

What's News

Business & Finance

Stocks extended declines Wednesday, reflecting rising anxieties about a U.S. default as Republican lawmakers pressed the White House for spending cuts in exchange for raising the nation's borrowing limit. The S&P 500, Dow and Nasdaq fell 0.7%, 0.8% and 0.6%, respectively. **A1**

◆ **Fed officials agreed** unanimously to lift interest rates at their meeting this month but split on whether they would need to raise them in June, with some ready to pause, minutes of the May meeting show. **A2**

◆ **Nvidia is starting** to capitalize on the craze for language-generating AI, projecting record sales as it rushes to get more processors to customers amid booming interest in the technology. **B1**

◆ **Target is facing** growing criticism after it stopped selling certain items related to Gay Pride Month that offended some customers and social-media commenters, a move that prompted others to say it had caved to pressure from anti-LGBT voices. **A1**

◆ **Citigroup will** spin off its Mexican consumer bank, ending a bid to sell Banamex after a yearlong process under the eye of Mexico's president failed to find a deal. **B1**

◆ **Airlines and** government officials are attempting to prevent another summer of aggravation for fliers, starting with the Memorial Day weekend. **B1**

◆ **Activist investor Jana** plans to launch a proxy battle with Freshpet and nominate four directors to serve on the pet-food company's board. **B3**

World-Wide

◆ **U.S.-China relations**, after months of recrimination, are entering a new phase likely to determine whether the two powers are able to restore high-level exchanges derailed by a Chinese balloon this year. **A1**

◆ **DeSantis officially** joined the 2024 presidential race, but the Republican's planned campaign announcement on Twitter Spaces, featuring a conversation with Musk, was marred by technical issues. **A4**

◆ **China and Russia** moved to solidify their partnership with meetings this week, in a departure from recent efforts by Beijing to de-emphasize its alignment with Moscow as it seeks to play the role of peacemaker in Ukraine. **A7**

◆ **The head of** the Russian paramilitary group Wagner said that 20,000 of his troops had been killed in the battle for the eastern Ukrainian city of Bakhmut. **A8**

◆ **Lawyers for Trump** have requested a meeting with Garland, as a special counsel has all but finished obtaining testimony and evidence in an investigation into whether Trump mishandled classified documents. **A4**

◆ **A Russian citizen** facing U.S. money-laundering charges is mounting a campaign to be included in any prisoner exchange that could free detained WSJ reporter Evan Gershkovich. **A9**

◆ **Americans in** same-sex marriages and partnerships account for about 1% of households, according to newly released figures from the decennial census. **A3**

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Tina Turner, a Musical Legend in Two Acts



SIMPLY THE BEST: Tina Turner, who overcame hardship and an abusive first marriage to climb to the peak of pop stardom, died Wednesday at her home in Switzerland. **A2**

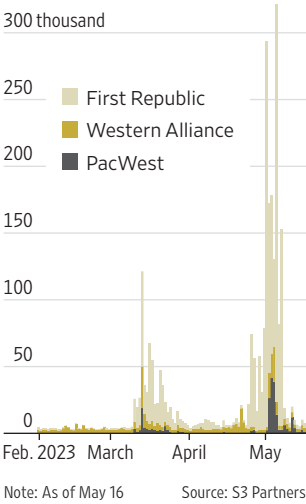
Bank Shares Are Now Meme Stocks

By GUNJAN BANERJEE

This is the year that bank stocks became meme stocks. Shares of banks such as PacWest have seesawed wildly since March. Bad news, including lost deposits, has sent them spiraling. Good news, like hints of greater government support, has sent them soaring.

The sharp turns have been exaggerated by the same forces that turbocharged GameStop and AMC a couple of years ago: the lightning-fast spread on social media of both fact and rumor, strong interest from individual investors and

Social-media mentions



Another Blow to the Return to Offices: Everyone's Got Allergies

A rough season has colleagues sniffing and sneezing through meetings

By ALYSSA LUKPAT

The most miserable allergy season in recent memory is filling offices with a symphony of coughs, sniffles and sneezes.

The pollen has tormented employees—and any co-workers within earshot—as they constantly sniffle and interrupt presentations and meetings with coughing and sneezing fits.

Samantha Santos, a 35-year-old New Yorker, said she runs into her office bathroom sometimes to hide her cough-

ing attacks.

"Coughing and sneezing is so not office etiquette," said Santos, the chief of staff for a team of real-estate agents. She had to mute herself on a call with an apartment renter this spring because she couldn't stop coughing.

