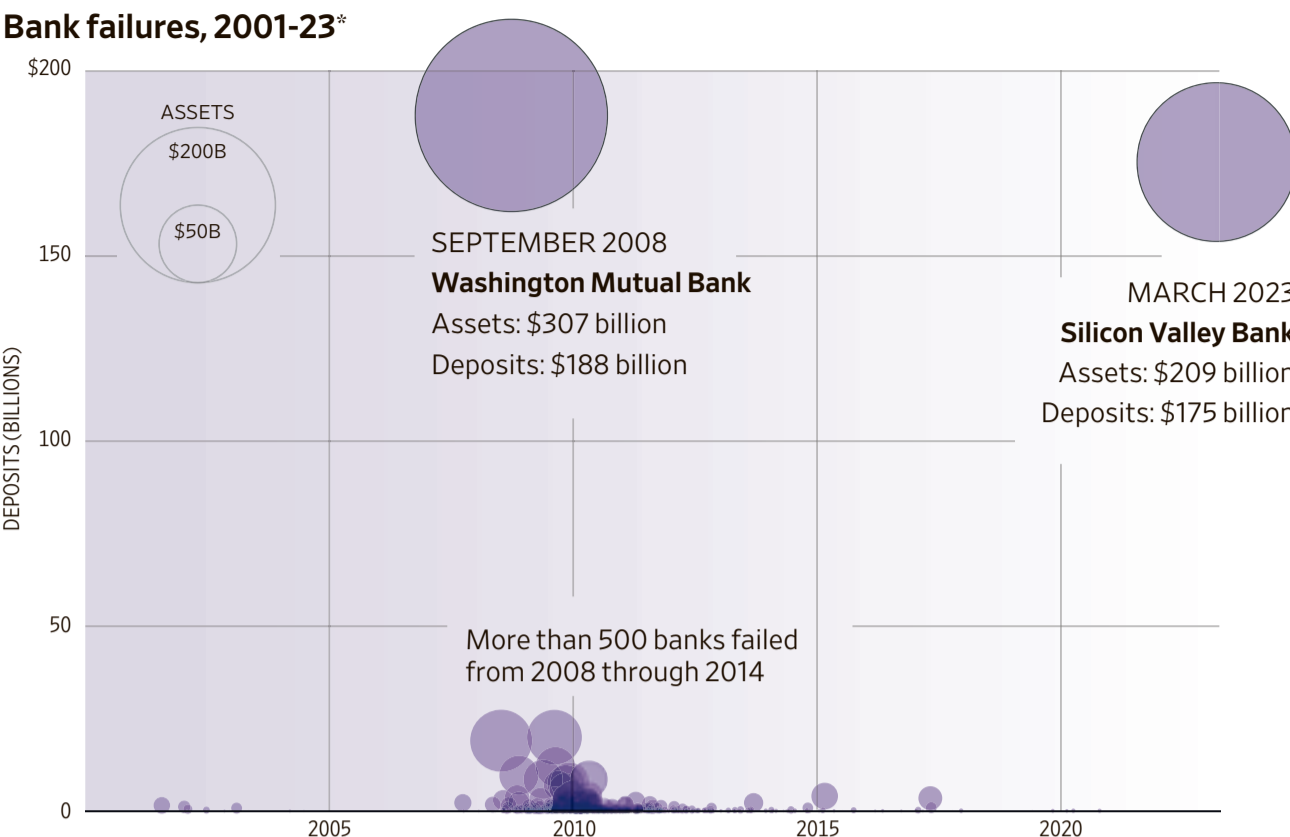
Regulators Try to Stem SVB Fallout

Continued from Page One posit insurance fund will cover all deposits at the two banks, rather than the standard \$250,000. Federal regulators said any losses to the government's fund would be recovered in a special assessment on banks and that the U.S. taxpayers wouldn't bear any losses.

In a separate statement Sunday, the Fed said it "is closely monitoring conditions across the financial system and is prepared to use its full range of tools to support households and businesses, and will take additional steps as appropriate."

The central bank said it would make additional funding available to banks through a new "Bank Term Funding Program," which will offer loans of up to one year to banks that pledge U.S. Treasury securities, mortgage-backed securities, and other collateral.

Many of those securities have fallen in value as the Fed has raised interest rates. The terms would allow banks to borrow at 100 cents on the dollar for securities trading potentially well below that value, potentially putting the government at risk of losses incurred by banks.



eligible to borrow through the new Fed lending facility. First Republic caters to wealthy clients with balances in excess of the FDIC insurance cap. Investors worried that the bank could be vulnerable to a run like the one that claimed Silicon Valley Bank.

rome Powell scrapped plans to attend a regular meeting of central bankers in Basel, Switzerland, on Sunday and instead stayed in Washington to manage the crisis response. The \$110 billion Signature and \$209 billion SVB are the highest-profile casualties of the Fed's campaign to slow the economy and bring inflation down.

rates. Before the failure of SVB last week, officials had signaled they were on track to raise rates by at least a quarter-percentage point, as they did last month, at their next meeting, March 21-22.

that they were weighing tougher capital requirements and liquidity rules, reversing at least some of the steps taken during the Trump administration to ease restrictions on smaller banks.

Bank Run Doomed Financier

Continued from Page One over the weekend to find lifelines that would tide them over. Founders put expenses on their personal credit cards and venture-capital firms stood ready to fund payroll for their portfolio companies this week.

The episode has exposed a new set of vulnerabilities for the financial system. Bankers that grew up in the easy-money era following the 2008 crisis failed to ready themselves for rates to rise again.



when money was cheap. On Wednesday, the bank announced it had sold a chunk of its holdings at a loss and would sell a slug of stock to raise cash. The timing couldn't have been worse: Crypto-focused bank Silvergate Capital Corp. was collapsing.

Mr. Cho signed into SVB as his bus drove toward Big Sky. He attempted to wire most of his company's seven-figure balance to an account at another bank. The transaction is pending. "The best place to be in a bank run is first out the door," Mr. Cho said.

Its intense focus on Silicon Valley made the bank uniquely vulnerable to a run, Chief Executive Greg Becker dismissed concerns that his company's reliance on tech could become a problem. "I have no doubt we are in the best market," Mr. Becker told The Wall Street Journal in November.

money to the bank, he said. Mr. Badhwar shifted his deposits to SVB from First Republic Bank. Mr. Badhwar said he felt well taken care of at SVB, and he had access to the firm's senior bankers. "Things were hunky dory," he said. "Until the 8-K."

Federal regulators are trying to balance their desire to prevent broader financial contagion while avoiding the political optics of bailing out financial institutions at taxpayer expense. Biden administration officials said repeatedly Sunday that their moves were aimed at protecting depositors, allowing them to make payroll this week, and would come at no cost to taxpayers.

had enough cash to meet its payroll obligations for six to eight months. At 2:47 p.m.—13 minutes before SVB cuts off wire transfers for the day—he pulled the trigger. Within minutes, Mr. Badhwar heard from his banker at SVB, who told him rivals had been spreading misinformation about the bank's condition.

# PERSONAL JOURNAL.

## ‘Everything Everywhere’ Is Big Winner

Michelle Yeoh is best actress, Brendan Fraser is best actor, Jamie Lee Curtis and Ke Huy Quan win top supporting roles

“Everything Everywhere All at Once” rode its indie-movie energy all the way to the best-picture Oscar.

By Ellen Gamerman, John Jurgensen and Ashley Wong

The movie set across multiple universes won seven total awards, including three of the four acting awards. It won the trophies for original screenplay, film editing, directing and best picture.

The film tells the story of Evelyn Wang, played by Michelle Yeoh, who became the first Asian to win best actress. Her character is a laundromat owner beset by tension and misery as she juggles her family and the Internal Revenue Service audit of her business. Her husband, played by Ke Huy Quan, takes her across different realities to stop a villain version of their daughter, played by Stephanie Hsu. Mr. Quan won best supporting actor.

“Everything Everywhere All at Once” went into the night as the favorite to win with 11 nominations, the most of any film. “All Quiet on the Western Front,” the World War I epic from Netflix that came seemingly out of nowhere and nabbed nine Oscar nominations, won four awards including best international feature, score and cinematography.

“Everything Everywhere” became synonymous with a forward-looking Hollywood rather than a movie industry obsessed with remakes and sequels, and crowned directors Daniel Kwan and Daniel Scheinert (known as Daniels) as breakout filmmakers. Mr. Kwan addressed the movie’s modern sensibility in his acceptance speech for best picture. “The world is changing rapidly, and I fear that our stories are not keeping pace,” he said.

Jamie Lee Curtis won the award for best supporting actress as a weird and menacing IRS auditor. Both Ms. Curtis and Mr. Quan have been in the business for decades and were first-time nominees.

“They say stories like this only happen in the movies,” said Mr. Quan, a child star of “Indiana Jones and the Temple of Doom” and “The Goonies” who left acting to work behind the camera as a stunt coordinator and assistant director after failing to find roles for an Asian-American actor. “I cannot believe it’s happening to me. This, this is the American dream.”

Ms. Curtis, the daughter of the late movie stars Tony Curtis and Janet Leigh, spent more than four decades working in show business without much recognition from the awards establishment.

In accepting her trophy, the actress thanked all the people she has worked with over her long career. “I look like I’m standing up here by myself—I am not,” said Ms. Curtis, who got her big break in “Halloween” in 1978. She devoted the award to “all the people who have supported the genre movies that I have made for all these years.”

“All Quiet on the Western



Michelle Yeoh won best actress in a big night for ‘Everything Everywhere All at Once.’ Below, Brendan Fraser accepting his Oscar as best actor for ‘The Whale.’

Front,” director Edward Berger’s German-language adaptation of the classic Erich Maria Remarque novel, follows a German teenager who joins the Army with his friends in pursuit of adventure at war. Among the film’s winners were James Friend, who won the Oscar for cinematography by striving for realism and historical accuracy, while Volker Bertelmann won for best original score. The composer set an emotional tone for the grand-scale tragedy of World War I by starting with just three notes.

The snubs were notable: Steven Spielberg’s semiautobiographical tale “The Fabelmans” didn’t win any awards; nor did Baz Luhrmann’s boisterous biopic “Elvis.” “The Banshees of Inisherin,” which was the second-most nominated film (in a tie with “All Quiet on the Western Front”) also ended the evening with no trophies.

The night ran with workmanlike smoothness. Last year’s Oscars will be remembered mostly for Will Smith’s leap to the stage to slap comedian Chris Rock. Sunday night, late-night host Jimmy Kimmel was brought on to host the awards ceremony, his third time overseeing the ceremony as host. At the start of the show, he plopped onto the stage of the 95th Academy Awards from a faux parachute to kick off the ceremony on an earnest note, celebrating a year in which audiences went back to the movies where they were “intended to be seen: in a theater.”

After some gentle celebrity ribbing, however, he got to the “slap” jokes everyone was anticipating.

“We want you to feel safe,” Mr.



Kimmel told the audience. “So if anyone in this theater commits an act of violence...you will be awarded the Oscar for best actor and allowed to give a 19-minute speech.” He then reeled off the

names of the celebrities that stood in the way of him and any would-be assailants, including “Creed” lead Michael B. Jordan, “Everything Everywhere” martial-arts heroine Ms. Yeoh, Spider-Man (aka

Andrew Garfield), the Mandalorian (Pedro Pascal) and Mr. Kimmel’s longtime late-night sidekick Guillermo Rodriguez.

Brendan Fraser won best actor for his role in “The Whale,” making his career comeback in the role of a 600-pound man trying to make peace with his life as the clock runs out on it. The film, which also won the Oscar for makeup and hairstyling, created divisions among viewers, some of whom saw the film turning a human character into a special effect.

“I started in this business 30 years ago, and things—they didn’t come easily to me, but there was a facility that I didn’t appreciate at the time until it stopped,” Mr. Fraser said, thanking his teammates using whale-related metaphors for their kindness.

“I’m grateful to Darren Aronofsky for throwing the creative lifeline and hauling me aboard the good ship ‘The Whale,’” he said.

His win for “The Whale” was just one of the many awards the film studio A24 collected that night, taking home a grand total of nine awards. The studio garnered an award in every single acting category this year.

Best original song went to the rollicking number “Naatu Naatu” from India’s Telugu-language action movie “RRR.” The song was performed with gusto on the Oscars stage.

“Guillermo del Toro’s Pinocchio” won the Oscar for best animated feature.

—Robbie Whelan and Neil Shah contributed to this article.

## Password Managers Stay Safe, to a Point



PERSONAL TECHNOLOGY  
NICOLE NGUYEN

A hacker successfully attacked LastPass, the leading password manager. Since the hack was made public, I’ve heard from lots of readers asking: If password managers can be hacked, can we trust them?

You’ve heard from me before about the value of these services, which generate and store strong, unique passwords. Cyberattacks are on the rise, and security professionals say using a password manager is one of the best ways to protect your digital life, along with adding two-factor authentication to your accounts.

