DOW JONES | News Corp

MONDAY, MARCH 13, 2023 ~ VOL. CCLXXXI NO. 58

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**★★★★** \$5.00

Last week: **DJIA** 31909.64 ▼ 1481.33 4.4%

NASDAQ 11138.89 ▼ 4.7%

**STOXX 600** 453.76 ▼ 2.3%

**10-YR.TREASURY** yield 3.694%

**OIL** \$76.68 ▼ \$3.00

**EURO** \$1.0642 **YEN** 135.00

## News

#### Business ヴ Finance

**.S. regulators took** control of a second bank Sunday and raced to roll out emergency measures to stem potential spillovers from Friday's swift collapse of Silicon Valley Bank, backstopping both firms' uninsured depositors and making more funding available to the

- banking system. A1, B1-4
  ◆ USD Coin, a cryptocurrency meant to mimic the value of the U.S. dollar, dropped sharply after Circle Internet Financial said it had \$3.3 billion tied up in Silicon Valley Bank. **B3**
- Bankrupt crypto lender BlockFi had roughly \$227 million in unprotected funds at SVB, the U.S. Trustee said in a court filing. B4
- ◆ Aramco reported record annual profit of \$161 billion for 2022, the largest ever by an energy firm, boosting Saudi Arabia's coffers as it looks to showcase its global business and foreign-policy ambitions and limit its heavy reliance on oil. B1
- ◆ Saudi Arabia unveiled a new international airline called Riyadh Air and the kingdom's Public Investment Fund is close to committing to a big order of Boeing jets to underpin the carrier. **B9**
- ◆ State regulators are pushing back on U.S. life insurers' use of data science to speed up cumbersome application processes, citing concerns that artificial intelligence could unfairly discriminate against minorities. B9

### World-Wide

- ◆ China poses an "epochdefining systemic challenge" to the U.K. and allies, British Prime Minister Rishi Sunak said, as the U.K. government said it would spend an extra \$6 billion on its nucleararmed submarine fleet and replenishing munitions stock piles to bolster support for Ukraine and deter an increasingly assertive Beijing. A1
- ◆ China has embraced the role of power broker in the Middle East with recent diplomatic initiatives that include a high-level gathering of Gulf Arab monarchs and Iranian officials scheduled for later this year. A1, A7
- Russian forces staged multiple attacks on the eastern city of Bakhmut in a bid to gain ground, while Ukrainian forces defending the city fought to prevent being cut off after months of grinding combat. A18
- ◆ At least eight people are dead and several others missing in an apparent failed smuggling attempt off the coast of San Diego in one of the deadliest seaborne smuggling attempts in the region, officials said. A3
- ♦ Mike Pence moved closer to a presidential run and criticized Trump over the Jan. 6, 2021, Capitol riot at a Washington, D.C. soiree. A4
- ◆ 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. A6

### **JOURNAL REPORT**

Healthcare: What we know now about Covid. R1-8

CONTENTS Arts in Review.... A13 Outlook... Business Finance B2,5,6,9 Business News..... B3 Sports... 





## U.S. Takes Steps to Stem Bank Fallout

Regulators assume control of a second lender and promise to cover all deposits

U.S. regulators took control of a second bank Sunday and announced emergency measures to ease fears depositors might pull their money from smaller lenders after the swift collapse late last week of Silicon Valley Bank.

The measures, which in-

clude guaranteeing all deposits of SVB, were designed to shore up wavering confidence in the banking system. They were jointly announced Sunday night by the Treasury Department, the Federal Reserve and the Federal Deposit Insurance Corp.

Regulators announced they had taken control of Signature Bank, one of the main banks for cryptocurrency companies, on Sunday. The New York bank's depositors will be made whole, officials said.

By Nick Timiraos, Andrew Ackerman and Andrew Duehren

A senior Treasury official said the steps didn't constitute a bailout because stock and bondholders in SVB and Signature wouldn't be protected.

The Fed and Treasury separately announced they would use emergency-lending authorities to make more funds available to meet demands for bank withdrawals, an addi-

on other banks.

"This should be enough to stop the depositor panic," said William Dudley, who served as president of the New York Fed from 2009 to 2018. "What it tells you is that risks to the financial system are not just tied to the big money-center banks."

Officials took the extraordinary step Sunday of designating both SVB and Signature Bank as a systemic risk to the financial system, which gives regulators flexibility to guar-

tional effort to prevent runs antee uninsured deposits.

Officials said that depositors at SVB will have access to all of their money on Monday. The government's bank-de-

Please turn to page A10

#### **Banking Crisis**

- ♦ Signature Bank is closed
- by regulators... SVB crisis heightens
- investor worries. Fed, JPMorgan aid First

## How Silicon Valley Turned on Its Financier

Max Cho found himself in the middle of a bank run while

By Ben Foldy, Rachel Louise Ensign and Justin Baer

sitting on a shuttle bus in

The co-founder of insurance startup Coverage Cat, Mr. Cho had landed at the Bozeman airport Thursday and boarded the bus for the hourlong drive to a startup founders' retreat in Big

Mr. Cho took his seat and scanned the group. Fellow passengers were frantically tapping on their phones, rushing to move their money. "The bank run," he realized, "was

actually happening." Silicon Valley had turned on Silicon Valley Bank.

By the time the lender closed for business Thursday, depositors had attempted to withdraw \$42 billion. The Federal Deposit Insurance Corp. seized the bank before it could open Friday morning. It was the second biggest bank failure

in U.S. history. Only the 2008 collapse of Washington Mutual Inc. was bigger.

It took four decades to build Silicon Valley Bank and its parent company, SVB Financial Group, into the startup world's pre-eminent financier. It took 36 hours to dismantle it.

The culprit wasn't the kind of exotic derivatives and risktaking that doomed banks in the 2008 financial crisis. Rather, it was a mismatch between deposits and assets-the building blocks of the vanilla business of commercial bank-

The fallout threatens to engulf Silicon Valley. Startups and their investors scrambled Please turn to page A10

### 'Everything Everywhere All at Once' Is Top Oscars Winner



TROPHY COLLECTION: 'Everything Everywhere All at Once' directors Daniel Scheinert and Daniel Kwan, on stage with the cast, speak after winning best picture at the Oscars. The film's star, Michelle Yeoh, became the first Asian to win best actress. A11

### Beijing Builds Power in Strategic Waters

Xi incrementally built up military outposts, with little pushback from the U.S.

By Niharika Mandhana

In early February, a Philippine coast guard vessel approached a small outpost in the South China Sea when it was hit by green laser beams that temporarily blinded its crew. The source was a Chinese coast guard ship, which Philippine authorities said approached dangerously close.

A few weeks earlier, the U.S. military accused a Chinese fighter pilot of another unsafe action over the waterway-flying within 20 feet of the nose

of a U.S. Air Force aircraft.

Before that came a November incident involving a Philippine boat that was towing debris from a Chinese rocket launch. China's coast guard deployed an inflatable boat to cut the tow line and retrieve the object, said Philippine officials.

Beijing is becoming the dominant force in the South China Sea, through which trillions of dollars in trade passes each year, a position it has advanced step-by-step over the past decade. With incremental moves that stay below the threshold of provoking conflict, China has gradually changed both the geography and the balance of power in the area.

The disputed sea is ringed by China, Taiwan and Southeast Asian nations, but Beijing claims nearly all of it. It has turned reefs into artificial islands, then into military bases, with missiles, radar systems and air strips that are a problem for the U.S. Navy. It has built a large coast guard that among other things harasses offshore oil-and-gas op-

Please turn to page A8

### U.K. Seeks Nuclear Boost, Citing **Threats**

By Paul Beckett AND MAX COLCHESTER

China poses an "epoch-defining systemic challenge" to the U.K. and allies, British Prime Minister Rishi Sunak said Sunday, as the U.K. government said it would spend an extra \$6 billion on its nuclear-armed submarine fleet and replenishing munitions stockpiles, to both bolster support for Ukraine and deter an increasingly assertive Beijing.

"It's a country with fundamentally different values to ours, and I think over the last few vears it's become increasingly authoritarian at home and assertive abroad," Mr. Sunak said, referring to China in an interview, "Its behavior suggests it has the intention—but also its actions show it is interested in reshaping the world order and that's the crux of it."

The Chinese embassy in Washington had no comment.

The British government said on Sunday it would spend the extra funds over the next two years to reinforce its stretched military.

The bulk of those funds will go into the country's nuclear program, including enhancing support for its submarine fleet. The government is also buying fresh ammunition to replace the equipment that it has given to Ukraine during its war with Russia.

The boost in military spending comes as Mr. Sunak travels to San Diego to meet Monday Please turn to page A7

### How Much for Bowling? Nothing Is Safe from Surge Pricing

Variable costs for everyday activities boost businesses, annoy customers

By Harriet Torry

Alex Yenni recently endeavored to take his wife and 5year-old son bowling with another family in Petaluma, Calif., close to their home. The plan quickly went into the gutter.

Mr. Yenni, a 42-year-old advertising executive, tried to book online in advance at AMF Boulevard Lanes, where he wanted to reserve two lanes for two Strike that hours at 3 p.m. on the last Thursday of the year during winter break.

The price quoted by the website, run by national operator Bowlero Corp., knocked

him over: \$418.90. "This strikes me as outrageous for a pedestrian family activity," he

Mr. Yenni emailed Bowlero, and received a response saying due to the convenience of advance booking, "the pricing for a reservation is different than our walk-in rates or any current advertised specials."

Mr. Yenni's quoted price was more than double the price the chain's website calculated for 3 p.m. on a Thursday afternoon in February, \$208.77.

The company's CFO said pricing based on day and time Please turn to page A2

### INSIDE



### **SPORTS**

Alabama tapped as top overall seed for this year's March Madness bracket. A14

**BUSINESS & FINANCE** 

Aramco reports record annual profit, largest ever by an energy firm. **B1** 

### China Embraces Role As a Mideast Broker

When Arab leaders met Xi and the six-nation Gulf Coop-Jinping at a regional summit in Riyadh last December, the Chinese head of state pitched an unprecedented idea: a

By Summer Said in Dubai, **Stephen Kalin** in Riyadh, Saudi Arabia, and Benoit Faucon in London

high-level gathering of Gulf Arab monarchs and Iranian officials in Beijing in 2023, people familiar with the plan said. Days later, Tehran signed on

By Friday, China had brokered a deal to restore relations between Iran and Saudi Arabia, which had gone seven years without ties. The broader summit between Iran

eration Council, which hasn't previously been reported, is on track for later this year, the people said.

Mr. Xi's diplomatic initiative shows that Beijing sees a central role for itself as a new power broker in the Middle East, a strategic region where the U.S. has been the most influential outside player for decades. No longer focused exclusively on energy and trade flows, China's foray into the region's politics signals a new chapter in competition between Beijing and Washington.

◆ Saudi-Iran pact marks a

setback for Israel... ◆ Xi closes the door on an era

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THE OUTLOOK | By Tom Fairless

**A2** | Monday, March 13, 2023

## Falling Energy Bills Boost Economies



prices are roiling the global economy for the second time in a year.

This time, it's good news. Plunging oil and natural-gas prices are pumping up economic growth, putting money into consumers' pockets, boosting confidence and easing pressures on government budgets.

It is the reverse of the energy-price shock a year ago, when Russia's invasion of Ukraine raised concerns about a deep recession in Europe and beyond.

Declining energy prices go some way toward explaining this year's unexpectedly strong economic data in the U.S. and Europe, economists say. Supply-chain managers on both sides of the Atlantic are more optimistic than they have been in many months, according to business surveys by S&P Global, a closely watched indicator of future growth.

The windfall for households, businesses and governments is offsetting higher borrowing costs as central banks push up interest rates to cool historically high infla-

The price of a barrel of oil has fallen by more than a third since the middle of last year, to about \$77 from \$121, below its prewar level, as markets adjusted to Western embargoes of Russian supply and as oil was released from emergency reserves. Some economists warned a reopen-

ing Chinese economy would push oil prices higher, but that hasn't happened yet.

In Europe, benchmark wholesale natural-gas prices have slumped by almost 90% since last summer, reaching their lowest since 2021, thanks to warm weather, conservation and increased imports.

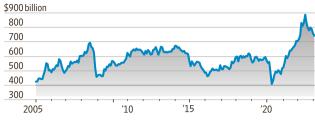
nergy goes into almost all goods and services, giving it outsize importance even though advanced economies have reduced the energy consumed per unit of output since the 1970s.

"It's difficult to overstate how important this is in terms of the macroeconomic outlook for Europe," said Neil Shearing, chief economist at Capital Economics in London.

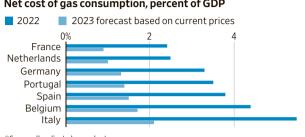
For Europe, declining natural-gas prices represent enormous cost savings, equal to about 3.5% of gross domestic product this year for Italy, and about 2% of GDP for Germany, Portugal and Spain, according to Capital Economics. The effect on output.

though, is complicated by hundreds of billions of dollars in subsidies governments rolled out last year to cushion the blow to households and businesses. Those subsidies attenuated the impact of the rise, and therefore the subsequent fall, in energy prices. For that reason, the impact on output will be about half the actual cost savings, Mr. Shearing said. "We've moved from a situation where we were expecting quite a deep recession to expecting a mild, shallower and shorter-lived

Spending by U.S. households on energy goods and services\*



Net cost of gas consumption, percent of GDP



\*Seasonally adjusted annual rate Source: U.S. Commerce Dept. via Federal Reserve Bank of St. Louis (U.S. spendings); Capital Economics (cost of gas consumption)

one," he said.

The energy stimulus could boost eurozone output by around 1.5%, roughly equivalent to a year's worth of growth, according to Capital **Economics and Berenberg** Bank. The eurozone economy is now expected to grow by 0.7% this year, compared with an October forecast for a 1.3% contraction, according to Berenberg. The U.S. will benefit as well to a lesser extent, economists said.

Consumer confidence has rebounded strongly on both sides of the Atlantic in recent months, reversing last year's declines. That might mean households spend more of the money they saved during the pandemic, boosting growth further, economists said.

Across Europe, the shock

to household and business confidence last year was at least as significant as the hit to households' disposable incomes, said Holger Schmieding, chief economist at Berenberg Bank.

In Italy, which depends heavily on natural-gas imports, retail sales jumped 1.7% in January from December. That was among the fastest increases since May 2020. when economies were reopening after pandemic lockdowns. In Germany, production in energy-intensive sectors surged 6.8% in January from the previous month, after plunging by one-fifth last year, according to the federal statistics agency.

"It was only the gas price explosion and concerns of gas shortages prevalent over last

summer and winter that brought the eurozone to stagnation last year." said Mr. Schmieding. "This shock is now going into reverse."

nlike Europe, where higher energy prices transfer money from locals to foreigners, the U.S. is a net energy exporter. Higher prices therefore have more ambiguous effects: They redistribute money from American households to American energy producers and their shareholders.

However, households are more likely to spend than oil producers, meaning even in the U.S., higher oil prices on net subtract from growth. A doubling of oil prices that lasts for a full year cumulatively reduces real household spending by up to 3.7%, according to Morgan Stanley.

Conversely, the decline in gasoline prices in the second half of last year more than offset the effect of higher interest rates over the same period by freeing up disposable income, the bank said.

Major central banks are trying to gauge how much further to raise interest rates. The fall in energy prices cuts both ways. On the one hand, it lowers headline inflation. As a result, unions may come under pressure to settle for lower pay gains, lessening the risk of a wage-price spiral.

On the other hand, lower energy prices act like a tax cut, boosting consumer spending, which might add to inflation pressure outside

### **ECONOMIC CALENDAR**

Tuesday: The Labor Department releases its February consumer-price index. Consumer prices rose 6.4% in January from a year earlier, reflecting a slight cooling of still-high inflation.

Separately, China's National **Bureau of Statistics** releases January and February figures on industrial production, retail sales and fixed-asset investment.

**Wednesday**: The Commerce Department releases February retail sales figures covering spending at stores, online and at restaurants. Retail spending increased a seasonally adjusted 3% in January from the prior month, the largest monthly gain in nearly two years.

Also, the Labor Department releases its February producerprice index. The index rose 6% in January from a year earlier, versus the prior month's 6.5% rise.

Thursday: The Commerce Department releases February figures on new residential construction and building permits. Housing starts fell 4.5% in January from the prior month, while building permits inched up 0.1% in the same period.

The Labor Department separately reports the number of worker filings for unemployment **benefits** in the week ended March 11. And the European Central Bank announces its latest interest-rate decision. The ECB raised interest rates by a half-percentage point last month.

**Friday**: The Federal Reserve releases February industrial-production figures. U.S. industrial production increased 0.8% in January from a year earlier.

And the University of Michigan releases its preliminary reading of U.S. consumer sentiment for March. Consumer sentiment improved last month for the third consecutive month.

### U.S. WATCH



TAKING IT SNOW: Lindsey Peterson and her dog Matcha enjoy a run on the Huckleberry Trail after snow blanketed Blacksburg, Va.

WASHINGTON

#### Stalker Kills Woman, **Husband in Home**

A long-haul truck driver from Texas who became obsessed with a software engineer in Washington state after meeting her through a social-media chat room app killed her, her husband and himself after stalking them for months, police said.

Zohreh Sadeghi, 33, and her husband, Mohammad Milad Naseri, 35, were shot to death in their suburban Seattle home by Ramin Khodakaramrezaei, 38, according to Redmond Police Chie Darrell Lowe.

Mr. Khodakaramrezaei befriended Ms. Sadeghi in an online chat room in late 2021. —Associated Press

**GEORGIA** 

### **Plan to Change Names** Of Lakes Is Paused

Federal officials are pausing a plan that could lead to new names for Georgia's Lake Lanier and Buford Dam after locals objected to changing the monikers of landmarks now named for Confederate soldiers.

Lake Lanier is an enormous reservoir spanning almost 58

square miles. It was named for poet Sidney Lanier when it was built after World War II. Mr. Lanier served as a private in the Confederate army.

Buford Dam is named after the nearby town of Buford, which takes its name from Lt. Col. Algernon Sidney Buford, who served in the Virginia militia during the Civil War.

-Associated Press

#### **Former Navajo Nation President Honored**

Remembered as an inspirational, humble leader with a passion for education and commitment to his people, former Navaio Nation President Peterson Zah was honored Saturday with a funeral procession that stretched for 100 miles from western New Mexico into eastern Arizona.

People lined roads on the reservation to say their final farewells to a monumental leader who made education, family, culture and Navajo language the hallmarks of his life.

Mr. Zah died late Tuesday in Fort Defiance, Arizona, surrounded by his family and after a lengthy illness. He was 85.

-Associated Press

### Variable**Pricing** Surges

Continued from Page One helps match pricing to demand, "simultaneously maximizing guest happiness through reasonable wait times and maximizing profitability by scaling price when the willingness to pay is there."

Many consumers have experienced surge pricing when booking a hot ticket, such as Tavlor Swift's latest concert tour, or a flight during a snowstorm travel disruption.

The practice, also called dynamic pricing, has also crept into the more ordinary realm. That can be a boost for businesses-and irritating for con-

The bowling alley felt to me like the last egalitarian, fun, middle-America thing," said Mr. Yenni. For dynamic pricing "to reach its tentacles into that realm felt pretty appalling."

Movie theaters have also introduced variable pricing for anticipated blockbusters, and in a similar twist, AMC Entertainment Holdings Inc., the nation's largest movie chain, said it is rolling out a new plan that adjusts prices during peak shows based on where viewers sit. Prime seats mid-theater will come at a premium, while the neck-craning front-row will cost less.

AMC Chief Executive Adam Aron said in a tweet that the different prices were similar to the way tickets for sporting events and concerts were sold, and that the system would be a way to hold down prices for the nonpremium seats.

Some AMC cinemas in Europe already use the practice. Film fan Adam James Pollock, a food writer and cooking instructor based in Belfast, Northern Ireland, called premium movie seating "a bit ridiculous."

He and his partner pay about \$18 each for monthly subscriptions to see unlimited movies at their local Odeon cinema, a U.K.-based subsidiary of AMC. But if they want to see a busy screening of a popular movie, such as "Avatar: The Way of Water," they have to pony up another few bucks for a "premier" seat, which he described as "the exact same

seats, one row in front." Using algorithms and data, dynamic-pricing software al-

lows businesses to continuously adjust prices in response to demand, competition, weather, the time of day. Defenders say it helps businesses fill excess capacity, reallocate demand and maximize revenue by charging more to the people willing to pay. It also has some benefits for consumers, such as cheaper tickets during times of low demand.

Yet some customers resent paying more for experiences they perceive as neither particularly time-sensitive, nor in short supply.

Melissa Harans Levenson, a 30-year-old graphic designer in



Reed Kremer found that prices for tee times were sometimes higher than expected.

Philadelphia, joined the exercise-class subscription service ClassPass aiming to structure a consistent workout schedule. An organized budgeter, she said she disliked how the prices 'kept changing all the time."

She quit the platform. Working out is hard enough, you don't need to do a math problem to figure out if you can afford it," she said.

ClassPass said it has made changes to its platform and dynamic pricing since then, and said "the idea of dynamic pricing is simple: classes in high demand can be sold at a premium while a class with many open spots might need a temporary price drop to drive up attendance.

Golf courses also are teeing up the practice. "Dynamic pricing puts YOU in total control," says the website for the Saddleback Golf Club in Firestone. Colo., while noting the dynamic pricing rates "are constantly updating based on factors such as: the day of the week, the time of the day, Colorado weather, and most importantly golfer demand (or lack thereof) for specific tee times."

Reed Kremer, a 36-year-old corporate recruiter, understands paying a premium at a high-end course, but is less forgiving when it's a city course

people would think most should be a bargain. In the past, he has set a late-night alarm on Fridays to reserve spots for the next week's Saturday morning, when bookings opened at the stroke of midnight. Sometimes "the price was higher than expected, and it's a huge turnoff," he said. "I worked hard to get that tee time and now it's \$90 instead of \$65 or whatever."

Debbie Roxarzade, founder and CEO of fast-casual restaurant chain Rachel's Kitchen in Las Vegas, introduced dynamic pricing for takeout orders from three of its eight locations on third-party apps during the pandemic. Prices swing by the hour by roughly 10% to 15% depending on the time of day and demand, she said. A few guests have commented on the higher online prices, though she said pushback has been minimal.

"The key is for it not to be too extreme," she said.

Rachel's Kitchen will potentially use dynamic pricing for those dining in also, according to Ms. Roxarzade, although she acknowledged the practice could be a tough sell for regulars, and would require extra training for staff who "would have to explain to guests why they spent \$15 yesterday and \$16 today."

### CORRECTIONS ど **AMPLIFICATIONS**

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## **Battered California Set for Another Blow**

Severe flooding hit state this weekend with at least 2 deaths related to the storms

By Jacob Gershman AND GINGER ADAMS OTIS

Californians are bracing for more heavy rain and snow starting Monday evening through Wednesday as residents throughout the state on Sunday contended with overflowing rivers, impassible highways and flooded homes.

Some of the areas that suffered the most severe flooding over the weekend, such as Monterey, Tulare and Santa Cruz counties, are expected to get pounded with rain again early in the week.

Flood watches and flood warnings spread across northern and central California and western Nevada. About 15,000 people across California on Sunday were under storm-related evacuation orders, according to emergency officials. More than 10 million Californians were in flood watch or flood warning zones, the National Weather Service said Sunday.

Rain and snow held off throughout the state on Sunday. But starting late Monday, California faces the prospect

of more flash flooding and heavy mountain snow over parts of the state, according to the National Weather Ser-

Many California neighborhoods will be hard-pressed to absorb additional heavy rainfall. Overflowing rivers and creeks may cause floods or low-lying areas with poor drainage, the weather service warned.

"Many of the reservoirs and rivers are already very full because of the previous storms," said Brian Ferguson, a spokesman for the California governor's Office of Emergency Ser-

At least two people died in

storm-related incidents, according to Nancy Ward, director of California Governor's Office of Emergency Services.

State emergency officials said Sunday they were deploying flood-fighting equipment, including high-water vehicles and rescue helicopters, and personnel to more than a dozen counties.

The Santa Cruz County Fairgrounds served as emergency shelters for residents fleeing the inundated Monterey County town of Pajaro and nearby Watsonville. Around 13,000 California homes and businesses were without power Sunday, with power failures concentrated in Mon-

terey County, according to PowerOutage.us.

Luis Alejo, a member of the Monterey County board of supervisors, said the Pajaro River breached its levee early Saturday, forcing evacuations for some of the roughly 2,000 residents of the community.

'We were hoping to avoid and prevent this situation, but the worst case scenario has arrived with the Pajaro River overtopping and levee breaching at about midnight," Mr. Alejo wrote on Twitter.

Other parts of the state are still trying to dig out from two weeks of historic snowfall that left some residents trapped in their homes.

The Golden State has been hit by a series of atmospheric river storms and snowstorms since late December that has caused significant flooding and killed several dozen peo-

President Biden on Friday approved the state's emergency declaration, allowing several federal agencies to join state authorities in coordinating relief efforts.

#### Watch a Video



Scan this code for a video on the wet winter storm hitting California.

### **Smuggling Boats** Capsize, Leaving At Least 8 Dead

By Alicia A. Caldwell

At least eight people are dead and several others missing in an apparent failed smuggling attempt off the coast of San Diego, one of the deadliest seaborne smuggling attempts in the region, local and federal officials said Sunday.

The U.S. Coast Guard and San Diego Fire-Rescue officials said two suspected smuggling boats capsized Saturday night off the coast of San Diego near Torrey Pines as the vessels approached the coast. The bodies of eight suspected migrants were recovered and officials were searching for several others, all adults. The nationalities of the victims were unclear Sunday.

A 911 call came in about 11:30 p.m. Saturday, and a Spanish-speaking woman reported that two boats had capsized, according to James Gartland, chief of the San Diego Lifeguards. The woman, who authorities don't believe survived, said 15 people were on one boat and eight were in the other. The search continued Sunday afternoon but no other

Mr. Gartland said it was the deadliest seaborne smuggling event he was aware of in San Diego. Since 2021, at least 23 migrants are known to have died in smuggling attempts off the coast there, but Coast Guard Capt. James Spitler said the real death toll is unknown, as vessels can capsize or crash without being reported.

Smuggling boats, he said,

"This is part of a transnational criminal organization to smuggle people into the United

survivors or victims were recovered, the Coast Guard said.

When rescuers arrived, both boats, which authorities described as panga-style boats with small outboard motors, were found capsized along the shoreline. Rescuers spent about an hour searching for survivors and recovered eight victims in the water and along the beach.

are often in poor mechanical condition and routinely overcrowded. In Saturday night's incident, weather also likely played a factor, with thick fog and low visibility hampering rescue efforts.

States," Capt. Spitler said. "Ev-



One of the boats that capsized off San Diego on Saturday night, as well as life jackets and other items found along Black's Beach.

ery time they get into a panga to come to the U.S. they take a risk. They often do it in weather like last night. It's a very challenging environment for anyone to operate in those conditions."

The incident comes as migrant deaths along the border have been surging. During the government's last budget year,

a record of more than 890 migrant deaths were reported by the U.S. Border Patrol. Hundreds of other migrants were reported missing.

Waterborne smuggling attempts off the coast of California have been on the rise in recent vears as it has become more difficult to sneak across the border over land. A record number of migrants have been caught crossing the border from Mexico into the U.S. in recent vears.

Still others have sought riskier routes into the country to avoid a pandemic-era public health policy known as Title 42 that allows the government to quickly expel some migrants before they can ask for protection.

Separately, thousands of migrants have been caught at sea trying to reach Florida, mostly from Cuba and Haiti.