After her coughs subside, she said she follows a new norm in a Covid-19 world: reassuring her co-workers she isn't contagious. She keeps a stockpile of Covid tests at home and takes one whenever she feels sick. "Don't worry,"

Russia Military Feud Mars Putin's Image of Control

Prigozhin's public criticism of generals reveals strains in leadership

By YAROSLAV TROFIMOV

The owner of Russia's Wagner paramilitary organization, Yevgeny Prigozhin, stood amid the ruins of the conquered Ukrainian city of Bakhmut on May 20 and unleashed a tirade against his foes.

Their names: Sergei Shoigu, Russia's minister of defense, and Valeriy Gerasimov, Russia's top general.

"Shoigu and Gerasimov have turned the war into personal entertainment," Prigozhin thundered as he announced Wagner's costly victory in Bakhmut. "Because of their whims, five times more guys than had been supposed to die have died. They will be held responsible for their actions, which in Russian

are called crimes."

The escalating conflict between the owner of Wagner and Russia's top military leadership, a tale of perceived betrayal with roots in the Syrian war, represents the first significant crack in the country's establishment since the invasion of Ukraine began more than a year ago.

The extent to which it has become public, affecting military operations, shows that Moscow's setbacks on the frontline are putting under strain the formidable system of

◆ **Wagner leader** says 20,000 died taking Bakhmut..... **A8**

◆ **Indicted Russian** aims for inclusion in swap.. **A9**

Target Is in Bull's-Eye Of the Culture Wars

By SARAH NASSAUER

Target is facing growing criticism after it stopped selling certain items related to Gay Pride Month that offended some customers and social-media commenters, a decision that prompted others to say the retailer had caved to pressure from anti-LGBT voices.

The controversy stemmed from the recent release of clothing, décor and other Pride items, which were similar to products Target has sold for the occasion for more than a decade. After this year's release, customers knocked down displays, threatened store employees and put posts

on social media with video from inside stores.

Transgender issues have moved to the center of many conservative social agendas. State legislators have proposed laws aimed at curbing health-care for transgender youth and adults, restricting transgender athletes' sports play and banning books and events that affirm transgender rights.

Target follows companies such as Walt Disney and Anheuser-Busch InBev that have been ensnared by these culture wars focused on gay and transgender issues.

Conservative politicians and commenters have pro-

Default Threat Drags Markets Deeper in Red

U.S. stocks extended declines Wednesday, reflecting rising anxieties about a U.S. default as Republican lawmakers pressed the White House for spending cuts in exchange for raising the nation's borrowing limit.

By Sam Goldfarb, Siobhan Hughes, Andrew Restuccia and Natalie Andrews

The Dow Jones Industrial Average had a fourth straight session of losses, with the blue-chip index falling 0.8%, or 255.59 points. The S&P 500 dropped 0.7% and the Nasdaq Composite slid 0.6%.

Republicans have said that any deal with Democrats must result in lower levels of discretionary spending next year than this year. Discretionary spending makes up less than one-third of the federal budget, with the balance of the

spending on mandatory programs like Social Security and Medicare, as well as interest on the debt.

"You have to spend less than you spent last year. That's not that difficult to do," said House Speaker Kevin McCarthy (R., Calif.). He said there were a number of issues that lawmakers have been working on, with negotiators "able to find some ways that we could probably get to fruition on a couple."

Democrats said the GOP demand to cut spending is unreasonable, particularly after the White House has signaled it could agree to freeze discretionary spending next year and increase spending by 1% in fiscal year 2025.

White House press secretary Karine Jean-Pierre added

◆ **Dow falls** for fourth session in a row..... **B9**

U.S. and China See Chance to Mend Ties

By LINGLING WEI AND CHARLES HUTZLER

U.S.-China relations, after months of recrimination, are entering a new phase likely to determine whether the two powers are able to restore high-level exchanges derailed by a Chinese balloon this year.

A first barometer of the chance for success is a dinner planned for Thursday in Washington, where Commerce Secretary Gina Raimondo plans to sit down with her Chinese counterpart, Wang Wentao. It will be the first cabinet-level meeting in Washington between the two countries during the Biden administration.

Another test will be whether the top defense officials from both countries hold talks on the sidelines of an an-

nual security forum in Singapore in early June, as has happened in the past. China wants the U.S. to lift sanctions placed years ago on China's recently appointed defense minister as a precondition for the meeting. President Biden said last weekend that the demand is under discussion, though State Department and other officials later said it isn't.

The planned bilateral meetings would represent a "thaw" in contacts as described by Biden—set in motion by an unexpected burst of diplomacy after months of at-times bitter sparring on the global stage.

The push to restore contacts is being driven by a

◆ **China, Russia** move to solidify partnership..... **A7**

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PERSONAL JOURNAL

Long lines, sold-out excursions await summer cruise travelers. **A12**

BUSINESS & FINANCE

Nvidia gets lift from growing appetite for generative AI technology. **B1**

U.S. NEWS

Fed Was Divided on a June Rate Pause

May minutes show some officials thought further tightening 'may not be necessary'

By Nick Timiraos

WASHINGTON—Federal Reserve officials agreed unanimously to lift rates at their meeting this month but split on whether they would need to raise them in June, with some ready to pause.