As funny as it sounds, the LastPass hack proves these systems really can keep your login credentials safe, provided your master password can’t be easily guessed. The hack is also a reminder that password managers aren’t all equally secure. Choosing among them takes some due diligence.

### The LastPass saga

First, let’s rewind. LastPass recently published more details on the Au-

gust breach. A first hack led to a second hack, and that second hack was bad. The attacker, whose identity remains unknown, remotely accessed backups of customer vaults—encrypted bundles of site login credentials, payment info, secure notes and more.

Everyone with a LastPass account active on or before Sept. 16 was affected by the breach. That means millions of users and more than 100,000 businesses.

Does this mean customers’ master passwords—the singular password that grants access to encrypted vaults—or passwords stored in LastPass were accessed in the attack? I asked LastPass Chief Executive Karim Toubba, who joined the company last April. He said no.

“That vault data is encrypted using a technology called zero-knowledge architecture, which held firm,” he said.

Translation: Your account’s master password isn’t stored on LastPass servers, so no hacker or LastPass employee could get to it. That “zero-knowledge” model is the foundation of all secure-password managers—including the services I recommend below.

The hacker could try to guess users’ master passwords. Mr. Toubba said that since 2018, the company

has required customers to use long, complex master passwords to ensure they are harder to guess or crack.

Users with those are in good shape, he said. But pre-2018, sign-ups weren’t subject to those requirements and could be at risk. Early users should strengthen their master passwords.

LastPass is also recommending early users tweak a highly complicated encryption setting, raising the question why the company even gives users access to it. Mr. Toubba said LastPass is reconsidering this.

What you need to know: LastPass customers with newer accounts and strong master passwords are likely still safe from password leaks. Less comforting is the fact that the company kept other customer data that it didn’t encrypt.

The hacker copied a database that included users’ billing and email addresses, as well as phone numbers. The hacker also gained access to the web addresses (aka URLs) associated with users’ logins, which are stored so LastPass knows which site or app to auto-fill credentials. That means the hackers can see where LastPass users have accounts online (e.g., their bank or their cellular provider).

Attackers might not have the username and password for a given site or app, but knowing the web address means they could trick victims with a fake version of it. Mr. Toubba said the company is working to encrypt URLs and other customer information.

He added that LastPass is spending millions to strengthen its security. “This is not a one-time investment,” Mr. Toubba said. “We’re confident that we’re going to take what was an issue and turn it into a strength.”

### Keeping passwords secure

Is it still safe to put all your digital eggs in one basket?

“The best strategy for account security is to use password managers, but you need to combine them with other protections,” said Chris Pierson, founder of BlackCloak, a firm specializing in digital security for executives. He added that he thinks LastPass users should switch to another provider.

For as many web and app accounts as possible, you should also use two-factor authentication—where you need a time-sensitive code or app push alert along with a password to gain access. “Without this in place, strong passwords are meaningless,” Dr. Pierson said.

Password managers are great. Not

just for security, but also convenience. They auto-fill credentials, credit-card numbers and other data on computers and mobile devices, making logins and online shopping easier.

The best premium options are 1Password and Dashlane. Bitwarden offers a solid free plan with fewer features. To date, none of these are known to have been hacked.

I’ve recommended Apple and Google’s free built-in password managers before. They’re certainly convenient. But I don’t recommend them for safeguarding your highest-priority passwords.

As my colleague Joanna Stern and I recently wrote, these password managers are protected only by the phone’s passcode.

Whichever you choose, remember: Your master password is the key. Make it long and complex, ideally using a password generator. Don’t reuse it and don’t lose it. Also, keep all of your computer and phone software up to date.

If the breach proved anything, it’s that passwords are a pain. 1Password, Dashlane, Bitwarden and even LastPass are shifting from master passwords to biometrics or physical security keys. Hopefully, the rest of the internet follows. After all, the next big hack is always right around the corner.

PERSONAL JOURNAL.



**LIFE & WORK**  
**RACHEL FEINTZEIG**

IT WAS SUPPOSED TO be a holiday get-together. Then came a round of illnesses, and another. After a total of five cancellations, Veronica Farley-Seybert managed to meet up with friends in mid-February, exchanging gifts that had been languishing in a closet for six weeks.

"Here you go, finally. Merry Christmas," the lawyer and mother of three in Pleasant Ridge, Mich., said. She mostly couldn't believe the date happened at all.

"We actually did it," she marveled.

Everyone wants to get together these days, at least in theory. But many of our calendars are clogged with extracurriculars and hybrid work schedules, years' worth of pent-up business travel and birthday parties. We're trying to make up for lost time, while getting re-acclimated to the pace of a busy life.

Hashing out the logistics of coffee with co-workers or lunch with friends often devolves into book-length text threads, online polls and scheduling apps...only to end with someone getting sick or ghosting anyway.

"Would 2024 work?" we might as well ask. Or "Is never good for you?"

"If I wasn't busy, it would feel funny," says Michael Wehner, who juggles four calendars—one for his day job at a tech company, one for his weekend gig playing bass guitar and a personal one that includes his wife's work travel and his teenage daughter's job. Then there's the academic one, on a different platform, for the college teaching he squeezes in on the side.

"It's not just a dual life. It's like a triple or quadruple life," the 62-year-old says.

**The busy brag**

Some of us genuinely enjoy the feeling of frenzied, full lives, with every hour earmarked for something productive. But there's also the temptation, perhaps uniquely American, to see busyness as a status symbol, proof that you're important, industrious and in demand, as a worker and a human. We're terrified of being seen as lazy.



"When I was in Italy, people typically brag about how tan they are, where they've been," says Silvia Bellezza, an Italian native and associate professor of marketing at Columbia Business School. "In the U.S., you always really want to portray your working self."

A 2017 paper from Dr. Bellezza and two co-authors found that Americans were likely to view those who work a lot as enviable and wealthy, concluding their busy schedules were proof of competence and ambition. Italians, meanwhile, tended to pinpoint those living a more leisure-filled life—traveling, enjoying the luxury of time—as having higher social status.

"It's almost like a chase here. You have to chase something," says Franck Brichet, who moved to the U.S. from France more than a decade ago. His childhood group of friends, nearly all of whom still live

**Let's Get Together!  
How's Never?**

Of course, he's been able to attend only one of the past four. Too busy.

**How to connect**

All hope isn't lost. There are plenty of ways to give priority to connection, even in this frazzled moment, says Shasta Nelson, a speaker and author of books about how to cultivate friendship in our personal lives and at work.

Try a standing date, like Taco Tuesdays or a weekly poker night, where any member of your group can pop by. Keep expectations low. Your home doesn't need to be perfect for hosting. Or pair a get-together with an errand you have to check off your list, inviting a friend to join you on that walk with the dogs.

When attempting to rally a group at work for a department lunch or off-site meeting, make

in France, have for the past 13 years coordinated weeklong international holidays together. Every month, the 12 of them each put around \$30 into a joint bank account. They pool the savings for a trip to Greece or Montenegro every few years, using an online poll to pick a date. "It's really a time to reconnect. You feel like you're a kid again," Mr. Brichet, a real-estate agent in the Kansas City, Mo., area, says of the excursions, typically spent beachside, sipping cocktails.

PHOTO ILLUSTRATION BY BEN DENZLER FOR THE WALL STREET JOURNAL

**Some Retirees Seek Early Benefits**

Fear of Social Security cuts makes them leery of waiting

By ANNE TERGESEN

Some Americans are claiming Social Security years before full retirement age out of fear their benefits will be cut once the program runs short on cash. They say they want to get as much in benefits as they can before 2034. That is when the retirement program is projected to deplete its reserves, triggering a 23% reduction in benefits, unless Congress acts. Economists and financial advisers generally discourage claiming early. Most expect Congress will prevent a precipitous drop in benefits.

It is unclear how many retirees take Social Security early because of anxiety over its finances, though a quarter of men and 27% of women filed for benefits in 2021 when they turned the minimum claiming age of 62.

Darlene Cacciotti, 64, said claiming her benefits soon after retiring at 63 seemed like a safer bet than counting on Congress. The Myakka City, Fla., resident said she and her husband have pensions and could afford to wait to claim Social Security, which allows people to start their retirement benefits anytime between ages 62 and 70, and increases the payment for every month of delay.

The former secretary opted to take about \$400 a month less than she would have received at her full retirement age of nearly 67. "I was afraid the money wasn't going to be there," she said. Claiming benefits early is a gamble because it means accepting a lower monthly income for life, economists and financial advisers say.

Some retirees might be taking action because they don't have enough savings to delay claiming benefits. The program provides 37% of men and 42% of women with half or more of their income, the Social Security Administration says.

**Anxiety over Social Security's finances**

In June, the trustees for the Social Security Trust Funds projected a 23% cut in retirement benefits if Congress fails to act on the program's finances before 2034. In such a situation, benefits would be financed mainly by

delay claiming to get the higher benefit he is eligible for at 67, his full retirement age.

"I paid a lot of money into the system over the years," said the Somers Point, N.J., resident. "I'd like to see something in return."

**The advantage of delaying benefits**

For many, the math favors starting to take Social Security benefits at 70, when monthly benefits before cost-of-living adjustments are 76% higher than at 62, said Laurence Kotlikoff, a Boston University econo-

mist and founder of Maximize My Social Security, which advises people on Social Security.

Claiming earlier makes sense for those with relatively short life expectancies. A person who postpones benefits until age 70 instead of 62 would have to live to at least 80 to maximize total lifetime Social Security income and come out ahead, Prof. Kotlikoff said. Even if benefits are cut as much as 23% in 2034, the math still favors delaying benefits in many cases, he said.

Still, "the path we're on leaves massive uncertainty for people trying to plan their retirements," said Shai Akabas, director of economic policy at the Bipartisan Policy Center.

The retired teacher said he had initially planned to



PHOTO ILLUSTRATION BY ELENA SCOTTI/THE WALL STREET JOURNAL. ISTOCK (2)

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# ARTS IN REVIEW

ART REVIEW

## Idylls of Ancient Italy

Works made long before landscape emerged as an independent subject in the Renaissance



Clockwise from left: 'Statue of an Old Fisherman' (second century A.D.); 'Plato's Academy' (second-first century B.C.); cup with Bacchic ritual scenes (early first century A.D.); 'Wall Painting With Sculptures and Birds in a Garden' (late first century B.C.-early first century A.D.)



By JUDITH H. DOBRZYNSKI

San Antonio

IF, AS THE MEDIEVAL saying goes, all roads lead to Rome, might the artistic path to landscape painting trace back to the eternal city as well? That is a theme of "Roman Landscapes: Visions of Nature and Myth From Rome and Pompeii" at the San Antonio Museum of Art, which has gathered about 65 wall paintings, relief sculptures, mosaics, and glass and metal vessels created between 100 B.C. and about A.D. 250 as evidence.

In contrast to earlier works, such as fourth century B.C. Hellenistic tomb paintings and relief sculptures of gods and humans that included landscape elements, the artworks in "Roman Landscapes" generally depict idyllic, spatially deep, often imagined natural scenes where humans, when present, play minor roles. They represent the first stirrings of a genre that would not fully emerge until the Renaissance, when landscapes gained acceptance as a worthy subject of art. "The Romans were themselves conscious of the novelty" of these works, writes exhibition curator Jessica Powers in the catalog. And they served a political purpose: As the Roman Republic's turbulent civil wars ended, and the Roman Empire rose and expanded territorially, landscapes—especially those portraying shrines to traditional Roman gods—jibed with the

vision of peaceful, pastoral prosperity advanced by Augustus, the first emperor.

"Roman Landscapes," which the museum calls the first exhibition in the U.S. to showcase these ancient works, exposes the trappings of life around Pompeii, the Bay of Naples and Rome itself, where the wealthy decorated their villas with depictions of gardens, picturesque and mythological scenes, exotic Egypt (then controlled by Rome) and shrines. Many pieces have never been shown here before, including a marble well-head from the mid- to late first century B.C. of dancing satyrs and maenads in a rustic setting.

### Creations that depict peaceful, pastoral and often imagined natural scenes.

A slab of plaster (early to mid-first century A.D.), nearly 8 feet tall, from a home near Pompeii, starts the show. Its black background frames a corniced yellow structure and—inset near the center—a small landscape. This image—blue sky, gnarled trees, a rocky outcrop and visitors approaching a shrine—combines many common elements of ancient

landscapes. Aside from birds, which perch, walk, coo and fly aplenty in successive galleries, the main thing that's missing is water, whose proximity Romans prized, and that's present in the other introductory work, "Wall Painting With a Seaside Scene" (mid-first century A.D.). This frieze fragment shows colonnaded buildings from which people could admire both the gardens below and the sea.