Eric Lavergne, an official with the Border Patrol in San Diego, said roughly 300 such smuggling events have been discovered since October, the start of the government's bud-

### Parents Challenge Lottery System | Fight Over Utility Poles Used to Diversify Elite Schools

By Sara Randazzo

When Philadelphia's school district overhauled the admissions process at its most-elite public high schools to try to improve socioeconomic and racial diversity, the reaction from parents came quickly.

In surveys and at schoolboard meetings, parents called the shift to a lottery system demeaning, unfair, stressful and the opposite of equitable. Families shared stories of E high-achieving children failing to win a seat in any of the district's selective high schools. or being placed in a school too far away or one misaligned

with student interests. Some families sued.

"It just turned our whole family upside down," said Liza Gonzalez, whose daughter enrolled at a Christian high school in the fall after not winning any lottery placements.

A parent group at the city's top-ranked high school, Julia R. Masterman Laboratory and Demonstration School, recently released a 51-page report contending that Masterman is being "systematically dismantled" by the new system.

The response mirrors pushback in San Francisco, New York, the suburbs of Washington, D.C., and elsewhere in recent years.

The school districts say that white and Asian students are often overrepresented at the schools and that a broader array of residents should have an opportunity to attend. Parents and some alumni groups have said the pipeline is what needs to be fixed, not the admissions systems.

Philadelphia schools Superintendent Tony B. Watlington Sr. said he knows the process isn't perfect but calls the lottery an appropriate step toward equitable access.

In Philadelphia, Masterman is a coveted destination that enrolls the children of politicians, lawyers and professors, alongside those of immigrants



sued the Philadelphia school district over the lottery system.

and city employees. Virtually all graduate, and many vie for the Ivy League.

Masterman starts in fifth grade, and the high school typically admitted students from the middle school. The lottery system, implemented in 2021, changed that, the parents wrote in their new report. The majority of eighth-graders don't make it to the high school.

"The only compassionate way to bridge the achievement gap is to focus on raising the floor to help the students who are falling behind, not lowering the ceiling for the few who are thriving," said Eric Santoro, a lawyer with three children in Philadelphia schools,

two at Masterman. Previously, administrators at Philadelphia's 22 special-admissions high schools controlled their own admissions processes. Masterman only looked at applicants who scored in at least the 88th percentile on a Pennsylvania standardized test.

Now, students who meet standardized-test, attendance and grade requirements can enter separate lotteries for up to five magnet schools. Those living within six traditionally underrepresented ZIP Codes get preference at Masterman and other sought-after schools.

A school district spokes woman said that the changes aim to eliminate subjectivity. bias and inconsistent decisions from the process.

Philadelphia's public-school district serves nearly 200,000 students, who are 51% Black, 23% Latino, 13% white and 7% Asian. Under prior admissions processes, between 30% and 40% of qualified applicants for the special-admissions schools were Black or Latino. Under the lottery system, that proportion rose to nearly 63%.

Rahul Ganesan, a finance executive with a fifth-grade son at Masterman, said he supports the district's aim to boost diversity and hopes officials improve the process. "I think we need to get back to the mix of demographics that it was, but there's a better way to do it," he said.

Sherice Sargent sued the Philadelphia school district over the lottery last year, arguing that the system is racially discriminatory. Her daughter, Skye Sargent-Thomas, attended middle school at Carver Engineering and Science but ended up 187th on the high school's wait list. "The psychological and emotional trauma my daughter and her friends went through was very heavy," said Ms. Sargent.

# Impedes Rural Internet

The U.S. plans to spend at least \$60 billion in the next decade to ensure every American household has high-speed internet. An old-fashioned obstacle stands in the way: utility

Getting everyone the same service city dwellers enjoy generally means stretching fiber-optic cable to homes. farms and ranches in rural areas. Many of these places already have utility poles carrying electric or telephone wires.

The poles are owned by electric or phone companies that often aren't getting public money to build out broadband, triggering skirmishes that some internet providers blame for slowing needed upgrades.

Disputes involving utility poles have gummed up broadband projects in Kentucky, Michigan and South Carolina. One squabble in Socorro, N.M., left two elementary schools without high-speed internet for several years.

"Our students really suffered," said Ron Hendrix, superintendent of the Socorro school district. It is "years of not having high-speed network out to two schools that really need it."

The disputes are complicating a rural broadband rollout that Washington is pursuing with new vigor, part of the federal government's expanding role in internet service as it seeks to upgrade U.S. infrastructure. The Covid-19 pandemic underscored the need for broadband as many Americans left cities for rural areas.

In 2020, the Federal Communications Commission launched a \$9 billion program to expand rural networks. States are spending billions of dollars more, drawing from federal Covid-relief funds and their own coffers. And in 2021, a bipartisan infrastructure law dedicated \$42.5 billion to the cause.

Pole owners including Ex-

elon Corp. and AT&T Inc. say they accommodate other lines on their poles as long as they are fairly compensated for "make ready" costs, such as replacing old poles or moving existing wires.

Internet providers that don't own poles, such as Char-Communications Inc., counter that utilities often drag their feet in allowing access or pad their fees.

"Without intervention, the current state of pole replacement affairs poses a clear risk to the nation's commitment to connect 100% of Americans," Charter told the FCC in a recent filing.

Charter and other providers are mounting a nationwide campaign to get the FCC and states to shift more pole-replacement costs to utilities,

Providers want the FCC and states to shift pole-replacing costs to utilities.

complete with a pole-focused advocacy group called Connect the Future sporting a milliondollar ad budget.

Pole owners are pushing back, saying that raising utilities' costs could lead to more disputes and delays.

'Our view is we don't get fully compensated now, yet we do it anyway," said Tom Magee, an attorney who specializes in pole issues for Exelon and other electric companies. "It's not like we don't have

better things to do.' Sometimes, pole fights involve potential competitors. In 2020, Charter won FCC funding to extend fiber broadband to about 6,000 locations near Bowling Green, Ky. It sought to attach the cables to poles owned by the Warren Rural Electric Cooperative Corp.

Warren Rural Electric is rolling out its own broadband service in the area, and had been vying for the FCC funds that Charter won. Charter says that Warren Rural Electric proposed a permitting schedule that would take 14 years to complete.

"A child in kindergarten now will have graduated from high school before the permitting phase is complete." Charter Vice President of Regulatory Affairs Maureen O'Connell said in a 2021 letter to the

The companies have since reached an agreement to allow Charter access to the poles.

A Warren Rural spokeswoman said the utility offered Charter a faster schedule before the date of the FCC letter. She said it isn't interested in competing with Charter, but rather reaching members of the co-op who don't have highspeed internet service.

Charter, owner of the Spectrum cable brand, has a 24state rural expansion plan, drawing on \$1.2 billion in FCC subsidies, that entails attaching fiber to hundreds of thousands of poles. Charter is spearheading the

campaign to change rules that generally require internet providers to foot the bill if new poles are needed for a broadband project. Jonathan Spalter, president

of the trade group USTelecom, whose members include AT&T, said Charter should have anticipated pole-replacement costs when it accepted public funds.

"There's only one reason that Charter is seeking these rule changes, and that is because it is trying to get state and federal policy makers essentially to give them a bailout on the backs of their competitors and taxpayers," he said.

Pole owners say they don't benefit by spending effort to replace poles earlier than necessary. They also say disputes are rare.

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sident 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 divi-

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. He also highlighted policy goals, including paid family leave, child care and free community college.

"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. "For all of us who will be campaigning in 2024, we will point to this document.'

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

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. That came as Mr. McCarthy is expected to release his own proposal in the coming weeks aimed at winning support from a broader swath of his party.

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 American 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

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

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 lineitems, 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

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 De-Santis 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 airtraffic control system.



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

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### 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 Mitch McConnell (R., Ky.). 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

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

On the Democratic side.

Rep. Ruben Gallego has al-

ready entered the Senate race.

Ms. Sinema, who last year left

the Democratic Party to regis-

ter as an independent, hasn't

said if she will run again. Rep-

resentatives for both lawmak-

Republicans are hoping to

keep voters like Steve Russell,

a 73-year-old retiree from Li-

tchfield 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

ers declined to comment.

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.

By Ariana Perez-Castells

THE WALL STREET JOURNAL.

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 re-

searchers 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 coauthor 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.

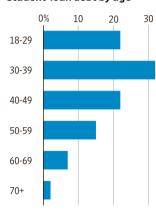
Patients who undergo radical treatment can experience side effects including urinary incontinence, rectal pain, bowel urgency and erectile dysfunction. An accompanying paper published Saturday in the New England Journal of Medicine Evidence, based on patient-reported information,

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 intermediaterisk prostate cancer, said Behfar Ehdaie, 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. Ehdaie.





Source: New York Fed Consumer Credit Panel/Equifax

### Debt Crunch Awaits Younger Borrowers

By Gabriel T. Rubin And Gwynn Guilford

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 studentdebt 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.

partment 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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## 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

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 fossilfuel 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.

drop of falling oil prices. BP have attracted little interest in in Alaska's National Petroleum 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 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

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 SIDDIOUI

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 vear, 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 American 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 pandemicfocused 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 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 disrup-

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-

take up the mantle of public ting sick and dying from it. It's out so there are times when 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 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

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 postelection transition team. "It's a false narrative to say Covid

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 sevenday average of hospital admisfor Covid-19 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 retraveling 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-

ported that a senior official 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 homeincluding 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

Continued from Page One

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 Farsilanguage 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 limits 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 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 en-

"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 NATOstandard 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 Zelensky 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 reexamination 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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#### **A8** | Monday, March 13, 2023

### 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 Himalavan 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.

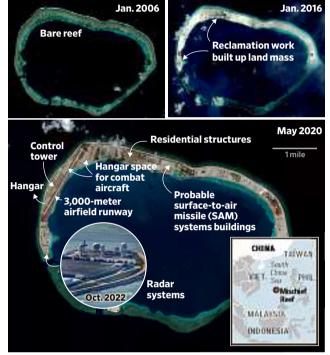
China's gradualist approach has often confounded its opponents, leaving them uncertain about whether, when and how strongly to respond without escalating tensions. "That's the long game that they often play," the U.S. Navy's 7th Fleet Commander Vice Adm. Karl Thomas said in an interview last year. "They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

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 Acavan/Getty Images (2022)

ource: 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 destrovers 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-toair 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

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 oiland-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

BRUNEI -INDONESIA

Farace

Chinese-occupied islands/reefs

Potential Chinese military ranges from islands

Air radar

CHINA

SOUTH CHINA SEA

Subi Reet

Other islands/reefs

Surface radar

THAILAND

Anti-aircraft missiles

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 Mideast and Central Asia. The Obama administration was

reach far south of its coastline

and make it possible for its

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.

seeking Chinese cooperation on

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 consensusdriven 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

ones known internationally as Taiwan. Alternatively, he said, Mischief Reef, Fiery Cross Reef "We could have made this the and Subi Reef—extend China's 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 "ut-

O With runway

Anti-ship missiles

TAIWAN

PHILIPPINES

— Fighter jets

terly unrealistic," he said.

### 'Wait and see'

A 2012 crisis became a harbinger of the problems to come. After a standoff between Philipnine 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 ob-

vious 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

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

### 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."

### Regulators Try to Stem

SVB Fallout

**A10** | Monday, March 13, 2023

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. Up to \$25 billion from the Treasury's exchange-stabilization fund will backstop the Fed lending program.

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. Critics said the move would essentially offer a backdoor subsidy to bank investors and management for failing to properly manage interest-rate risks.

Those terms are more generous than typical emergency bank loans of up to 90 days offered through the Fed's main "discount window" borrowing program. The program could signal that banks that face withdrawals won't have to liquidate securities and take losses to raise cash.

Another lender, First Republic Bank, said Sunday it had shored up its finances with additional funding from the Fed and JPMorgan Chase & Co. The fresh funding gives the bank \$70 billion in unused liquidity, excluding funds it is Bank failures, 2001-23\* ASSETS \$200B \$50B SEPTEMBER 2008 150 **Washington Mutual Bank** MARCH 2023 Assets: \$307 billion Silicon Valley Bank Deposits: \$188 billion Assets: \$209 billion Deposits: \$175 billion 100 50 More than 500 banks failed from 2008 through 2014

FROM PAGE ONE

2005 SVB Financial deposits, quarterly net change Inflows turned to outflows in \$20 billion the past vear as clients burned cash amid the tech slowdown -10 \$42 billion in attempted withdrawals on March 9

'2<sub>1</sub>

'22

\$200 billion 150 Uninsured 100 ′21 '22 2019

Silicon Valley Bank's deposits

would hold until they matured Book value \$100 billion Market value

20

Bonds Silicon Valley Bank said it

2020

 ${}^*\mathrm{Figures}$  for assets and deposits are estimates.  ${}^*\mathrm{Estimate}$ Sources: Federal Deposit Insurance Corp. (bank failures); company filings (financial deposits); California regulators (March 9); Federal Financial Institutions Examination Council (deposits, bonds)

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. First Republic's shares had fallen about 30% since Wednesday.

announcement Sunday's capped a frantic weekend during which regulators were auctioning the failed Silicon Valley Bank. Regulators struggled to find a buyer on Sunday and pivoted to backstopping the deposits, according to a senior Treasury official, as they sought to announce a resolution to depositors by Monday morning.

Federal Reserve Chair Je-

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. The central bank has raised interest rates by 4.5 percentage points over the past year, the most rapid runup since the early 1980s, and officials have signaled more increases are likely.

Soothing nerves about access to uninsured bank deposits allows the Fed to stay more tightly focused on combating inflation by raising interest

rates. Before the failure of SVB that they were weighing 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.

2019

2015

"If this is limited to a relatively few number of banks and the underlying problem is not innate in the economy like it was during the global financial crisis, then I don't think there is a strong case for the Fed to stop hiking," said Mr. Dudley.

At the same time, heavyhanded federal interventions could amount to an embarrassing coda for a rollback of postfinancial-crisis regulations on small and midsize banks undertaken in recent years.

Officials signaled on Sunday

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

'We learned today that a \$200 billion bank was too big to fail—or at least too big to be allowed to fail with losses borne by large depositors, as the bank resolution system assumes," said Daniel Tarullo, a former Fed governor who was the central bank's point person on regulation following the financial crisis. "While I understand the government's concern about economic fallout, today's actions strike me as having major implications for financial regulation."

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. A senior Treasury official said the Fed's lending program would prevent further bank runs.

Signature is one of a handful of banks that went big on crypto, providing accounts and other services to crypto startups and big investors in digital assets. That focus and a bespoke payments system for crypto companies helped the bank more than double deposits in two years. In early 2022, some 27% of its deposits were from its digital-asset clients.

The bank's exposure to crypto became a problem as the year wore on. A market rout that deepened following the November collapse of Sam Bankman-Fried's crypto exchange, FTX, drained billions of dollars in deposits.

Signature shares fell 23% on Friday, its worst day since it went public in 2004. The bank had \$110 billion in assets, and \$88.6 billion in deposits as of the end of 2022.

SVB faced its own unique challenges. Deposits at the bank surged after the pandemic, and the federal policy response left tech companies flush with cash in 2021. The Santa Clara, Calif., lender saw total deposits mushroom to nearly \$200 billion by March 2022, up from more than \$60 billion two years earlier.

Because it invested much of that cash in longer-dated securities whose values have fallen as interest rates have shot up, it risked larger losses if it had to liquidate its securities portfolio. At the same time, its depositors were heavily concentrated in the tightknit world of startups and venture-capital firms, leaving the bank uniquely vulnerable to a run.

A slowdown in tech over the past year, together with rising deposit costs, meant more of its venture-capitalbacked customers were burning cash or pulling deposits.

-Berber Jin contributed to this article.

### 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. Some appealed directly to customers, asking them to make purchases that would deliver funds to new bank accounts.

The episode has exposed a new set of vulnerabilities for the financial system. Bankers that grew up in the easymoney era following the 2008 crisis failed to ready themselves for rates to rise again. And when rates went up, they forgot the playbook.

SVB's intense focus on the insular world of Silicon Valley made it uniquely vulnerable to a run, but that hasn't stopped people from worrying about who might be next. Investors dumped the stocks of banks big and small Friday, and a broad industry index had its worst performance last week since the early days of the pandemic.

Investors are especially wary of banks that grew rapidly collecting hefty deposits from businesses and rich people. Shares of First Republic Bank, once an industry darling, have fallen around 30% since Wednesday. "First Republic's deposit base is strong," the bank said Friday.

SVB built a banking franchise around startups-companies, founders, venture-capital firms. It grew when they did. Deposits rose 86% in 2021.

The cash was flowing faster than the bank could lend, so SVB plowed much of it into super-safe Treasurys and 30-year

mortgages. But when tech started to tumble after the Federal Reserve started raising rates, VCs closed their wallets and startups burned through cash. Deposits fell, as did the value of the bonds SVB had bought



Silicon Valley Bank headquarters in Santa Clara, Calif., on Saturday. SVB built a banking franchise around startups.

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. Slack and WhatsApp groups lit up across the startup scene.

SVB's stock, which closed at \$267.83 Wednesday, crashed when the market opened. The panic grew as the West Coast woke up. VCs pulled their money and urged their portfolio companies to do the same. Some debated if they should wait to warn startups to buy themselves more time to move their own bigger balances.

Social media, which hadn't been a factor during the last banking crisis, pinged both fact and fiction around the world at lightning speed. Spooked customers whipped out their phones and opened their banking apps. With a few taps, their money was on its way.

Startups that didn't have business accounts at other banks sent their funds anywhere they could. "They were wiring to their law firms' bank accounts and, get this, into the CEO's bank account," said Kathleen Utecht, partner emeritus at venture firm Core Innovation Capital.

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.

Silicon Valley Bank opened in 1983 to serve the community's fledgling tech companies. As the industry boomed, SVB grew into one of the nation's 20 largest banks. SVB counted nearly half of

the country's VC-backed technology and life-sciences companies as clients. It owned warrants in 3,234 companies, which gave the bank the right to buy shares in them.

"For startups, all roads lead to Silicon Valley Bank," said Varun Badhwar, chief executive of Endor Labs. Endor is the third company Mr. Badhwar has helped found, and in each case the company either started off with SVB as its bank or ended up moving its

business there later. The Covid-era deposit boom left SVB, like other U.S. banks, in a two-year span to \$189 billion, helping make 2021 SVB's

awash in cash. Deposits tripled most profitable year ever. The strategy, while lucra-

tive, left the bank with a deposit base heavily skewed toward tech firms and their huge accounts. The vast majority of the bank's deposits-\$157 billion at the end of 2022-were held in just 37,000 accounts that were over the FDIC's \$250,000 deposit-insurance cap.

### 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. SVB representatives haven't responded to requests for comment.

It was around that time that Mr. Badhwar decided it would be prudent to secure a credit line—an insurance policy that could help keep his company afloat for another year if needed. SVB was willing to lend to Endor, so long as the company moved all of its

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

"Things were hunky dory," he said. "Until the 8-K."

firm's senior bankers.

SVB's March 8 regulatory filing announcing the stock sale and bond losses set off all sorts of alarm bells. But Mr. Badhwar had paid little attention to the bank's situation until Thursday morning when, at around 10:30 a.m. California time, an employee noted on Endor's Slack channel that SVB's shares were in free fall.

'My first inclination," Mr. Badhwar said, "was that this sounds like an overreaction."

Within hours, the tech industry's support for SVB seemed to melt away. Prominent VCs began to urge their portfolio companies to pull their money. At 2:30 p.m., Mr. Badhwar emailed his former banker at First Republic: Was his account there still active? "We can work on activating it," the banker told him.

Mr. Badhwar felt torn. He knew pulling all of his money from SVB would affect the status of his credit line. Moving about a quarter of his deposits, though, would assure Endor

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. Badh-

war heard from his banker at SVB, who told him rivals had been spreading misinformation about the bank's condition. Yes, he said, the bank would help him process the transfer. At 4:50 p.m., First Republic confirmed the funds had arrived.

For Ashar Rizqi's AI startup, an investment of "a few million" had been in its SVB account for only a few days when the run began.

On Thursday morning, founders and CEOs were posting tweets about SVB's financial woes in private Slack channels. Mr. Rizgi decided to move a portion of his money, but the online banking portal wasn't working. He spent a few hours furiously refreshing his browser. By afternoon, Slack was buzzing with messages from people moving all their money out of SVB. He decided to follow suit, nearly draining his account. The transfer still says "in progress."

Some companies didn't realize that they had anything to do with the bank until it failed.

When employees of Los Angeles management consulting firm Linea Solutions checked their bank accounts Friday morning, they found that their paychecks hadn't been deposited, said Brian Colker, the firm's finance chief.

The 100-employee company used payroll provider Rippling, which banked with SVB. Rippling moved money from the company's bank account into employee accounts, a routine back-end function of the banking system upended by the failure. "It never would have occurred to us that the bank that holds our payroll deposits for less than 48 hours might go insolvent in that period and not be able to pay out the money," Mr. Colker said.

Rippling's CEO tweeted that the company had switched to JPMorgan and will use its own money to cover missed paychecks by Monday.

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THE WALL STREET JOURNAL.

Monday, March 13, 2023 | **A11** 

## '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 Os-

> 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

"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 forwardlooking 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 nomi-

"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 Ouiet 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 wouldbe 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 ef-

"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** NICOLE NGUYEN

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 Last-Pass 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 August 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 Last-Pass servers, so no hacker or Last-Pass 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

Users with those are in good shape, he said. But pre-2018, signups weren't subject to those reguirements 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 reconsiderina 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 authenticationwhere 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 highestpriority 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

"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 reacclimated to the pace of a busy life.

Hashing out the logistics of coffee with co-workers or lunch with friends often devolves into booklength 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  $\frac{1}{10}$  in on the side.

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

#### 

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 be-≚ ing 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?

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.

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

### 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

sure to tell invitees the reason their presence matters.

"Give them a why," Ms. Nelson

#### The ease of ghosting

Philip Toomey, a lawyer in the Los Angeles area, has started confronting chronic cancelers at work, asking if that meeting they're proposing is definite this time. He's gotten frustrated by calendar invites that disappear 15 minutes before the meeting is supposed to start, with nary an explanation or

"There's this protectiveness of the electronic communication," he hypothesizes, emboldening people to hit delete or drag that meeting to another day.

Scrolling through online dating matches or applying for 50 jobs with the click of a button, we have leaned into the distance and ease provided by technology, says Tessa West, a psychology professor at New York University who studies interpersonal relations. Bailing doesn't feel that bad when you were mostly interacting with an algorithm or screen to begin with.

And yet, we've always had the tendency to withdraw when we get stressed, and to see ourselves as more social than we actually are. On Monday, that Happy Hour seems like a great idea. By Friday afternoon, not so much.

"We have a really bad bias in reading what our future selves actually want," Dr. West says.

Lashunda Lott, a 22-year-old college student in Chicago, made plans to meet friends at the beach one day last summer, only to have everyone simultaneously ghost each other.

"It was like dead silence" on the text thread, she says. She assumed her friends felt the way she did: overwhelmed by the idea of coordinating it all and content just to lie in bed instead.

"Sometimes I question myself. Why do I plan things?" she says.

Sometimes, the only person you can count on to follow through with plans is yourself. Karen Ziv, of Red Bank, Tenn., has taken to buying her own single ticket to the opera or theater and floating the date to a friend. If they can come, great. If not, she's happy to take herself out for sushi and a show.

"I can enjoy it how I want," she says, "without waiting for someone."





### Some Retirees Seek Early Benefits

Fear of Social Security cuts makes them leery of waiting

By Anne Tergesen

ome 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 Cacchiotti, 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 ĕ 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 evdelay.

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 g income for life, economists  $\frac{2}{5}$  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

"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-



the money the government collects through a 12.4% payroll tax on wages for Social Security, which currently falls short of covering the program's full costs.

The program's problems have been top of mind for more Americans since the State of the Union address in early February, when President Biden accused Republicans of angling to cut Social Security in negotiations to raise the nation's borrowing limit, something Republican leaders have denied.

Greg Young, 58, said the uproar during the State of the Union made him nervous about the program's finances so he decided to start at 62.

The retired teacher said he had initially planned to

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.

### ARTS IN REVIEW

**ART REVIEW** 

## Idylls of Ancient Italy

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



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.

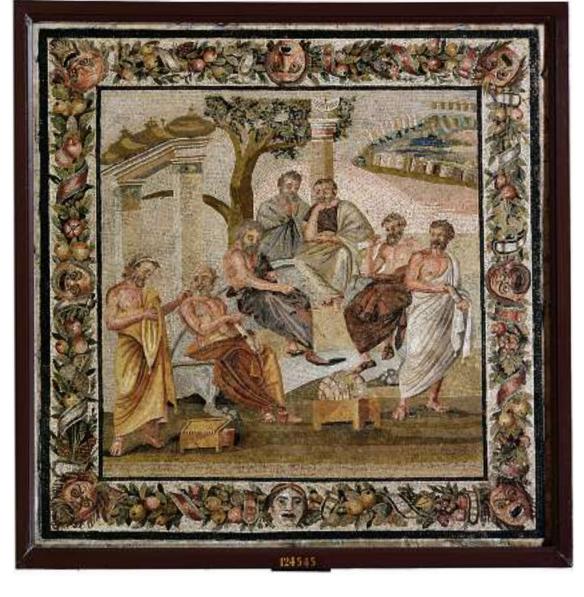
In contrast to earlier works, such as fourth century B.C. Hellenistic tomb paintings and relief sculptures of gods and humans that included landscape elements, the artworks in "Roman Landscapes" generally depict idyllic, spatially deep, often imagined natural scenes where humans, when present, play minor 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.

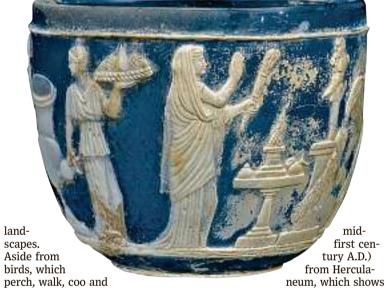
"Roman Landscapes," which the museum calls the first exhibition in the U.S. to showcase these ancient works, exposes the trappings of life around Pompeii, the Bay of Naples and Rome itself, where the wealthy decorated their villas with depictions of gardens, picturesque and mythological scenes, exotic Egypt (then controlled by Rome) and shrines. Many pieces have never been shown here before, including a marble wellhead 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 midfirst 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



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.)



four white herons (or egrets) walk-

ing 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,

life on the Nile, shown here in paintings and a relief. They're

comic, sometimes transgressing

ple, "Wall Painting With Animal

Combats by the Nile" (mid-first

mies harassing crocodiles and a

A terra-cotta relief (first century

what's acceptable today: For exam-

century A.D.) places imagined pyg-

hippopotamus near a sacred shrine.

A.D.) also depicts pygmies and ani-

mals through an arched structure

replete with patterns and textures.

from Pompeii, achieve a similar feat

and embody the loose, impression-

istic style of all the paintings here.