“Several participants noted that if the economy evolved along the lines of their current outlooks, then further policy firming after this meeting may not be necessary,” said the minutes of their May 2-3 meeting released Wednesday.

Others believed they would need to lift rates in the months ahead because they expected “progress returning inflation to

2% could continue to be unacceptably slow,” the minutes said.

The Fed raised its benchmark federal-funds rate by a quarter percentage point to a range between 5% and 5.25% at the meeting, marking its 10th consecutive increase since March 2022 to combat high inflation.

Officials’ next meeting is June 13-14, and their decision over whether to raise rates or hold them steady is shaping up to be a close call.

Some Fed officials have expressed anxiety that the economy and inflation haven’t shown more visible signs of slowing. But they have also become uncertain about whether to keep lifting rates because of the potential fallout from three bank failures since March, including a credit crunch as banks face higher funding costs.

Fed Chair Jerome Powell has largely kept the rate-setting committee united since inflation surged two years ago, with only one dissent since the central bank began unwinding its pandemic-era stimulus policies at the end of 2021. The minutes illustrated how it could grow more difficult, however, to maintain a strong consensus in the coming months.

The written summary of the meeting “revealed the broad contours of a brokered hawkish pause in the monetary policy tightening cycle, likely led by Powell,” said Gregory Daco, chief economist at consulting firm EY.

Over the past two weeks, some officials have said inflation and economic activity aren’t slowing enough to justify an end to rate increases. But others, including Powell, have hinted that they might prefer skipping a rate rise in June to

assess the effects of their past increases and the banking-sector strains.

“We’ve come a long way in policy tightening, and the stance of policy is restrictive, and we face uncertainty about the lagged effects of our tightening so far and about the extent of credit tightening from recent banking stresses,” Powell said last week at a conference hosted by the central bank.

Fed officials revised their postmeeting statement this month to suggest much less

conviction about the need for further rate increases. Some of them said they didn’t want market participants to interpret those changes as signaling that the Fed was considering rate cuts or that further increases had been ruled out, according to the minutes.

Traders in interest-rate futures markets saw a 30% chance officials would raise rates by a quarter point at their June meeting and a nearly 55% chance they would do so by the end of July, according to CME Group, after the minutes were released.

The minutes showed Fed staff continued to expect a recession would begin around the fourth quarter of this year as the lagged effects of rate increases and banking strains slowed economic activity.

Fed governor Christopher Waller said Wednesday he would favor raising rates again

at either the central bank’s June or July meetings because of slow progress on lowering inflation. Compared with his colleagues, Mr. Waller has generally preferred more aggressive action.

During a talk in Santa Barbara, Calif., Mr. Waller said he expected data on economic and lending activity over the next two months “will make it clear” that interest rates still need to rise above their current levels.

A June interest-rate increase would be appropriate if coming data, including on inflation and consumer spending this Friday and hiring on June 2, don’t show economic activity and inflation slowing more, he said. Still, even if the data support raising rates next month, caution could be warranted because of heightened uncertainty over how recent bank failures would influence lending conditions, Mr. Waller said.

Officials’ decision at their next meeting June 13-14 is shaping up to be a close call.

Powerhouse Singer Triumphed Over Abuse

By John Jurgensen

Tina Turner, the performer whose powerhouse singing and dancing took her from a barnstorming R&B music revue to the peak of pop stardom, has died at age 83.

She was an eight-time Grammy winner with a textured voice that transmitted raw emotion in songs like “River Deep—Mountain High” and “What’s Love Got to Do With It.” She whipped up audiences with a stage presence that was both frenzied and sensual, and an influence on performers from Mick Jagger to Beyoncé. And she put her fierce magnetism to work in movies such as “Mad Max Beyond Thunderdome,” in which she played a post-apocalyptic villain.

Turner died Wednesday at her home in Küsnacht, Switzerland, near Zürich, after a long illness, said her spokesman, Bernard Doherty. “She enchanted millions of fans around the world and inspired the stars of tomorrow,” her representatives wrote on her Instagram page Wednesday. “Today we say goodbye to a dear friend who leaves us all her greatest work: her music.”

Turner’s career unfolded in two chapters—with her first husband, Ike Turner, and without. The volatile R&B mastermind added her to his act when she was 17 years old, inventing the stage name Tina Turner for his star singer. She would later detail how he abused her physically and emotionally while working her and a revolving lineup of backup dancers and



Flamboyant pop and R&B vocalist Tina Turner, shown in 1985, was an eight-time Grammy winner.

musicians nonstop.