From there, the exhibition unfolds thematically. One section explores gardens. The lovely three-panel "Wall Painting With Sculptures and Birds in a Garden" (late first century B.C.-early first century A.D.), from the House of the Golden Bracelet in Pompeii, featuring doves, orioles, a bird bath, garden sculptures, trees and a view of the bay, would have brought the outside inside to Romans at dinner. "Wall Painting With a Miniature Garden" (late first century B.C.-

mid-first century A.D.) from Herculaneum, which shows four white herons (or egrets) walking near a beautifully caned fence and manicured garden, and "Wall Painting With a Garden and Birds" (late first century B.C.-mid-first century A.D.), which places one bird on a cross-hatched wooden fence enclosing a dense garden, from Pompeii, achieve a similar feat and embody the loose, impressionistic style of all the paintings here.

Romans were also fascinated by life on the Nile, shown here in paintings and a relief. They're comic, sometimes transgressing what's acceptable today: For example, "Wall Painting With Animal Combats by the Nile" (mid-first century A.D.) places imagined pygmies harassing crocodiles and a hippopotamus near a sacred shrine. A terra-cotta relief (first century A.D.) also depicts pygmies and animals through an arched structure replete with patterns and textures.

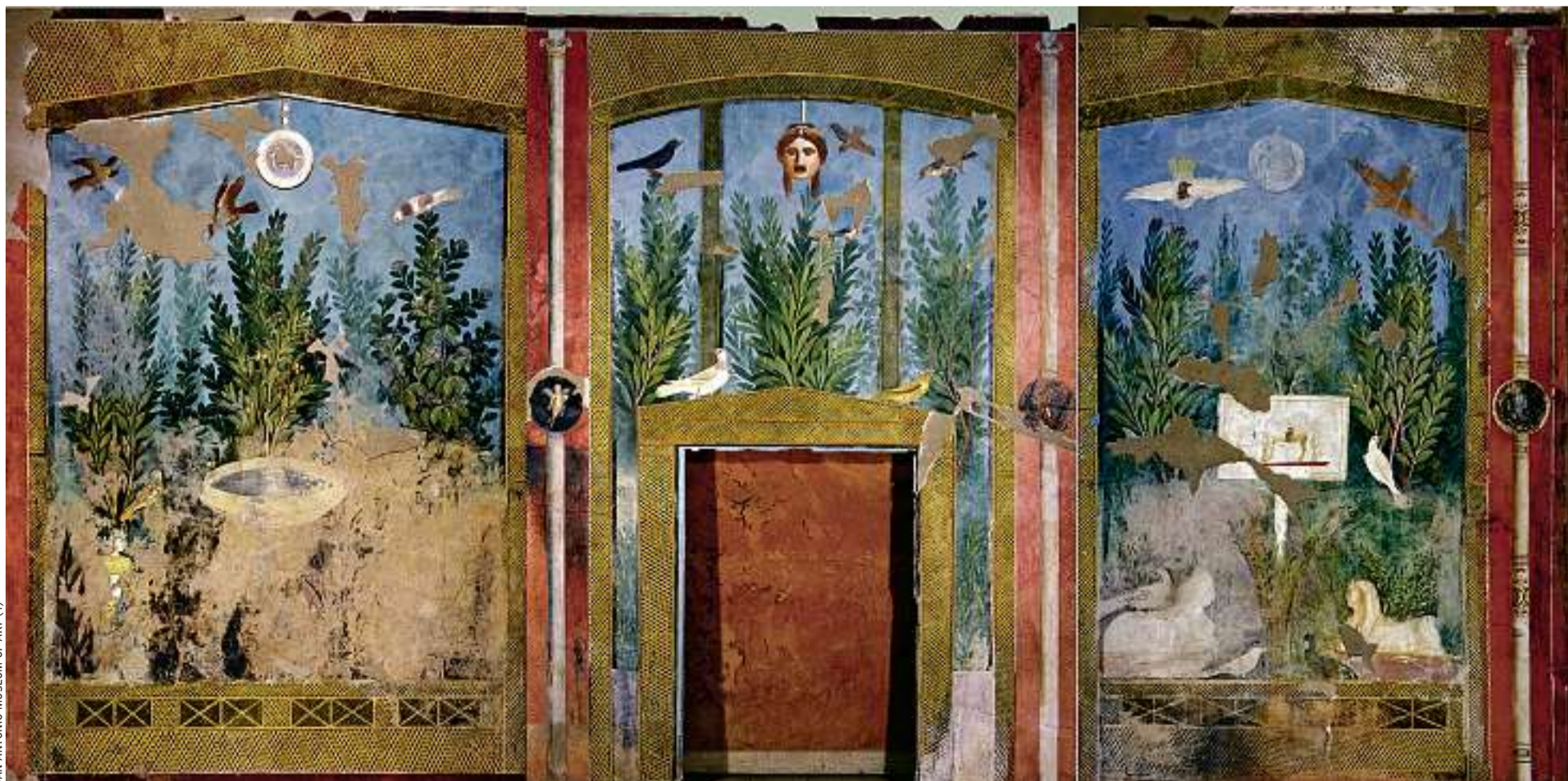
Equally absorbing artworks populate sections devoted to coastal views, sacred landscapes, mythical landscapes, and funerary art, and several stand out. "Wall Painting With a Procession to the Tomb" (late first century B.C.), from the Tomb of Patron in Rome, presents a march by the delicately rendered members of the deceased's family through a grove of trees. "Wall Painting With a Seaside Villa" (mid-first century A.D.) depicts a fortress-like home with an extensive garden, built out into the water. One can imagine walking through its colonnaded porticos, charmed by the scent and the view.

Two of the best works sit at the theme's fringe. Because several paintings feature fishermen, the nearly life-size marble "Statue of an Old Fisherman" (second century A.D.), which may have decorated a garden, merits a place. With his sunken eyes and deep wrinkles, it is a profoundly affecting portrait of old age. The other, "Plato's Academy" (second-first century B.C.), is a dazzling mosaic showing the philosopher and his disciples beside a sacred tree in a gated grove, made from tiny glass and stone tesserae. The men dominate the setting, but perhaps the exquisite garland border of leaves and fruits would alone justify its presence.

These two works shine in part because, as visitors will no doubt notice, ancient Roman landscapes clung to a limited number of motifs, lacking much inventiveness. Even so, the fresh topic of this exhibition makes it a welcome, provocative look at new territory.

**Roman Landscapes: Visions of Nature and Myth From Rome and Pompeii**  
San Antonio Museum of Art, through May 21

*Ms. Dobrzynski writes about art for the Journal and other publications.*



# SPORTS

## Alabama Is Top Seed in Tournament

The No. 1 Crimson Tide arrive amid controversy over a shooting death some team members were connected to

By LAINE HIGGINS

Seeing a No. 1 next to the name Alabama has become a familiar exercise in college sports. This time, however, Nick Saban had nothing to do with it.

The NCAA men's basketball tournament selection committee on Sunday tapped Alabama as the top overall seed for this year's edition of March Madness. The Crimson Tide, who defeated Texas A&M to win the Southeastern Conference tournament on Sunday afternoon, will play in the South region. They're joined as No. 1 seeds by Houston in the Midwest, Purdue in the East and Kansas, the defending champions, in the West.

Few, if any, teams have ever arrived at the top of the tournament field surrounded by more controversy than Alabama, however. Several players on the team have been connected to the Jan. 15 alleged murder of Jamea Jonae Harris, a 23-year-old mother who was shot in Tuscaloosa's nightlife corridor.

One player, Darius Miles, was dismissed from the squad and has been indicted on charges of capital murder; Miles hasn't appeared in court or entered a plea. Star freshman Brandon Miller—projected as a top NBA draft pick in June—allegedly brought the murder weapon to the scene.

Miller's lawyer said that the freshman didn't touch the gun, wasn't involved in its exchange and didn't know the weapon would be used in illegal activity. Miller hasn't been charged with any crime.

Kansas enters the tournament as both the defending champions and the survivor of the most difficult schedules in the nation. Kansas played 24 Quadrant 1 opponents—classified as a top-30 team at home, a top 50 team at a neutral site or a top-75 team on the road—and won 17 of those games. That mark is partially a function of the depth of the Big 12, which saw seven of its 10 members earn tournament bids.

Kansas is vying to become the first team to win consecutive NCAA championships since Florida did so in 2006 and 2007.



Alabama enters the NCAA tournament as the overall top seed. The Crimson Tide beat Texas A&M, 82-63, to win the SEC tournament on Sunday.

The Jayhawks are the only top tournament seed that wasn't ranked No. 1 at some point during the regular season. Of the four teams who claimed that spot this year—North Carolina, Houston, Purdue and Alabama—the Boilermakers locked it down for the longest stretch, at midseason. They slipped a bit in February, when they lost four of six games, but still managed to win a Big Ten regular season title and win the league tournament on Sunday with a 67-65 win over Penn State. This will be the first time since 1996 that Purdue will enter the tournament as a No. 1 seed.

The Boilermakers' brief slide wasn't as dramatic as North Caro-

lina's. The team started the season ranked No. 1 and failed to receive a bid on Sunday with a 20-13 record.

Based on win-loss records alone, the team to beat in the 2023 bracket might be Houston. The Cougars (31-3) didn't lose a game from mid-January until Sunday's American Athletic Conference tournament final, where they lost to Memphis 75-65 while playing without Marcus Sasser. The All-American guard suffered an apparent groin injury on Saturday and it isn't clear when he will be able to return.

The Cougars don't play fast or from behind the arc, but what Houston lacks in pizzazz they make up for in hustle.

The Cougars are one of the top offensive rebounding units in the country and are equally stifling on the other end of the floor. The combination means that Houston gives up the fourth fewest points per 100 possessions in the nation. Should they make a deep run, they could become the first team to win a championship while hosting the Final Four.

Over in the Pac-12 Conference, both UCLA and Arizona earned No. 2 seeds. The teams split their regular-season meetings and the Wildcats came out on top in Saturday night's tournament final, 61-59.

At Alabama, coach Nate Oats has created one of the most effi-

cient defenses in the country, allowing opponents just 88.6 points per 100 possessions, and they feature a rangy 6-foot-9 forward capable of single-handedly swaying games in Miller.

Miller said last week of the alleged murder: "This whole situation is just really heartbreaking." There have been calls to suspend him, however, and, last month, he faced controversy over a TSA-style pat down he pantomimed with a teammate as part of his pregame introduction. But Oats and his bosses at Alabama have stood by Miller, though the coach kiboshed the pregame routine last month. Oats has said that Miller did nothing wrong.

### The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1-71.

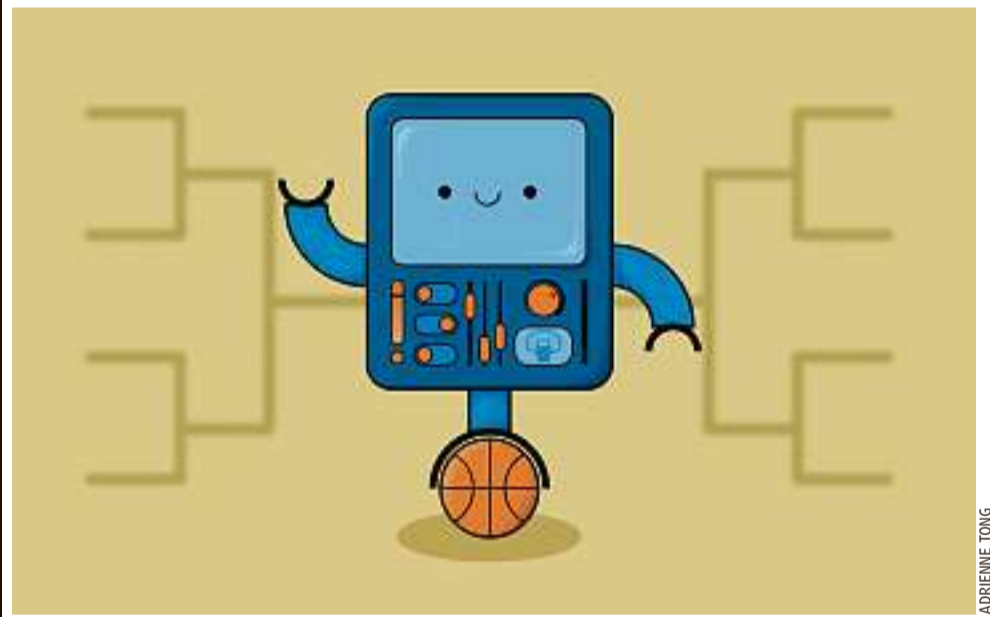
- 28 Son of Mary, Queen of Scots
30 Some of 60-Across's music
33 "Mayberry"
35 Standing upright
36 Rich cake
37 Spacek of "Carrie"
40 "Morbis" star Jared
41 Designates for a particular purpose
44 Small songbird
47 Creature, humorously
49 Skilled speaker
50 "\_\_\_arigato"
51 Like upper-crust stereotypes
52 Spring up
53 Messages with emojis
54 Some jobs
58 It's compulsory
61 Color
62 Psychic skill
63 Scrap for Spot
64 Scoreboard amts.
65 U-turn from NNW

### FASHION ENSEMBLE | By Desirée Penner & Jeff Sinnock

- Across
1 Eggs on a cracker
7 Request for permission
11 Prohibit
14 Holds on
15 Prayer-ending word
16 In the style of
17 \*Need for someone running on empty
19 Sinking signal
20 Transplant, as a plant
21 Like some custody and filers
23 Fill with fear
26 \*State ranked first for population density
29 Mints sold in tins
31 "The \_\_\_ U Give" (Angie Thomas novel)
32 Day, to Donatello
33 Woolly father
34 Makeup of a tennis match
38 Advice expert Landers
39 \*Driver's aid
42 King, in Calais
43 Meat-and-potatoes meal
45 Tie the knot
46 Cavalry weapons
48 Tooth part
50 Makes a scene?
51 \*Summer Olympics sport
55 Pirate's pal
56 Big game venue
57 Oscar winners Thompson and Stone
59 Inverted nine
60 Motown greats, and things that finish this puzzle's starred answers
66 Calif. hrs.
67 Eject
68 Sidesteps
69 Referendum choice
70 Workout count
71 Little bloodsucker
Down
1 "Proud Mary" band, for short
2 Brewpub quaff
3 French word on both sides of -à-
4 Wrong
5 On the same page
6 Answer the host
7 Photo finishing option
8 "I \_\_\_Rock"
9 Japanese currency
10 Printer type
11 Foundation

Previous Puzzle's Solution grid with letters and numbers.