Romans were also fascinated by

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.-

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

Equally absorbing artworks pop-

ulate sections devoted to coastal views, sacred landscapes, mythical

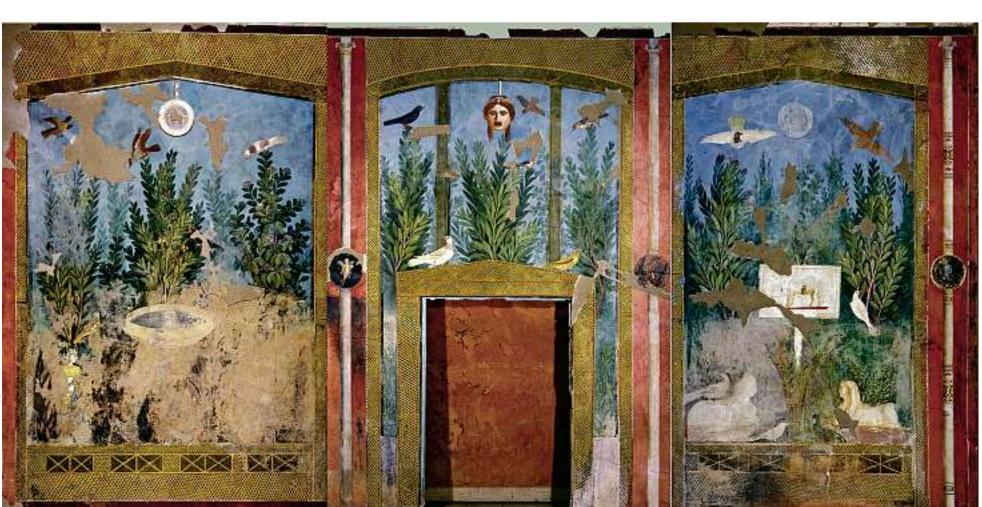
paintings feature fishermen, the nearly life-size marble "Statue of an Old Fisherman" (second century A.D.), which may have decorated a garden, merits a place. With his sunken eyes and deep wrinkles, it is a profoundly affecting portrait of old age. The other, "Plato's Academy" (second-first century 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.



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### **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

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 Carolina'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 pizazz they make up for in hustle.

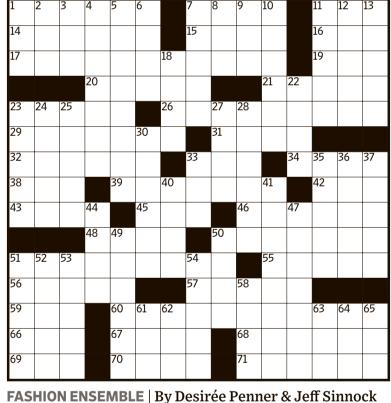
The Cougars are one of the top offensive rebounding units in the country and are equally stifling on the other end of the floor. The combination means that Houston gives up the fourth fewest points per 100 possessions in the nation. Should they make a deep run, they could become the first team to win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

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



33 Woolly father 66 Calif. hrs.

67 Eject

68 Sidesteps

choice

70 Workout

69 Referendum

34 Makeup of a

38 Advice expert

Landers

39 \*Driver's aid

things that

finish this

puzzle's

starred

answers

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

tennis match

**Across** 

1 Eggs on a

7 Request for

permission

Give" (Angie

**Thomas** 

Donatello

novel)

32 Day, to

cracker

11 Prohibit

Scots 30 Some of 60-Across's

28 Son of Mary, Queen of

- 33 "Mayberry
- 35 Standing upright
- 36 Rich cake
- 37 Spacek of 'Carrie'
- 40 "Morbius" 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
- unpleasant 18 Practically 54 Some jabs
- an eternity 58 It's 22 Miners' compulsory

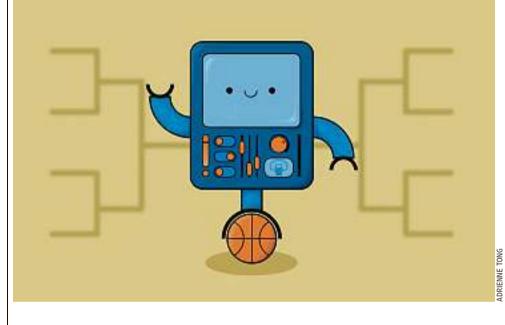
12 Without

13 Quite

company

Previous Puzzle's Solution

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 vear's NCAA tournament.

Your ability to win bragging rights over your cousins over co-workers is now dependent on unreliable squads of teens and 20somethings. 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 adiusted 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 vou're of the mind that defense wins championships, UCLA might be the team it

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.



9 Japanese

10 Printer

type

currency

11 Foundation

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### **OPINION**

## Who Killed Silicon Valley Bank?



By Andy Kessler

Bank imploding. America's INSIDE 16th-largest had some \$175 billion in deposits and disappeared by breakfast. It wouldn't have happened if not for management mistakes. This was a 21st-century bank

run—customers tried to withdraw about \$42 billion, a quarter of all deposits. But what triggered the collapse? Let's go back. In January 2020, SVB had \$55 billion in customer deposits on its balance sheet. By the end of

2022, that number exploded to \$186 billion. Yes, SVB was a victim of its own success. These deposits were often from initial public offerings and SPAC deals—SVB banked almost half of all IPO proceeds in the last two years. Most startups had relationships with the bank.

That's a lot of money to put to work. Some was lent out, but with soaring stock prices and near-zero interest rates. no one needed to take on excessive debt. There was no way SVB was going to initiate \$131 billion in new loans. So the bank put some of this new capital into higher-yielding long-term government bonds and \$80 billion into 10-year mortgage-backed securities paying 1.5% instead of shortterm Treasurys paying 0.25%.

This was mistake No. 1. SVB giant slurping sound on Fri-Stearns and Lehman Brothers day was Silidid in the 2000s. With few Valley loans, these investments were the bank's profit center. SVB got caught with its pants down as interest rates went

> except SVB Everyone, management it seems, knew interest rates were heading up. Federal Reserve Chairman Jerome Powell has been shouting this from the mountain tops. Yet SVB froze and kept business as usual, borrowing short-term from depositors and lending longterm, without any interestrate hedging.

> The bear market started in January 2022, 14 months ago. Surely it shouldn't have taken more than a year for management at SVB to figure out that credit would tighten and the IPO market would dry up. Or that companies would need to spend money on salaries and cloud services. Nope, and that was mistake No. 2. SVB misread its customers' cash needs. Risk management seemed to be an afterthought. The bank didn't even have a chief risk officer for eight months last year. CEO Greg Becker sat on the risk committee.

As customers asked for their money, SVB had to sell \$21 billion in underwater longer-term assets, with an average interest rate around 1.8%. The bank lost \$1.8 billion on the sale and tried to raise more than \$2 billion to fill the emergency funding requests.

reached for yield, just as Bear thing was wrong. Venture capitalists, including Peter Thiel, suggested that companies in their portfolios should withdraw their money and put it somewhere safer. On Thursday the dam broke and there was pery way to goose venture no way to cover billions in withdrawal requests.

Mistake No. 3 was not quickly selling equity to cover losses. The first rule of survival is to keep selling equity until investors or depositors no longer fear bankruptcy.

### Apparently no one at the firm perceived any risk from the Fed raising interest rates.

Private-equity firm General Atlantic apparently made an offer to buy \$500 million of the bank's common stock. Friday morning, I'd have offered \$3 billion for half the company. Where was Warren Buffett? Or JPMorgan?

Before they could get a deal together, the Federal Deposit Insurance Corp. took over to protect up to \$250,000 for each depositor. Larger, uninsured deposits are frozen. Since the bank took a 9% haircut on the \$21 billion in bond sales, that could mean uninsured depositors might get 90 cents on the dollar, but it could take months or years. So venture capitalists are getting

Why did so many startups

The loss flagged that some- bank with SVB in the first place? Here's a hint. Apparently, more than half of SVB's loans went to venture and private-equity firms backed by the borrower's limited-partner commitments, a legal but slipfunds' all-important internal rate of return metric, IRR, by investing three to six months before calling investors for cash. VCs are very persuasive with startups.

Here's an important lesson for companies in trouble: On Thursday, Mr. Becker told everyone to "stay calm." That never works, ever since Kevin Bacon's character in "Animal House" told everyone, "Remain calm. All is well," as chaos ensued.

Was there regulatory failure? Perhaps. SVB was regulated like a bank but looked more like a money-market fund. Then there's this: In its proxy statement, SVB notes that besides 91% of their board being independent and 45% women, they also have "1 Black," "1 LGBTQ+" and "2 Veterans." I'm not saying 12 white men would have avoided this mess, but the company may have been distracted by diversity demands.

Management screwed up interest rates, underestimated customer withdrawals, hired the wrong people, and failed to sell equity. You're really only allowed one mistake; more proved fatal. Was management hubristic, delusional or incompetent? Sometimes there's no difference.

Write to kessler@wsj.com.

In the 2000s, the Bush ad-

ministration put muscle be-

#### **BOOKSHELF** | By Kapil Komireddi

## Doing History **Under Tyranny**

My Egypt Archive

By Alan Mikhail (Yale, 171 pages, \$26)

rchives are more than storehouses of information. They are instruments of power. What is retained in them molds our perception of the past as much as what is omitted from them. Their promise to clarify and enlighten is braided together with the potential to obscure and distort. If what the historian can see is regulated by the wielders of authority, what the historian produces, then, is not only authoritative history but also authorized history. The suppression built into the structure of the archive prompted the philosopher Jacques Derrida to detect an undercurrent of violence in it.

Alan Mikhail, a distinguished historian of the early Muslim world and a professor at Yale, experienced something like that in the decade he spent as a young Egyptian American researcher at Egypt's National Archives between 2001 and 2010. "How," he asks early on in his memoir "My Egypt Archive," "do the



conditions of the production of history affect the history that is produced?" His answer is this book: a laudably sincere, exasperatingly prolix and occasionally affecting rumination on the state of Egypt—its society, culture, history and politicspegged to the maddening bureaucracy of the archive.

Mr. Mikhail casts the Cairo archive as a microcosm of modern Egypt. Its hierarchies, rivalries, petty cruelties, decay, neglect, corruption and anomie supply the material and the trigger for his reflections on the

condition of his ancestral land. Since the National Archives is the depository of the country's most valuable records, it occupies a special position. And the Egyptian dictatorship reinforces this position not by maintaining the property but by turning it into an inaccessible citadel peopled by functionaries who are barely qualified to be there.

Getting a pass to enter the building complex is only the first of the hurdles in gaining access to its holdings. Once inside, researchers are subjected to a maze of regulations intended to overwhelm them. Visitors are not permitted to photocopy more than 100 pages of archival documents during their lifetime. This decree is enforced, in the name of safeguarding materials, by officials who radiate a ruinous indifference to the damp that is disfiguring the priceless rarities stashed in the vast basement under their feet.

The National Archives abet the military's manipulation of the national memory by pretending that history stopped in 1952—the year in which Gamal Nasser toppled King Farouk in a coup. "The official repository of Egyptian state documents has nothing to say about Egyptian history since 1952," Mr. Mikhail writes. "Instead, the state manipulates histories of itself, creating certain triumphalist narratives and suppressing others. The politics of the archive are a crucial weapon for any state."

Mr. Mikhail's peculiar status as an American of Egyptian heritage, an Egyptian of American birth, and a Christian prospecting the hidden past of a center of Islam, makes him an object of suspicion and curiosity. It also endows him with a balance of detachment and investment in the country.

Mr. Mikhail draws brisk portraits of the minor officials vested with the power to determine the fate of historians and their output. Consider Madam Amal, the "high priestess of the reading room." Having risen up in a society designed to stamp on people like her, this "underprivileged, overworked woman validates her authority by treading on those beneath her. She feels no responsibility to the researchers or to the records. The nature of the materials around which the archive existed, its entire raison d'être," is irrelevant to Madam Amal. Her obligation is only to "the enactment of power struggles over bureaucratic positioning in the Egyptian administrative structure."

### At the Egyptian National Archives, access is a weapon of the state. Researchers are subject to restrictions intended to impede their work.

Corruption has seeped into the archives. In fact, it has become such a quotidian fact of life that when a family-run café that has operated in the archive for years is abruptly turfed out by a high official, the family do not protest. They have no vocabulary for protest. Mr. Mikhail doesn't say so explicitly but implies that such wrongs, multiplied by the million, bred resentments that erupted on Tahrir Square in 2011.

Alas, the limitations of Mr. Mikhail's device—the archive as a "dictatorship in miniature," a window into comprehending Egypt—become apparent as he attempts deeper analysis of Egyptian society. A "monkish intellectual" devoted to the text, Mr. Mikhail is an outstanding historian but not a perceptive observer of people. The scholar who vivified the life of Ottoman sultan Selim the Grim entirely from textual sources in his previous book, "God's Shadow" (2020), struggles here to evoke the living human beings around whom he spent a decade. Mr. Mikhail deluges us with description without ever giving us a feel for the inner life of the place, its staff or its users. The archive, for all its variety, is a limited world. This perhaps explains why some of Mr. Mikhail's most luminous socio-

Finishing this book, I was reminded of "In an Antique Land," written by Amitav Ghosh as a young researcher in Egypt. It remains, three decades after its publication, one of the most hauntingly brilliant books about Egypt by an outsider. The novelist in Mr. Ghosh elevated everyday banalities. The academic in Mr. Mikhail, alas, banalizes human complexity and drama. Even his chapter on the days and months leading up to a promised 2006 inspection of the archives by Suzanne Mubarak, Egypt's allpowerful first lady for 30 years until the Arab Spring dislodged her, doesn't succeed in conjuring up the ambience of tyranny in Egypt. No one who is familiar with any Third World autocracy will find much that is unique about Mr. Mikhail's Egypt.

economic insights leap from his reminisces on Cairo's traffic.

Mrs. Mubarak never did visit the Egyptian National Archives. But the anticipation of her arrival, Mr. Mikhail writes, transformed the place. There were new floors, new computers, and possibly even new methods of surveillance. "The reading room's makeover remade the making of Egyptian history," Mr. Mikhail concludes—hinting at the coming mutiny by the people. Perhaps he spells this out so ominously because nothing that precedes this claim can justify it. "The present, accurately seized, foretells the future," V.S. Naipaul used to say. I am not entirely sure that a reader who picked up Mr. Mikhail's diary of Egypt—the basis of this book—in 2010 would have had a clue that everything was poised to collapse the following year.

Mr. Komireddi is the author of "Malevolent Republic: A Short History of the New India."

### Bomb Mexico to What End?



**AMERICAS** By Mary Anastasia O'Gradv

cans in the Mexican border city of Matamoros on March 3 horrified the public. Grim news followed when two of

kidnapping of

four Ameri-

the victims were found murdered. The survivors have been returned to the U.S.

On the same afternoon in the same city, not far from where the Americans were attacked, there was a third fatality. The Mexican daily Reforma reported that the victim the crossfire of a separate shootout between a cartel and the Tamaulipas State Guard. That killing didn't make headlines and the victim's name

hasn't been released. The killing of innocent Mexicans, who find themselves in the crossfire of battles to get drugs to consumers in the U.S., doesn't get the coverage that American victims of cartel violence receive. If it did, maybe the discussion in Washington around the problem would be serious. In-

stead it gets sillier by the day. The latest bromide aimed at combating the availability of dangerous drugs in the U.S. comes from conservatives inside the Beltway, who propose to use the U.S. military to take out the cartels by striking Mexico, our sovereign, democratic neighbor. This isn't only

brutal insane, it's unlikely to alter López Obrador presidency, the availability of street narcotics in the U.S.

> and murder of Americans in Matamoros, U.S.-Mexican relations were strained. One big reason is the trafficking of opioids laced with the powerful, and often lethal, Chinesemade synthetic fentanyl. They are made in Mexico and smuggled over the southern border. Because there is an American appetite for illegal opioids, consumers buy them on the black market. Many have overdosed because they unknowingly bought a bad History suggests that

Some Americans want was a 33-year-old mother hit other Americans to stop doing beat terrorists but in the head by a stray bullet. so many drugs. Mexicans want She may have been caught in this too, since it's the billions of dollars their rich next-door neighbors pay in cash for the stuff that has empowered the gangsters and overwhelmed the country's young, weak democratic institutions. The trouble is that the use of U.S. military force on foreign soil has never worked to reduce American demand for illegal drugs, and the unintended

> consequences could be costly. The recent saber-rattling by American conservatives is the best thing that has happened to Mexican President Andrés Manuel López Obrador in his four years in office. His policy of nonconfrontation with the cartels has been a failure. As Mexican journalist Jorge Ramos explained in a March 3 column in the newspaper El Norte, there have been 139.077 homicides in Mexico since the start of the

which runs another 18 months. To put that in con-Even before the kidnapping text, there were 124,478 homicides during the full six years of the government of Enrique Peña Nieto (2012-18) and 121,683 killed during Felipe Calderón's presidency (2006-12).

Mr. López Obrador's security agenda is an easy target for his political opponents. But now threats from the American right are generating a sense of wounded national

### military force can not drug trafficking.

pride. Pressure on the president inside the country for bilateral cooperation has been undermined by what feels like gringo bullying-not to mention the lack of accountability for drug demand.

Cartel violence wasn't a Mexican problem until U.S. counternarcotic operations successfully blocked Caribbean trafficking routes in the 1990s. That's when transnational criminal organizations discovered the path through Central America and Mexico. With the highest profits along the Latin American journey collected at the U.S. border, the Mexican gangsters seized control of the business. Since then they have expanded into extortion, kidnapping and human trafficking.

hind Plan Colombia—a U.S. foreign-policy initiative designed to help that country beat back drug-trafficking guerrillas. Some have suggested that if only Mexico would cooperate like then-Colombian President Álvaro Uribe did, the same model could be used in Mexico. But the plan's success was in reestablishing the presence of the state across Colombia during Mr. Uribe's presidency. Cocaine flows from the Andes were little changed; producers merely shifted to other countries. When Mexican cartels began to control the business, Colombian cartels weakened, which also helped Mr. Uribe. The U.S. military success

fully intervened against terrorists in Afghanistan—until President Biden abandoned it. But U.S. troops on the ground couldn't defeat the poppy

Another American hypocrisv is the distribution, all over the U.S., of illicit substances. If U.S. institutions are so strong, why don't they stop the drugs from moving, for example, between Brownsville, Texas, and New York City? It's on that journey that vertically integrated transnational narcobusinesses capture the highest added value.

Let's agree that fentanyl deaths are tragedies and stopping them is a worthy goal. But there's no upside in waging a war we can't win against sovereign, democratic neighbor.

Write to O'Grady@wsj.com.

### If You Want 'Inclusion,' I've Got a List

By Timothy Dolan

am proud that my country and my church are both committed to the noble ideal of inclusion. Everyone should feel loved and respected. All people must share in all rights. We couldn't dare to claim to be "one nation under God" if it were otherwise.

Yet society and the church The unborn, the are falling short of this noble ideal. By accepting one dominant cultural narrative that presumes to define those who are "excluded." we are ignoring those who don't tidily fit into the prevailing cultural story line. Want some examples?

- Moms and dads in lifelong, life-giving marriage, cherishing a large number of children, who are routinely ridiculed and stereotyped regularly threatening to the planet.
- Fragile unborn babies, who have no legal protection in most states, with all of us

forced to pay for the taking of just and oppressive. their lives.

gling ones, who must pay constantly increasing taxes to support monopoly government schools and who are denied the right to use tax dollars to send their children to the schools of their choice.

### devout, police and immigrants are all 'marginalized' too.

- · Citizens who for ethical reasons can't obey the tidal wave of bureaucratic decrees on healthcare and are forced to choose between their consciences and their jobs.
- A gay person trying his best, with God's grace, to live according to biblical teaching, who hears church leaders call that morality un-

- Immigrants who came to the belief that America was a sanctuary but who can't get a labor permit and are treated with scorn.
- A woman who chooses to worried by hints and even outright threats that she'll lose her job.
- spiritually thirsty for a sense of awe, reverence and transcendence but who have difficulty finding a church to satisfy their needs.
- Relief agencies labeled as lawbreakers by members of Congress for welcoming, feeding and housing refugees.
- Our beloved elders near the end of life, who are coaxed into feeling useless, a burden, with euthanasia the answer.
- · Folks who want only inspiration, encouragement and clear teaching from their pastors and religious leaders, but Catholic archbishop of New who instead must listen to York.

dissent every Sabbath.

- Cops who face danger • Parents, especially strug- this country eager to work in daily, who see their colleagues killed and wounded, their resources shrinking, and the criminals they apprehend released in an hour.
  - Elderly people who are give birth to a baby while scared to take the bus or subway, or to walk down the block for milk and bread.
    - Parents who worked two • Young people who are jobs and saved for decades to send their children to college, and struggled to pay back the loans they had to take, only to see their neighbors with weekend homes have their loans forgiven.

These good people tell us they are also marginalized and excluded. Rarely do I find them bitter, angry or judgmental. They, too, want a society that is inclusive-not merely for the groups now chic to defend, but for all.

Cardinal Dolan is Roman

**A16** | Monday, March 13, 2023

### The Silicon Valley Bank Bailout

comes due, but there's

risk in a second bank

rescue in 15 years.

he Treasury and Federal Reserve will be no "bailout" for SVB, but she is indulging stepped in late Sunday to contain the financial damage from Friday's closure of Silicon Valley Bank, guarantee-The bill for bad policy

ing even uninsured deposits and offering loans to other banks so they don't have to take losses on their fixed-income assets.

This is a de facto bailout of the banking system, even as regulators and Biden officials

have been telling us that the economy is great and there was nothing to worry about. The unpleasant truth—which Washington will never admit—is that SVB's failure is the bill coming due for years of monetary and regulatory mistakes.

Wall Street and Silicon Valley were in full panic over the weekend demanding that the Treasury and Fed intervene to save the day. It's revealing to see who can keep a cool head in a crisis—and it wasn't billionaire hedge-fund operator Bill Ackman or venture investor David Sacks, both frantic panic spreaders.

The Federal Deposit Insurance Corp. closed SVB, and the cleanest solution would be for the agency to find a private buyer for the bank. This has been the first resort in most previous financial panics, and the FDIC was holding an auction that closed Sunday afternoon.

But Rohit Chopra, the Elizabeth Warren acolyte on the FDIC board, is hostile to bank mergers on ideological grounds, and the purchase terms could be too onerous for some potential buyers. The biggest banks are now the safest, and deposits are flooding into them. J.P. Morgan can park that money at the Federal Reserve and earn interest on its reserves. Why take on a new political headache?

SVB executives made mistakes, and they will pay for them, but they were encouraged by easy money and misguided regulation. As the Fed flooded the world with dollar liquidity, money flowed into venture startups that were SVB's customer base. The bank's deposits soared—far beyond what it could safely lend.

In a world of near-zero interest rates, SVB put the money in long duration fixed-income assets in search of a higher return. Regulators after the 2008 crisis had deemed these Treasury bonds and mortgage-backed securities nearly risk-free for the purpose of measuring bank capital. If regulators say they're risk-free, banks and depositors may be less careful.

But those securities declined in value as the Fed took interest rates up quickly to break the inflation it helped to cause. SVB had enormous capital losses if it were forced to liquidate those assets before maturity. That's exactly what happened as SVB customers withdrew their deposits. The San Francisco Fed regulates SVB and somehow missed this rising vulnerability. The Fed and Treasury will try to blame the bankers, but they are as much if not more culpable. The idea of elevating San Francisco Fed president Mary Daly to the Board of Governors seems preposterous after SVB.

All the more so because the duration risk at banks may not be limited to SVB, as last week's selloff in regional bank stocks shows. The FDIC created an entity to protect SVB's insured depositors up to the legal limit of \$250,000. But something like 85% to 90% of SVB's deposits are uninsured. The worry is that depositors in other banks will now flee.

Thus the cries for federal intervention. Treasury Secretary Janet Yellen said Sunday there in semantics. The feds said they will guarantee even uninsured deposits at SVB as well as at Sig-

> nature Bank in New York. Typically in a bank failure those depositors would get their money back with a 15% to 20% haircut. This would no doubt be a hardship for many customers, but the \$250,000 limit was known.

Will a universal uninsured deposit guarantee be next? This would be a monumental policy surrender, essentially admitting that the regulatory machinery established in 2010 by Dodd-Frank failed. We may be the only people in the world who still worry about "moral hazard." But a nationwide guarantee for uninsured deposits, even for a limited time, means this will become the default policy any time there is a financial panic.

There's also a question of the legality of such a guarantee. The FDIC created a "transaction account guarantee" program amid the 2008 panic, but Congress explicitly let it expire in Dodd-Frank. Congress set the \$250,000 insured limit to protect average Americans, not venture investors in Silicon Valley.

The FDIC may have resorted to its "systemic risk exception" for SVB and Signature, but this is a stretch considering their size. The joint statement by regulators said it received the reguired two-thirds vote of both the FDIC and Fed boards, and we'd like to see the creative legal work by the Office of Legal Counsel at the Justice Department.

The Fed is acting as it should as a provider of liquidity to all comers. But it's going further and offering one-year loans to banks against collateral of Treasurys and other fixed-income assets. The Fed will value these assets at par, which means banks don't have to sell their assets at a loss. The Fed is essentially guaranteeing bank assets that are taking losses because banks took duration risk that Fed policies encouraged. This too is a bailout.

Perhaps this will contain any Monday market mavhem, but if it doesn't our guess is that the Treasury, FDIC and Fed will look to guarantee uninsured deposits across the banking system. The Fed will want to avoid institutional blame for financial damage, and President Biden will do anything to avoid letting a financial panic affect the overall economy as he prepares to run for a second term next year.

But there is political risk from a bailout too. If the Administration acts to guarantee deposits without Congressional approval, it will face legitimate legal questions. The White House may choose to jam House Speaker Kevin McCarthy if markets aren't mollified. But Mr. McCarthy has a restive GOP caucus as it is, and a bailout for rich depositors will feed populist anger against Washington.

The critics have a point. For the second time in 15 years (excluding the brief Covid-caused panic), regulators will have encouraged a credit mania, and then failed to foresee the financial panic when the easy money stopped. Democrats and the press corps may try to pin the problem on bankers or the Trump Administration, but these are political diversions.

You can't run the most reckless monetary and fiscal experiment in history without the bill eventually coming due. The first invoice arrived as inflation. The second has come as a financial panic, with economic damage that may not end

### with Silicon Valley Bank.

Israel Needs Judicial Reform—but How?

The right may have to

compromise. The left

may have to calm down.

pposition to Israeli judicial reform has reached the "resistance" stage. That's when media say democracy is dying, of-

ficials refuse to remain impartial, activists block key roads, barricade think tanks and harass politicians' families, and investors muse about pulling capital. Air Force pilots are even shirking reserve duty.

This is bad for the country, but it's good opposition politics: Sow chaos, then shout, "Look how chaotic Israel has become."

We try to keep our heads: Israeli democracy isn't dying. Even if the reforms were to abolish iudicial review of legislation, leaving the Knesset supreme, this would drag Israel all the way back to . . . 1995. It was a democracy then, and no aberration. A sovereign parliament is the norm in parliamentary democracies that lack a written constitution for courts to enforce.

President Biden says Israel needs consensus, but there was no consensus for the "judicial revolution" in which Israel's high court, starting in the 1980s, made itself the final arbiter on all things. "Everything is justiciable," declared a former chief justice. The court has reviewed cabinet appointments, budget allocations, combat decisions and even whether the Prime Minister is "unfit" for office. It also empowers the attorney general, a civil servant, to pre-veto government policies with legally binding opinions.

Most Israelis now accept that the judiciary needs reform—a major achievement by the right. But the Netanyahu government hasn't convinced Israelis that its reform plan is the right one. Rather than provide room to negotiate, its most aggressive proposals have hardened the opposition and alienated voters.

Mostly the reforms are sensible: The government has to be free to argue its own legal positions. The court's "reasonableness" standard for striking down actions it doesn't like has

been unreasonable. The government is right to remove the court's power over selection of new justices, which has been abused to exclude qualified, dissenting jurists.

Most controversial is a clause that would let a Knesset majority override the court when it strikes down a law. The problem here isn't with giving elected representatives

the last word on most matters of law. It's that the override is a recipe for unending and corrosive constitutional conflict.

Far better to protect a political sphere by restoring the standard restrictions on which cases the court will hear, and then let the court rule within its areas of competency. Israel would be made more democratic, not less, and the judicial safeguards would remain. The Israeli system might even become more functional, for a change. Today there is no limit on cases that Israel's high court can hear, in contrast to the U.S., where a litigant must have a concrete injury to have standing to sue.

Shrewd thinkers on Israel's right understand that compromise is needed to lower the stakes, regain the public's confidence and pass something durable. The opposition, however, sees Prime Minister Benjamin Netanyahu standing on a ledge and has no desire to let him off lightly. The coalition will have to moderate its own proposal and settle for partial victory, even though the true believers won't like it.