From 1960 through the mid-1970s, the Ike & Tina Turner Revue was one of live music’s most electrifying groups yet didn’t generate consistent hit records. Merging into the rock ‘n’ roll world helped. They reinterpreted songs such as Creedence Clearwater Revival’s “Proud Mary”; their turbo rendition of that number earned a Grammy Award and the duo’s highest position—No. 4—on the Billboard Top 40 chart.

After Turner left her husband in 1976, she struggled to work her way out of debt and establish herself as a solo act.

Her global success in the 1980s, triggered by her smash 1984 album “Private Dancer,” was later framed as a triumph of liberation from her ex-husband. Ike Turner’s domineering behavior, bursts of violence and cocaine abuse were depicted in a 1986 autobiography that was adapted into the 1993 biopic “What’s Love Go to Do With It,” starring Angela Bassett and Laurence Fishburne. The tale would permanently color both musicians’ legacies.

Tina Turner was born Anna Mae Bullock on Nov. 26, 1939, in Nutbush, Tenn., a place she later sang of in “Narbush City Limits,” the only hit song she

wrote herself. Her father was an overseer of fellow sharecroppers, but when her parents moved away for manufacturing jobs during World War II, Ann, as she was known, and her older sister lived with relatives. She sang in church, was a cheerleader and played basketball. At age 16, with her father gone from the family, she moved in with her mother in St. Louis, where Ike Turner and his Kings of Rhythm band ruled the local music scene.

Eight years older than Ann, Ike heard Ann singing between sets at a Kings of Rhythm show, and put her in his band. Their initially platonic rela-

tionship turned intimate and by the time Ann recorded her first lead vocal in 1960, she was pregnant with her second child, and her first with Ike.

To link his rising lead singer’s fortunes to his own, Ike dubbed her Tina Turner and renamed his band the Ike & Tina Turner Revue. They married in 1962.

When Ann hesitated over changing her name and touring while pregnant, Ike abused her for the first time, she said in the book “I, Tina,” written with Kurt Loder: “He would beat me with shoes, shoe trees, anything that was handy.” She would later attempt suicide using sleeping pills.

In 1976, a physical fight with her husband before a concert in Dallas spurred Turner to flee the tour and her marriage. She credited Buddhism for helping her break away.

A 1983 concert in Manhattan—and the enthusiasm of attendees such as David Bowie—sparked a record deal. Turner’s cover of Al Green’s “Let’s Stay Together” paved the way for recording sessions that would yield the album “Private Dancer.” At the 1985 Grammys, the album earned four wins, including Record of the Year and Song of the Year for “What’s Love Got to Do With It.”

A romance with a German record executive, Erwin Bach led her to relocate to Europe. Turner became a citizen of Switzerland and married Bach in 2013. She suffered a stroke soon after her marriage, and other health problems followed, including renal disease that resulted in the 2017 transplant of a kidney donated by her husband.

CORRECTIONS & AMPLIFICATIONS

Oscar Munoz stepped down as executive chairman of United Airlines in 2021. The headline with a Personal Board of Directors column in Saturday’s Exchange section incorrectly referred to Munoz as the current executive chairman.

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THE WALL STREET JOURNAL
(USPS 664-880)
(Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935)
(Western Edition ISSN 0193-2241)
Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, NY 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, NY, and other mailing offices.
Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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U.S. NEWS

DeSantis Kicks Off White House Run

Florida governor argues he can end GOP disappointment in national elections

By ALEX LEARY

After seven years of party domination by Donald Trump, Florida Gov. Ron DeSantis is presenting himself to Republicans as the natural successor to the former president’s movement and the best candidate to move the GOP beyond a “culture of losing.”

But a planned campaign announcement on Twitter Spaces, an unorthodox choice featuring a conversation with DeSantis and Elon Musk, got off to a messy start Wednesday, with the production marred by technical issues, including audio that repeatedly cut out.

“Are we on?” someone asked at one point before the event was halted. Later some people were able to listen in but the malfunction is likely to be remembered more than

anything DeSantis said.

“It seems we broke the internet with so much excitement,” read a tweet from DeSantis’s fledgling campaign, which included a link for donations. Rivals piled on. “This link works,” tweeted the campaign account for President Biden, who also directed people to contribute money. Said Donald Trump Jr.: “#DeSaster.”

Twitter didn’t comment.

“I am running for president of the United States to lead our great American comeback,” DeSantis said after the glitches were resolved. “Look, we know our country’s going in the wrong direction. We see it with our eyes and we feel it in our bones.” He cited problems at the southern border and crime and said Biden “lacks vigor, flounders in the face of our nation’s challenges and he takes his cues from the woke mob.”