The contest answer is I WASN'T FOOLED. As hinted by the clue at 48-Across, name the missing actor in the 12 clues that use the passive voice. Those actors are: 1-A: Italy; 17-A: Washington; 19-A: Alice; 27-A: Scissors; 29-A: "Nomadland"; 36-A: Thor; 38-A: Frazier; 40-A: Othello; 42-A: Obama; 46-A: Lion; 56-A: Euro; and 66-A: Delilah. The initial letters of these spell the contest answer.



## Madness Machine Is Back

By LAINE HIGGINS

Welcome to March, that time of year when people stare at an empty 68-team NCAA tournament bracket and realize they haven't given college basketball a second's thought since last year's NCAA tournament. Your ability to win bragging rights over your cousins over co-workers is now dependent on unreliable squads of teens and 20-somethings. The player you've heard the most about—7-foot-4-inch French sensation Victor Wembanyama, the projected No. 1 pick in the NBA draft—plays in something called LNB Pro A, not the Atlantic Coast Conference.

Even worse, the 2022-23 men's college basketball season has been one of the toughest to decode in years. No team has fewer than two losses, nor has any separated itself from the pack statistically. Four different teams have cycled through the No. 1 spot.

The good news is that you don't have to do this alone. That's what The Wall Street Journal's Madness Machine is for.

The Madness Machine is our bracket-generating tool that allows you to input a few of your preferences,

crunches dozens of metrics from the NCAA and basketball statistician Ken Pomeroy and spits out a complete tournament bracket in a matter of seconds.

There are a few things to keep in mind when telling the Madness Machine about your bracket preferences. In recent history, the teams that have won championships play efficient defense, don't start more than a couple of freshmen and aren't overly reliant on 3-point shooting.

A handful of teams fit those descriptions in 2023. Houston had the highest composite ranking in Pomeroy's metrics for adjusted-offensive efficiency and adjusted defensive efficiency, heading into Sunday's play. They have also got plenty of tournament experience, having made it to the Elite Eight in 2022 and the Final Four in 2021. A preference for teams that play fast might guide the Machine to select Alabama as your champion. If you're of the mind that defense wins championships, UCLA might be the team it picks.

You can also set the Machine to favor upsets. Even the mighty can fall in March—especially if they play at a slow pace and are matched up against a team

that consistently rebounds to get second-chance looks or is particularly aggressive at forcing turnovers. That's what happened in 2018, when a No. 1 seeded Virginia team that played about as fast as oozing molasses famously lost to No. 16 seed University of Maryland-Baltimore County.

If you're looking for a way to sprinkle in more upsets, consider giving a bit more love to teams that are rebounding fiends. You could also amp up the chaos meter by sliding it to the right. But keep in mind that midnight comes for even the most endearing of NCAA tournament Cinderellas.

Since the field expanded to 64 teams in 1985, there have been between 12 and 23 total upsets for the entire tournament. Most of those came early: 47% of all games in which lower seeded teams win happened in the round of 64; 26% happened in the second round.

Deeper into the tournament, front-runners prevail. Only once since 1985 has there been a Final Four in which all teams were the lower seed in their Elite Eight matchup. That last happened in 2006, when No. 11 George Mason made a deep run before losing to No. 3 Florida.

STEVE ROBERTS/USA TODAY SPORTS

ADRIENNE TONG











# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, March 13, 2023 | B1

Last Week: S&P 3861.59 ▼ 4.55% S&P FIN ▼ 8.50% S&P IT ▼ 3.06% DJ TRANS ▼ 5.98% WSJ \$IDX ▲ 0.32% 2-YR. TREAS. yield 4.586% NIKKEI 28143.97 ▲ 0.78% See more at WSJ.com/Markets

## Aramco Is Top Oil Earner Ever

Crude prices that hit \$100 a barrel lifted the kingdom's national energy company

By SUMMER SAID

Saudi Arabia's national oil company reported record annual profit of \$161 billion for 2022, the largest ever by an energy firm, boosting the kingdom's coffers as it looks to showcase its global business and foreign-policy ambitions and limit its heavy reliance on oil.

**Saudi Arabian Oil Co.**, known as Aramco, said its yearly profit swelled by 46% in 2022 amid a rise in oil prices that has helped cement the kingdom's dominance as the world's most important oil producer and reinforce its geopolitical power at a time of shifting alliances in the Middle East.

Aramco is one of the most valuable companies globally, with a market capitalization of \$1.9 trillion, briefly capturing the top spot from Apple Inc. in May. Its performance has helped boost Saudi economic growth even as the U.S. and Europe worry about recession. The kingdom, the region's biggest economy, recorded the fastest gross-domestic-product growth in the world last year among major economies, according to the International Monetary Fund, and 2023 is expected to be another profitable year for the world's biggest oil exporter.

On Sunday, the government announced the creation of a new national airline, Riyadh



Aramco aims to spend \$45 billion to \$55 billion this year, more than total of \$37.5 billion from Exxon Mobil and Chevron Corp.

Air, part of an effort to reinvent Saudi Arabia as a global business and tourist hub that would compete with other Persian Gulf airlines. That followed an announcement on Friday of a surprise deal between Saudi Arabia and Iran to renew diplomatic relations that was mediated by China, as Beijing's influence in the region increases.

The oil boom has in part fueled Saudi Arabia's willingness to pursue foreign policies and economic interests at odds with the U.S. Last year, Saudi Arabia, the de facto leader of the Organization of the Petroleum Exporting

Countries, rebuffed U.S. requests to pump more oil to help tame surging crude prices.

Aramco Chief Executive

Aramco is the latest big oil company to post a record annual profit for last year, continuing a sharp turnaround after many companies were battered by a historic decline in energy demand during the pandemic that led some to idle rigs and slash production.

Aramco and **Exxon Mobil Corp.** were notable outliers, arguing more forcefully than most that the industry needs to keep investing in fossil-fuel production.

Aramco Chief Executive

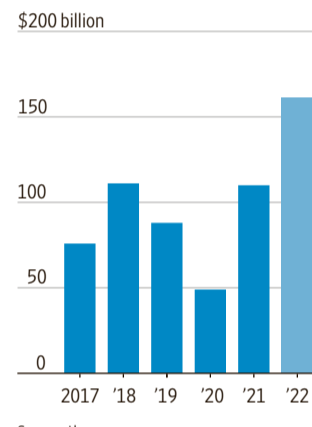
Amin Nasser said that the company spent \$37.6 billion to expand its production capacity and it would significantly increase that amount in coming years.

"Given that we anticipate oil and gas will remain essential for the foreseeable future, the risks of underinvestment in our industry are real—including contributing to higher energy prices," Mr. Nasser said.

The company, majority-owned by the Saudi government

Saudi Arabia unveils a new airline..... B9

Saudi Aramco annual net profit



Source: the company

## Signature Is Second Big Bank Failure In 3 Days

Signature Bank was closed by regulators on Sunday, the second massive bank failure in three days.

By Rachel Louise Ensign, David Benoit and Caitlin Ostroff

The New York-based bank faced a crisis of confidence after mid-sized lender SVB Financial Corp. was seized by regulators on Friday. Signature was also reeling from a bet on crypto banking that foundered after the sector imploded and banking regulators cracked down on lenders' exposure to digital assets. The failure is the third largest in history.

The bank raced to find a buyer or another solution to

Please turn to page B2

## SVB Crisis Heightens Investor Worries

Investors were worried that the fastest interest-rate increases in decades meant that something in the economy might break.

By Eric Wallerstein, Matt Grossman and Gregory Zuckerman

Last week, it did. Now, investors are asking: What else might crack?

On Friday, Silicon Valley Bank was shut down after getting hit by a run on its deposits, the second-largest bank failure in U.S. history. The fallout has jolted Wall Street, heightening fears that a year of rapidly tightening financial conditions is finally hitting home for the financial sector.

SVB's collapse, the largest since the 2008 financial crisis, helped send the S&P 500 down 3.3% over the final two trading days of the week. Traders began to speculate about what other fast-growing banks might be hurt and whether the troubles might encourage the Federal Reserve to raise rates.

Investors come to aid of portfolio firms..... B3

Circle Internet's stablecoin falls below \$1 peg..... B3

Inflows to fintech startups soared before failure..... B4

## California Winemakers Face a Cash Crunch

By AMRITH RAMKUMAR

California's wine industry is facing a potential short-term cash crunch and long-term loss of funding from the collapse of Silicon Valley Bank, which was a significant lender to vineyards and winemakers.

Hundreds of wine producers borrowed from the bank and deposited their cash there, including some small, midsize and privately held businesses that are trying to make payroll or loan payments.

"It could be devastating," said John Balletto, president of family-owned vineyard and winery Balletto Vineyards in Santa Rosa. His deposits with Silicon Valley Bank are small and insured, but he knows other wine businesses in the area that have uninsured deposits and could come under pressure. "People are in shock," he added.

Mr. Balletto, who produces mostly Pinot Noir and Chardonnay grapes on about 850 acres in Sonoma County's Russian River Valley, has three mort-



Rob McMillan of SVB's wine business says his clients are anxious.

gage loans with the bank. It would be a major concern if they had to be restructured at higher interest rates depending on what happens with the bank, he said.

The Federal Deposit Insur-

ance Corp. said Friday it has taken control of Silicon Valley Bank via a new entity. Depositors under the bank's \$250,000 insurance cap are expected to have access to their funds as of Monday. Depositors with funds

exceeding insurance caps will have to wait to get their money. Many companies are racing to line up other sources of cash.

The bank's swift failure was driven by clients' withdrawing cash, which forced the bank to raise cash by selling long-term government bonds at a loss. Worries about the bank's ability to raise additional funding prompted companies to withdraw their money quickly, accelerating the bank's demise.

The wine industry is a relatively small part of the bank's business compared with the technology and healthcare industries. But SVB rode the growth of California's wine business since the 1990s, benefiting from booming demand and soaring land prices. More recently, winemakers faced turmoil from the pandemic, higher labor costs and losses from wildfires and drought.

"They're upset and anxious," said Rob McMillan, founder and executive vice president of the bank's wine business. "Everybody is afraid of the unknown." He has received about 50 calls

## Dividend Stocks Lose Favor In High-Yield Environment

By CHARLEY GRANT

Stocks used to be the only game in town for investors chasing robust returns. That is hardly the case any more.

Soaring inflation has pushed government-bond yields to their highest levels in more than a decade. That, coupled with a soggy stock market, has led to a steady decline in the number of stocks that offer comparatively high yields. There were just 34 stocks in the S&P 500 with a dividend yield above that on the six-month Treasury bill as of Friday, according to Birinyi Associates.

The six-month yield settled at 5.116%, according to Dow Jones Market Data.

That is a dramatic shift from much of the past decade when interest rates were near zero and hundreds of stocks within

the index offered higher yields. At the end of 2021, before interest rates began to rise, there were 379 index constituents that offered a better yield than the Treasury bill, according to Birinyi.

Because U.S. government bonds are considered to be safer than even blue-chip stocks, some investors say it is difficult to justify putting money in the relatively risky stock market. The extra yield from a dividend-paying stock isn't worth the added chance that a company will endure a business slump, they say, especially because of the uncertain economic outlook.

"There's no reason whatsoever to buy a risky company just because it's in the same yield ZIP Code as cash," said Macro4Micro editor Glenn Reynolds, who said he has more than 80% of his portfolio

in cash. Stocks and bond yields tumbled last week over worries about the health of the banking sector and a hotter-than-expected labor market. A sharp decline in bank stocks, however, raised the possibility that the Federal Reserve might be forced to end its tightening campaign sooner than previously expected. The S&P 500 is up 0.6% this year and down 19% from its January 2022 peak.