Israel will need Mr. Netanyahu to use all his political cunning to break the logjam. There's one problem: The AG has barred the Prime Minister from involvement in court reform, alleging a conflict of interest with his criminal trial. It's the No. 1 issue in the country he was elected to lead, an issue his coalition ran on, yet the judiciary—which has its own conflict of interest has a gag order on the Prime Minister. How's that for democracy?

### LETTERS TO THE EDITOR

### Why Georgetown Law Can't Stand U.S. News

Georgetown Law is one of 40 law schools that have "dropped out" of U.S. News & World Report rankings because we believe its analysis is deeply flawed. U.S. News has since engaged in an aggressive PR blitz, including claiming in "Why Elite Schools Can't Stand U.S. News" (oped by Eric Gertler, March 1) that law schools have withdrawn because they want to ignore or hide grades and standardized test scores. This simply isn't true; in fact, this decision has been a long time coming.

I have been communicating for a decade with the U.S. News staff about their methodology, with which I have two principal issues. First, its algorithm wasn't designed by anyone who is familiar with law schools. You can't be an umpire if you don't know baseball. Second, the algorithm is a closely guarded secret. The primary purpose of rankings is to help students make wise choices. But if they don't know what U.S. News is basing

its ranking on, they can't make wellinformed decisions.

We aren't trying to hide anything. The median LSAT score of our current first-year class is 171 and the GPA is 3.86. We could cause our median to increase, which would push us up the rankings, but numbers don't tell us anything about a student's potential. We look for qualities that will enable our graduates to contribute meaningfully to the world.

The solution to the rankings problem isn't to eliminate rankings but to encourage them. U.S. News shouldn't be the only one in the market. Many prominent U.S. publications put out business-school rankings. I urge them to create their own law-school rankings, with transparent methodologies, so students can easily determine which schools emphasize the factors that are most important to them.

> WILLIAM TREANOR Dean, Georgetown Law Center Washington

### Public Unions Game the Political Arms Race

Mene Ukueberuwa's "Weekend Interview With Philip K. Howard" (March 4) offers a troubling glimpse into how the unions representing this country's public employees aspire to function as a shadow government accountable only to themselves.

In fact, the comparison between public-sector unions and privatesector special interests probably understates the critical distinction that, however many millions of dollars corporations and advocacy groups may spend to influence government policy, at least the money comes from Americans who have donated it willingly.

By contrast, until the Supreme Court's 2018 ruling in Janus v. Afscme, unions in about half the country were able to finance their socialist political agenda using someone else's dues or "agency fees." This put candidates and causes not aligned with the unions at a massive competitive disadvantage.

Mr. Howard is spot on when he laments that organized labor's grip on state, county and municipal governments throughout the country will almost certainly have to be broken judicially rather than legislatively. There are signs the Supreme Court may have found the case to do so. In

January the justices indicated they may be willing to consider the case of a California benefits clerk and the Los Rios Classified Employees Association (LRCEA), which has resisted the clerk's efforts to opt out of union membership and dues since 2018.

Represented by the Freedom Foundation. Kristine Kurk argues that LR-CEA's actions violate her First Amendment right to free association. By taking the case and ruling in Ms. Kurk's favor, the court could take the much-needed first step toward enforcing its Janus decision and returning control of the government to the people, not the unions.

BRIAN MINNICH Executive director Freedom Foundation Olympia, Wash.

I wonder if Mr. Ukueberuwa ever heard the old joke that made the rounds during the John Kennedy administration regarding the Vanguard rocket program.

Question: How are public-sector employees like the Vanguard rockets? Answer: They don't work and you can't fire them!

It's déjà vu all over again. SUE EDDLEMON

Kingsport, Tenn.

### Science Requires Skepticism, Not Consensus

The term "science" has been misappropriated, misunderstood and misused often in our discourse, across many issues. It has been misused not only by ideologues, politicians, journalists and interested parties, but also by scientists themselves. Tim Trevan points out the latter admirably in his op-ed "Why Scientists Got the Covid Lab Leak Wrong" (March 7).

Science isn't a monolith of truth about nature. It is a methodology for attaining the best truth about nature that we can muster at any point in

### Asset Forfeiture Can't Square With the U.S. Constitution

I read with interest Robert Frommer's op-ed "How FBI Took an Innocent Woman's Savings" (March 8). I first found out about this blatantly unconstitutional program in 2000. when I was in the police academy. The instructor had a gleam in his eye as he told us the myriad ways we could confiscate a person's property, in many instances working off tips from a government agency.

Large sums of cash were the big target because, once in the system, it was very easy to get "lost." Often a person carrying cash is never charged with a crime but is assumed guilty of criminal activity, and it is up to him to prove otherwise. Good luck with that. More citizens need to be aware of this policy and take the necessary precautions. Reread the Constitution, specifically the Fourth Amendment.

JEFF KESLER Sugar Land, Texas time with facts, observations and experimentation. The prevailing theory on any scientific subject is only as good as all the tests and observations it can withstand. One strong observation or one well-designed experiment with results antithetical to a theory will cast doubt on its universal application, requiring retesting and maybe the theory's revision or rejection. Skepticism, both of one's own

work and that of others, is the fundament of scientific methodology. Remember Galen's humors, geocentricism and even Einstein's correction to Newton's laws of motion? Over many centuries, scientists developed a consensus that each of these theories were the final word—settled science—only to see that consensus dashed by the skeptical methodology of scientific pursuit. Consensus plays no part in the

logic of scientific discovery. It isn't part of the methodology. There is no such thing as settled science.

> JAMES GOTTSCHALK Stuart, Fla.

#### Clarity, Government Style In "Putin Is the West's Target"

(Business World, March 1), Holman Jenkins, Jr., says that now may be the time for the U.S. to release its findings on the perpetrators of the 1999 Russian apartment bombings that Moscow attributed to Chechen rebels. Better yet, why don't we have the FBI and Energy Department blame Vladimir Putin's henchmen and the CIA and State Department say they're uncertain?

**DENNIS OPFERMAN** Fort Worth, Texas

### No Biden-Wilson Comparison <sub>=</sub>

I look forward to the Journal's Saturday book reviews, but Meghan Cox Gurdon's review of Rebecca Boggs Roberts's biography of Edith Wilson, "Untold Power" (Books, March 4), is disappointing. Her comparison of President Biden to a severely debilitated President Woodrow Wilson was ridiculous and uncalled for, as anyone who witnessed Mr. Biden's State of the Union address and surprise trip to Kviv could see.

> TOM SANTEL St. Louis

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

### Pepper ... And Salt

THE WALL STREET JOURNAL



"What's all that banging?"

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### **OPINION**

## SVB Doesn't Deserve a Taxpayer Bailout

By Vivek Ramaswamy

reasury Secretary Janet Yellen announced Sunday evening that Silicon Valley Bank's uninsured depositors would gain access to their deposits on Monday. The Federal Deposit Insurance Corp. insures only deposits up to \$250,000. The bailout creates incentives for risky behavior, teaching large depositors that they can throw money at risky banks without diversifying or conducting diligence. SVB long lobbied for looser risk limits by arguing that its failure wouldn't create systemic risk and thus didn't merit special intervention by the U.S. government. Yet on Sunday, Treasury deemed SVB "systemically important."

Ignore Silicon Valley fearmongering about bank runs. This is a simple case of bad risk management.

To the extent that failing to make SVB's uninsured depositors whole would have heightened the risk of a run on other banks, the Federal Reserve should have played its role as lender of last resort. Another option would have been to increase the FDIC coverage limit to a level that would avert a run, shoring up public confidence in other U.S. banks without showing favoritism toward SVB.

SVB's situation is different from that of most U.S. banks. Only 11% of its deposits were insured. While the operating accounts of small businesses often exceed the FDIC limit, large banks usually sweep the excess into cash-

There's no shame in

growing old. Every-

one will eventually,

though some will

age more gracefully

than others. Our

80-year-old presi-

dent looks and acts

every bit his age.

management programs that buy Treasury bills and other securities. As the nation's 16th-largest bank, SVB simply chose not to do so. For some reason Roku, the publicly traded maker of streaming devices, had a \$487 million balance with the bank.

SVB also had a concentrated client base of tech startups whose needs for capital were highly sensitive to rising interest rates. Yet SVB itself had the highest concentration of any major bank in mortgage-backed securities, also especially sensitive to that risk factor. This is an egregious oversight specific to SVB. Its investment portfolio was 57% of total assets, more than twice its peer average of 24%.

Regulations require banks to hold high-quality liquid assets, and these can be categorized as available for sale (AFS) or held to maturity (HTM). With AFS investments, unrealized gains and losses don't hit a bank's profit-and-loss statement, but they do affect capital. Booking bonds in HTM prevents gains and losses from showing up at all. SVB booked \$91 billion out of \$120 billion in the most favorable HTM category, and only \$26 billion as AFS. Why would the bank hold only \$26 billion in AFS when it knew it had a concentrated, high-risk deposit base?

SVB intentionally decided not to hedge its interest-rate risk. This is shocking given that its \$120 billion securities portfolio had a duration of 5.6 years, meaning a 200-basis-point increase in the five-year rate would equate to a \$14 billion loss, roughly equal to SVB's entire capital base. As recently as December 2021, SVB held a modest \$10 billion of interest-rate swaps, so it knew the technique. CEO Greg Becker should have known better too. Until Friday he was a board member of the San Francisco Fed. He



was also savvy enough to sell \$3.6 million in stock days before his bank collapsed.

Either SVB was incompetent or this is a case of moral hazard, taking excessive risk and expecting political favors and bailouts. It turns ot SVB's real "hedge" was to curry favor with the Biden administration. In 2022 SVB publicly committed \$5 billion in "sustainable finance and carbon neutral operations to support a healthier planet." SVB's 2022 ESG report lists a litany of "cross-function working groups," including a "Sustainable Finance Group" that monitors progress against SVB's Climate Commitment and an "Operational Climate Group" that "monitors implementation of operational greenhouse gas reduction initiatives." Rather than apply basic risk-management practices, SVB resorted to lobbying for looser risk limits. Taxpayers shouldn't vindicate SVB's political hubris.

On their own, SVB's risk-management practices likely wouldn't have tanked the bank. SVB appeared to have liquid assets to cover ordinary demand and was solvent as recently as midweek. But Mr. Becker botched public communication about the situation. He disclosed the firm's attempts to raise capital only in cryptic securities-law filings, and he later committed the cardinal mistake of admonishing customers to "stay calm."

Prominent venture capitalists are now arguing that even if SVB fails, startup founders who banked with SVB should be spared the fallout, but this is also wrong. Startup executives must do better in managing financial risks and diversifying across counterparties. Many tech founders were also financially rewarded for banking with SVB: The bank uniquely specialized in providing non-dilutive venture debt to risky early-stage companies. This allowed startup founders to preserve greater equity ownership in their companies. Taxpayers were never going to participate in that equity upside, so they shouldn't be asked to foot the bill when downside risks materialize.

Some claim that SVB's failure would bring down other worthy startups and leave the U.S. less competitive. That's wrong too. Presumably, these startups' business models are the same today as they were last week. That means investors could infuse fresh equity capital to make up for any balance-sheet losses. That involves painful equity dilution for founders and venture capitalists, but that's no justification for a public bailout.

Venture capitalists and startup executives are pushing the narrative that there would be a bank run across the country if the government didn't bail out SVB's depositors. Perversely, this makes a run more likely, but most banks aren't SVB. They hold conservative assets and have stronger capital positions. Their deposits are diversified and they likely don't abuse HTM/AFS accounting. They hedge their interest-rate risk. They can also raise their deposit rates to limit outflows. The FDIC can help bolster public confidence by clearly communicating these facts to the public.

Silicon Valley entrepreneurs want to move fast and break things, but we shouldn't let them break public trust as a long-shot maneuver for a special bailout. That isn't how capitalism

Mr. Ramaswamy, a candidate for the 2024 Republican presidential nomination, is a co-founder of Strive Asset Management.

### President Biden and the Science of Aging



**SCIENCE** By Allysia **Finley** 

Yet many people remain mentally agile and physically vigorous well into their 90s.

There's something to the adage that age is only a number. Scientists increasingly are distinguishing between chronological and biological age. Someone can be biologically younger or older than his years on earth, depending on how his body and cells age. The best measure of that number comes from our telomeres-strands of DNA that cap chromosomes and protect genes.

Telomeres get shorter each time a cell replicates, which occurs iteratively as we age. When telomeres get too short, cells die or become senescent—they permanently stop replicating. Senescent cells can build up in tissues and send off inflammatory signals that damage nearby cells, contributing to diseases such as osteoarthritis and Alzheimer's.

Some people are born with longer telomeres owing to genetic inheritance and maternal health. Mothers with higher anxiety, worse nutrition and unhealthy lifestyles are more likely to bear infants with shorter telomeres. So some people start off in life biologically younger than others, so to speak, though the differences aren't visible.

Environmental and lifestyle factors also significantly affect the rate at which telomeres shorten as people age. Smoking, excessive drinking, pollution, stress, social isolation and eating processed foods, among other things, create oxidative stress, which causes telomeres to shorten faster. Oxidative stress also causes direct damage to tissue. If some people feel as if they've aged faster during the pandemic, they may be

On the other hand, physical activity, high levels of social support, and healthy diets rich in antioxidants can slow the rate at which telomeres shorten and reduce oxidative stress. So not only do healthy lifestyles reduce the risk of chronic diseases; they also slow the aging process.

Numerous studies have found an association between telomere length and heart disease, cancer, cognitive decline

and other aging-related diseases. A study published last month found shorter telomeres were associated with symptoms of depression, cognitive problems, and higher levels of the inflammatory cytokine IL-6—secreted by senescent cells—among physically healthy seniors between 60 and 79.

Why are some 90-yearolds sharp while those 10 years their junior aren't? Look to their telomeres.

People with shorter telomeres also tend to die younger, though it isn't clear whether telomere length is a limitation on lifespan. One study found that among people over 60, those with shorter telomeres were three times as likely to die from heart disease and eight times as likely to die from infectious disease.

Younger generations may also be aging biologically faster than their elders. A 2019 study from Blue Cross Blue Shield found millennials were seeing their mental and physical health decline faster than the previous generation and predicted they

could see mortality rates climb by more than 40% compared with Gen-Xers at the same age. This is in part because millennials have higher levels of depression, substance abuse, hypertension and high cholesterol. Notably, deadly strokes and heart attacks have been increasing among young adults over the past decade. Is 30 the new 50?

Biotech startups are exploring pharmaceutical treatments to slow or delay the effects of aging. One strategy may be to elongate telomeres, yet some scientists worry this could cause cancer. Triggering an enzyme that prevents telomeres from shortening and dying could also produce cancerous cells that can replicate indefinitely.

Another strategy is to clear senescent cells that could be causing collateral tissue damage. Unity Biotechnology, backed by Jeff Bezos and Peter Thiel, is researching drugs that destroy senescent cells. A 2016 study found that clearing senescent cells in a mouse born on the same day, from the same litter, and raised in the same conditions as his brother made him look vounger and delayed onset of cataracts and bent spine. Removing senescent cells also extended mouse lifespans by as much as a third.

As for delaying cognitive decline,

there are currently hundreds of treatments being developed that use different strategies. Yet the most natural approach—a healthy lifestyle and lower stress—seems to reduce the risk of developing dementia. A study in the Journal of the American Medical Association last week found that seniors with higher levels of perceived stress were more than 50% more likely to experience cognitive impairment even after adjusting for differences in socioeconomic and lifestyle factors, such as exercise and alcohol use, as well as chronic health conditions.

Alzheimer's has also been linked to shorter telomeres. But puzzlingly, some people have all the pathological hallmarks of the disease in their brains but don't suffer symptoms. Scientists suspect these people have higher cognitive reserve—that is, resilience to brain damage—which is associated with higher education, mentally demanding occupations and healthy lifestyles.

This partially explains why some 90-year-olds are still sharp while some 80-year-olds have lost their fastball. Is President Biden too old to run for re-election? Maybe not chronologically, but his telomeres would almost certainly show his faculties are fast declining.

### Behind China's Mideastern Diplomacy

### By Karen Elliott House

Riyadh, Saudi Arabia  $\nearrow$  urprise. As the world awaited announcement of a U.S.-brokered normalization of relations between Saudi Arabia and Israel, China brokered an even more surprising normalization between Saudi Arabia and Iran, If Iran lives up to the agreement and respects "the sovereignty of states and the non-interference in internal affairs of states," the deal could have a stabilizing impact across the region. But Saudis remain deeply skeptical that Iran has abandoned its desire for domination.

What is most striking is the cooperation between China and Saudi Arabia, both of which fear a Mideast war could damage their grand ambitions. Crown Prince Mohammed bin Salman is determined to transform Saudi Arabia into a major world power by 2030, and President Xi

Jinping seeks to displace the U.S. as the global superpower but can't do it without Middle Eastern oil. As Iran moves closer to nuclear weapons, both Beijing and Riyadh fear an Israeli strike would lead to a wider conflict; and an Iranian bomb would

threaten the Saudis too. Concluding that the U.S. likely wouldn't carry out its pledge to prevent a nuclear Iran, the Saudi regime decided to trade confrontation for alignment. "We have to accept reality and figure a way to live with a nuclear Iran," one official says. "So, we will go from hostile relations to better relations."

Yet the kingdom's real purpose is to raise pressure on the Biden administration to abandon Iran and provide the security guarantees Riyadh demands to recognize Israel. Normalization remains a Saudi goal but not as part of the Abraham Accords. Instead, Saudi-Israel normalization would be a new initiative by Riyadh to pave the way for major Islamic nations like Indonesia and Malaysia to establish relations with the Jewish state. In exchange, the crown prince wants the U.S. to declare Saudi Arabia a strategic ally, provide Riyadh reliable access to American arms, and support his plans to enrich uranium and develop its own fuel production for 16 nuclear reactors the kingdom intends to build over the next two decades. All these measures will encounter resistance in Congress.

By cooperating with China to mend Saudi-Iranian relations, the crown prince has heightened the pressure on the U.S. to guarantee what is in its own self-interest: stability in the region built around Israel and Saudi Arabia, If President Biden wants a diplomatic success, he'll have to accept some of the Saudi requests.

The crown prince has played a complicated hand exceedingly well. He has exploited China-U.S. competition for global influence and used his relations with both big powers to seek advantage in a messy Middle East. This deal demonstrates again his penchant for bold risk taking: Normalizing with Iran is fraught with peril. Iran may renege. Mr. Biden may prove unable to persuade Congress, further estranging Riyadh from U.S. lawmakers. While the crown prince is motivated primarily by geopolitics, one shouldn't underestimate the role that personal relations play. He clearly gets along well with Mr. Xi but has no use for Mr. Biden, who as a candidate pledged to make Saudi Arabia a "pariah."

If Iran passes the first hurdle—seriously curbing its activities in Yemen in the next two months—it and the Saudis will exchange ambassadors for the first time in seven years. To encourage Tehran to honor its commitments, the kingdom would provide

commercial ties with Iran, ending its economic isolation and furnishing an incentive to cease attacks on Saudi Arabia. Given Iran's record of violating commitments, Riyadh will have to follow Ronald Reagan's dictum: "Trust but verify."

This geopolitical shift is the result of a decade of declining U.S. leadership. Russia and China have filled the void by strengthening ties with Iran and Saudi Arabia. As a result, the Mideast is a cauldron of great powers

### To keep oil flowing and diminish the U.S., Beijing brokers a deal between Iran and Saudi Arabia.

seeking advantage. The Saudi crown prince has increasingly made clear he intends to be no one's client but rather an independent power on the world stage balancing others to secure benefits for the kingdom.

Russia is Saudi Arabia's key oil partner; together they control global production and keep prices high at a time when both need money—the kingdom for its modernization and Russia for its war in Ukraine. But to please the U.S., Riyadh is also providing \$400 million in humanitarian aid to Ukraine.

China's motivation to broker this deal is clear. The pact burnishes China's geopolitical leadership and if it holds—reduces the risk of a Mideast war that could seriously disrupt oil supplies on which China is deeply dependent: Some 40% of its oil imports are from the Mideast, led by 1.75 million barrels a day from Saudi Arabia. Mr. Xi offered to broker a new chapter in Saudi-Iran relations during his visit here in December and Riyadh eagerly accepted. The Saudi-Iranian dialogue began nearly two years ago but Saudi officials say it produced no progress until China took leadership. Four days of secret talks in Beijing last week led to a breakthrough.

Iran's motivation is less clear. But it's undeniable that its embargoed economy is falling far behind those of Saudi Arabia and the Gulf states. Tehran also faces a leadership transition and domestic protests fed in part by a struggling economy. Riyadh's prominent role in the Group of 20 and its ties with China, Russia and Israel are providing it with growing geopolitical influence in the Middle East that Iran's regional mischief-making can't match. Moreover, the kingdom is determined to expand its own military capabilities by producing more of its armaments locally to reduce dependence on the U.S. or any other single arms supplier. (Saudi Arabia spent 80% of its arms budget on U.S. weapons in 2016 and plans to cut that to 20% by 2030.) All this likely moved Tehran to sign on to improved relations with Riyadh. China has successfully used its

good relations with both Saudi Arabia and Iran to broker a deal. Let's see if it yields a truly more peaceful Mideast rather than simply providing Iran a respite and the opportunity to focus more on antagonizing the "great Satan" and the "little Satan" (Israel). In any case, China doesn't want to police the Mideast, preferring the U.S. retain that role while Beijing prepares for a potential military conflict with the U.S. over Taiwan.

Ms. House, a former publisher of The Wall Street Journal, is author of "On Saudi Arabia: Its People, Past, Religion, Fault Lines—and Future."

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## Russia Presses Bakhmut Attacks

Ukrainian forces dig in as enemy's advances squeeze remaining supply lines into city

**A18** | Monday, March 13, 2023

By Isabel Coles

Russian forces staged multiple attacks on the eastern city of Bakhmut in a bid to gain ground, while Ukrainian forces defending the city were fighting to prevent being cut off after months of grinding combat.

Ukraine President Volodymyr Zelensky on Sunday said 1,100 enemy soldiers had been killed on the battlefield around Bakhmut during the past week.

Ukrainian forces withdrew from positions on the eastern side of the river that cuts through Bakhmut last week, taking up more easily defensible positions in the western part of the city.

But Russian advances around

the city's northern and southern

flanks are squeezing Ukraine's remaining supply lines into the city from the west. The General Staff of Ukraine's armed forces said on Sunday that Russian forces had attacked

15 villages on the Bakhmut front

over the past day. Despite the risk of encirclement and heavy casualties, Ukraine's leadership has vowed to continue defending the city, seeking to grind down Russian forces and buy time to build up for a planned offen-

sive of its own.

Mr. Zelensky on Sunday said more than 10 Russian ammunition depots and dozens of pieces of their equipment had eliminated around Bakhmut. In addition to the soldiers who were killed, he said 1,500 Russian soldiers had been wounded and would no longer be capable of fighting.



Ukrainian soldiers prepare to fire a 155mm M777 Howitzer artillery weapon at Russian positions on the front line near Bakhmut.

Russian forces didn't make confirmed advances on Saturday and Wagner Group paramilitary fighters spearheading the offensive may be increasingly pinned in urban areas of the city, the Institute for the Study of War think tank said on Sunday.

Wagner founder Yevgeny Prigozhin said in a video posted to his Telegram channel on Saturday that Russian troops were positioned about three-quarters of a mile from Bakhmut city center.

Russia, capturing For Bakhmut would remove an obstacle to its goal of capturing the whole of the eastern Donetsk region and the wider Donbas industrial area of which it is part.

Ukrainian security services on Sunday said they had identified the unarmed Ukrainian soldier who appeared in a video being killed while apparently being held prisoner by Russian troops.

Wagner posted the footage, which shows the man standing in a forest clearing in a military uniform, taking a drag of a cigarette and saying "Glory to Ukraine" in Ukrainian before gunfire rings out and he falls to the ground.

The clip stirred outrage in Ukraine and was seized on by Ukrainian officials as evidence that Russian forces are continuing to perpetrate war crimes a year into the invasion.

The soldier was identified by the Ukrainian security services as Oleksandr Matsiyevskiy, a sniper of the 163rd Battalion of the 119th Territorial Defense Brigade from the northern Chernihiv region.

"We have succeeded in confirming the hero's details after complex investigative actions that included talking to the family and comrades-in-arms of the executed soldier, as well as processing photos and videos," Ukrainian security services said. Forensic evidence was also used to confirm Mr. Matsiyevskiy's identity, it added.

Mr. Zelensky on Sunday conferred the title of Hero of Ukraine—the highest state

honor—on Mr. Matsiyevskiy. Russian troops on Sunday captured Krasnohorivka about

southwest

miles

Bakhmut in the Donetsk region, Russian proxies in the occupied territory claimed.

Moscow's forces shelled Ukrainian positions along the frontline north of Bakhmut, which snakes through the Luhansk and Kharkiv regions.

Russian forces are also maintaining a significant military presence in the areas bordering Ukraine to prevent the redeployment of Ukrainian units to other stretches of the frontline, the general staff said.

In Kyiv, city authorities said heating and water supplies had been fully restored to the capital following a missile barrage last week that left 40% of the city's residents without heating.

## Mystery Of Blasts At Pipeline Looms in Arbitration

By Georgi Kantchev

BERLIN—Untangling the mystery of who carried out the Nord Stream pipelines blasts could become a major factor in multibillion-dollar arbitration proceedings that European energy companies have filed against Russian state-run gas giant **Gazprom** PJSC.

Investigators in Europe are working to figure out who ordered the apparent act of sabotage. U.S. officials last week said they were looking at the possibility that a pro-Ukrainian group was responsible. Officials on both sides of the Atlantic have said they increasingly believe that neither Russian-government nor pro-Russian operatives were behind the sabotage, while cautioning it was too early to designate a culprit.

The answer to the whodunit-if it ever comes-won't just have political implications. It could affect the outcome of multibillion-dollar cases that a clutch of European companies, including Germany's Uniper SE and RWE AG and France's Engie SA, have filed against Gazprom, said law experts, former officials and energy consultants.

The companies have broadly claimed that Gazprom's failure to deliver contracted volumes of natural gas since last summer caused them significant damages by forcing them to buy much more expensive gas on the market.

For European buyers, the total cost of buying natural gas in the market to replace Nord Stream deliveries in the second half of last year was roughly \$40 billion based on the average price at the time, said Ed Crooks, vice chairman at energy consulting firm Wood Mackenzie.

"The destruction of Nord Stream is likely to loom large in arbitration cases over Russian gas supplies to Europe last year," Mr. Crooks said.

The outcome of these cases comes with high stakes for both sides. The European utilities had to shoulder the bill for the more-expensive natural gas that, in Uniper's case, led to a huge annual loss and spurred the German state to save the company by nationalizing it.

Gazprom, in turn, likely couldn't afford to simply ignore the verdict if it loses. some analysts said.

"Gazprom is still seeking to sign sales agreements with other buyers around the world, and being seen as a supplier that abides by contract terms, including arbitration decisions in the event of disputes, is important for that," Mr. Crooks said.

Gazprom didn't respond to a request to comment. RWE declined to comment, and Uniper and Engie didn't respond to questions about the arbitration beyond their initial statements.

## BBC Faces a Staff Revolt Over Suspension

By Max Colchester AND DAVID LUHNOW

LONDON—The **British** Broadcasting Corp. finds itself caught in a drama of its own making: By suspending a top sports broadcaster over tweeting about politics, it has found itself at the center of a U.S.style culture war.

On Sunday, the state-funded broadcaster for the second day had to limit the availability of its sports programming after dozens of staff and leading sports announcers walked off in protest at the suspension of retired footballer Gary Lineker. one of England's most popular sports figures and the BBC's highestpaid broadcaster.