Later he appeared on Fox News, where host Trey Gowdy joked that the network “will not crash during this interview.”

DeSantis sought to tap into GOP disappointment in the

last three national elections. “We need to win again as Republicans, we’ve got to dispense with this culture of losing,” he said on Fox.

DeSantis has for months acted like a 2024 presidential candidate, but on Wednesday, several hours before his chat with Musk, he filed paperwork with the Federal Election Commission making the campaign official, fully joining him in conflict with Trump—and a growing field of other GOP hopefuls who are more confident about their chances as DeSantis has slipped in polls.

The official entry comes ahead of a fundraising push by DeSantis supporters who are convening Thursday in Miami. Roughly 150 people are scheduled to make calls to associates, and DeSantis will speak to the group.

In recent private conversations with donors, DeSantis has praised Trump’s policies but said he can’t win, according to people familiar with the talks, articulating a message he planned to emphasize pub-

licly. The challenge for DeSantis is to not alienate too many Trump supporters in attempts to convert them.

In a speech Monday in Orlando before the National Religious Broadcasters convention, the governor subtly reminded the audience that Trump could serve only four years, given his previous term. He said that over eight years a Republican president could strengthen a conservative majority on the Supreme Court.

Trump and his allies are trying to portray DeSantis as an establishment figure, seeking to recapture the outsider image that brought Trump to office in 2016. The Trump campaign plans to greet DeSantis’s entry in the race with a barrage of attacks, noting among other things, rising insurance and electricity costs in Florida under his watch.

Trump attacked DeSantis on social media Wednesday, calling him disloyal for running and pointing out votes DeSantis made as a congressman in favor of resolutions that

would, among other things, raise the retirement age for Social Security, a position DeSantis has distanced himself from recently.

A national CNN poll released Wednesday showed Trump as the first choice of 53% of Republican and GOP-leaning voters, compared with 26% for DeSantis. No other candidate or prospective candidate polled close. A March CNN survey had Trump at 40% and DeSantis at 36%. When voters in the new poll were asked about a second choice, however, DeSantis got 34% vs. 15% for Trump.

DeSantis, 44 years old, built a national profile fighting Covid restrictions and in November was re-elected in a landslide. Afforded nearly unprecedented power in Tallahassee, he pushed through a raft of attention-getting conservative legislation, from tougher immigration laws to banning diversity programs in colleges. Yet some of his moves, such as a battle with Disney as part of a broader assault on so-called wokeism, have divided Republicans.

Glitches Hold Up Twitter Campaign Rollout

By ALEXA CORSE

Twitter suffered apparent technical problems at a high-profile moment Wednesday, during an event where owner Elon Musk planned to host Republican Ron DeSantis’s presidential campaign announcement on the platform.

The announcement was scheduled to take place using Twitter Spaces, a live audio feature. But the event quickly faltered, with many users saying the technology wasn’t working for them and that the audio was going in and out.

After several minutes, with more than 600,000 people tuned in, according to the platform, the event was transferred to the Twitter account of David Sacks, a technology investor and associate of Musk’s.

Leading up to the announcement, Musk had promoted the event, saying he wanted to make Twitter a place where more organizations post content and make announcements. He has touted Twitter as a public square and said the platform aims to be “a place where all voices are heard.”

There was “just a massive number of people online, so the servers are straining somewhat,” Musk said at one point before moving the event to Sacks’s account.

DeSantis’s announcement resumed nearly a half-hour after it was scheduled to start. Twitter didn’t comment.

Once the event got underway, the discussion with DeSantis lasted about an hour. The platform showed roughly 300,000 listeners tuning in near the close of the event.

“This is a great platform,” DeSantis said.

Fleet Week in New York City Means It’s Time for Liberty, Sailor



IT’S A HELLUVA TOWN: Sailors and Marines crowded on the deck of the USS Wasp, an amphibious assault ship, as it passed the Statue of Liberty on Wednesday. More than 2,500 U.S. Navy, Marines and Coast Guard personnel are expected to visit New York City during Fleet Week 2023, which runs until May 30.

Markets Fall on Risk Of Default

Continued from Page One

cused Republicans of holding the country’s economy hostage, called the fight a “manufactured crisis” and said Republicans were unwilling to compromise.

Negotiators met for four hours on Wednesday at the Eisenhower Executive Office Building on the White House grounds. The White House and McCarthy haven’t said when they will talk again.

The fight over spending is seen as the main holdup in talks to raise the debt ceiling.

The Treasury Department has warned that the federal government could run out of money to pay all of its bills as soon as June 1 unless Congress acts, potentially leading to a default that would rattle markets and sink the economy.

Treasury Secretary Janet Yellen reiterated Wednesday that the U.S. will soon lack the cash to pay its bills. “It seems almost certain that we will not be able to get past early June,” she said at a Wall Street Journal CEO Council event.