The state of the economy will be in focus again this week as investors seek clues on the path of interest rates. Consumer-price index data for February is expected Tuesday, while retail-sales data is due Wednesday.

Earnings from FedEx Corp. are scheduled for Thursday. The yield curve remains Please turn to page B9

### INSIDE



### RETAILING

Theft at stores is climbing as shoppers return to bricks and mortar buying. B6



### HEARD ON THE STREET

Biotech firm takes a page from the drug industry playbook. B10

## Icahn Readies Proxy Fight With Illumina

By LAUREN THOMAS AND CARA LOMBARDO

Carl Icahn is preparing a proxy fight at Illumina Inc., arguing the biotechnology company cost its shareholders roughly \$50 billion by plowing ahead with a risky acquisition despite regulatory opposition.

The billionaire activist plans to nominate three people to the San Diego company's board, according to a letter Mr. Icahn plans to send to Illumina's shareholders Monday that was viewed by The Wall Street Journal.

Mr. Icahn says in the letter that he tried to strike a deal with Illumina to avoid a proxy battle.

Once a biotech darling, Illumina was revered for its DNA-sequencing capabilities and was valued at more than \$70 billion in summer 2021. But in recent months, its value has plummeted to around \$30 billion as

the company's takeover of cancer-screening company Grail Inc. remains in limbo while the company faces heightened competition from lower-cost rivals.

"We are convinced that at least three shareholder representatives are needed on Illumina's board to attempt to put an end to this insanity now before the reckless decision making escalates into a no-return situation," Mr. Icahn writes in the letter.

Illumina said it recommends its shareholders vote against Mr. Icahn's nominees. "Illumina has a diverse, experienced board comprised of directors who bring a range of perspectives to the company and represent the interests of its stockholders," the company said.

Illumina in 2020 agreed to buy Grail, which develops blood tests for early cancer detection, and closed the deal in August 2021 despite facing antitrust Please turn to page B6

INDEX TO BUSINESSES

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

Table with 3 columns: A-E, G-S, T-W. Lists companies like Airbus, Altria Group, and various financial institutions with page references.

BUSINESS & FINANCE

Fed, JPMorgan Aid First Republic

By RACHEL LOUISE ENSIGN

First Republic Bank said it has shored up its finances with additional funding from the Federal Reserve and JPMorgan Chase & Co.

The fresh funding gives the bank, which was under pressure following the collapse of SVB Financial Corp. last week, \$70 billion in unused liquidity.

strong, and its capital remains well above the regulatory threshold for well-capitalized banks," Jim Herbert, the bank's executive chairman, and Mike Roffler, its chief executive, said in a joint statement.

The infusion is the first such lifeline announced for a collection of midsize banks that have run into trouble in the past week.

York-based Signature Bank met the same fate Sunday. Those two closures were the second- and third-largest bank failures in U.S. history.

Investors grew concerned last week that First Republic had a similar profile to SVB. Shares of First Republic had fallen about 30% since Wednesday, and some customers started to get skittish about leaving their deposits at the bank.

"You see your bank is down 30%, that's a little worrying," said Abraham Parangi, chief executive of startup Akkio. "Even more worrying is when

they tell you 'Hey, everything's fine!'"

As SVB floundered on Friday, Mr. Parangi said he moved 90% of his company's cash at First Republic into an insured cash-sweep program that spreads the funds around to accounts at other banks to increase the amount covered by FDIC insurance.

JPMorgan officials had reached out to First Republic over the last week to tell them they were standing by to help the bank, an important client, if it needed access to funding, a person familiar with the matter said.

INDEX TO PEOPLE

Table with 3 columns: A, H, M-T. Lists names like Gibson, Jake; Hamtil, Lawrence; and others with page references.

Bidders Line Up For Bank's Arm in U.K.

Bidders submitted last-ditch plans to buy Silicon Valley Bank's U.K. arm on Sunday before the Bank of England puts the unit into insolvency following the collapse of its U.S. parent.

A startup bank called the By Patricia Kowsmann, Ben Dummett and Ed Ballard

Bank of London said it made a joint proposal with unnamed private-equity firms to take over the unit. Separately, OakNorth Bank, a U.K. lender to small businesses backed by Japanese conglomerate SoftBank Group Corp., made an offer, according to a person familiar with the move.

"Silicon Valley Bank cannot be allowed to fail given the vital community it serves," Anthony Watson, founder and chief executive of the Bank of London, said.

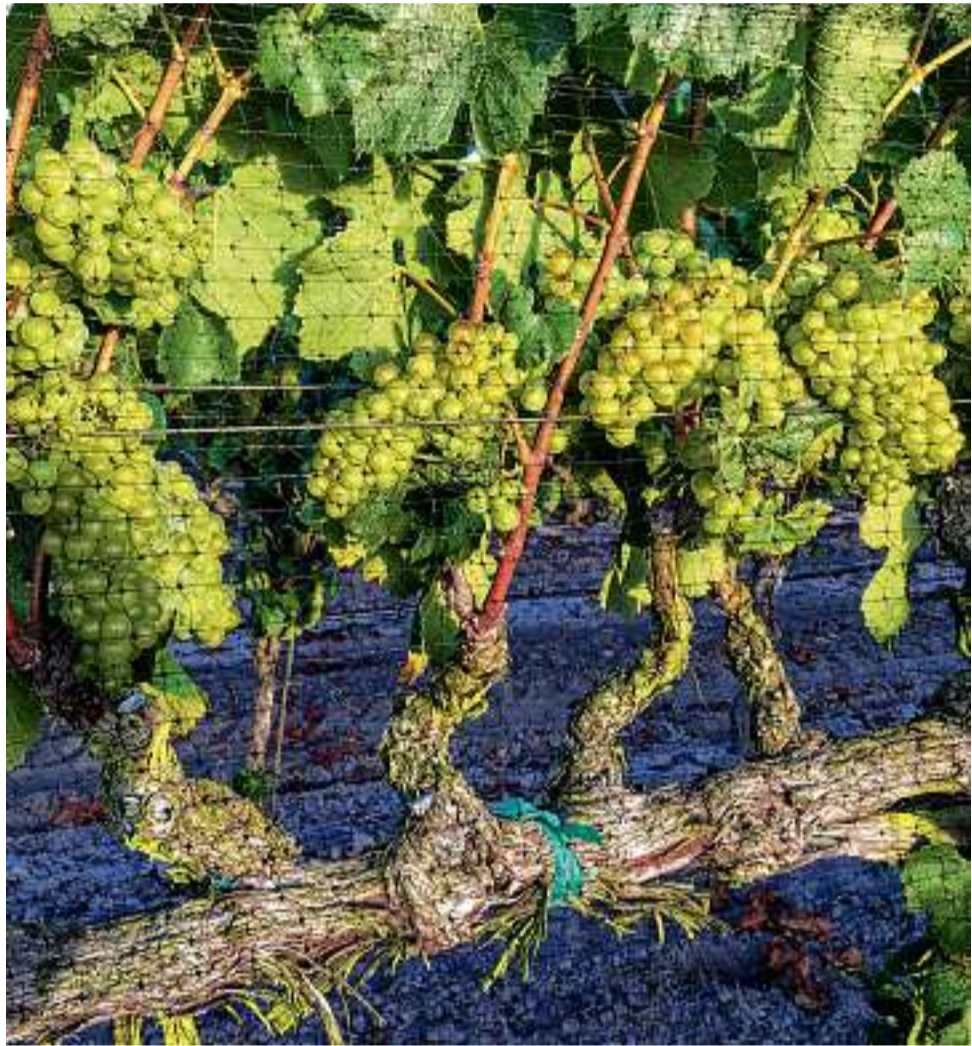
Silicon Valley Bank collapsed Friday after a run on deposits doomed the lender. Later that day, the Bank of England said it planned to place its U.K. subsidiary into insolvency procedure on Sunday barring any developments.

tomers, the Bank of England said. Other assets and liabilities of the bank will be managed by bank liquidators and recoveries will be distributed to creditors.

Earlier Sunday, the U.K. Treasury said it wanted to "avoid or minimize damage to some of our most promising companies," and was working on a plan that would ensure their short-term operational and cash-flow needs were covered.

British tech companies raised £24 billion last year, the third-most after the U.S. and China, according to figures from Dealroom. BeZero Carbon Ltd., a London startup that provides a credit-rating service for carbon offsets, was one. Chief executive Tommy Ricketts said it closed a \$50 million funding round in November and roughly half the money was in its Silicon Valley Bank account as of last week.

BeZero withdrew most of its funds before the Bank of England froze withdrawals on Friday and moved it into accounts with larger U.K. banks, he said. Silicon Valley Bank's branch in the U.K. became a separate bank subsidiary requiring its own capital and more intensive local regulation in August after it reached £100 million of insured small business deposits, according to the parent's 2022 annual report. It couldn't be learned the exact size of the U.K. arm. The arm was set to publish its first set of accounts in the coming months.



Smaller producers would likely be hardest hit by the failure of the bank.

Vineyards Face Cash Crunch

Continued from page B1 be hit hardest by the bank's failure. Industry giants such as Constellation Brands Inc. and E. & J. Gallo Winery have access to more sources of funding.

Some in the industry are most worried about the ripple effects of losing a lender with decades of experience valuing wine inventory and assets and lending against them.

Jasmine Hirsch, general manager at family-run Hirsch Vineyards in Sonoma County, only has small, insured deposits with SVB but is worried about a loan agreement she reached with the bank about 18 months ago.

She had planned to tap the loan to start developing 10 acres later this year and isn't sure what will happen if she has to pursue a new loan at a higher interest rate. Others in the industry tied to SVB might also be forced to delay or cancel investments and expansion.

"This is the last thing we all needed," Ms. Hirsch said.

SVB Supervision Questioned After Failure

By BEN EISEN AND ANDREW ACKERMAN

Silicon Valley Bank's failure boils down to a simple misstep: It grew too fast using borrowed short-term money from depositors who could ask to be repaid at any time, and invested it in long-term assets that it was unable, or unwilling, to sell.

When interest rates rose quickly, it was saddled with losses that ultimately forced it to try to raise fresh capital, spooking depositors who yanked their funds in two days. The question following the bank's takeover Friday: How could regulators have allowed it to grow so quickly and take on so much interest-rate risk?

And it wasn't the only problem bank last week. Just days

before SVB collapsed, Silvergate Capital Corp., one of the crypto industry's biggest banks, said it would shut down.

"The aftermath of these two cases is evidence of a significant supervisory problem," said Karen Petrou, managing partner of Federal Financial Analytics, a regulatory advisory firm for the banking industry. "That's why we have fleets of bank examiners, and that's what they're supposed to be doing."

The Federal Reserve was the primary federal regulator for both banks.

Notably, the risks at the two firms were lurking in plain sight. A rapid rise in assets and deposits was recorded on their balance sheets, and mounting losses on bondholdings were evident in notes to their finan-

cial statements.

SVB grew at a breakneck pace, nearly doubling deposits in just a year. Total assets at its parent, SVB Financial Group, grew to \$211 billion at the end

SVB and Silvergate had less onerous liquidity rules than the biggest banks.

of 2021, from \$116 billion a year earlier. By the end of 2022, SVB was the 16th largest lender in the U.S. Its implosion was the second-biggest bank failure in American history and marks the biggest test to date of the post-

financial-crisis regulatory architecture designed to force banks to curtail risk and monitor it more closely.

"Rapid growth should always be at least a yellow flag for supervisors," said Daniel Tarullo, a former Fed governor who was the central bank's point person on regulation following the financial crisis.

SVB and Silvergate both had less onerous liquidity rules than the biggest banks. In the wake of the failures, regulators may take a fresh look at liquidity rules, with an eye toward adjusting the requirements for holding high-quality liquid assets for banks whose funding sources go far beyond retail deposits, said Jaret Seiberg, an analyst at TD Cowen Washington Research Group, in a note.

Investors Await Next Fall

Continued from page B1 serve to pause, or even halt, its yearlong effort to slow inflation by raising interest rates.

"I think this could be the first cockroach in the cellar," said Fredric Russell, chief executive of Fredric E. Russell Investment Management Co. in Tulsa, Okla. "Banks get thrown into the dark pool of compla-

ency, and then they lower their quality standards."

The crisis deepened on Sunday while also showing early glimmers of stabilization. Regulators took control of Signature Bank, a New York lender with \$110 billion in assets, marking the third bank collapse in a week. But stock futures rose in Asian trading after the U.S. government announced measures aimed at easing concerns among depositors and making more funding available to the banking system.

Banks, especially the largest, are much better capitalized than they were heading into the 2008 financial crisis. Still, some investors worry that the

problems now slamming a few regional banks could affect the whole industry.

The Federal Deposit Insurance Corp. insures depositors with up to \$250,000 in cash at a bank. In the cases of SVB and Signature Bank, officials took the extraordinary step of designating the banks as a systemic risk to the financial system, which gives regulators flexibility to backstop uninsured deposits. The Federal Reserve and the Treasury Department also used emergency lending authorities to establish a new facility to help meet withdrawals.