The outspoken 62-year-old former England soccer star was suspended on Friday, days after tweeting his criticism of a new government program to deny asylum to anyone arriving illegally in the U.K. on small boats across the English Channel, saying it was inhumane. It wasn't the first time Mr. Lineker's tweets had drawn concern within the BBC.

Public figures including Nobel Prize-winning novelist Ka-



Gary Lineker compared U.K. rhetoric on migrants to that of the Nazis.

French, Liverpool football coach Jurgen Kloop, and DJ Fatboy Slim came out in support of Mr. Lineker, saying he had a right to free speech. Some conservatives, however, applauded the move and urged the broadcaster to fire Mr. Lineker.

The TV and news giant suspended Mr. Lineker, who compared some of the government's rhetoric on migrants to Nazi Germany, after a wave of criticism from leading government figures, including a let-

zuo Ishiguro, actor Dawn ter from 36 Conservative Party members of Parliament. That has led to accusations that the publicly funded broadcaster. whose director is appointed by the prime minister, folded to government pressure, risking its editorial independence.

The BBC still largely sets the television news agenda nationally. It is widely seen as one of the most critical institutions in modern Britain. It is also praised as a key bulwark in helping the U.K. largely avoid the kinds of large-scale

wars, sometimes fueled by misinformation, that have beset the U.S.

Striving for impartiality has become more difficult in an age of polarization, however, and the broadcaster has been increasingly criticized by politicians of all stripes in recent years for perceived bias. The British public's trust in the 2022 from 75% in 2018, according to a survey by Reuters.

The criticism on the latest fracas was divided sharply along political lines, with conservatives generally criticizing Mr. Lineker, saying there are too many liberal voices at the broadcaster, and liberals largely backing him, saving he expressed his views on his own Twitter account and didn't mention them on his program, a hugely popular roundup of the day's biggest soccer games called Match of the Day.

"That BBC independence really does matter for the country," U.K. Chancellor of the Exchequer Jeremy Hunt said on Sunday. He added that it was vital that trust in the BBC wasn't eroded and that it was

up to the broadcaster to fix this issue. Prime Minister Rishi Sunak said his government wouldn't get involved and that it was a matter between the BBC and Mr. Lineker.

BBC director-general Tim Davie defended his decision on Saturday by saying the broadcaster has to strive for impartiality and can't allow its jour-BBC has fallen by 20 points in nalists to take sides on the past five years, to 55% in political issues of the day. He subjected himself to a sevenminute grilling by one of his own employees on Saturday, who asked him if he was going to quit. Mr. Davie said no.

The debacle was partly spurred on by the BBC itself, which last week led its flagship 10 p.m. news bulletin on the day the controversial immigration policy was announced with the furor over Mr. Lineker's tweet, not the fact that the government was trying to ban asylum seekers arriving in small boats. By the end of last week. the heat was coming out of the story and Mr. Lineker tweeted he was looking forward to presenting Match of the Day. Then the BBC suspended him, creating another media firestorm and a mass mutiny.

### WORLD WATCH

**WEST BANK** 

### Israeli Forces Kill 3 Who Opened Fire

Israeli forces shot and killed three Palestinian militants on Sunday who opened fire on troops in the occupied West Bank, the military said, the latest bloodshed in a yearlong wave of violence in the region.

The Al-Agsa Martyrs Brigade. an armed offshoot of Palestinian President Mahmoud Abbas's Fatah party, claimed the men killed as members.

The Palestinian Health Ministry said the men were killed by Israeli fire near the city of Nablus and identified them as Jihad Mohammed al-Shami, 24, Uday Othman al-Shami, 22 and Mohammed Raed Dabeek, 18.

The military said it confiscated three M16 rifles from the militants after the shootout and that one gunman turned himself in and was arrested.

The deaths bring to 80 the number of Palestinians killed this year, as Israel has stepped up raids in the West Bank, Palestinian attacks against Israelis have killed 14 people in 2023. -Associated Press

### **FRANCE**

### **Senate Advances Macron's Pension Plan**

The Senate on Saturday voted 195-112 to adopt President Emmanuel Macron's proposed pension overhaul, which would raise the retirement age to 64

Prime Minister Elisabeth Borne hailed a "decisive step toward a reform that will assure the future of our retirement" system.

Around 368,000 people marched against Mr. Macron's plan on Saturday, a protest that followed a massive turnout last Tuesday, when unions rallied 1.28 million people in one of France's largest protests in decades. The far-left CGT and other big French unions said Tuesday's protest would begin an open-ended strike until the government drops the overhaul.

meet on Wednesday to hammer out a compromise version of the

and the Assembly are set to

Lawmakers from the Senate

Unions have organized another protest for the same day. -Matthew Dalton



Protesters played and sang in Lyon, France, during a Saturday demonstration against pension overhauls.

**MOLDOVA** 

### Police Say They Foiled **Russia-Backed Plot**

Moldovan police said on Sunday they foiled a plot by groups of Russia-backed actors who

were specially trained to cause mass unrest during a protest the same day in the capital against the country's new pro-Western government.

The head of Moldova's police, Viorel Cernauteanu, said an undercover agent had infiltrated

groups of "diversionists," some of them Russian citizens, who had been promised \$10,000 to organize "mass disorder" to destabilize Moldova during a protest in the capital, Chisinau. Seven people were detained, he said.

-Associated Press

NORTH KOREA

#### **Pyongyang Fires** Based Missiles

North Korea launched two underwater cruise missiles from a submarine, the regime said Monday, ahead of the start of large-scale joint U.S. and South Korea military drills this week. The missiles, which were

fired early Sunday morning into the waters off the east coast of the Korean Peninsula, demonstrated the reliability of a system that constitutes one of the country's nuclear deterrents, North Korean state media said Monday. The missiles were fired from the 8.24 Yongung submarine and traveled for about 932 miles before hitting the target, state media said.

South Korea's Joint Chiefs of Staff said on Monday that it had detected North Korean missiles test-fired from a submarine in waters near North Korea's eastern port city of Sinpo on Sunday and that the country's intelligence agency and its U.S. counterpart were working to analyze the specifics of the

-Jiyoung Sohn

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Last Week: **S&P** 3861.59 ▼4.55% **S&P FIN** ▼8.50% **S&P IT** ▼3.06%

THE WALL STREET JOURNAL.

**DJTRANS** ▼ 5.98% **WSJ\$IDX** ▲ 0.32% **2-YR.TREAS.** yield 4.586% **NIKKEI** 28143.97 ▲ 0.78%

Monday, March 13, 2023 | **B1** 

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

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 the Petroleum Exporting

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 vine

Hundreds of wine producers

borrowed from the bank and

deposited their cash there, in-

cluding some small, midsize

and privately held businesses

that are trying to make payroll

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 de-

posits and could come under

pressure. "People are in shock,"

mostly Pinot Noir and Chardon-

nay grapes on about 850 acres

in Sonoma County's Russian

River Valley, has three mort-

Mr. Balletto, who produces

"It could be devastating,"

yards and winemakers.

or loan payments.

he added.

By Amrith Ramkumar



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

quests to pump more oil to help tame surging crude prices. 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

California Winemakers Face a Cash

Countries, rebuffed U.S. re- Amin Nasser said that the Saudi Aramco annual company spent \$37.6 billion to expand its production capacity and it would significantly increase that amount in coming

> "Given that we anticipate 150 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

The company, majorityowned by the Saudi govern-Please turn to page B9

◆ Saudi Arabia unveils a new

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 abil-

ity to raise additional funding

prompted companies to with-

draw their money quickly, ac-

The wine industry is a rela-

tively small part of the bank's

business compared with the

technology and healthcare in-

dustries. But SVB rode the

growth of California's wine

business since the 1990s, bene-

fiting from booming demand

and soaring land prices. More

recently, winemakers faced tur-

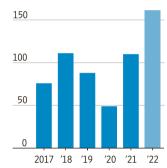
moil from the pandemic, higher

labor costs and losses from

celerating the bank's demise.

net profit

\$200 billion



from clients and others in the

industry during the past few

\$4 billion to the industry over

the past 30 years. It had more

than \$1 billion in loans out-

standing to the sector at the

the Wine Industry report is

read widely in the industry. Mr.

McMillan has agreed to stay

with the FDIC-controlled firm

for 45 days and is fielding of-

fers from other banks. He took

a substantial financial loss from

the stock's collapse in recent

dependent on lenders and in-

vestors to carry them through

the yearslong process of grow-

ing, harvesting, producing and

aging wine. Right now, vine-

vards are pruning vines-re-

moving old canes and cutting

others to encourage new

growth—in anticipation of the

Smaller producers will likely

Please turn to page B2

new growing season.

Wine producers are highly

The bank's annual State of

The division has about 400 wine clients and lent more than

Source: the company

end of 2022.

### 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 midsized 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 Vallev 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 Re-

Please turn to page B2

- ◆ Investors come to aid of portfolio firms..
- ◆ Circle Internet's stablecoin
- falls below \$1 peg.... ◆ Inflows to fintech startups
- soared before failure.

## Dividend Stocks Lose Favor In High-Yield Environment

bank, he said.

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 sixmonth Treasury bill as of Friday, according to Birinyi Asso-

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.

would be a major concern if

they had to be restructured at

higher interest rates depending

on what happens with the

The Federal Deposit Insur-

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, accord-

ing 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.

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

gage loans with the bank. It ance Corp. said Friday it has

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.

taken control of Silicon Valley

Bank via a new entity. Deposi-

tors under the bank's \$250,000

insurance cap are expected to

have access to their funds as of

Monday. Depositors with funds

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. yield curve remains Please turn to page B9

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

### 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

Once a biotech darling, Illumina was revered for its DNAsequencing 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

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Alliance. Washington Mutual...A1 WatchBox.

### **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 JP-Morgan 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. That doesn't include money First Republic is eligible to borrow through a new Fed lending facility designed to help banks meet withdrawals.

"First Republic's capital and liquidity positions are very

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 state-

The infusion is the first such lifeline announced for a collection of midsize banks that have run into trouble in the past week. Silvergate Capital Corp. on Wednesday said it would shut down after its bet on crypto customers left it with huge losses. SVB was seized by the government on Friday after a bank run. New

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

strong, and its capital remains York-based Signature Bank 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.

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

Bidders submitted last-ditch tomers, the Bank of England said. 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. The proposals came as the U.K. government worked to create a lifeline for companies that had deposits locked up at the bank.

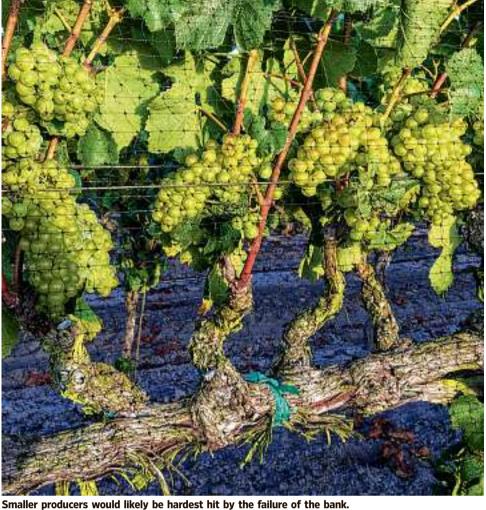
"Silicon Valley Bank cannot be allowed to fail given the vital community it serves," Anthony Watson, founder and chief execu-

tive 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 develop-ments. Under the U.K.'s insolvency procedure, deposits up to £85,000 in individual accounts, equivalent to around \$102,000, and up to £170,000 in joint accounts will be returned to cusOther 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 thirdmost 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



### 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

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, depositors spooking 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 financial 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 fi

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* AwaitNext 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 complacency, 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

### 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 regu-

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



\*Annual Percentage Yield (APY) is accurate as of 2/22/2023 and subject to change at any time without notice. A penalty may be imposed for early withdrawals. Fees may reduce earnings. After maturity, if you choose to roll over your CD, you will earn the base rate of interest in effect at that time. Visit www.synchronybank.com for current rates, terms and account requirements. Offer applies to personal accounts only. © 2023 Synchrony Bank



### **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 companies 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 ecommerce 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 op- USD Coin's dollar value erated 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 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 digitalasset 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

\$1.005		
1.000		Pegged level
0.995		
0.990		
0.985		
0.980		
0.975		
0.970		
0.965		
	2021	'23
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 Sat-

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. Treasurys backing USD Coin are held by BNY Mellon and managed by BlackRock Inc., Circle said.

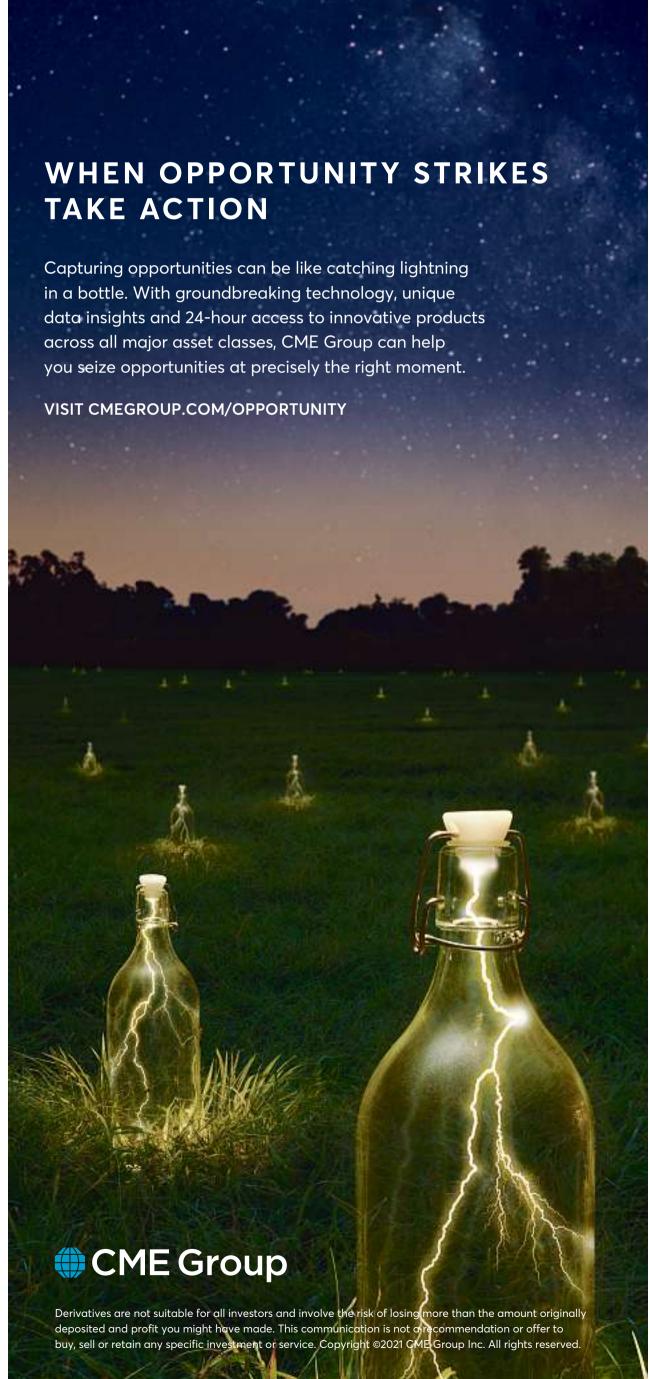
Circle attempted to move reserves out of Silicon Valley Bank on Thursday, but those transfers hadn't settled as of Friday's close, the company said. The firm believes those transfers could be processed Monday.

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 morn-

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.



**B4** | Monday, March 13, 2023

### **TECHNOLOGY**

## **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.

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

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 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

News of that exacerbated to Rho," Mr. Brzyski said. He being frozen out all day 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

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

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

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 fasttracking 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 collansed 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

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 secondbiggest failure in a financial services firm in U.S. history.

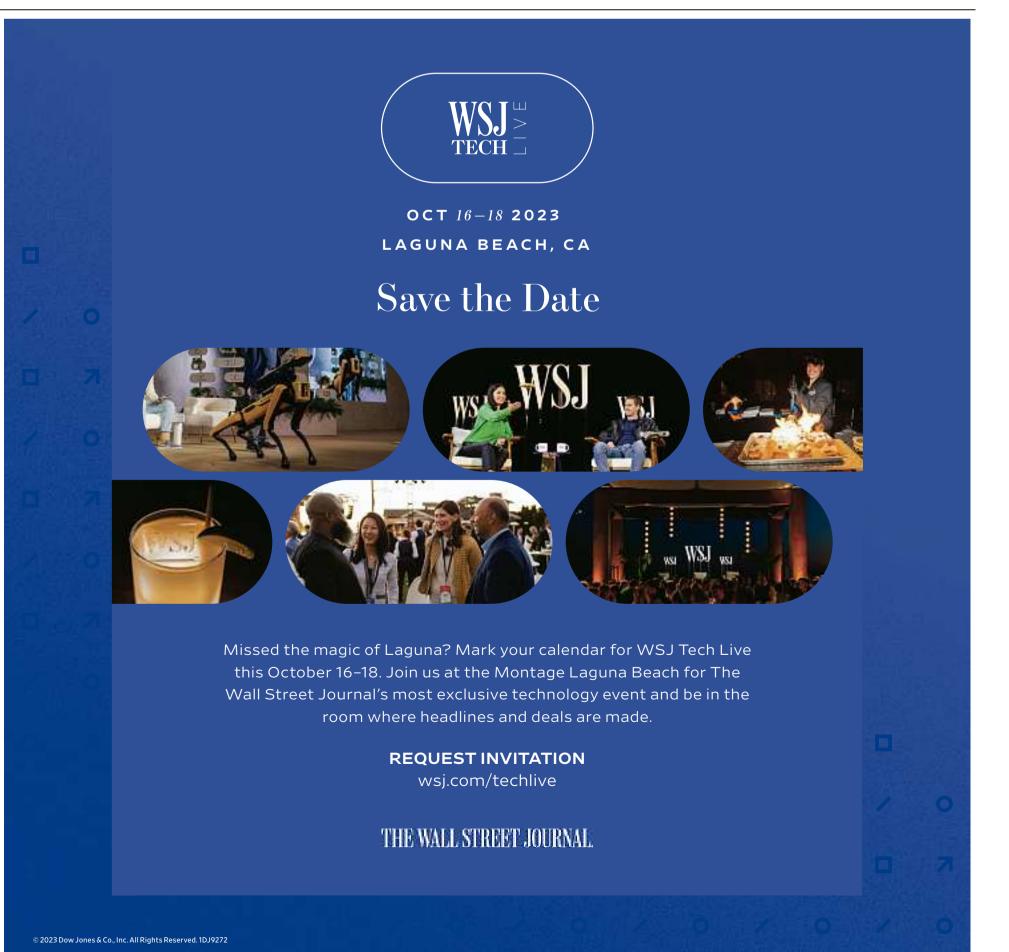
The FDIC on Friday said it has taken control of the bank.

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."

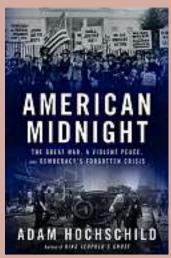
The trustee said BlockFi requested that the funds be allowed to remain in the moneymarket mutual fund, saying that they are insured up to \$250,000 and that these "holdings are AAA rated and invested in U.S. government securities," indicating they are highly rated and carry little

Representatives for BlockFi couldn't be reached for com-

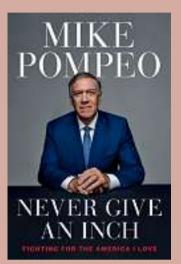


# Smart Reads for Savvy Readers

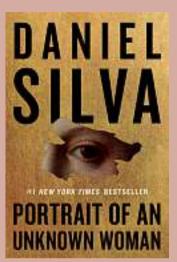
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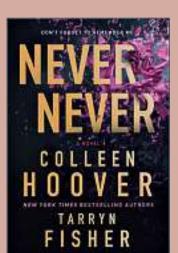


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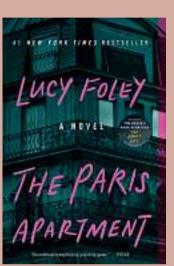


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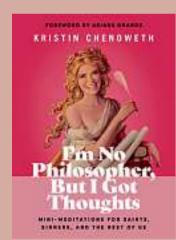


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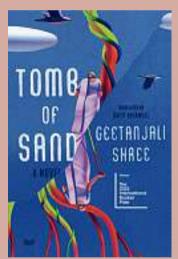


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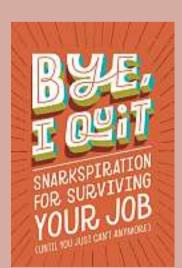
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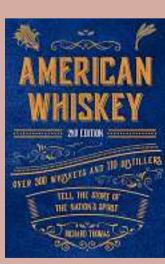
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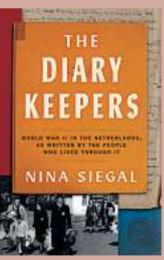
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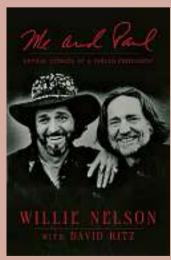
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# Theft at Retail Stores Is Climbing Instant Pot Maker

As shrink cuts into profits, companies lock up goods, try to track repeat offenders

By Suzanne Kapner

Retailers say theft is rising as more people shop in stores, cutting into profits that were already under pressure.

"We definitely had an uptick since last year," Macy's Chief Executive Jeff Gennette told analysts earlier this month. "It's an industrywide

Target Corp. said in November that it expected the problem, known in the industry as shrink, to reduce gross margins for the recently completed fiscal year by more than \$600 million. TJX Cos. and Macy's Inc. also called out higher shrink rates in recent calls with analysts.

"Theft is growing at a faster rate than sales," said Dean Rosenblum, a senior U.S. retail analyst at Bernstein Research. Mr. Rosenblum said theft is becoming a big enough problem that it's starting to affect margins, which is why retailers are talking about it more frequently.

Retailers typically conduct a physical count of inventory once a year and compare it to what is recorded on their books. The difference is known as shrink, a broad term that encompasses not just internal and external theft but also process failures that could lead to inventory being lost or recorded inaccurately.



Retailers are locking up goods and adding cameras to stores.

turning to stores after a surge in online buying during the pandemic is partly responsible for the uptick, Mr. Gennette said. "More theft happens in stores," as opposed to warehouses that fulfill online orders, he said.

A jump in organized retail crime in certain areas of the country is also a factor, he added. "These are crime levels we haven't seen before," Mr. Gennette said.

Shrink rates declined in 2021 and are broadly in line with historical levels, after rising in 2020 and 2019, according to a survey of 63 retailers conducted by the National Retail Federation and the Loss Prevention Research Council. Figures for 2022 aren't yet available.

Retailers calculate shrink differently and many don't report thefts to the police, leading to imprecise measure-

The shift in shoppers re- ments, said Cory Lowe, a senior research scientist with the Loss Prevention Research

> Although shrink in 2021 fell back to 2018 levels, according to the survey, external theft, which includes organized retail crime in addition to regular shoplifting, has become a bigger piece of the pie. Organized retail crime, involving rings that steal from stores in bulk and then peddle the goods online, cost retailers nearly \$720,000 for every \$1 billion in sales in 2019, the most recent year the NRF published such figures. That was an increase of 50% from 2015, it said.

"Seven years ago, internal theft was the largest category of loss by retailers," said David Johnston, the NRF's vice president of asset protection and retail operations, referring to theft by employees. "Now, it's external theft."

Retailers are combating the

Retail inventory shrink by source, 2021



External theft organized retail crime

internal theft Process/ 25.7 control failures 7.7 Unknown

Other 1.2%

Source: National Retail Federation

problem by adding security guards and cameras to stores, locking up goods and using facial recognition software to help identify repeat offenders.

Macy's is using radio frequency identification tags to better track inventory, adding more security personnel to stores and securing high-end brands with locked cables and sensors, Mr. Gennette said.

TJX finance chief John Klinger told analysts in February that an unexpected increase in shrink hurt margins by 0.60 percentage point in the recent quarter. That follows higher shrink charges in the same quarter a year ago. The company said it expects shrink to remain similar to current levels for the next two years.

New legislation signed into law by President Biden last year, called the Inform Consumers Act, will make it harder for criminals to resell stolen goods online. The Combating

Organized Retail Crime Act of 2023 currently making its way through Congress seeks to pool expertise and provide more tools to prosecute criminals and recover stolen goods.

Retailers and shoppers say there is a fine line between deterring criminals and annoying honest customers.

'Retailers are locking up evervthing from shaving cream to soap," said Oni Powell, a 46year-old office manager who lives in Porter Ranch, Calif. "These should be things that are quick and easy to grab and go. But now I've got to find an employee to unlock them for me."

Some retailers said they may have gone too far in their theft-prevention measures.

"Maybe we cried too much last year," Walgreens Boots Alliance Inc.'s finance chief James Kehoe told investors in January. "We've put in incremental security in the stores. Probably we put in too much and we might step back a little bit from that.'

In 2021, a Michigan man sued the city of Detroit and its police chief for wrongfully arresting him based in part on facial recognition technology that erroneously matched him to surveillance-camera footage from a Shinola store where several watches had been stolen. The case is continuing.

A month ago, New York City police asked shoppers to take off their face masks before entering stores, a measure intended to help them better identify criminals. The plea came after four unidentified men stole roughly \$1.1 million of goods from a jewelry store.

# Struggles, Sales Flag

America's obsession with the Instant Pot is losing steam.

The all-in-one kitchen gadget was an annual bestseller before the Covid-19 pandemic, making its way into millions of homes. It spawned a legion of devotees who swapped recipes online and spurred rivals to develop their own multicook machines. In 2019, the business was purchased by a private-equity firm and merged with the company behind Pyrex and CorningWare.

Since then, Instant Pot sales have slumped and the company that owns the brand is struggling. Sales of electronic multicooker devices such as the Instant Pot hit \$758 million in 2020 but have since fallen by 50% to \$344 million in 2022, according to NPD Group. Instant Pot makes up the majority of the category.

The company, Instant Brands Inc., hired restructuring advisers in recent months, a sign it needs to revamp its finances. The company's troubles show how hard it can be for a business to expand sales on the back of one big hit product.

The Instant Pot was a "product phenom and product phenom ultimately, eventually they slow down" in sales, said Ben Gadbois, who became Instant Brands' chief executive in 2020. He had worked at Newell Brands Inc. to boost sales of Rubbermaid and Sharpie before helping to turn around toy maker Spin Master Corp.

Mr. Gadbois pushed the company to come up with new kitchen gadgets under the Instant brand. He said there is growth ahead through international expansion and new products such as an electric Dutch oven, stand mixer and coffee maker.

He declined to comment on financial results or why the company hired restructuring

# IcahnTakes On

Continued from page B1 resistance from the Federal

Illumina

Trade Commission and European Union. Illumina at the time said that if it didn't do so it could have missed a deadline for completing the deal.

The U.S. has since ruled in Illumina's favor while the EU has sought to block the transaction. That has meant that Illumina has had to hold Grail as a separate unit.

Mr. Icahn in the letter accuses Illumina of overpaying for a business that made "exactly zero dollars in revenue," then closing the deal despite not knowing if European regulators would bless it. He writes that holding on to Grail is costing Illumina \$800 million annually and that it faces a significant tax bill if ultimately forced to divest itself of the company.

He argues that his nominees-Vincent Intrieri, founder and chief executive officer of an investment fund and two of Mr. Icahn's deputies, Jesse Lynn and Andrew Teno-would bring experience dealing with crises to the board.

Illumina makes and sells genetic-sequencing machines and the chemicals they use, and its customers include Grail and Grail's rivals. The company founded Grail and spun off a majority of the business in 2017. Illumina agreed to buy back the part it didn't already own for \$7.1 billion.