Stocks initially climbed last week after House GOP leaders and President Biden expressed optimism that they could reach an agreement. But a lack of progress in negotiations has weighed on the market.

Adding to the market’s unease: a series of Federal Re-

serve officials have recently suggested in public appearances that an interest-rate increase could remain on the table when the central bank meets next month.

Concerns about the debt ceiling were particularly evident in the market for ultra-short-term U.S. Treasury bills, where investors have been demanding higher yields on securities that are seen as most at risk of a delayed principal payment.

Democrats have criticized Republican negotiators for seeking an increase in military spending even as they are insisting on broader spending cuts. Doing so would break years of precedent where non-defense and defense spending increases are linked.

The GOP also rejected the White House’s proposal to allow Medicare to negotiate the

price of a wider range of drugs, a measure the administration pitched as a way to reduce the deficit. Some in the administration are struggling to see a path forward in the talks, according to people familiar with the matter, but officials said negotiators made progress in Wednesday’s talks.

A deal on clawing back unused Covid-19 relief funds is largely agreed upon. But the president’s negotiators are resisting Republicans’ push to impose or tighten work requirements for some federal benefits programs after Biden initially signaled openness to the idea, people familiar with the matter said.

Congressional progressives have opposed any bill that includes work requirements.

House Republicans’ starting point in the talks was their Limit, Save, Grow Act of 2023,

which narrowly passed the chamber in April. That bill would return the government’s discretionary spending to fiscal year 2022 levels and cap annual spending growth at 1% for a decade.

McCarthy has committed to cutting spending but hasn’t specified a goal of rolling it back to 2022 levels. He has prepared his conference for the likelihood that any deal he strikes with Biden would cut spending by less than what House Republicans passed.

Members of the House Freedom Caucus, founded to use hardball tactics in pursuing conservative goals, said McCarthy shouldn’t accept anything short of the GOP proposal. Rep. Chip Roy (R., Texas), a leader of the caucus, issued a memo Wednesday in which he implored Republicans to stick to the House bill, including provisions rolling back funding for the Internal Revenue Service.

Rep. Bob Good (R., Va.), another caucus member, said he was “wedded to the bill that we passed as it was passed.”

Any spending reduction would mark a rare occurrence. In 2011, Congress cut discretionary spending to \$1.059 trillion from \$1.085 trillion the year before, according to Office of Management and Budget data, reflecting a debt-ceiling deal during the Obama administration. Discretionary spending has largely marched higher since.

Fitch Considers U.S. Rating Downgrade

Fitch Ratings is reviewing whether the U.S. should retain its top credit rating as the White House and Republicans struggle to reach an agreement on raising the debt limit.

Fitch said Wednesday evening it had placed the U.S. triple-A credit rating on “rating watch negative.” While the ratings firm said it still expects Democrats and Republicans to reach an agreement on raising the debt limit, it said there was a greater risk it could fail to do so in time.

—Andrew Duehren



Republican House Speaker Kevin McCarthy spoke with reporters at the Capitol on Wednesday.

Listen to a Podcast



Scan this code for a podcast on how the clock is ticking on the debt ceiling.

Trump Lawyers Ask to Meet With Garland

By SADIE GURMAN

WASHINGTON—Lawyers for Donald Trump have requested a meeting with Attorney General Merrick Garland, as special counsel Jack Smith has all but finished obtaining testimony and evidence in his criminal investigation into whether the former president mishandled classified documents.

In the letter dated Tuesday, attorneys John Rowley and James Trusty asked for a meeting to “discuss the ongoing injustice that is being perpetrated by your Special Counsel and his prosecutors.”

The Wall Street Journal reported earlier Tuesday that Smith’s probe into classified documents at Trump’s Mar-a-Lago resort is showing signs of wrapping up.

A Justice Department spokeswoman declined to comment.

In recent weeks, prosecutors working for Smith have completed interviews with nearly every employee at Trump’s Florida home, from top political aides to maids and maintenance staff, the Journal reported. Prosecutors have pressed witnesses—some in multiple rounds of testimony—on questions that appeared to home in on specific elements Smith’s team would need to show to prove a crime, including those that speak to Trump’s intentions, and questions aimed at undermining potential defenses Trump could raise.

Smith’s team, which has been examining whether anyone tried to obstruct the criminal inquiry, has obtained evidence that appears to show Trump held on to sensitive documents after being asked to relinquish them, the Journal reported, citing people familiar with the matter.

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U.S. NEWS

Children Trek to U.S. by the Thousands

Many flee dire straits without parents, face perils and cross jungle in hopes of asylum

By KEJAL VYAS

BAJO CHIQUITO, Panama—Violent gangs in her native Ecuador had killed her cousin and extorted her family’s liquor shop until it went out of business. So in April, the 17-year-old packed up and, with two small children, embarked on a 3,000-mile journey to seek asylum in the U.S., as have a growing number of underage migrants.