As of the end of last year, Silicon Valley Bank had an estimated \$151 billion in uninsured

deposits, according to the annual report of SVB Financial Group, its parent company. Signature Bank had around \$80 billion of uninsured deposits.

Silicon Valley Bank's failure hit not just its depositors and investors but also its customers. The businesses financed by

Silicon Valley Bank for years now look riskier. Shares of the home-solar installer Sunrun Inc., for example, fell 12% on Friday. The streaming platform Roku Inc. said about \$487 million of its \$1.9 billion in cash was at SVB as of Friday. Roku said in a filing that it doesn't

know how much it can recover.

Payroll company Rippling was unable to complete some payroll runs Friday, its chief executive, Parker Conrad, said on Twitter. The company has shifted its business to JPMorgan Chase & Co., Mr. Conrad said.

Signature Bank Shut By State

Continued from page B1 shore up its finances before Monday morning, but failed to get a sale done in time, according to people familiar with the matter.

Signature customers will get all of their deposits back, including money above the \$250,000 limit for federal deposit insurance, banking regulators said.

Signature opened in 2001

and pitched itself to businesses and individuals as an alternative to big banks. It prided itself on its customer service and lack of bureaucratic red tape.

After the financial crisis, the lender grew rapidly and became an investor darling. In 2018, Signature hired bankers specializing in crypto as part of an effort to branch out beyond commercial real estate. Other banks were reluctant to take on crypto customers, and Signature became one of the crypto market's leading banks.

The bank's failure threatens to further cut the crypto industry off from the regulated U.S. banking system. Late Sunday, some crypto companies held emergency meetings and

others messaged bankers as they scrambled to find alternative institutions to stash deposits.

Jeremy Allaire, chief executive of Circle, which issues a popular dollar-pegged cryptocurrency, wrote on Twitter that the firm will settle transactions through Bank of New York Mellon Corp. now that Signature is closed.

Signature shares had fallen 23% on Friday, its worst day since it went public in 2004, and were down more than 75% in the last 12 months.

The bank had \$110 billion in assets and \$88.6 billion in deposits as of the end of 2022. By deposits, it was the 30th biggest bank in the U.S. last year.

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## BUSINESS NEWS

# Investors Come to Aid of Portfolio Firms

SVB crisis causes venture-capital companies to help their assets find cash

Startup investors sought over the weekend to help their portfolio companies meet immediate expenses and to shore up their own access to cash after Friday's federal seizure of Silicon Valley Bank made some money inaccessible.

By Berber Jin,  
Katherine Bindley  
and Yuliya Chernova

Venture-capital giant **Andreessen Horowitz** said it was helping founders of startups it has invested in find new banks and identify financing alternatives. Other venture leaders also said they were funding payroll for now at their portfolio com-

panies that didn't move cash out of **SVB Financial Group** before it was taken over by the Federal Deposit Insurance Corp.

Some venture-capital firms, including **Omega Venture Partners**, encouraged portfolio companies to diversify their deposits so they aren't at risk if SVB contagion spreads and causes runs at other midsize banks.

On Sunday, regulators took control of Signature Bank, marking the third bank collapse in a week. Officials took the extraordinary step of designating SVB and Signature Bank as a systemic risk to the financial system, which gives regulators flexibility to backstop uninsured deposits. The Federal Reserve and the Treasury Department also used emergency lending authorities to establish a new facility to help meet withdrawals.

As they anxiously awaited news of when and how their

SVB-based funds will be available, startup executives said they were taking cash-advance loans at steep interest rates, using credit cards to pay bills and negotiating short-term loans with investors to try to bridge a liquidity crunch. Some heads of VC firms and startups said they were already using or preparing to use their own funds to cover the coming week's payroll. At least two e-commerce startups asked customers to shop more on their sites to keep them afloat.

Even as executives at companies that relied on Silicon Valley Bank raced over the weekend to get access to cash, some were rethinking the wisdom of having entrusted so much of their finances to a single institution. "You learn some hard lessons in times like this," said Sara Mauskopf, CEO and co-founder of Winnie, a startup that operates a child-care marketplace.

Cameron Sepah, chief executive of consumer telemedicine startup **Maximus**, said SVB was the company's primary bank. On Thursday night, Dr. Sepah attempted to pull out all but \$250,000 of the millions of dollars Maximus had with SVB, but the transfers never went through. "We have to open up new bank accounts, new credit cards, switch everything over," said Dr. Sepah.

Maximus was told it might have access to \$250,000 by Monday, that about half of its money could be available by the end of the week and that it could get the rest back in three to six months, Dr. Sepah said. The most immediate need is payroll—Dr. Sepah said he would cover that with his personal funds next week if he has to, and he will consider bridge loans if the time to access the funds is pushed back further.

**Khosla Ventures** began offering payroll assistance in the form of short-term loans, people familiar with the matter said. As of Thursday evening, the firm encouraged its startups to diversify its bank accounts but didn't advise them to pull money from SVB.

SVB grew over four decades to become a linchpin of tech investing. Startups began pulling their money out this past week to avoid potential losses on deposits in excess of the amount insured by the federal government. Those withdrawals, encouraged by some venture investors, sparked a run. Garry Tan, CEO of Y Combinator, asked founders in the famed startup accelerator to sign a petition to U.S. government representatives calling for small business depositors at Silicon Valley Bank to be made whole. "Silicon Valley Bank's failure has a real risk of systematic contagion,"

the petition said. "Its collapse has already instilled fear among founders and management teams to look for safer havens for their remaining cash, which can trigger a bank run on every other smaller bank."

Ms. Mauskopf said she needs to have funds available by Monday for next week's payroll. She said the terms of a loan Winnie had with SVB required the startup to do all of its banking there. The company had a checking account at SVB to pay its bills, as well as a cash-sweep account to earn a little bit of interest, the CEO said.

For short-term capital, Winnie is taking a cash-advance loan from Stripe that comes at a steep 10% interest rate, she said. For now, the CEO is grateful her corporate credit cards from fintech company Brex will allow her to pay the bill to keep the company's website up.



Jeremy Allaire, chief executive of Circle Internet Financial

## USD Coin Breaks Peg With Dollar Over Bank Ties

A major cryptocurrency operated by **Circle Internet Financial Ltd.** meant to mimic the value of the dollar dropped sharply after the company said it had \$3.3 billion tied up in the collapsed Silicon Valley Bank.

By Vicky Ge Huang,  
Hannah Miao and  
Caitlin Ostroff

USD Coin fell below 87 cents on Saturday morning, according to data from CoinDesk. The virtual currency, known as a stablecoin, is designed to trade exactly at \$1. It is backed by real dollars and short-term government debt and sits at the heart of cryptocurrency trading.

Breaking USD Coin's peg with the dollar has the potential to send shock waves through the cryptocurrency world still reeling from the collapse of FTX. For crypto traders, the decline in the value of USD Coin is reminiscent of the worst moments of the 2008 financial crisis when the Reserve Primary Fund, a money-market fund that most investors treated as the equivalent of cash, "broke the buck" in the wake of Lehman Brothers' failure and saw its net asset value fall below \$1.

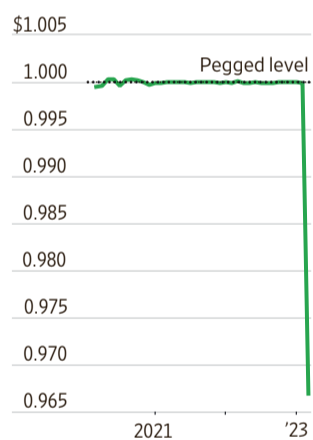
Stablecoins such as USD Coin have become an increasingly critical part of the digital-asset ecosystem, accounting for over \$130 billion in market value, up from just \$11 billion in June 2020. Crypto traders rely on stablecoins to quickly get in or out of their positions in more volatile cryptocurrencies, while companies often store their capital and profits in stablecoins.

Like banks, stablecoins are subject to runs. If holders of the coins believe there aren't enough dollars in reserve, they may rush to exchange their coins—or to sell them to someone else. That selling has driven down the price.

A large deviation of USD Coin from its peg could trigger a wave of selling among holders, potentially sparking a fire sale of the reserves in the banking system. As spooked investors dash for the exit, the companies issuing the stablecoin would have to rapidly sell traditional assets to give clients their money back, potentially putting pressure on a narrow slice of banks that serve the crypto industry.

The USD Coin reserves remaining at Silicon Valley Bank comprise about 8% of assets backing the token, according to

USD Coin's dollar value



Source: Kraken

Circle.

Circle holds \$9.7 billion of its USD Coin reserves in cash and \$32.4 billion in short-dated government securities, the company said in an update Saturday.

**Bank of New York Mellon Corp.** holds \$5.4 billion of the USD Coin cash reserves and \$1 billion is deposited at Customers Bank, according to Circle. The company said it uses **Signature Bank** for transactions and settlements, and has no exposure to Silvergate Capital, a crypto-focused bank that shuttered Wednesday. Signature Bank was closed by New York state banking regulators on Sunday.

The U.S. Treasuries backing USD Coin are held by BNY Mellon and managed by **BlackRock Inc.**, Circle said.

Circle attempted to move reserves out of Silicon Valley Bank on Thursday, but those transfers hadn't settled as of Friday's close, the company said. The firm believes those transfers could be processed Monday.

If the cash reserves at Silicon Valley Bank aren't fully returned, Circle said it would cover any shortfall using company resources, including outside funding if necessary.

USD Coin inched higher to 98 cents after Circle posted the update, which also mentions that the firm will resume redemptions on Monday morning.

Another stablecoin, Dai, also broke from its \$1 peg, trading as low as 90 cents Saturday. Dai, the fourth-largest stablecoin, worth around \$5 billion, is partially backed by USD Coin, also known by traders as USDC.

The pace of USD Coin redemptions accelerated through Friday, with most of the USD Coin burned in the last eight hours, data firm Nansen said.

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## TECHNOLOGY

WSJ.com/Tech

# SVB Customers Rushed to Fintechs Before Implosion

Inflows at startups soared just before FDIC takeover led to freeze on deposits

By YULIYA CHERNOVA  
AND ANGUS LOTEN

As a regulator takeover of Silicon Valley Bank left startups and venture firms racing to cover their payments, one group of startups gained business at first.

Banking startups saw a surge of demand from **SVB Financial Group** customers who were seeking new places to park their money until the Federal Deposit Insurance Corp. announced early Friday that it had taken control of SVB via a new bank it created called the Deposit Insurance National Bank of Santa Clara.

Venture-backed **Brex Inc.** has opened more than 2,000 new business accounts and saw between \$1 billion and \$5 billion in new capital inflows since Thursday, according to a person familiar with the situation. The number of new accounts is roughly 100 times normal daily levels and the inflows roughly 10 times, the person said. Another person close to the company said that Brex saw thousands of new customers and billions of dollars in deposits coming in over the past day and a half.

Banking startup **Mercury Advisory LLC** also saw an increase in customers.

"It's a very busy day," Nic Corpora, communications lead at Mercury, said on Friday morning.

SVB customers began withdrawing their money after the bank disclosed Wednesday evening that it lost close to \$2 billion by selling assets following a larger-than-expected decline in deposits.

News of that exacerbated the withdrawals, ultimately leading to the bank shutdown on Friday.

But the fintech surge was short-lived, as transfers stopped when regulators shut down Silicon Valley Bank Friday and depositors could no longer access their accounts.

"We can't access our account or money right now," said Jenny Fielding, managing partner at venture firm **The Fund**. The fund's operating company had kept its capital with SVB but on Thursday moved most of that to JPMorgan Chase & Co. and First Republic Bank, she said.

Regulators on Sunday took control of Signature Bank. Officials took the extraordinary step of designating SVB and Signature Bank as a systemic risk to the financial system, which gives regulators flexibility to backstop uninsured deposits. The Federal Reserve and the Treasury Department also used emergency lending authorities to establish a new facility to help meet withdrawals.

Some SVB customers chose to move money to fintechs because they tend to have faster account-opening procedures. Others already had accounts at fintechs and were shifting more assets away from SVB.

Fran Brzyski had been using SVB as the primary banking account for his startup **Hark Technologies Inc.**, where he is co-founder and chief executive. He said he had been a happy customer but on Thursday, after seeing news about SVB's problems, decided to move most of the money to an account he had with **Under Technologies Inc.**, which does business as Rho Technologies.

"As a fiduciary I moved a lot of the money out and over

to Rho," Mr. Brzyski said. He originally opened the Rho account upon the advice of one of his venture investors at M13, who had suggested he diversify where he holds the startup's funds.

"Having two bank accounts was great, they were already linked to each other," he said, adding, "Within an hour I was done."

He said he trusts Rho because it is a portfolio company of M13 and came highly recommended by the venture firm.