The EU set out the details of a planned order requiring Illumina to unwind its deal for Grail last December. The commission had prohibited the deal earlier in the year over concerns that it would stifle innovation and hurt consumer choice. Illumina has said it believes divesting itself of Grail isn't "proportional to the speculative harm alleged by the Commission, especially given the benefits this merger will bring to patients in the E.U. and across the globe."



## Secondhand Watches Are Beating the Stock Market

consultant in BCG's consumer-

practice division who helped

author the report. Rolex Cos-

mograph Daytona watches

with a retail price of \$14,800

recently sold on secondhand

platforms for as much as

One such platform, Watch-

New luxury watches have

**Box**, helped fund BCG's latest

\$38,500, according to BCG.

watch research.

By Alyssa Lukpat

One of the hottest collector's items these days is a preowned luxury watch.

secondhand Expensive watches from brands such as Rolex and Patek Philippe have become popular in recent years, particularly with younger buyers, according to a report published this month by Boston Consulting Group, Preowned luxury watches became more valuable as demand grew but supply remained tight, BCG said.

Those watches have become so coveted that the market for them has outpaced the overall stock market, growing about 20% annually from mid-2018 through January 2023, compared with the S&P 500 index's yearly growth rate of 8% during that period, BCG said.

More collectors have seen watches not only as accessories but also as investment pieces that can hedge against inflation and diversify their holdings. In the past few years, other popular alternative investments have included the art market, baseball cards and now-struggling cryptocurrencies.

Collectors often pay double or triple the price for a secondhand watch, even one that may have just left the store,

WSJ

Sound

PODCASTS

been harder to come by than usual because earlier in the pandemic, manufacturers closed factories or slowed production. Collectors are more likely to find the watches they are looking for on secondhand platforms, which have become more sophisticated in recent years, according to BCG. Some people are drawn to

luxury watches as expressions of personal style. Others see watches as heirlooms that outlast other collector's items. BCG found a basket of preowned watches outperformed indexes that track handbags, wine and art over the past decade. Researchers at BCG say

people spend thousands on a used watch for two reasons: secondhand platforms have emerged as increasingly viable places to buy the items and social-media communities have helped generate buzz for watches as investment pieces. Bryan Ang, 31 years old, is

part of a growing community on Instagram of preowned luxury watch fans. He often posts about the pieces in his collection, including his favorite watch, the Rolex Datejust with a special white dial.

"I look at secondhand watches as a rental," said Mr. Ang, a fruit distributor in Manila. "You wear it for a while, you enjoy it and realize, 'I don't think it's me.' "

Mr. Llinas of BCG said mil-

said Nicolas Llinas, a principal lennials are more likely to buy preowned luxury watches, whereas older buyers tend to prefer buying timepieces new. Millennials tend to have a more business-minded approach when they build their collections, he said.

"They don't get as personally attached to some of those watches," said Mr. Llinas. In 2021, preowned watches

accounted for nearly a third of the \$75 billion luxury watch market worldwide, according to BCG. Preowned-watch sales rose 3% in 2020 after the pandemic started, though sales of new watches fell 17% that year. Collectors more often turn

to secondhand watch-buying platforms like Chrono24 and **Watchfinder** & Co. than go to a watch store or bid in an auction, according to BCG. Sellers list their watches on the secondhand sites where potential buyers search for the rarest models and the coolest designs. The most popular second-

hand watches include the Patek Philippe Nautilus, the Audemars Piguet Royal Oak and the Rolex Daytona, according to BCG. Some of those models are listed for tens or hundreds of thousands of dollars on secondhand platforms. Representatives for luxury

watchmakers including Rolex and Patek Philippe didn't return requests for comment. **Audemars Piguet Holding SA** declined to comment. Mr. Llinas said collectors

are trying their luck on the secondhand market rather than waiting potentially for years for watchmakers to sell their favorite models.

"If you really want a watch and you're super passionate about it," he said, "the only way to get the watch is through the secondary mar-

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**Dow Jones Industrial Average** 

P/E estimate \*

Dividend yield \*

### MARKETS DIGEST

**3861.59** ▼184.05, or 4.55% last week Trailing P/E ratio \*

#### **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 Dividend yield 2.19 2.14 the past 52 weeks All-time high 36799.65, 01/04/22 Week's high Current divisor 0.15172752595384 36000 200-day moving average 34500 33000 31500 65-day moving average 30000 28500 Bars measure the point change from Monday's open 27000 M A M J J A S O N D J F M Primary market ► Composite NYSE weekly volume, in billions of shares

200-day moving average 4150 3950

M J J A S O N D J F M

24

12

S&P 500 Index

the past 52 weeks

High, low, open and close for each of

Last Year ago

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moving average

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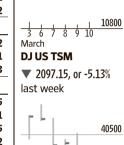
### Major U.S. Stock-Market Indexes

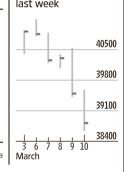
\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc; †Based on Nasdaq-100 Index

iviajoi O.S.		IVIGI		uckci	•						
	Llink	1	- Latest W		0/ -1		52-Week		21.1		chg —
Dow Jones	High	Low	Close	Net chg	% ch	ig Low	Close (●)	High	%chg	YIU .	3-yr. an
Industrial Average	33572.22	31783.41	31909.64	-1481.33	-4.44	28725.51	•	35294.19	-3.1	-3.7	8.4
Transportation Avg	15195.58	14135.61	14209.01	-904.28	-5.98	11999.40	•	16718.54	-6.7	6.1	18.6
Utility Average	924.32	883.45	887.55	-28.68	-3.13	838.99	•	1071.75	-9.3	-8.3	1.1
Total Stock Market	41195.81	38636.98	38818.07	-2097.15	-5.13	36056.21	•	46941.2	-8.8	0.8	9.9
Barron's 400	1003.80	922.56	929.74	-74.05	-7.38	825.73	•	1051.05	-4.6	1.0	15.6
Nasdaq Stock Mark	et										
Nasdaq Composite	11827.92	11093.86	11138.89	-550.12	-4.71	10213.29	•	14619.64	-13.3	6.4	10.1
Nasdaq-100	12466.88	11789.86	11830.28	-460.53	-3.75	10679.34	•	15239.32	-11.1	8.1	12.2
S&P											
500 Index	4078.49	3846.32	3861.59	-184.05	-4.55	3577.03	•	4631.6	-8.2	0.6	10.2
MidCap 400	2650.12	2434.52	2452.59	-195.68	-7.39	2200.75	•	2773.72	-4.6	0.9	13.1
SmallCap 600	1269.10	1160.91	1172.34	-97.41	-7.67	1064.45	•	1357.33	-8.7	1.3	13.3
Other Indexes											
Russell 2000	1928.70	1756.82	1772.70	-155.56	-8.07	1649.84	•	2133.1	-10.5	0.7	9.5
NYSE Composite	15772.65	14830.91	14894.18	-826.89	-5.26	13472.18	•	17014.76	-5.5	-1.9	8.1
Value Line	584.66	540.67	544.13	-39.74	<b>-6.81</b>	491.56	•	653.15	-9.9	1.5	8.5
NYSE Arca Biotech	5408.26	5003.94	5056.87	-351.39	-6.50	4208.43	•	5644.5	5.2	-4.2	2.2
NYSE Arca Pharma	819.24	789.83	791.91	-22.86	-2.81	737.84	•	887.27	0.5	-8.8	8.9
KBW Bank	110.26	89.37	92.22	-17.23	-15.74	92.22	•	132.22	-24.8	-8.6	6.0
PHLX§ Gold/Silver	118.52	110.09	111.59	-7.31	-6.15	91.40	•	167.76	-29.7	-7.7	5.3
PHLX§ Oil Service	91.98	81.83	82.34	-9.974	-10.81	56.08	•	93.94	2.4	-1.8	38.1
PHLX <sup>§</sup> Semiconducto	r 3083.68	2909.52	2923.93	-104.41	-3.45	2162.32	•	3625.58	-7.0	15.5	20.9
Cboe Volatility	28.97	18.49	24.80	6.31		<b>34.13</b> 17.87	•	34.75	-19.3	14.4	-19.4
§ <sub>Nasdaq PHLX</sub>								Sources: FactS	Set: Dow J	ones Ma	rket Dat

**▼** 550.12, or -4.71% last week 11700

**Nasdaq Composite** 





### **International Stock Indexes**

Region/Country	y Index	Close	% chg	Low	Close	High	% chg
World	MSCI ACWI	616.60	-3.61	550.37	•	723.16	1.9
	MSCI ACWI ex-USA	291.31	-1.88	244.35	•	326.65	3.6
	MSCI World	2657.41	-3.65	2367.69	•	3110.81	2.1
	MSCI Emerging Markets	955.28	-3.31	842.76	•	1161.65	-0.1
Americas	MSCI AC Americas	1468.08	-4.71	1363.36	•	1779.00	0.7
Canada	S&P/TSX Comp	19774.92	-3.92	18206.28	•	22087.22	2.0
Latin Amer.	MSCI EM Latin America	2181.64	-1.52	1912.59	•	2761.97	2.5
Brazil	BOVESPA	103618.20	-0.24	96120.85	•	121570.15	-5.6
Chile	S&P IPSA	3249.97	<b>-0.</b> 84	2937.32	•	3546.47	2.4
Mexico	S&P/BMV IPC	52794.53	-2.56	44626.80	•	56609.54	8.9
<b>EMEA</b>	STOXX Europe 600	453.76	-2.26	382.89	-	465.24	6.8
	STOXX Europe 50	3854.51	-1.79	3310.09	•	3947.97	5.6
Eurozone	Euro STOXX	452.74	<b>-1.</b> 83	359.45	•	462.77	10.4
	Euro STOXX 50	4229.53	-1.52	3279.04	•	4313.78	11.5
Austria	ATX	3445.68	-2.66	2647.43	•	3557.01	10.2
Belgium	Bel-20	3746.75	-3.56	3313.82	•	4266.01	1.2
France	CAC 40	7220.67	-1.73	5676.87	•	7373.21	11.5
Germany	DAX	15427.97	-0.97	11975.55	•	15653.58	10.8
Greece	Athex Composite	1056.26	-5.24	779.20	•	1133.11	13.6
Israel	Tel Aviv	1799.32	3.25	1707.57	•	2067.23	0.1
Italy	FTSE MIB	27281.96	<b>-1.95</b>	20353	•	27949	15.1
Netherlands	AEX	743.03	-2.31	630.58	•	771.69	7.8
Norway	Oslo Bors All-Share	1391.72	-2.55	1247.07	•	1476.42	2.1
Portugal	PSI 20	6025.76	-0.71	5190.28	•	6349.21	5.2
	FTSE/JSE All-Share	76454.36	-2.35	63263.94	•	80791.36	4.7
Spain	IBEX 35	9285.00	-1.89	7261.1	•	9511.0	12.8
Sweden	OMX Stockholm	833.01	-3.49	690.07	•	906.59	6.5
Switzerland	Swiss Market	10765.26	-3.80	10072.62	•	12528.61	0.3
U.K.	FTSE 100	7748.35	<b>-2.50</b> ■	6826.15	•	8014.31	4.0
Asia-Pacific	MSCI AC Asia Pacific	157.92	<b>-2.01</b> ■	134.3	•	181.9	1.4
Australia	S&P/ASX 200	7144.70	-1.91	6433.4	•	7592.8	1.5
China	Shanghai Composite	3230.08	-2.95	2886.43	•	3409.21	4.6
Hong Kong	Hang Seng	19319.92	-6.07	14687.02	•	22688.90	-2.3
India	S&P BSE Sensex	59135.13	-1.13	51360.42	•	63284.19	-2.8
Japan	NIKKEI 225	28143.97	0.78	25162.78	•	29222.77	7.9
Malaysia	FTSE Bursa Malaysia KLCI		-1.41	1373.36	•	1607.29	-4.2
Singapore	Straits Times	3177.43	-1.69	2969.95	•	3445.01	-2.3
South Korea		2394.59	<b>-1.54</b>	2155.49	•	2759.20	7.1
Taiwan	TAIEX	15526.20	-0.53	12666.12	•	17740.56	9.8

Latest Week –

#### **Commodities and** Currencies

YTD

52-Week Range

	Close	Last Wee Net chg		YTD % chg
DJ Commodity	996.41	-31.99	-3.11	-4.99
Refinitiv/CC CRB Index	264.99	-10.06	-3.66	-4.59
Crude oil, \$ per barrel	<b>76.6</b> 8	-3.00	-3.77	-4.46
Natural gas, \$/MMBtu	2.430	-0.579	-19.24	-45.70
Gold, \$ per troy oz.	1862.00	14.30	0.77	2.32
U.S. Dollar Index	104.64	0.12	0.11	1.08
WSJ Dollar Index	97.82	0.31	0.32	1.31
Euro, per dollar	0.9397	-0.001	-0.07	0.57
<b>Yen,</b> per dollar	135.00	-0.85	-0.63	2.96
U.K. pound, in dollars	1.20	-0.0009	-0.07	-0.53
	Low	52-V Close(•)		% Chg
DJ Commodity	990.27	•	1251.61	-16.74
Refinitiv/CC CRB Index	263.69	•	329.59	-10.20
Crude oil, \$ per barrel	71.02	•	122.11	-29.86
Natural gas, \$/MMBtu	2.073	•	9.680	-48.57
Gold, \$ per troy oz.	1623.30	•	1982.90	-6.09
U.S. Dollar Index	97.79	•	114.10	5.56
WSJ Dollar Index	90.87		105.14	6.66
Euro, per dollar	0.8960		1.0422	2.57



**Forex Race** 

**U.K. pound,** in dollars 1.07 1.33 -7.70

Yen, per dollar

117.33 150.15 **15.06** 

#### Source: FactSet; Dow Jones Market Data **Consumer Rates and Returns to Investor**

#### **Selected rates U.S.** consumer rates A consumer rate against its

benchmark ove	r the past year
	7.00%
Prime rate	1-
	6.00
	New car loan
	5.00
	4.00
-	
<u> </u>	
AMJJAS	ONDJFM
2022	2022

New car loan

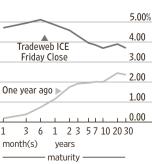
Bankrate.com avg†:	6.75%
First Savings Bank of Hegewisch	4.00%
Chicago, IL	773-646-4200
Colonial Savings, FA	5.49%
Garland, TX	972-495-4032
First Command Bank	5.49%
Fort Worth, TX	888-763-7600
Frost Bank	5.49%
Houston, TX	800-513-7678
Third Coast Bank, SSB	5.50%
Humble, TX	281-446-7000

2022 2	2023	Hum	ble, TX		281-4	281-446-7000			
Interestrate		ate (%) <del>-</del> ) Week ago		/eek Range (% 2 4 6 8		3-yr chg (pct pts)			
Federal-funds rate target	4.50-4.75	4.50-4.75	0.00	•	4.75	3.50			
Prime rate*	7.75	7.75	3.25	•	7.75	3.50			
Libor, 3-month	5.14	4.98	0.83	•	5.15	4.35			
Money market, annual yield	0.48	0.47	0.07		0.48	0.02			
Five-year CD, annual yield	2.78	2.77	0.46	•	2.79	1.57			
30-year mortgage, fixed <sup>†</sup>	7.12	7.16	4.36	•	7.41	3.41			
15-year mortgage, fixed <sup>†</sup>	6.31	6.32	3.55		6.53	3.36			
Jumbo mortgages, \$726,200	-plus <sup>†</sup> <b>7.21</b>	7.26	4.40		7.44	3.41			
Five-year adj mortgage (A	RM) <sup>†</sup> <b>5.81</b>	5.76	2.95		5.82	2.13			
New-car loan, 48-month	6.75	6.77	3.58	•	6.77	2.29			
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.  Sources: FactSet; Dow Jones Market Data; Bankrate.com									

### **Benchmark Yields and Rates**

#### Treasury yield curve Yield to maturity of current bills,

notes and bonds



WSJ Dollar Index -28 2022

Yen, euro vs. dollar; dollar vs.

major U.S. trading partners

Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

### Corporate Borrowing Rates and Yields

•		_						
D. H. H. L.	Yield (%)		Spread +/- Treasurys, in basis pts, 52-wk Range			Total Return		
Bond total return index	Last	Wk ago	Last	Low	High	52-wk	3-yr	
U.S. Treasury, Bloomberg	4.160	4.420				-7.60	-4.45	
U.S. Treasury Long, Bloomberg	3.820	4.030				-18.43	-11.75	
Aggregate, Bloomberg	4.710	4.850	n.a.	38	69	-7.36	-3.66	
Fixed-Rate MBS, Bloomberg	4.850	4.830	n.a.	21	88	-7.78	-3.53	
High Yield 100, ICE BofA	8.145	7.800	400	269	552	-3.844	1.742	
Muni Master, ICE BofA	<b>3.2</b> 84	3.429	-1	-17	11	-2.562	-1.184	
FMRI Global ID Morgan	n a	7 252	n a	n a	n a	n a	n a	

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

### **New to the Market**

#### **Public Offerings of Stock**

#### IPOs in the U.S. Market

Last Year ago

17.85 23.68

1.76 1.44

18.85

3550

18.12

All-time high 4796.56, 01/03/22

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.

Lockup expiration Issuedate		Symbol			Through Friday (%)	Lockup provision
March 14 Sept. 15, '22	Nexalin Technology	NXL	4.15	9.8	-75.4	180 days
March 14, '22	Akanda	AKAN	4.00	20.0	-69.5	365 days
Sept. 14, '22	Corebridge Financial	CRBG	21.00	1800.0	-14.9	180 days
Sept. 14, '22	Third Harmonic Bio	THRD	17.00	153.0	<b>-76.</b> 8	180 days
	•		Sources:	Dealogic: [	lones N	Aarket Data

#### **IPO Scorecard**

Performance of IPOs, most-recent listed first

		% Chg	From			% Chg	From
Company <b>SYMBOL</b> IPO date/Offer price	Friday's close (\$)	Offer price	1st-day close	Company <b>SYMBOL</b> IPO date/Offer price	Friday's close (\$)	Offer price	1st-day
Atlas Energy Solutions <b>AESI</b> March 9/\$18.00	16.50	-8.3	-2.7	Pono Capital Three <b>PTHRU</b> Feb. 10/\$10.00	10.22	2.2	0.7
Beamr Imaging BMR Feb. 28/\$4.00	3.12	-22.0	-14.5	Lucy Scientific Discovery LSDI Feb. 9/\$4.00	/ 1.55	-61.3	-48.2
SilverBox III SBXC.UT Feb. 28/\$10.00	10.08	0.8	0.1	Nextracker NXT Feb. 9/\$24.00	31.19	30.0	2.4
Distoken Acquisition <b>DISTU</b> Feb. 15/\$10.00	10.24	2.4	0.5	Lichen China <b>LICN</b> Feb. 4/\$4.00	2.03	-49.3	-40.6
The NFT Gaming Company NFTG Feb. 15/\$4.15	1.59	-61.7	-60.7	Asset Entities ASST Feb. 3/\$5.00	1.74	-65.2	-51.0
BullFrog AI <b>BFRG</b> Feb. 14/\$6.50	3.53	-45.7	-25.8	Cetus Captial Acquisition CETUU Feb. 1/\$10.00	10.24	2.4	0.0
Mars Acquisition MARXU Feb. 14/\$10.00	10.25	2.5	0.8	Brera Hldgs <b>BREA</b> Jan. 27/\$5.00	3.10	-38.0	-35.7
Belleveue Life Sciences Acquisition <b>BLACU</b> Feb. 10/\$10.00	n 10.25	2.5	0.9	TXO Energy Ptnrs <b>TXO</b> Jan. 27/\$20.00	22.58	12.9	2.0
Enlight Renewable Energy ENLT Feb. 10/\$18.00	17.04	-5.3	-4.0	Genelux <b>GNLX</b> Jan. 26/\$6.00	22.32	272.0	262.9
Mineralys Thera MLYS Feb. 10/\$16.00	16.28	1.8	-11.7	Cadrenal Thera CVKD Jan. 20/\$5.00	1.63	-67.4	-60.4

Sources: Dow Jones Market Data; FactSet

### **Public and Private Borrowing**

#### **Treasurys**

Monday, March 13 Auction of 13 and 26 week bills; announced on March 9; settles on March 16 Wednesday, March 15

Thursday, March 16 Auction of 4 and 8 week bills; announced on March 14; settles on March 21

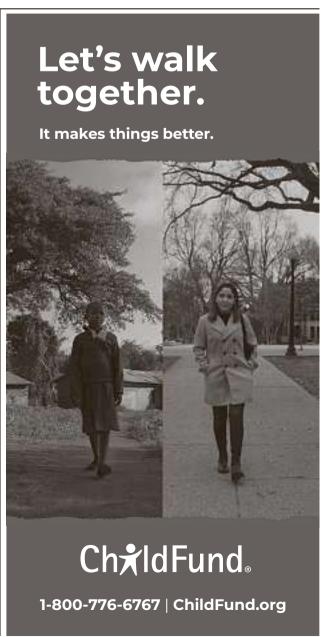
Auction of 17 week bill; announced on March 14; settles on March 21

#### A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 1,481.34 points, or 4.44%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$29,555, or a loss of 1.48%, on the \$30,000 investment, including reinvested dividends.

— Th	ne Week's	Action —			d	\$1,000 Invested(yea	or and (22)
chq (%)	) change	in average	Company	Symbol	Close <sup>₹</sup>	\$1,000 invested (yea	ir-end 22)
3.11	0.82	5.40	Intel	INTC	\$27.22		\$1,043
0.76	0.81	5.34	Merck	MRK	107.69		971
-0.39	-0.23	-1.52	Coca-Cola	KO	59.21		931
-1.46	-0.72	-4.75	Cisco	CSCO	48.56		1,027
-1.56	-2.41	-15.88	Johnson & Johnson	TNT	151.61		864
-1.68	-2.53	-16.67	Apple	AAPL	148.50		1,145
-1.77	-3.49	-23.00	Honeywell	HON	193.33		907
-2.62	-7.04	-46.40	McDonald's	MCD	262.03		1,000
-2.62	-6.70	-44.16	Microsoft	MSFT	248.59		1,039
-2.63	-3.70	-24.39	Walmart	WMT	136.97		966
-2.67	-3.76	-24.78	Procter & Gamble	PG	137.19		911
-2.85	-3.45	-22.74	Nike	NKE	117.49		1,007
-2.96	-6.94	-45.74	Amgen	AMGN	227.87		875
-3.21	-5.29	-34.87	Chevron	CVX	159.67		8 <b>9</b> 8
-3.23	-4.19	-27.62	IBM	IBM	125.45		901
-3.41	-7.63	-50.29	Visa	V	216.14		1,042
-3.81	-18.23	-120.15	UnitedHealth Group	UNH	460.33		871
-4.07	-12.14	-80.01	Home Depot	HD	286.31		913
-4.13	-1.58	-10.41	Verizon	VZ	36.68		946
-4.31	-7.91	-52.13	Travelers	TRV	175.68		942
-5.60	-12.04	-79.35	Boeing	BA	203.07		1,066
-6.47	-7.20	-47.45	3M	MMM	104.06		879
-6.97	-10.01	-65.97	JPMorgan Chase	JPM	133.65		1,004
-7.11	-13.25	-87.33	salesforce.com	CRM	173.18		1,306
-7.48	-13.39	-88.25	American Express	AXP	165.70		1,125
-7.48	-7.57	-49.89	Walt Disney	DIS	93.57		1,077
-7.61	-4.44	-29.26	Dow	DOW	53.88		1,082
-7.84	-2.83	-18.65	Walgreens	WBA	33.26		902
-8.24	-29.42	-193.90	Goldman Sachs	GS	327.67		961
-11.08	-28.30	-186.52	Caterpillar	CAT	227.01		952

\*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet.