The journey has been rough, “but I didn’t want to work for the extortionists,” the girl said after emerging from Panama’s Darién jungle, which migrants often cross en route to the U.S.

Her feet blistered, she was limping from an ankle injury, while the young children suffered from fever and nausea.

“I want something better for the children,” she said, of her decision to flee home.

An unprecedented number of unaccompanied minors—under the age of 18, often traveling alone or separated from their parents—are departing from South America in a dangerous bid to make it to the U.S., according to Panama migration officials and U.N. data. Traffickers often prey on young migrants, child advocacy groups say, and the children pose a challenge for migration authorities with limited resources to care for vulnerable travelers.

Sign of trauma

At one shelter, babies sometimes sleep two to a crib. Children often stay silent for days, a sign of trauma, caretakers say. Aid workers say cramped conditions at the camps make young people vulnerable to abuse or exploitation by other, adult migrants.

Though new Biden administration migration policies have



TARIMA RODRIGUEZ FOR THE WALL STREET JOURNAL

A reception station in Panama provides medical assistance, water and food for migrants as they make their way to the U.S.

resulted in tens of thousands of migrants applying for U.S. asylum appointments in Mexico and Central America, unaccompanied minors could be exempt from waiting for appointments, say Department of Homeland Security guidelines. The U.S. Department of Health and Human Services says it is expanding the number of beds at processing centers along the border with Mexico ahead of a possible increase in young people arriving there.

Data on those crossing the punishing Darién jungle offers a snapshot into just how serious the problem has become.

Minors make up more than 25,000 of the 128,000 migrants who passed through the 70-mile stretch of jungle in the first four months of this year, compared with 3,000 of the 20,000 migrants who made the trek in the same period of

2022, according to Panamanian migration data. Migration authorities say as many as 400,000 people are expected to cross the Darién this year, with about 20% of them children, or 80,000 underage travelers. Last year, 248,000 migrants in all made the journey.

The large increase during the early months of the year, which is typically a slow season, has regional governments bracing for many more migrants. Under Panama migration policy, those under the age of 18 must be accompanied by a parent in order to continue on their northbound journey, or provide a notarized letter from their parent designating another adult traveler as their legal guardian. Under the U.N. Convention on the Rights of the Child, signed by almost all countries of the world except the U.S., authorities have to

house and care for children until they are reunited with their families or can provide the required documents to continue.

Bottleneck in Panama

But while cases are processed, minors often get stuck at camps at the Panama bottleneck, where overcrowding exposes children to risks of violence and sexual exploitation, Unicef said in a recent report. In March, more than 6,500 migrants were packed in at camps in Panama designed to hold fewer than 1,000, the report noted. Aid workers say many of the children need therapy after their experiences.

“We’re very worried because these are things that no child should have to see,” said Margarita Sanchez, field coordinator for Unicef, which provides healthcare, drinking wa-

ter and other services at migrant camps in Panama.

Each day, unaccompanied children show up at a rickety wood-plank structure in Bajo Chiquito, an indigenous hamlet of about 400 residents that receives more than 1,000 migrants daily. Migration officers sometimes have to determine which children are with coyotes—smugglers paid to lead migrants to the U.S.—and separate them for their safety.

On a recent day, a 16-year-old Venezuelan girl—barefoot, covered in mud and carrying a frail infant boy—emerged from the jungle accompanied by an older man who claimed to be her uncle but lacked documents to prove the relationship.

The pair became agitated and an argument ensued as border police informed them they would have to stay at the camp while their identities

were confirmed, before they would be permitted to resume their journey. The distraught girl, her hair matted with sweat, pleaded with officers not to cut her trip short, while she cradled the baby clad only in a stained diaper.

Title 42 effect

More than 75% of unaccompanied children making their way through Panama come from Venezuela, Ecuador and Haiti, fleeing poverty and crime, according to Unicef. Some have said they inadvertently split from their parents in the unforgiving rainforest, where migrants sometimes see bodies of people who died on the journey, or confront dangers ranging from poisonous snakes to bandits who rob and sexually assault travelers.

“I still have faith that they’re going to turn up,” said another 16-year-old Venezuelan girl, using a sleeve to wipe away tears, while seated with two other underage girls from her country at a holding area for young migrants.

Her family, she said, had been racing to reach the U.S. border around the expiration of Title 42, a policy that until May 11 had allowed the U.S. to fast-track deportations on public-health grounds. Her parents, struggling with heart problems, fell behind during the four-day hike through the Darién. She said her dream was to finish school in the U.S. and one day become a flight attendant.