Ashley Tyrner, CEO of **FarmboxRx**, a nine-year-old New York City startup that partners with health insurance plans to deliver food to underserved communities, said she first heard about a run on SVB's deposits late

**One company gained 100 times the normal daily number of new accounts.**

Thursday. She said the startup has "tens of millions" of dollars in its SVB account. Last year, **FarmboxRx** had more than \$50 million in receivables, she said. As the situation grew more dire, Ms. Tyrner said she raced to withdraw the funds as quickly as possible.

"We couldn't log in to our accounts, couldn't contact anyone, their helpline rang to a 'disconnected' message or just hung up," she said. "None of our account reps would respond to calls or emails."

Eliza Arnold, founder of San Francisco fintech startup **Arnie Inc.**, said she was able to access the company's SVB account Friday morning after

being frozen out all day Thursday. The account, which Ms. Arnold opened in 2021 to ease the process of transferring cash from the company's global investors, held roughly \$500,000. The company also has accounts at other banks.

Rather than empty the account Friday, Ms. Arnold said she kept an amount under the FDIC-insured \$250,000 limit in SVB to cover any automatic payments linked to the account—though she doesn't know at this point if they will continue to be paid out.

"We're keeping enough in there for now to cover those in case they do, and then setting up other connections simultaneously with our other banks," Ms. Arnold said.

Some venture investors say they worry about the rush from SVB to fintechs, given that they, too, can potentially run into trouble.

"I'm not sure the neo banks are the answer," Ms. Fielding said.

How alternative business accounts are structured varies. Many fintechs act as a technology layer on top of bank accounts that belong to FDIC-insured partner banks. **Mercury's** banking services are provided by Choice Financial Group and Evolve Bank & Trust, for instance.

These arrangements can dictate how quickly a fintech can respond to demand.

Jake Gibson, co-founder and partner at fintech venture investor **Better Tomorrow Ventures**, said several portfolio companies have been fast-tracking applications to bring on SVB customers.

"They'll be limited," he said, adding that the limitations will come from the time it takes to meet certain financial regulatory requirements, as well as from the appetites of their bank partners for huge deposit inflows.



BlockFi ignored warnings about the account, the watchdog said.

## Lender BlockFi Has Unprotected Funds At Bank, Trustee Says

By BECKY YERAK

Bankrupt crypto lender **BlockFi Inc.** is facing risks of having its funds locked up at Silicon Valley Bank, which collapsed on Friday after a run on deposits doomed the bank's plans to raise fresh capital.

BlockFi, which filed for bankruptcy in November, had roughly \$227 million in unprotected funds at the bank, the U.S. Trustee, a unit at the Justice Department overseeing bankruptcies, said in a court filing Friday.

The federal watchdog said Silicon Valley Bank documents clearly show the BlockFi account isn't considered a deposit, isn't insured by the Federal Deposit Insurance Corp., and might lose value.

BlockFi ignored warnings earlier this month about the dangers of the uninsured account, the federal watchdog said.

The watchdog said it urged BlockFi to show it has taken steps to safeguard the money that was held in the unprotected money-market mutual fund at the bank.

Silicon Valley Bank is a popular bank for deposits, lending and other services for businesses in chapter 11, court documents show, adding another

dimension to the bank's collapse that marks the second-biggest failure in a financial services firm in U.S. history.

The FDIC on Friday said it has taken control of the bank.

On Sunday, regulators took control of Signature Bank and officials took the extraordinary step of designating SVB and Signature as a systemic risk to the financial system, which gives regulators flexibility to backstop uninsured deposits. The Federal Reserve and the Treasury Department also used emergency lending authorities to establish a new facility to help meet withdrawals.

The U.S. watchdog in the BlockFi bankruptcy said because the \$227 million the crypto lender has with the bank is in "a money market mutual fund, it is not FDIC insured."

The trustee said BlockFi requested that the funds be allowed to remain in the money-market mutual fund, saying that they are insured up to \$250,000 and that these "holdings are AAA rated and invested in U.S. government securities," indicating they are highly rated and carry little risks.

Representatives for BlockFi couldn't be reached for comment.

WSJ  
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Save the Date



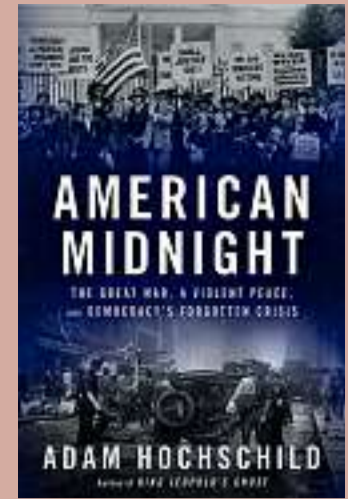
Missed the magic of Laguna? Mark your calendar for WSJ Tech Live this October 16-18. Join us at the Montage Laguna Beach for The Wall Street Journal's most exclusive technology event and be in the room where headlines and deals are made.

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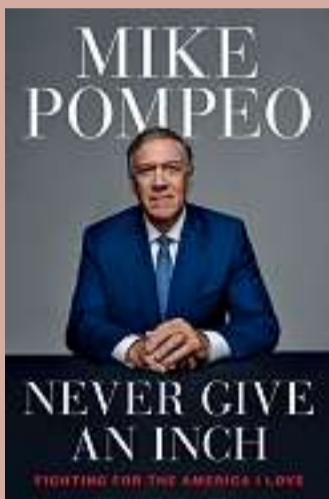
THE WALL STREET JOURNAL

# Smart Reads for Savvy Readers

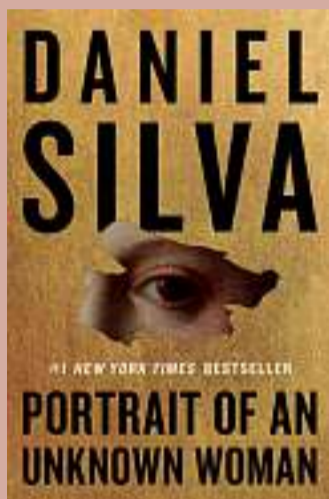
 HarperCollins Publishers



**NATIONAL BESTSELLER.**  
 Legendary historian Adam Hochschild reassesses the period between World War I and the Roaring Twenties. "Masterly . . . Hochschild's sharp portraits and vignettes make for poignant reading." —*New York Times Book Review*



The *New York Times* bestseller from former Secretary of State Mike Pompeo, who spearheaded the Trump administration's most significant foreign policy breakthroughs.



The #1 *New York Times* bestseller — now in paperback!  
 "Reading the latest Gabriel Allon is like visiting an old friend. Another tour de force by the master." —Bob Woodward



*New York Times* bestselling phenoms Colleen Hoover and Tarryn Fisher's dark, twisty, and ultimately beautiful read about two soulmates trying to find their way back to each other, and the secrets that stand in their way.



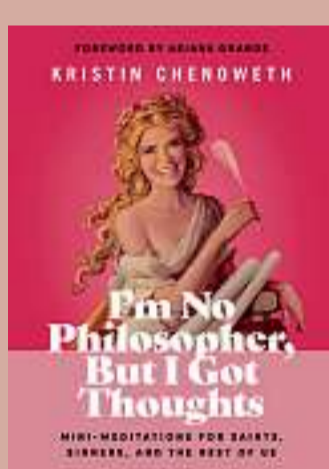
"A riveting page-turner that chronicles the first American astronauts to fly the space shuttle, including the first American women and people of color who broke barriers to journey to the stars." —Kyra Sedgwick, actor, director, and producer



The runaway #1 *New York Times* bestseller—now in paperback!  
 "An undeniably engrossing guessing game." —*Vogue*



The *New York Times* bestselling solo memoir from Magnolia co-founder, Joanna Gaines.



From actress, Broadway star, and *New York Times* bestselling author Kristin Chenoweth comes an inspiring book featuring philosophical-ish musings on connection, creativity, loss, love, faith, and closure.



The extraordinary story of how Shackleton's legendary last ship was found.  
 "As thrilling as any tale from the heroic age of exploration. . . . Bound's account is a triumph." —*Sunday Times*



The *New York Times* bestseller—now in paperback!  
 "A reminder for those who've ever been told they don't fit in that there's a world beyond this harsh one and a set of tools that can help them get there." —*Washington Post*



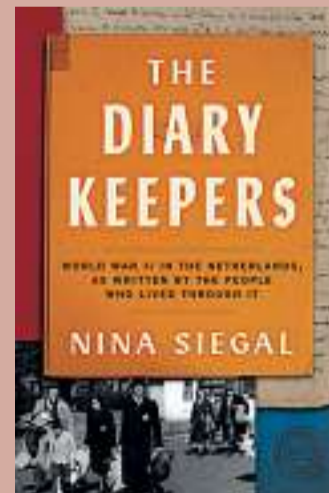
Winner of the 2022 International Booker Prize!  
 "It is extraordinarily fun and it is extraordinarily funny." —Frank Wynne, chair of the International Booker committee



If you have had a recent epiphany about quitting your job, this guidebook offers the perfect blend of satire and encouragement to help you find humor in the workday and tap into what really matters in life.



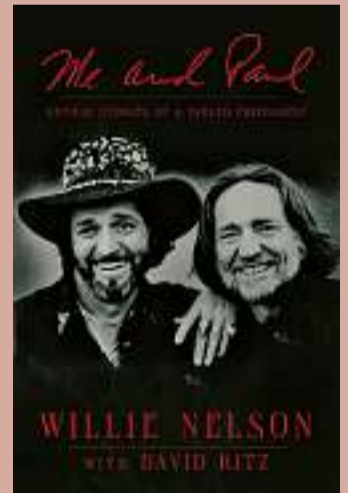
Follow the production of whiskey, from grain to glass, across the country with internationally recognized whiskey expert Richard Thomas.



"A vivid portrait of the Nazi occupation as it unfolded, providing a wider lens than many Holocaust histories. . . . A treasure trove of firsthand perspectives." —*Publishers Weekly* (starred review)



A memoir of tennis and teamwork from Grand Slam winner Ash Barty, one of the most naturally gifted tennis stars of all time.



Discover the untold stories and unbreakable bond between country music icon Willie Nelson and his longtime drummer, Paul English, in this new memoir.

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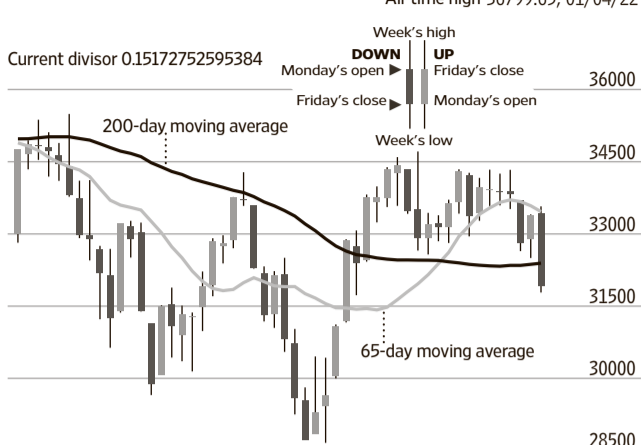




MARKETS DIGEST

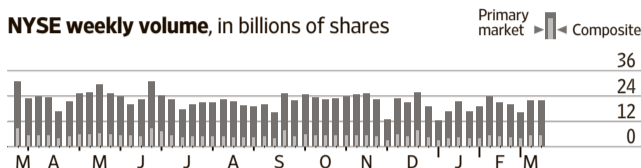
Dow Jones Industrial Average

31909.64 ▼1481.33, or 4.44% last week
Trailing P/E ratio 21.18 18.29
P/E estimate \* 17.10 17.43
High, low, open and close for each of the past 52 weeks
Dividend yield 2.19 2.14
All-time high 36799.65, 01/04/22



Current divisor 0.15172752595384

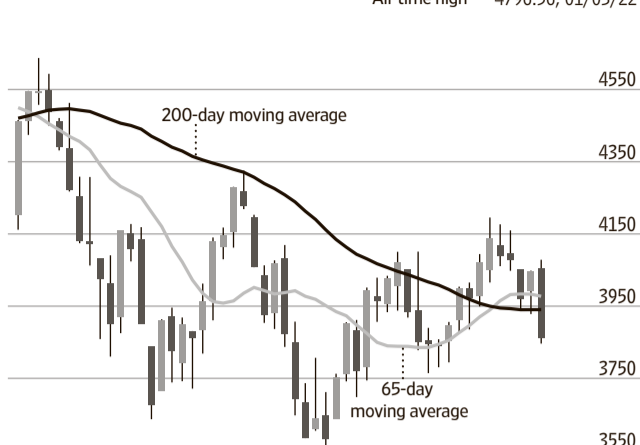
Bars measure the point change from Monday's open



\*Weekly P/E data based on as-reported earnings from Biriiny Associates Inc. †Based on Nasdaq-100 Index

S&P 500 Index

3861.59 ▼184.05, or 4.55% last week
Trailing P/E ratio \* 17.85 23.68
P/E estimate \* 18.12 18.85
High, low, open and close for each of the past 52 weeks
Dividend yield \* 1.76 1.44
All-time high 4796.56, 01/03/22



Current divisor 0.15172752595384

Bars measure the point change from Monday's open



\*Weekly P/E data based on as-reported earnings from Biriiny Associates Inc. †Based on Nasdaq-100 Index

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Symbol, Offer price(\$), Offer amt (\$ mil), Through Friday (%), Lockup provision. Lists companies like Nexalin Technology, Akanda, Corebridge Financial, and Third Harmonic Bio.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, Friday's close(\$), Offer price, 1st-day close, % Chg From Offer price, IPO date/Offer price, Company, SYMBOL, Friday's close(\$), Offer price, 1st-day close, % Chg From Offer price. Lists companies like Atlas Energy Solutions, Pono Capital Three, and Cetus Capital Acquisition.