#### THE WALL STREET JOURNAL.

### **CLOSED-END FUNDS**

52 wk Prem Ttl NAV Close/Disc Ret

Fund (SYM)

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-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. MA signifies that the information is not available or not applicable. MS 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 ending at any time other than monured 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 NAV Close / Disc Ret Fund (SYM) General Equity Funds

Adams Diversified Eq Inc ADX 17.39 14.84 -14.7 -7.0 Central Secs CET 40.70 34.01 -16.4 -10.2 CohenStrsCEOppFd FOF NA 10.66 NA -7.7
EVTxAdvDivIncm EVT NA 22.12 NA -7.2 EVTxAdvDivIncm EVT NA 22.12 NA -7.2 GabelliDiv&IncTr GDV 23.56 20.35 -13.6 -6.3 Gabelli Equity Tr GAB 5.10 5.74 +12.5 -7.4 GeneralAmer GAM 43.81 36.82 -16.0 -4.8 JHancockTaxAdvDiv HTD NA 21.70 NA -4.8 Liberty All-Star Equity USA 5.86 5.98 +2.0 -7.2 Liberty All-Star Growth ASG 5.16 5.00 -3.1 -18.7 Royce Micro-Cap Tr RMT 9.60 8.71 -9.3 -4.6 Royce Value Trust RVT 14.72 13.20 -10.3 -14.2 Surges Capital SOP 40 55 37.0 -9.2 -3.0 -9.2 -3.0 Source Capital **SOR** 40.95 37.20 -9.2 -3.0 Sprott Focus Trust **FUND** 8.51 8.29 -2.6 3.6

SRH Total Return **STEW** 4.80 12.05 -18.6 -10.2 Tri-Continental **TY** 29.07 25.75 -11.4 -5.5 **Specialized Equity Funds** abrdh Glb Prem Prop **AWP** 4.16 3.94 -5.3 -27.9 abrdn Global Infra Inc **ASGI** 20.40 17.35 -14.9 -2.0 Adams Natural Resources **PEO** 24.66 20.57 -16.6 7.8 Adams Natural Resourcets PEO 24.66 20.57 - 16.6 7.8
ASA Gold & PrecNettl ASA 16.51 14.30 - 13.4 - 37.4
BRE R.h. D. & Cli 17.84 17.40 - 2.5 - 1.1
BlackRock Energy & Res BGR 13.94 12.17 - 12.7 14.9
BlackRock Eq. Enh Div BDJ 8.61 8.66 + 0.6 5.9
BlackRock Enh Glib Div BOE 11.10 9.74 - 12.3 - 1.7
BlackRock Enh IDIV BGY 6.01 5.25 - 12.6 5.4 5.4 0.1 BlackRock ESG Cap Alloc **ECAT 16.95 14.33 -15.5** BlackRock Hith Sci Tril BMEZ 18.26 15.45 -15.4 
 BlackRock Hith Sciences
 BME
 40.48
 39.69
 -2.0
 0.7

 BlackRock Innov and Grow
 BIGZ
 9.22
 7.16
 -22.3
 -26.4

 BlackRock Res & Comm
 BCX
 11.03
 9.55
 -13.4
 -5.4
 BlackRock Sci&Tech T II BSTZ 20.11 16.73 -16.8 -27.4 BlackRock Sci&TechTrust BST 30.72 31.78 +3.5 -15.1 BlackRock Utl Inf & Pwr BUI 22.31 21.84 -2.1 -1.9 NA 16.0 NA 10.6 4 NA 11.1 | NA -7.8 CLEARBRIDGEENGYMDS OPP EMO NA 28.42 CLEARBRIDGEMLP&MDSTMTR CTR NA 28.60 ClearBridge MI P & Midstm CEM NA 32.54 NA 23.19 Cohen&SteersQualinc RQI NA 11.56 NA -19.0

I				5	2 wk
	Fund (SYM)	IAV (		rem Disc	Ttl Ret
ı	CohenStrs Real Est and I RLTY	NA	13.90	NA	-24.7
١	Cohen&Steers TotRet RFI	NA	12.11	NA	-12.0
١	CohenStrsREITPrefinc RNP	NA	20.48	NA	-4.7
١	Columbia Sel Prm Tech Gr STK	24.20	25.75	+6.4	-0.4
١	DNP Select Income DNP	8.33	11.06	+32.7	5.2
١	Duff&Ph Uti&Infra Inc Fd DPG	NA	13.60	NA	0.4
ı	EtnVncEqtyInc <b>EOI</b>	NA	15.03	NA	-8.6
ı	EtnVncEqtyIncoll <b>EOS</b>		15.57		-13.0
١	EVRskMnDvsEqInc <b>ETJ</b>		7.55		-10.4
١	ETnVncTxMgdBuyWrtInc ETB		12.92		-14.6
١	EtnVncTxMgdBuyWrtOpp <b>ETV</b>		12.53		-8.7
١	EvTxMnDvsEqInc <b>ETY</b>		11.32	NA	-7.1
١	EtnVncTxMgdGlbB <b>ETW</b>	NA	7.83		-12.1
ı	EVTxMnGblDvEqInc <b>EXG</b>	NA	7.50	NA	-8.4
١	Ecofin S&S Impact Term <b>TEAF</b>		12.80	NA	-2.5
ı	First Trust Energy Inc G FEN				
ı	First Tr Enhanced Eq FFA			-3.6	-8.8
ı	FirstTrEnergyInfra FIF		14.09	NA	2.5
ı	FirstTrMLPEner&Inc FEI Gabelli Healthcare GRX	8.84		-14.0	4.6
ı	Gab Utility <b>GUT</b>	3.38		-14.8 106.5	13.3
ı	GAMCOGIGold&NatRes GGN	3.75	3.55	-5.3	-1.2
ı	J Han Finl Opptys BTO		30.02		-27.0
ı	Neuberger Brmn MLP & El NML	7.79		-13.5	18.9
ı	Neuberger Nxt Gen Conn NBXG			-19.1	
ı	Nuv Dow 30 Dyn Overwrite DIAX		14.61	NA	-1.9
ı	NuvCorEqAlpha <b>JCE</b>		12.26	NA	-6.8
ı	Nuveen Nasdag 100 Dyn Ov QQQX		22.76	NA	-2.7
ı	Nuv Real Est <b>JRS</b>	NA	7.86	NA	-24.8
ı	Nuveen RI Asst Inc & Gro JRI	NA	11.48	NA	-12.7
ı	NuvS&P500DynOvFd SPXX	NA	15.16	NA	-4.3
ı	NuvSP500BuyIncFd BXMX	NA	12.84	NA	4.3
ı	ReavesUtilityIncome UTG			+0.7	-12.6
ı	Tortoise Enrgy Infra Crp <b>TYG</b>		29.17	NA	-0.9
ı	Tortoise Midstream Enrgy NTG		33.60	NA	3.8
ı	VDivInt&PremStr NFJ		11.37	NA	-8.8
ı	V Art Int&Tech Opps AIO		16.46	NA	-11.3
ı	Income & Preferred St				
ı	CalamosStratTot CSQ		13.47	NA	-7.6
ı	CohenStrsLtdDurPref&Inc LDP		19.52	NA	-4.3
J	CohenStrsSelPref&Income PSF		20.02	NA	-1.5
J	CohenStrsTaxAvPreSecs&l PTA Dividend and Income DNI		18.38 NA	NA NA	-5.7 NA
ı	Dividend and income DNI  FirstTriptDurDrofCips EDE				

FirstTrIntDurPref&Inc **FPF** 18.97 16.86 -11.1 -13.2
JHanPrefInc **HPI** NA 15.88 NA -6.3

NA 16.27 NA 14.40

NA 12.48 NA 11.97

NA 11.86

NA 7.07

NA NA -2.4 -8.6

NA -6.8 NA -8.6 NA -8.0

NA

NA -12.4

JHPrefincil **HPF** HnckJPfdInco III **HPS** 

Nuveen Multi-Asset Inc NMAI

Nuveen Pref & Inc Opp JPC

Nuveen Pref & Inc Term JPI NA 19.00

J Han Prm **PDT** 

LMP Caplnco **SCD** 

Nuveen Var Rate P&I NPFD	NA	17.04	NA	-17.4
TCW Strat Income TSI	NA	4.92	NA	3.4
Convertible Sec's. Fur	nds			
AdvntCnvrtbl&IncFd AVK	12.28	11.69	-4.8	-10.9
CalamosConvHi CHY	NA	11.97	NA	1.0
CalmosConvOp CHI	NA	11.53	NA	4.3
Ellsworth G&I Fund Ltd ECF	9.48	8.58	-9.5	-10.4
V Conv & Inc NCV	NA	3,32	NA	-18.9
V Conv & Inc II NCZ	NA	2.87	NA	-20.7
V Div Inc & Conv ACV	NA	19.47	NA	-11.0
V Eqty & Conv Inc NIE	NA	18.81	NA	-9.1
World Equity Funds				
abrdn Emg Mkts Eq Inc AEF	5.80	5.14	-11.4	-11.4
abrdn Tot Dyn Div AOD	9.03	7.87	-12.8	-5.2
Allspring GI Div Oppty EOD	4.55	4.53	-0.4	-2.0
BlackRock Capital Alloc BCAT	17.00	14.57	-14.3	-2.4
Calamos GloDynInc CHW	NA	5.89	NA	-20.1
EV TxAdvGlbDivInc ETG	NA	15.33	NA	-9.9
EtnVncTxAdvOpp ETO		21.26	NA	-12.9
FirstTr Dyn Euro Eq Inc FDEU	13.18	11.76	-10.8	8.6
Gabelli Multimedia GGT	4.06	5.92	+45.8	-22.8
GDL Fund GDL	10.06	7.90	-21.5	-2.0
Highland Global Alloc HGLB	NA	9.59	NA	7.0
India Fund <b>IFN</b>		15.14	-2.6	
Japan Smaller Cap JOF				
LazardGlbTotRetInc LGI			-8.0	
Mexico MXF		16.29	NA	13.2
Miller/Howard High Inc E HIE			-6.0	2.6
MS ChinaShrFd CAF		14.31		-13.3
MS India IIF		19.70		0.1
MS CBRE GI In Mg <b>MEGI</b>		13.60	NA	-18.0
Templeton Dragon TDF				-12.2
Templeton Em Mkt EMF	12.87	11.32	-12.0	-3.6
			rem1	
Fund (SYM) N	IAV C	lose/	Disc	Yld
U.S. Mortgage Bond F	unds			
BlckRk Income <b>BKT</b>	12.97	12.45	-4.0	8.8

abrdn Tot Dyn Div AOD	9.03	7.87	-12.8	-5.2
Allspring GI Div Oppty EOD	4.55	4.53	-0.4	-2.0
BlackRock Capital Alloc BCAT	17.00	14.57	-14.3	-2.4
Calamos GloDynInc CHW	NA	5.89	NA	-20.1
EV TxAdvGlbDivInc ETG	NA	15.33	NA	-9.9
EtnVncTxAdvOpp ETO	NA	21.26	NA	-12.9
FirstTr Dyn Euro Eq Inc <b>FDEU</b>	13.18	11.76	-10.8	8.6
Gabelli Multimedia GGT	4.06	5.92	+45.8	-22.8
GDL Fund GDL				
Highland Global Alloc HGLB	NA	9.59	NA	7.0
ndia Fund <b>IFN</b>		15.14		
Japan Smaller Cap JOF	8.37	6.97	-16.7	-2.3
_azardGlbTotRetInc <b>LGI</b>	15.92	14.65	-8.0	-2.9
Mexico <b>MXF</b>	NA	16.29	NA	13.2
Miller/Howard High Inc E HIE	10.84	10.19	-6.0	2.6
MS ChinaShrFd <b>CAF</b>	16.91	14.31	-15.4	-13.3
MS India <b>IIF</b>	23.84	19.70	-17.4	0.1
MS CBRE Gl In Mg <b>MEGI</b>				
Templeton Dragon <b>TDF</b>				
Templeton Em Mkt <b>EMF</b>	12.87	11.32	-12.0	-3.6
			rem1	
Fund (SYM) N	IAV C	lose/	Disc	Yld
U.S. Mortgage Bond F	unds			
BlckRk Income <b>BKT</b>	12.97	12.45	-4.0	8.8
nvesco HI 2023 Tgt Term IHIT			-2.7	5.5
nvestment Grade Bo				
Angel Oak FS Inc Trm <b>FINS</b>				
RIRck Core Rond RHK	11 01	10 58	-3 0	22

BIRck Core Bond **BHK** 11.01 10.58 BR Credit Alloc Inc **BTZ** 11.32 10.26 11.81 10.76 3.00 2.76 J Han Income JHS MFS Intmdt MIN Western Asset Inf-Lk Inc **WIA** Western Asset Inf-Lk O&I **WIW** NA 8.55 NA 15.4 NA 9.00 NA 11.9 Westn Asst IG Def Opp Tr IGI NA 16.35 NA Loan Participation Funds Apollo Senior Floating **AFT** NA 12.67 NA BR Debt Strategy **DSU** 10.71 9.55 -10.8

BR F/R Inc Str **FRA** 13.16 11.66 -11.4 BlackRock Floatng Rt Inc **BGT** 12.77 11.35 -11.1 Blackstone Strat Cr **BGB** 12.31 10.78 -12.4
EtnVncFltRteInc **EFT** NA 11.48 NA
EV SenFIRtTr **EFR** NA 11.60 NA EV SenFIRtTr **EFR** NA 11.60 NA FT/Sr Fltg Rte Inc 2 **FCT** 11.12 9.63 -13.4 Highland Income HFRO NA 9.29
InvDYCrOpp:AX VTA 11.15 NA InvSnrIncTr **VVR** 4.10 3.98 Nuveen Credit Strat Inc **JQC** NA 5.16 -2.9 11.8 NA 9.6 NuvFloatRateIncFd JFR NA 8.13 NuvFloatRteIncOppty **JRO** Nuveen Senior Income NSL NA 4.70 NA **High Yield Bond Funds** 

AllianceBernGlHilncm **AWF** 10.52 9.78 -7.0 8.7 Allspring Income Oppty **EAD** 7.00 6.46 -7.7 10.2 Barings Glb SD HY Bd **BGH** 14.69 13.25 BR Corporate HY **HYT** 9.34 8.57 BlackRock Ltd Dur Inc **BLW 13.59 13.02** DoubleLine Yld Opps **DLY** FirstTr Hi Inc Lng/Shrt **FSD** 12.47 11.12 -10.8 10.8 First Trust HY Opp. 2027 **FTHY** 15.48 13.54 -12.5 10.8 Franklin Univ FT 7.41 6.82 KKR Income Opportunities **KIO** Nuveen Global High Inc **JGH** PGIM Global High Yield **GHY** NA 11.45 11.1 NA 10.8 NA 10.0 PGIM High Yield Bond ISD NA 12.12 PGIM Sh Dur Hi Yld Opp **SDHY** Pioneer Hilnom **PHT** 7.64 6.76 -11.5 10.4 NA 5.17 NA 10.6 WstAstHIF II HIX NA 5.17
Western Asset Hi Inc Opp HIO NA 3.96 Western Asset Hi Yld D O HYI NA 12.07

Other Domestic Taxable Bond Funds Allspring Multi-Sector ERC 9.60 9.29
Apollo Tactical Income AIF NA 12.27
Ares Dynamic Crdt Alloc ARDC NA 12.00 BlackRock Mlt-Sctr Inc BIT 14.72 14.82 +0.7 BlackRock Tax Muni Bd BBN 17.97 17.57
DoubleLine:Oppor Crdt Fd DBL NA 14.43
EVLmtDurIncm EVV NA 9.98 -2.2 NA 8.1 8.9

No. of shrs in Price range (\$) \$ Value

### **Currencies**

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

			US\$ VS,				US\$VS
Country/currency	in US\$	Fri —— per US\$	YTD chg (%)	Country/currency	in US\$	Fri —— per US\$	YTD cho
Americas				<b>Vietnam</b> dong	.00004224	23675	0.2
Argentina peso	.00502	200.7494	13.6	Europe			
Brazil real	.1917	5.2170	-1.3	Czech Rep. koruna	.04499	22.227	-1.5
Canada dollar	.7231	1.3830	2.0	<b>Denmark</b> krone	.1430	6.9951	0.7
Chile peso	.001253	798.15	-5.9	Euro area euro	1.0642	.9397	0.6
Colombiapeso	.000212	4718.63	<b>-2.6</b> 8	<b>Hungary</b> forint	.002778	360.02	-3.6
Ecuador US dollar	1	1	unch	Iceland krona	.007082	141.21	-0.2
Mexico peso	.0541	18.4966	-5.1	Norway krone	.0940	10.6346	8.4
<b>Uruguay</b> peso	.02558	39.0929	-2.2	<b>Poland</b> zloty	.2274	4.3977	0.4
Asia-Pacific				Russia ruble	.01312	76.200	3.3
	4502	1.5193	3.5	Sweden krona	.0933	10.7178	2.7
Australiadollar	.6582			Switzerland franc	1.0852	.9215	-0.4
China yuan	.1448 .1274	6.9063 7.8472	0.1	Turkey lira	.0527	18.9617	1.5
Hong Kong dollar			0.5	<b>Ukraine</b> hryvnia	.0271	36.8500	unch
India rupee	.01219	82.018	-0.9	<b>UK</b> pound	1.2034	.8310	0.5
Indonesia rupiah	.0000645	15503	-0.4	Middle East/Afri	ica		
Japan yen	.007407	135.00	3.0			2770	0.03
Kazakhstan tenge	.002223	449.91		Bahrain dinar	2.6529	.3770	
Macau pataca	.1243	8.0462		Egypt pound		30.8989	
Malaysia ringgit	.2213	4.5195	2.6	Israel shekel	.2781	3.5955	2.0
New Zealand dollar	.6132	1.6308	3.6	Kuwait dinar	3.2583	.3069	0.3
Pakistan rupee		279.312		Oman sul rial	2.5970	.3851	
Philippines peso	.0181	55.180		Qatar rial	.2743	3.646	-0.6
Singapore dollar	.7407	1.3501	0.7	Saudi Arabia riyal	.2664	3.7542	-0.1
South Korea won	.0007572		4.7	South Africa rand	.0546	18.3224	7.6
Sri Lanka rupee	.0030917	323.45			Close Net 0	ha %Cha	VTD% Cho
Taiwan dollar	.03242	30.844	0.7	WC I Dallanda dan			
<b>Thailand</b> baht	.02873	34.810	0.5	WSJ Dollar Index	97.82 -0.	53-0.54	1.31

**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  $\textbf{l.} indirect transaction filed through a trust, insider spouse, minor child or other \\ \textbf{O:} officer \\ \textbf{OD:} officer and director \\ \textbf{P:} president \\ \textbf{UT:}$ unknown **VP:** vice president Excludes pure options transactions

### **Biggest weekly individual trades**

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	trans (000s)	in transaction	(000s)	Close (\$)	Ytd (%)
Buyer	S								
Mar. 2 Mar. 6-8	DISH Network	DISH	J. Defranco J. Defranco	DI D	1,450 800*	10.84 10.88-11.46	15,718 8,843	10.53	-25.0
Mar. 7-8	FIGS	FIGS	C. Spear	CEOI	790	6.06-6.32	4,979	5.90	-12.3
Mar. 6-7	Grocery Outlet Holding	GO	E. Ragatz	D	111*	27.25-27.30	3,038	26.70	-8.5
Mar. 6-7	Cassava Sciences	SAVA	R. Barry	DI	89	25.76-26.13	2,293	24.90	-15.7
Mar. 2-3 Mar. 3	Keurig Dr Pepper	KDP	S. Priyadarshi R. Johnson	CFO O	50 23	34.36-34.47 34.55	1,719 795	34.32	-3.8
Mar. 8	Essential Utilities	WTRG	C. Franklin	CEOI	37	40.70	1,516	41.68	-12.7
Mar. 2	Domino's Pizza	DPZ	R. Weiner	CEOI	3	302.89-304.50	1,012	300.16	-13.3
Mar. 3	Montrose Environmental Group	MEG	J. Price	D	28	36.18-37.00	1,000	32.71	-26.3
Mar. 8	Domo	DOMO	J. Pestana	DI	73	13.68	991	12.36	-13.2
Mar. 9	Uniti Group	UNIT	K. Gunderman	CEO	225	4.37	983	4.28	-22.6
Mar. 6-7	RE/MAX Holdings	RMAX	A. Peterson	BI	45	17.75-18.15	806	17.29	-7.2
Mar. 7	B. Riley Financial	RILY	B. Riley	CEO	19*	40.45-40.58	770	32.08	-6.2
Mar. 6-8	Bluerock Homes Trust	ВНМ	P. Sanda	BI	37	20.05-20.44	760	18.51	-13.1
Mar. 6	Black Stone Minerals	BSM	D. Dewalch	D	34*	15.85-15.85	543	14.42	-14.5
Mar. 3 Mar. 3	iHeartMedia	IHRT	R. Pittman R. Bressler	CEO P	95 95	5.56 5.53	525 523	4.90	-20.1

### Sellers

Mar. 6	DoubleVerify Holdings	DV	R. Noell	DOI	14,375	26.50	380,938	24.66	12.3
Mar. 6-8 Mar. 6-8 Mar. 6-8 Mar. 2-3 Mar. 2-3 Mar. 2-3	Walmart	WMT	J. Walton S. Walton A. Walton S. Walton J. Walton A. Walton	BI DOI BI DOI BI BI	1,868 1,868 1,868 1,692 1,692 1,692	138.18-141.34 138.18-141.34 138.18-141.34 140.47-141.04 140.47-141.04 140.47-141.04	260,822 260,822 260,822 237,730 237,730 237,730	136.97	-3.4
Mar.3 Mar.3 Mar.3 Mar.3	Wendy's	WEN	E. Garden P. May M. Peltz N. Peltz	BI DOI DI DOI	3,628 3,628 3,628 3,628	22.05 22.05 22.05 22.05	79,988 79,988 79,988 79,988	20.88	-7.7
Mar. 6	Celsius Holdings	CELH	S. Chau Hoi	BI	554	90.25	50,000	83.01	-20.2
Mar. 8	Bumble	BMBL	W. Herd	CEOI	2,000	22.17	44,346	19.52	-7.3
Mar. 3	W.W. Grainger	GWW	D. Macpherson	CEO	49	690.34-697.45	34,108	677.88	21.9
Mar. 1-2	Hims Hers Health	HIMS	A. Bard	DI	2,819	10.78-11.55	30,775	8.97	39.9
Mar. 3-6	Liberty Media	FWONK	J. Malone	СВ	405	73.43-75.53	30,311	68.05	13.8
Mar. 2	Roblox	RBLX	D. Baszucki	CEO	650*	37.32-39.10	24,792	40.05	40.7
Mar. 3	Duolingo	DUOL	A. Von	CEO	154	112.22-120.11	18,166	117.78	65.6

\* Half the transactions were indirect \*\*Two day transaction

### Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	598,583	37,273,648	Finance	8,261,926	65,898,942
Capital Goods	2,034,618	108,686,554	Health care	4,457,092	237,061,763
Consumer durables	37,250	38,849,134	<b>Public Utilities</b>	1,526,930	2,107,849
Consumer non-durables	949,540	35,078,513	Technology	1,905,114	377,195,494
Consumer services	10,906,102	176,613,288	Transportation	116,549	3,645,101
Energy	1,396,510	47,543,997			

Sources: Refinitiv; Dow Jones Market Data

			Prem 1				rem1					em1	
		lose /		Yld	Fund (SYM) NAV C			Yld			lose/[		Yld
Franklin Ltd Dur Income FTF				11.8		8.55	NA	3.6	Invesco Sr Loan A	5.84	NA	NA	9.2
J Han Investors JHI		12.41	-8.8	9.0		10.83	NA	5.2	Invesco Sr Loan C Invesco Sr Loan IB	5.86 5.84	NA NA	NA NA	8.4 9.5
MFS Charter MCR NuvCorePlusImpact NPCT		6.39 10.57	-6.4 NA	0.0 11.3		11.32 10.31	NA NA	4.9 5.1	Invesco Sr Loan IC	5.84	NA	NA	9.3
Nuveen Taxable Muni Inc NBB		16.19	NA	7.3	, .	10.63	NA	5.1	Invesco Sr Loan Y	5.84	NA	NA	9.5
PIMCO Corp & Inc Oppty PTY		12.66	NA	11.9		12.37	NA	3.6	Lord Abbett FR Hi Inc:A		NA	NA	NS
PIMCO Corp & Inc Strat PCN		12.86	NA	11.1		11.13	NA	4.4	Lord Abbett FR Hi Inc:l		NA	NA	NS
PIMCOHilnco PHK	NA	4.91	NA	11.4	Nuveen VA Qlty Mun Inc NPV NA	11.22	NA	4.6	Monachil Credit Income: I OFS Credit Company <b>OCCI</b>		NA 10.16	NA NA	NS NA
PIMCO IncmStrFd <b>PFL</b>	NA		NA	11.3	PIMCO CA PCQ 10.36	10.09	-2.6	7.0	Yieldstreet Prism	NA NA	10.16 NA	NA	8.7
PIMCO IncmStrFd II <b>PFN</b>	NA		NA	11.4	PIMCOCAMunill <b>PCK</b> 6.58	5.95	-9.6	6.0	High Yield Bond Fund		IVA	IVA	0.7
Putnam Prem Inc PPT		3.57	-8.5	8.4				2 wk	Apollo Diversified Cd:A	NA	NA	NA	7.3
Western Asset Dvsfd Inc WDI World Income Funds	NA	13.51	NA	10.5	Fund (SVM) NAV C		rem	Ttl	Apollo Diversified Cd:C	NA	NA	NA	7.2
abrdn AP IncFd <b>FAX</b>	3.14	2 71	-13.7	12.0	Fund (SYM) NAV C	056/	DISC	Ret	Apollo Diversified Cd:F	NA	NA	NA	8.5
MS EmMktDomDebt EDD		4.53		6.6	General Equity Funds Alternative Strategies: 5.09	NA	ΝΛ	-12.6	Apollo Diversified Cd:I Apollo Diversified Cd:L	NA NA	NA NA	NA NA	7.4 7.3
PIMCO Access Income PAXS		14.38	NA	13.8	Specialized Equity Funds	IVA	IVA	12.0	Apollo Diversified Cd:M	NA	NA	NA	7.2
PIMCO Dynamic Income PDI		18.89	NA	16.8		18.13	NA	NA	Opprtnstc Crdt Intrvl;I		NA	NA	NS
PIMCO Dynamic Inc Opp <b>PDO</b>	NA	12.76	NA	17.9	CBRE GlbRIEst IGR 6.20	5.61		-23.6	Peak Income Plus	10.00	NA	NA	NS
PIMCO Stratg Inc <b>RCS</b>	NA		NA	10.8	CIM RA&C A 25.66	NA	NA	3.1	PIMCO Flexible Cr I;A-1	NA	NA	NA	15.3
Templeton Em Inc TEI	NA		NA	11.8	CIM RA&C C 25.12 CIM RA&C I 25.84	NA NA	NA NA	2.4 3.3	PIMCO Flexible Cr I;A-2	NA	NA	NA	15.3
Templtn Glbl Inc GIM	NA		NA	9.1	CIM RA&C I <b>25.84</b> CIM RA&C L <b>25.46</b>	NA	NA	2.8	PIMCO Flexible Cr I;A-3 PIMCO Flexible Cr I;A-4	NA 7.03	NA NA	NA NA	15.0 15.0
WstAstEmergDebt <b>EMD</b> Western Asset GICr D Op <b>GDO</b>	NA	8.70 12.58	NA NA	9.5 9.5	First Tr Real Assets;I NA	NA	NA	NS	PIMCO Flexible Cr I;Inst	NA	NA	NA	15.8
National Muni Bond F		12.50	IVA	9.5	Forum RE Income;I 9.35	NA	NA	NS	Other Domestic Taxa				
AllBerNatlMunInc <b>AFB</b>		10.44	-14.5	4.8	PIMCO Flexible REI;Inst 10.20	NA	NA	NS	AFA MMC;Inst	9.46	NA	NA	9.3
BlckRk Inv Q Mun <b>BKN</b>				6.0	PREDEX;I 29.30	NA	NA	2.0	AFA MMC;Inv	NA	NA	NA	9.3
BlackRock Muni 2030 Tgt BTT			-9.4	3.4	PREDEX;T 29.48	NA	NA	1.8	Alternative Credit Inc:A	9.92	NA	NA	6.9
BlackRock Muni <b>BFK</b>	11.40	10.09	-11.5	5.4	PREDEX;W 29.48 SS Priv Venture & Gr:D NA	NA NA	NA NA	1.8 NS	Alternative Credit Inc:C Alternative Credit Inc:I	9.94	NA NA	NA NA	6.1 7.2
BlackRock Muni II BLE	11.81	10.47	-11.3	5.3	SS Priv Venture & Gr:I NA	NA	NA	NS	Alternative Credit Inc.L	9.92	NA	NA	6.7
BlckRk Muni Inc Qly <b>BYM</b>				5.4	SS Priv Venture & Gr:S NA	NA	NA	NS	Alternative Credit Inc:W	9.92	NA	NA	6.9
BR MuniAssets Fd MUA			-8.7	5.3	SS Priv Venture & Gr;T NA	NA	NA	NS	Angel Oak Str Crdt:FI	NA	NA	NA	NS
BR MH Qly 2 MUE		9.87		5.6	The Private Shares; A 41.10	NA	NA	-3.5	Angel Oak Str Crdt:Inst	NA	NA	NA	8.5
BR MuniHoldings MHD				5.5 5.1	The Private Shares; 41.69	NA	NA	-3.3	BR Credit Strat;A	8.69	NA	NA	6.6
BR MuniVest Fd <b>MVF</b> BR MuniVest 2 <b>MVT</b>				5.2	The Private Shares;L 40.55 Thirdline Real Estatel 10.10	NA NA	NA NA	-3.7 6.0	BR Credit Strat;Inst	8.66	NA	NA	7.5
BR MuniYield Fd MYD				5.4	USQ Core Real Estate: 28.27	NA	NA	0.6	BR Credit Strat;U BR Credit Strat;W	8.69 8.69	NA NA	NA NA	6.6 6.6
BR MuniYield Qlty MQY				5.5	USQ Core Real Estate:IS 28.32	NA	NA	0.7	BlackRock Mlt-Sctr Oppty		NA	NA	8.9
BR MuniYld Qlty2 MQT				5.6	Versus Cap MMgr RE Inc.l 28.08	NA	NA	NE	BlackRock Mlt-Sec Opp II		NA	NA	8.8
BR MuniYld Qly 3 MYI				5.1	Versus Capital Real Asst 27.31	NA	NA	3.8	CION Ares Dvsfd Crdt;A	NA	NA	NA	6.0
BNY Mellon Muni Bd Infra DMB			-7.6	5.3	Wildermuth:A 11.91	NA	NA	-9.5	CION Ares Dvsfd Crdt;C	NA	NA	NA	5.8
BNY Mellon Str Muni Bond DSM				5.7	Wildermuth:C 11.23 Wildermuth:l 12.06	NA NA	NA NA	-10.2 -9.3	CION Ares Dysfd Crdt;	NA	NA	NA	6.2
BNY Mellon Strat Muni <b>LEO</b>			-9.5	5.3	Income & Preferred Stock Fu		NA	-9.5	CION Ares Dvsfd Crdt;L CION Ares Dvsfd Crdt;U	NA NA	NA NA	NA NA	6.0 5.8
Del Inv Natl Muni Income VFL		10.30	NA	5.1	Alpha Alternative Assets <b>6.46</b>	NA	NA	-7.3	CION Ares Dysfd Crdt:U2	NA	NA	NA	5.8
DWS Muni Inc KTF		8.59		4.5		15.86	NA	NA	CION Ares Dysfd Crdt;W	NA	NA	NA	6.0
EVMuniBd <b>EIM</b> EVMunilncm <b>EVN</b>		10.07 9.99	NA NA	4.7 5.3	Carlyle AlpInv Pvt Mkt:I NA	NA	NA	NS	CNR Select Strategies	NA	NA	NA	0.0
EVNatMuniOpp <b>EOT</b>		16.82	NA	4.2	Constitution Cap Acs A NA	NA	NA	NS	First Eagle Crdt Opps A		NA	NA	8.1
InvAdvMuIncTrII <b>VKI</b>		8.42		5.8	Constitution Cap Acs D NA	NA	NA	NS	First Eagle Crdt Opps A2		NA	NA	NS
Invesco MuniOp <b>OIA</b>	6.33		+5.1	5.0	Flat Rock Opportunity 19.35 Lord Abbett Spec Sit I:A 8.94	NA NA	NA NA	1.3 -2.7	First Eagle Crdt Opps I First Trust Private Cr;I		NA NA	NA NA	8.6 NS
InvescoMuOppTr VMO			-12.2	5.6	Lord Abbett Spec Sit I:I 8.94	NA	NA	-1.5	Franklin BSP Pvt Cr:A	10.19	NA	NA	NS
InvescoMuTr VKQ	10.76	9.41	-12.5	5.6	Variant Altrntv Inc:Inst 29.06	NA	NA	8.8	Franklin BSP Pvt Cr:Adv	10.20	NA	NA	NS
InvescoQual Inc IQI	10.82		-12.0	5.5	Variant Impact;Instl 26.89	NA	NA	12.2	FS Credit Income;A	NA	NA	NA	6.0
InvTrInvGrMu <b>VGM</b>		9.81		5.6	Convertible Sec's. Funds				FS Credit Income;I	NA	NA	NA	6.2
InvescoValMuninc IIM				5.5 5.8	Calmos Dyn Conv and Inc CCD NA : World Equity Funds	22.32	NA	NA	FS Credit Income;T	NA	NA	NA	5.7
MAINSTAY:MKDEFTRMUNOP MMD NeubrarBrm NBH		17.69 10.36	NA -12.0	5.8	ACAP Strategic:A 15.26	NA	NΔ	-13.8	FS Credit Income;U FS Credit Income;U-2	NA NA	NA NA	NA NA	5.5 6.1
Nuveen AMT-Fr Mu Val <b>NUW</b>		13.64	NA	3.4	ACAP Strategic:W 11.37	NA		-13.2	GL Beyond Income	0.43	NA	NA	NE
Nuveen AMT-Fr Qlty Mun I NEA		10.87	NA	5.3	CalamosGlbTotRet CGO NA	9.56	NA	NA	KKR CREDIT OPPTY;D	NA	NA	NA	8.8
Nuveen AMT-Fr Mu CI NVG		11.57	NA	5.9	Cantor Fitzgerald SI:A 10.10	NA	NA	NS	KKR CREDIT OPPTY;I	NA	NA	NA	9.0
Nuveen Dyn Muni Opp NDMO	NA	11.06	NA	8.4	Primark Priv Eq Inv: 11.13	NA	NA	-5.8	KKR CREDIT OPPTY;T	NA	NA	NA	8.2
Nuveen Int Dur Mun Term NID		12.94	NA	4.2	Sweater Cashmere 20.60 Thornburg Inc Bldr Opps <b>TBLD.0</b> 16.73	NA 1460	NA -12.2	NS 0.0	KKR CREDIT OPPTY;U Palmer Square Opp Inc	NA 17.00	NA	NA	8.2
Nuveen Mu Crdt Opps <b>NMCO</b>		10.97	NA	6.4		6.18	NA	NA	The Finite Solar Finance	9.95	NA NA	NA NA	7.2 0.2
Nuv Muni Credit Income NZF		11.63	NA	5.5			rem1		Thrivent Church Ln&Inc:S	9.11	NA	NA	3.4
NuvMuniHilncOpp <b>NMZ</b> Nuveen Muni Val <b>NUV</b>		10.30 8.63	NA	6.7	Fund (SYM) NAV C			Yld	World Income Funds				
Nuveen Quality Muni Inc <b>NAD</b>		11.24	NA NA	3.7 5.4	U.S. Mortgage Bond Funds			_	BlueBay Destra Itl E:A		NA	NA	17.6
Nuveen Sel TF <b>NXP</b>		14.03	NA	3.7	Arca US Treasury NA	NA	NA	NE	BlueBay Destra Itl E:I	23.33	NA	NA	17.9
PIMCO Munilnc <b>PMF</b>		9.55	-0.6	6.1	Ellington Inc Opp:A 8.55	NA	NA	6.6	BlueBay Destra Itl E:L BlueBay Destra Itl E:T		NA NA	NA NA	17.4 17.3
PIMCOMuniInclI <b>PML</b>		9.03		7.3	Ellington Inc Opp:M 8.45 <b>Loan Participation Funds</b>	NA	NA	7.2	Carlyle Tact Pvt Cred:A	NA	NA	NA	8.4
Pimco Muni III <b>PMX</b>		7.89	-2.6	6.5	1WS Credit Income;A2 NA	NA	NA	6.3	Carlyle Tact Pvt Cred:I	NA	NA	NA	8.9
PioneerHilncAdv MAV				6.2	1WS Credit Income;Inst NA	NA	NA	6.2	Carlyle Tact Pvt Cred:L	NA	NA	NA	8.3
PionrMuniHilncOppty MIO				6.6	AlphCntrc Prime Merid In 8.37	NA	NA	14.7	Carlyle Tact Pvt Cred:M	NA	NA	NA	8.1
PioneerMunHilcm <b>MHI</b> Putnam Mgd Inc <b>PMM</b>				6.0 5.6	Axonic Alternative Inc NA	NA	NA	9.5	Carlyle Tact Pvt Cred:N Carlyle Tact Pvt Cred:U	NA NA	NA NA	NA NA	9.0 NS
Putnam Muni Opp <b>PMO</b>				5.5	Blackstone FR EI D 21.26 Blackstone FR EI I 21.23	NA	NA NA	7.7 8.0	Carlyle Tact Pvt Cred:Y	NA	NA	NA	8.7
RiverNorth Flx Mu Inc II <b>RFMZ</b>				7.9	Blackstone FR EII 21.23 Blackstone FR EIT 21.19	NA NA	NA	7.5	Lord Abbett Cred Opps Fd	8.93	NA	NA	7.8
RiverNorth Mgd Dur Mun I RMM			-4.6	7.1	Blackstone FR EIT-I 21.71	NA	NA	7.5	Lord Abbett Cred Opps Fd	8.93	NA	NA	8.6
Western Asset Mgd Muni MMU	NA	10.06	NA	4.5	Blackstone FR EI U 22.13	NA	NA	7.5	Lord Abbett Crd Op:U	8.93	NA	NA	7.8
Single State Muni Bor	ıd				Bluerock HI Inst Crd:A NA	NA	NA	NS	Oaktree Dysfd Income;D	8.84	NA	NA	7.3
BlackRock CA Mun BFZ				4.2	Bluerock HI Inst Crd:C NA	NA	NA	NS	PIMCO Flexible EM I;Inst National Muni Bond F	8.15	NA	NA	NS
BR MH CA Qly Fd Inc MUC				5.4	Bluerock HI Inst Crd:F NA Bluerock HI Inst Crd:I NA	NA NA	NA NA	NS NS	Ecofin Tax-Exempt Prv Cr	8.91	NA	NA	5.1
BR MH NJ QIy <b>MUJ</b> BR MH NY QIy <b>MHN</b>		11.12		5.9 5.1	BNYM Alcntr Glb MS CrFd 84.86	NA	NA	8.0	Lind Cap Pt Mun Cred Inc	8.77	NA	NA	4.6
BR MuniYld MI Qly MIY		10.33		5.1	CliffwaterCIFd;I 10.64	NA	NA	7.9	Nuveen En HY Muni Bd:A1	7.19	NA	NA	5.2
BR MuniYld NY Qly MYN				4.9	CliffwaterElFd;A NA	NA	NA	9.2	Nuveen En HY Muni Bd:A2	7.20	NA	NA	NS
BlackRock NY Mun BNY				4.9	CNR Strategic Credit NA	NA	NA	20.2	Nuveen En HY Muni Bd:l PIMCO Flex Mun Inc;A-3	7.19 9.85	NA NA	NA NA	6.0
EVCAMuniBd <b>EVM</b>		8.96	NA	4.6	Eagle Point Instl Income NA Equalize Community Dev 9.23	NA NA	NA NA	NS 3.1	PIMCO Flex Mun Inc;A-3 PIMCO Flex Mun Inc:A1	9.85	NA NA	NA NA	3.2 3.4
Eaton Vance NY Muni Bd ENX		9.20	NA	4.1	FedProj&TrFinanceTendr 9.84	NA	NA	5.6	PIMCO Flex Mun Inc;A2	9.85	NA	NA	3.4
InvCaValMuIncTr <b>VCV</b>				5.2	Flat Rock Core Income NA	NA	NA	6.7	PIMCO Flex Mun Inc;Inst	9.85	NA	NA	3.9
InvPAValMuIncTr <b>VPV</b>				5.0	InvDYCrOpp:A 11.15	NA	NA	8.2	Single State Muni Bo				
InvTrInvGrNYMu VTN				4.8 5.1	InvDYCrOpp:R6 11.16	NA	NA	8.6	PIMCO CA FMI;A-1	9.94	NA	NA	NS
Nuveen CA AMT-F Qual MI NKX	NA	TT.05	NA	5.1	InvDYCrOpp:Y 11.15	NA	NA	8.5	PIMCO CA FMI;Inst	9.94	NA	NA	NS
D	_			_									_

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

### **Money Rates**

Switzerland

Britain

U.S.

Australia

March 10, 2023

Latest

DTCC GCF Repo Index

Treasury

**6.50** 6.50 6.50 2.00

**n.a.** 4.84 4.84 0.50

4.70914 4.80600 0.39657

4.98400 5.15371 0.82600 5.31571 5.49986 1.13057

5.69443 5.88071 1.59600

4.55 4.56 0.05

Value – 52-Week – Traded High Low

**4.574** 22.100 4.597 0.030

**4.582** 34.550 4.644 0.042

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

ı	guide to	general.	eveis	butut	Jii Calw	aysiepiese	ent acti	aai ti a	iisacti	10115.					
		Infla	ation				Late	Week est ago	—52 Hig	P-WEEK— h Low		Latest	Week ago	—52-\ High	WEEK Lo
		Jan. In lev		Chg Fror Dec. '22		U.S.	goveri	nment	t rates	5	Othe	r short-	term	rates	
	U.S. consu	ımer pric	e inde	ex		Discount						۱ Latest	Week ago	– 52-V high	Week lo
	Allitems		.170	0.80	6.4		4.75	4.75	4.75	0.25	<u> </u>		ago	Illgii	- 101
	Core	301	.962	0.62	5.6	Federal fu	nds				Call money	6.50	6.50	6.50	2.0
l	In	ternati	onal r	ates		Effective rate	4.5800	4.5900	4.6000	0.0900					
ı						High	4.9000	4.9000	4.9090	0.1000	Commercia	l paper (	AA fin	ancial	)
ı			Week		-Week —	Low	4.5500	4.5600	4.5900	0.0500	90 days	n.a.	4.84	4.84	0.5
		Latest	ago	High	Low	Bid				0.0700	Libor				
l	Prime rate	es				Offer	4.5900	4.6200	4.6200	0.0900	One month	4.79857	4.70914	4.80600	0.396
ı	U.S.	7.75	7.75	7.75	3.25	Treasury b	ill aucti	ion			Three month	5.13814	4.98400	5.15371	0.826
ı	Canada	6.70	6.70	6.70	2.70	4 weeks	4.6/	<b>IN</b> 450	0 4 640	0.135	Six month	5.42829	5.31571	5.49986	1.130
ı	Japan	1.475	1.475	1.475	1.475	13 weeks		5 4.75		5 0.380	One year	5.73814	5.69443	5.88071	1.596
	Policy Rat	es				26 weeks		0 4.94			Secured Ov	ernight l	Financ	ing Ra	ite
l	Euro zone	3.00	3.00	3.00	0.00	C.	v a mala		l.a.t			4.55	4.55	4.56	0.0

Fannie Mae

30 days

60 days

30-year mortgage yields

Notes on data:

1.50

4.00 4.00

3.60

Overnight repurchase

1.50

3.35

**4.57** 4.57

1.50

4.00

3.60 0.10

4.59 0.01

0.50

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. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate 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 530 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet;

**6.185** 6.359 6.812 3.588

**6.211** 6.387 6.988 3.641

Tullett Prebon Information, Ltd.

**Cash Prices** Friday, March 10, 2023 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.					
	Friday		Friday		Friday
Energy  Coal,C.Apic.,12500Btu,1.2S02-r,w Coal,PwdrRyrBsn,8800Btu,0.8S02-r,w	128.600 v 15.300	Iron Ore, 62% Fe CFR China-s Shredded Scrap, US Midwest-s,m Steel, HRC USA, FOB Midwest Mill-s Battery/EV metals	130.0 n.a. 1100	Wheat,Spring14%-pro Mnpls-u Wheat,No.2 soft red,St.Louis-u Wheat - Hard - KC (USDA) \$ per bu-u Wheat,No.1soft white,Portld,OR-u	9.7200 6.6925 8.5225 7.7500
Metals  Gold, per troy oz  Engelhard industrial Handy & Harman base	1845.00 1861.25	BMI Lithium Carbonate, EXW China, =99.2%-v,w BMI Lithium Hydroxide, EXW China, =56.5%-v,w BMI Cobalt sulphate, EXW China, >20.5%-v,m BMI Nickel Sulphate, EXW China, >22%-v,m BMI Flake Graphite, FOB China, -100 Mesh, 94.95%-v,m	54925 61700 5760 5616 768	Food  Beef,carcass equiv. index choice 1-3,600-900 lbsu select 1-3,600-900 lbsu Froilers. National comp wtd. avqu.w	260.56 246.07 1.2760
Handy & Harman fabricated LBMA Gold Price AM LBMA Gold Price PM Krugerrand, wholesale-e Maple Leaf-e American Eagle-e Mexican peso-e	2065.99 *1817.50 *1831.40 1938.25 1956.89 1956.89 2255.06	Fibers and Textiles Burlap,10-oz,40-inch NY yd-n,w Cotton,11/16 std lw-mdMphs-u Cotlook' A' Index-t Hides,hvy native steers piece fob-u Wool,64s,staple,Terr del-u,w	0.7125 0.7718 *96.95 n.a. n.a.	Butter,AA Chicago-d Cheddar cheese,bbl,Chicago-d Cheddar cheese,blk,Chicago-d Milk,Nonfat dry,Chicago lbd Coffee,Brazilian,Comp-y Coffee,Colombian, NY-y Eggs,Jarge white,Chicago-u	2.3325 177.00 178.00 117.50 1.8712 2.2455 2.6350
Austria crown-e Austria phil-e Silver, troy oz. Engelhard industrial Handy & Harman base Handy & Harman fabricated LBMA spot price	1829.80 1956.89 20.5000 20.4270 25.5340 *£16.9200	Grains and Feeds Barley, top-quality Mnpls-u Bran, wheat middlings, KC-u,w Corn, No. 2 yellow, Cent IL-bp,u Corn gluten feed, Midwest-u,w Corn gluten meal, Midwest-u, w	n.a. 166 6.1300 207.6 663.4	Flour,hard winter KC-p Hams,17-20 lbs,Mid-US fob-u Hogs,lowa-So. Minnesota-u Pork bellies,12-14 lb MidUS-u Pork loins,13-19 lb MidUS-u Steers,TexOkla. Choice-u Steers,Texeder,Okla. City-u,w	21.20 0.88 80.30 1.2159 0.9250 165.00 218.06
(U.S.\$ equivalent) Coins,wholesale \$1,000 face-a <b>Other metals</b> LBMA Platinum Price PM Platinum,Engelhard industrial Palladium,Engelhard industrial Aluminum,LME, \$ per metric ton Copper,Comex spot	*20.1200 18255 *953.0 960.0 1400.0 *2291.0 4.0455	Cottonseed meal-u,w Hominy feed,Cent IL-u,w Meat-bonemeal,50% pro Mnpls-u,w Oats,No.2 milling,Mnpls-u Rice, Long Grain Milled, No. 2 AR-u,w Sorghum,(Milo) No.2 Gulf-u SoybeanMeal,Cent IL,rail,ton48%-u,w Soybeans,No.1 yllw IL-bp,u	393 215 418 4.1175 37.00 n.a. 506.80 14.9400	Fats and Oils  Degummed corn oil, crude wtd. avgu,w Grease,choice white,Chicago-h Lard,Chicago-u Soybean oil,crude;Centl IL-u,w Tallow,bleach;Chicago-h Tallow,edible,Chicago-u	n.a. 0.5500 n.a. 0.5886 0.5725 0.6900

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=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook 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

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## 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 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 sovereignwealth fund, the Public Investment Fund, is close to committing to a big order of Boeing Co. jets to underpin the new airline, The Wall Street Journal reported over the weekend. A deal, which could be announced as early as this week, would be a boon for the aircraft maker and a big bet by Riyadh that it can compete in a crowded regional

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. The windfall has helped Crown Prince Mohammed bin Salman push ahead on some of his most ambitious efforts in trying to diversify the economy

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. The bumper earnings reflect a turnaround for the industry-and petrostates such as Saudi Arabia—after the Ukraine war lifted oil prices and upended commodity flows. With the extra cash, Prince Mohammed has more flexibility to try to make good on years of promises to transform Saudi Arabia into a regional business and tourism center. Some of his most lavish plans were viewed skeptically by critics.

By branching out and creating a new airline, Riyadh is challenging a market long dominated by its smaller neighbor, the United Arab Emirates. The two have long been close allies when it comes to regional politics and oil policy—as key members of the Organization of the Petroleum Exporting Countries. But more recently they have clashed on a number of issues.

Saudi Arabia first disclosed plans in 2021 to create a new regionally based, international airline. Emirates Airline, controlled by the U.A.E. emirate of Dubai, Qatar Airways Ltd. and Bahrain's Gulf Air have for years taken advantage of the location of their home airports to build themselves into long-



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. Last year, Qatar hosted the World Cup. Dubai, meanwhile, over decades has built up an industry of luxury and lesser-priced resorts and hotels that have proved popular with European tourists.

Saudi Arabia, as the newcomer, faces potential challenges despite its deeper pockets. The existing Middle Eastern airlines compete fiercely against one another. Some have struggled: Etihad Airways, backed by Abu Dhabi,

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. It couldn't be determined whether that included the typically steep discounts aircraft makers give their customers.

Boeing and Airbus SE had been competing for the Saudi deal for months, people familiar with the matter said. A potential Saudi order has been expected to involve as many as 100 airplanes or more, accord-

competition. Aircraft deals can include a mix of confirmed orders and options to buy more later. They can fall apart in their later stages.

People with knowledge of the package said the mix is expected to include wide-body jets often used in long-haul international flying. On its new website, Riyadh Air said it was looking for pilots for new Boeing 787 Dreamliners.

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. Saudi Arabian Airlines, known as Saudia, ing to people briefed on the serves as the country's flag

carrier. The government has earmarked \$1 trillion over the next decade to turn the kingdom into a mass-market tourism destination, after many years of self-imposed isolation. A nascent cruise sector, luxury Red Sea resorts and eco-lodges in the desert are all in the works. A second international airport in Riyadh is also being planned.

The new airline will "leverage Saudi Arabia's strategic geographic location between the three continents of Asia, Africa and Europe, enabling Riyadh to become a gateway to the world and a global destination for transportation, trade, and tourism," Prince Mohammed said Sunday.

Tony Douglas, who ran Etihad for five years, was named chief executive of Riyadh Air. Yasir al-Rumayyan, the governor of the Public Investment Fund, will be chairman.

The deal, if completed, would mark another sizable aircraft order for Boeing in recent months after a big order from China for Airbus and some high profile defections by loyal Boeing customers.

In February, Air India Ltd. ordered a total of 470 jets from the U.S. plane maker and its European rival. The Air India deal, which included 220 new Boeing planes, was the largest commercial-jet order in aviation history and was valued at around \$85 billion, based on the planes' list prices that don't include customary discounts.

### AramcoProfit Is Biggest

Continued from page B1 ment, unexpectedly raised its dividend by 4% to \$19.5 billion for the fourth quarter of last year, to be paid in the first quarter of 2023. The company's board also recommended the distribution of boeligible shares to shareholders in the amount of

Aramco's dividend commitment has been a key source of funding for the Saudi government and a bellwether for energy investors—a large, recurring payout the company promised to make to lure investors to its long-delayed ini-

one share for every 10 shares

tial public offering in 2019. 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 from 12 million a day now. Aramco aims to spend \$45 billion to \$55 billion this year, significantly more than a total of \$37.5 billion in capital expenditure from Exxon Mobil and

Chevron Corp. Saudi Crown Prince Mo-

hammed 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, while his government tries to carry out policies that will protect the kingdom from boom-and-bust

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. Still, oil remains the engine of the economy.

As global economies rebounded over the past year and Russia's invasion of Ukraine scrambled energy markets, oil prices have soared. Last year, international benchmark Brent briefly reached \$139 a barrel. Oil-andgas companies were flooded

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. Aramco sees Europe as a market of the future because of shifting geopolitics and its move to replace all Russian energy imports by as early as

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 Eu-

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

"We are engaged with so many governments," Prince Abdulaziz said at an industry event in October. "Just to give you an example, Germany, Poland, the Czech Republic, Croatia, Romania and others."

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

## Life Insurers' Algorithms Come Under Scrutiny

conventional

By Leslie Scism

State regulators are pushing back on U.S. life insurers' use of data science to speed up cumbersome application processes, citing concerns that artificial intelligence could unfairly discriminate against minorities.

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. The traditional process is slower and more costly, using an underwriter who might need weeks to gather medical information.

Insurers typically use the same data in algorithmic-based systems, in digitized form, as human underwriters do, according to executives. But regulators are concerned about unpromoted 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 underwrit-

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, according to the industry-funded research firm Limra. Its surveys consistently show many Americans believe they are underinsured and want more coverage. Life insurers are hoping to sell more policies to households by using data science.

'We believe automated underwriting puts insurance products in the hands of consumers who need them in the easiest and least intrusive way," said Northwestern Mutual Life Insurance Co. Chief Executive John Schlifske. The carrier is aiming for half of the life-insurance policies it issues

information by year-end to be automated while moving to digitized versions of the data that its underwriters use. That would cut issuance time to three days from about four weeks or longer. Colorado Insurance Com-

missioner Michael Conway said he isn't aware of specific instances of potentially unlawful bias in life insurers' use of the new technology. But "there are a ton of anecdotal stories about how algorithms can get things wrong" across many sectors, he said.

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. Mr. Conway said insurers will have ample opportunity to weigh in before anything is final.

Some states, including New York and Connecticut, have put up guardrails for the use of new data sets and algorithms. Last year Connecticut began requiring, insurers to certify that their data use fully complies with antidiscrimination laws.

Yield on the U.S. six-month

Treasury bill, weekly

### THE TICKER

### MARKET EVENTS COMING THIS WEEK

### Monday

No major events are scheduled for the day Tuesday

Consumer price index All items, Jan. up 6.4% Feb., expected up 6.1% up 5.6% Core. Jan.

Feb., expected up 5.5% Earnings expected

1.55/1.69

#### Wednesday **Business inventories**

Dec., previous up 0.3% Jan., expected up 0.0%

us change in stocks in millions of barrels

EIA status report

Crude-oil stocks Gasoline stocks down 1.1 Distillates

up 0.1

**Empire Manufacturing** Feb., previous March, expected

Mort. bankers indexes

Purch., previous up 7.0% Refinan., prev. up 9.0% Producer price index All items, Jan. up 0.7%

Feb., expected up 0.3%

Core. Jan. Feb., expected up 0.4%

Retail sales, ex. autos Jan., previous up 2.3% Feb., expected

up 0.5%

down 0.1% **Retail sales** 

Jan., previous up 3.0% Feb., expected down 0.4%

**Earnings expected** 

Adobe 3.68/3.37 Array Technologies 0.10/(0.06) 3.06/2.49 Five Below Franco-Nevada

0.83/0.86

### Thursday

**Building Permits** Jan., previous 1.339 mil. Feb., expected

Previous change in stocks in billions of cubic feet down 84

### **Housing Starts**

Feb., expected 1.31 mil.

EIA report: natural-gas

### Jan., previous 1.309 mil.

Import price index Jan., previous

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in

Expected

down 0.2% Initial jobless claims 211,000 Previous

Philadelphia Fed survey

Feb., previous March, expected

Earnings expected Dollar General

2.98/2.58 2.71/4.59 FedEx Jabil 1.85/1.68 Williams-Sonoma 5.46/5.42

### Friday

Capacity utilization Jan., previous Feb., expected 78.5% **Industrial production** 

Jan., previous up 0.0% Feb., expected up 0.5% Leading indicators

Jan., previous down 0.3% Feb., expected down 0.2%

#### **U.Mich. consumer** index Feb., final 67.0 March, prelim Earnings expected

te/Year Add Ballard Power Systems (0.14)/(0.15)

Note: Forecasts are from Dow Jones weekly survey of economists

### DividendStocks Have New Rival

Continued from page B1 sharply inverted, meaning

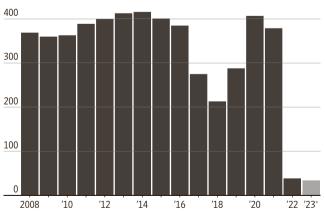
short-term interest rates are higher than longer-term rates. That reflects uncertainty surrounding the economy's longrun direction. "From a top down perspec-

tive, the yield curve is sending a cautionary message to equity investors," said Ryan Hedrick, portfolio manager of the T.Rowe Price value fund. In such environments, dividend payments often account for a greater share of investor returns than from capital appreciation, he said.

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. The index has fallen 4.9% in 2023.

Despite the turmoil in markets, companies in the S&P 500 have continued to boost dividend payouts to investors. They paid out a record \$564.6 billion in 2022 and are on course to set another high this vear based on current dividend rates and assuming no membership changes to the index, according to the S&P Dow

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



Jones Indices.

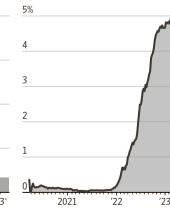
\*As of March 10

The list of highest-yielding stocks includes many old-economy businesses. Companies typically return cash through dividends or repurchase their stock when the business generates more cash flow than needed to fund operations. These businesses generally have mature operations that generate significant cash flow but increase sales and profits more slowly than in more nascent industries like technol-

Several energy companies such as Pioneer Natural Resources Co. and Coterra Energy Inc. are on the list, with dividend yields of 13% and 10%. Some energy companies have even paid out special dividends as a result of high oil and gas prices. Altria Group Inc., telecom giants Verizon Communications Inc. and AT&T Inc., and chemical manufacturer **Dow** Inc. also boast relatively large payouts of more than

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. In environments where prices are rising, preservation of capital becomes relatively more important to investors than long-term appreciation, a



Sources: Birinyi Associates (number of S&P 500 stocks); Tullett Prebon (yield)

Dividend stocks can present risks if it becomes too expensive for companies to afford the payouts. Intel Corp. said last month that it would cut its dividend by 66% to save money. The semiconductor company is pursuing expensive factory expansions while it faces a shortterm demand crunch.

dynamic that makes dividend

payers more attractive, he said.

AT&T cut its dividend last vear when it divested itself of WarnerMedia. Intel stock is down 39% over the past 12 months, including dividends. AT&T shares have gained 12%.

#### Watch a Video Scan this code



for a video on the extreme inversion of the yield curve.