Sources: Dealogic; Dow Jones Market Data; FactSet

Major U.S. Stock-Market Indexes

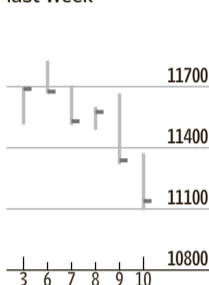
Table of major U.S. stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000, with columns for High, Low, Close, Net chg, % chg, 52-Week Range, and YTD % chg.

§ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

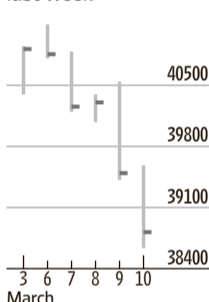
Nasdaq Composite

▼550.12, or -4.71% last week



DJ US TSM

▼2097.15, or -5.13% last week



International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX 50, Nikkei 225, etc., with columns for Close, Latest Week % chg, Low, High, YTD % chg.

Source: FactSet; Dow Jones Market Data

Commodities and Currencies

Table of commodity and currency prices including DJ Commodity, Crude oil, Natural gas, Gold, U.S. Dollar Index, Euro, Yen, and U.K. pound.

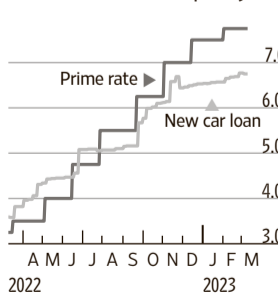
Go to WSJMarkets.com for free access to real-time market data.



Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



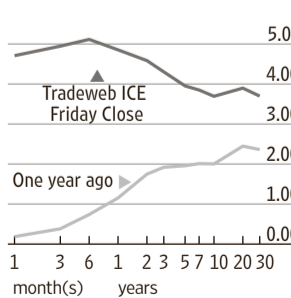
Selected rates

Table of selected consumer rates including Bankrate.com avg, First Savings Bank, Colonial Savings, etc.

Benchmark Yields and Rates

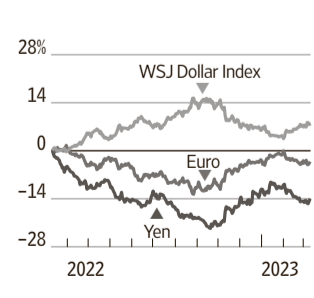
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

Advertisement for ChildFund.org with the text 'Let's walk together. It makes things better.' and an image of a woman walking.



CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, March 10, 2023

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Includes sections for General Equity Funds, Specialized Equity Funds, U.S. Mortgage Bond Funds, Investment Grade Bond Funds, Loan Participation Funds, and U.S. Domestic Taxable Bond Funds.

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Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table showing U.S.-dollar foreign-exchange rates for various countries including Americas, Europe, Asia-Pacific, and others.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on March 10, and year-to-date stock performance of the company.

KEY: B: beneficial owner of more than 10% of a security class CB: chairman CEO: chief executive officer CFO: chief financial officer CO: chief operating officer D: director DO: director and beneficial owner GC: general counsel H: officer, director and beneficial owner I: indirect transaction filed through a trust, insider spouse, minor child or other O: officer OD: officer and director P: president UT: unknown VP: vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table showing the biggest weekly individual trades by insiders, including date, company, symbol, insider, title, and transaction details.

Sellers

Table showing the biggest weekly individual trades by sellers, including date, company, symbol, insider, title, and transaction details.

\* Half the transactions were indirect \*\* Two day transaction p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table showing buying and selling activity by sector, including sector, buying, and selling values.

Sources: Refinitiv; Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Includes sections for General Equity Funds, Specialized Equity Funds, U.S. Mortgage Bond Funds, Investment Grade Bond Funds, Loan Participation Funds, and U.S. Domestic Taxable Bond Funds.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table showing money rates including inflation, U.S. government rates, discount, federal funds, prime rates, policy rates, overnight repurchase, and secondary market rates.

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective February 2, 2023. Secured overnight financing rate is as of March 9, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information Ltd.

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 showing cash prices for various commodities including Energy, Metals, Gold, Per Troy Oz, Fibers and Textiles, Grains and Feeds, and Food.

KEY TO CODES: A=ask B=bid BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Soiland Publican; R=SJ; S=Energy; S-Platts-TSI; T=Outlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=international Coffee Organization; Z=not quoted. \* Data as of 3/9

Source: Dow Jones Market Data

BUSINESS & FINANCE

Saudi Arabia Unveils a New Airline

Riyadh Air aims to use its geographic position to attract fliers as deal with Boeing is close

RIYADH, Saudi Arabia—This oil rich kingdom unveiled a new international airline called Riyadh Air, aiming to compete with a handful of other Middle Eastern carriers

By Stephen Kalin, Summer Said and Andrew Tangel

that have used their geography to build world-class airlines and attract business travelers and tourists.

Saudi Arabia's sovereign-wealth fund, the Public Investment Fund, is close to committing to a big order of Boeing Co. jets to underpin the new airline...

The new airline—and the billions of dollars in jet purchases it will require—comes as Saudi coffers swell on the back of higher crude prices.

away from the booms and busts that come with its prodigious oil industry.

Separately on Sunday, Saudi Arabian Oil Co., known better as Aramco, reported record annual profit of \$161 billion for 2022, the largest ever by an energy firm.

By branching out and creating a new airline, Riyadh is challenging a market long dominated by its smaller neighbor, the United Arab Emirates.

Saudi Arabia first disclosed plans in 2021 to create a new regionally based, international airline.



JENNIFER RICHMAN/ASSOCIATED PRESS

Boeing 787 aircraft at the company's Everett, Wash., facility in June.

haul carriers for travelers between Asia and Europe and to and from North America.

Dubai and Qatar have used their airlines to help turn their emirates into world-class tourism hubs.

Saudi Arabia, as the newcomer, faces potential challenges despite its deeper pockets.

part of the U.A.E., failed to effectively distinguish itself among the region's established players and overstretched expanding around the world.

The potential Boeing aircraft order is valued at about \$35 billion, according to people familiar with it.

Boeing and Airbus SE had been competing for the Saudi deal for months, people familiar with the matter said.

Aircraft deals can include a mix of confirmed orders and options to buy more later.

People with knowledge of the package said the mix is expected to include wide-body jets often used in long-haul international flying.

Saudi Arabia previously said it was planning to launch a second national airline as part of a wider agenda to create new economic sectors unrelated to oil.

Aramco Profit Is Biggest

Continued from page B1. Unexpectedly raised its dividend by 4% to \$19.5 billion for the fourth quarter of last year...

Aramco's dividend commitment has been a key source of funding for the Saudi government and a bellwether for energy investors.

Mr. Nasser said capital expenditures jumped 18% in 2022, as the company plans to increase its maximum sustainable capacity to 13 million barrels a day by 2027.

Chevron Corp.

Saudi Crown Prince Mohammed Bin Salman—who runs the kingdom's day-to-day affairs for his elderly father, King Salman—has directed oil policy through OPEC to keep crude prices high for as long as possible...

The crown prince is doubling down on an ambitious program, known as Vision 2030, to diversify the economy

Middle East petrostates have a new market in Europe.

away from oil, aiming, for instance, to turn his once-cloistered kingdom into a global entertainment and tourism destination.

As global economies rebounded over the past year and Russia's invasion of Ukraine scrambled energy markets, oil prices have soared.

with cash and drove tens of billions of dollars into share repurchases and dividends.

With the West largely avoiding Russian oil and gas in the wake of sanctions imposed on Moscow over its invasion of Ukraine, Middle East petrostates now have a new market in Europe after years of focusing on sales to Asia.

Saudi Arabia was the fastest-growing of any major oil supplier to the European Union in the third quarter last year, with a 9.1% market share of imports of the commodity, compared with 5.1% on average last year, according to Eurostat.

In recent months, Saudi Energy Minister Abdulaziz bin Salman has signaled that the kingdom aims to supply more crude to Europe.

High oil prices boosted Aramco's free cash flow to \$148.5 billion last year, compared with \$107.5 billion in 2021.

Life Insurers' Algorithms Come Under Scrutiny

By LESLIE SCISM

State regulators are pushing back on U.S. life insurers' use of data science to speed up cumbersome application processes...

Colorado's Division of Insurance is crafting regulations under a new state law restricting insurers' use of algorithms, predictive models and the information fed into them in a far-reaching effort closely watched by the industry.

Many insurers are using algorithmic underwriting of life policies to size up applicants' health quickly and make sales more convenient for consumers who prefer shopping online.

Insurers typically use the same data in algorithmic-based systems, in digitized form, as human underwriters do, according to executives.

conventional information promoted by data vendors, including credit activity, property ownership, liens and evictions.

A survey by New York's top financial watchdog several years ago identified at least one insurer using either social media, retail purchases or internet activities in underwriting.

Individual life-insurance policy sales have been stagnant for more than a decade, stuck between about nine million and 10 million a year since 2007.

Individual life-insurance policy sales have been stagnant for more than a decade, stuck between about nine million and 10 million a year since 2007.

by year-end to be automated while moving to digitized versions of the data that its underwriters use.

Colorado Insurance Commissioner Michael Conway said he isn't aware of specific instances of potentially unlawful bias in life insurers' use of the new technology.

Colorado officials are fielding criticism that some of their early ideas for governance of the new technologies would risk bogging insurers down in documenting even the smallest of actions.

Some states, including New York and Connecticut, have put up guardrails for the use of new data sets and algorithms.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Table with market events for Monday, Tuesday, Wednesday, Thursday, and Friday, including various economic indicators and stock prices.

Dividend Stocks Have New Rival

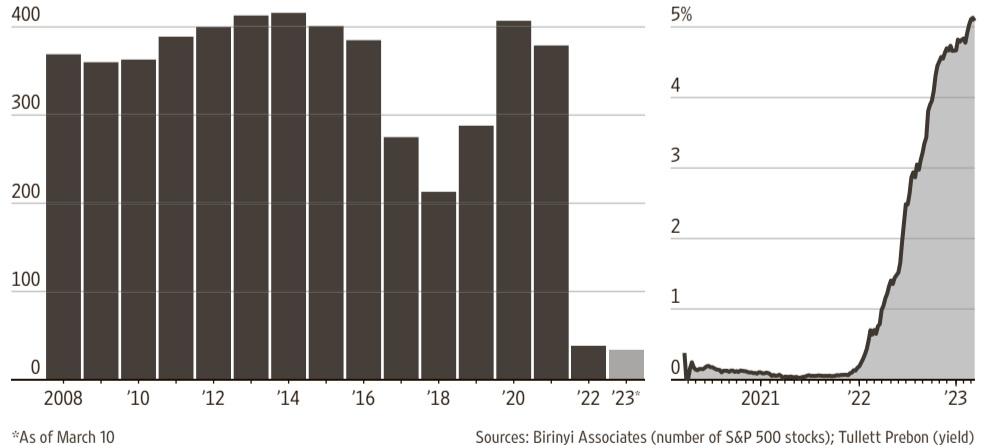
Continued from page B1 sharply inverted, meaning short-term interest rates are higher than longer-term rates.

"From a top down perspective, the yield curve is sending a cautionary message to equity investors," said Ryan Hedrick, portfolio manager of the T.Rowe Price value fund.

Dividend-paying stocks were a bright spot in last year's battered market. The S&P 500 High Dividend Index fell 1.1% last year including payouts, compared with an 18% decline for the broad index.

Despite the turmoil in markets, companies in the S&P 500 have continued to boost dividend payouts to investors.

Number of S&P 500 stocks with a dividend yield greater than six-month Treasury bill yield



Dynamic that makes dividend payers more attractive, he said. Dividend stocks can present risks if it becomes too expensive for companies to afford the payouts.

Investors say dividend-paying stocks play an important role, even with interest income from bonds readily available. Mr. Hedrick said he favors stocks in more defensive sectors, such as healthcare, consumer staples, and property and casualty insurance.

"I do think inflation shortens people's investment time horizons," said Lawrence Hamtil, an investment adviser at Fortune Financial Advisors who has identified tobacco investments as a hedge against inflation.

Watch a Video section with a QR code and text: Scan this code for a video on the extreme inversion of the yield curve.

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split. Note: Forecasts are from Dow Jones weekly survey of economists