Lourdes De Gracia, who manages camps in the Darién for Panama’s migration authority, said social-media videos that popularize the dangerous migrant path pose a challenge to stemming the flow of young people toward the U.S.

By providing relief services, “some people would say we’re facilitating the migrants,” said De Gracia, a migration officer for 18 years. “But there’s also a human-rights obligation to help them.”

U.S. WATCH

TEXAS

House Probe Alleges Paxton Wrongdoing

Attorney General Ken Paxton may have committed multiple crimes as he attempted to use his state office to aid a political donor, according to investigators working for the Texas Legislature.

Investigators found that Paxton had sought to interfere in a Federal Bureau of Investigation probe into Austin real-estate investor Nate Paul, a friend of the attorney general who donated \$25,000 to Paxton. The House probe, which began in March, became public Tuesday after-

noon. Paxton called on Republican House Speaker Dade Phelan to resign shortly before the announcement of Wednesday’s testimony before the House General Investigating Committee.

Speaking to the Investigating Committee, four investigators laid out years of legally and ethically improper actions by Paxton, a Republican first elected in 2014 and re-elected to a third term last year. The investigation substantiated claims first made by Paxton’s former top deputies, eight of whom reported him to the FBI in 2020.

In a statement after the hearing, Paxton said, “Every allegation is easily disproved.”

—Elizabeth Findell

WASHINGTON

Jan. 6 Rioter in Pelosi Office Gets 4½ Years

A judge imposed a 4½ year sentence Wednesday on Richard Barnett, an Arkansas man who was photographed with his feet on a desk in then-House Speaker Nancy Pelosi’s office during the Jan. 6, 2021, riot at the Capitol.

The Justice Department had asked U.S. District Judge Christopher Cooper to set a sentence of more than seven years.

In January, a federal jury in Washington convicted Barnett on all eight of the charges he faced, including interfering with a police officer, obstructing an offi-

cial proceeding and remaining in a restricted building with a dangerous weapon.

Judge Cooper said during the hearing that Barnett, a 63-year-old retired firefighter, lied under oath when he testified during his trial and hasn’t accepted responsibility for the gravity of his conduct. The judge said Barnett’s actions put at risk some of Pelosi’s staffers, who hid in a nearby conference room.

“I shudder to think what would have happened if the staff members who were in the conference room were in the office—or, God forbid, the speaker,” Cooper said, adding that it was “a miracle” there weren’t more injuries on Jan. 6.

—Jan Wolfe

RHODE ISLAND

Suspect in Killings Shot Dead by Police

A man suspected of shooting and killing two people and wounding a third in Rhode Island Wednesday morning was fatally shot by police after fleeing the scene, law-enforcement officials said.

Officers responding to 911 calls about gunfire found one adult victim in the suspect’s home in Johnston and another adult victim in a neighbor’s home at about 7:30 a.m. Johnston Police Chief Mark Vieira said at a news conference. A 15-year-old girl was also shot and

taken to the hospital but was expected to survive, he said.

The victims’ names weren’t released.

The deceased suspect was identified as James Harrison, 52. Police in Cranston spotted him in a vehicle at about 9:30 a.m. after Johnston police put out a description, Cranston Police Chief Michael Winquist said.

During a pursuit, Harrison drove the wrong way on the Plainfield Pike, swerved at several police vehicles and struck one, then hit a rock that disabled his vehicle, Winquist said.

Police shot Harrison when he got out of his vehicle brandishing a gun at officers.

—Associated Press

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U.S., China See Chance To Fix Ties

Continued from Page One shared desire for stability in the relationship from Beijing and Washington—but for different reasons.

The Biden administration has pressed to steady matters in the midst of friction over Taiwan, the war in Ukraine and other issues. Its motivation is partly to prevent tensions from spiraling into conflict, but also to show allies and others that it can manage a working relationship with Beijing, current and former U.S. officials said.

While Beijing has largely given Washington a cold shoulder in recent months, it now has its own reasons for detente. Chinese officials point to a priority for Beijing: paving the way for Chinese leader Xi Jinping to attend an annual summit of Asia-Pacific leaders to be held in San Francisco in November—and possibly a separate meeting with Biden. However, Chinese and U.S. officials said, time is running out to lay the necessary groundwork.

Going into this year, both governments were looking to kick-start dialogue over geopolitics, the economy, trade and other issues that had dwindled following bitter disputes over Taiwan and technology controls. Then, a suspected Chinese spy

ELIZABETH FRANITZ/REUTERS

Commerce Secretary Gina Raimondo will sit down with her Chinese counterpart, Wang Wentao, in Washington on Thursday.

balloon crossed North America before the U.S. shot it down in February, sending relations back into an acrimonious spiral.

The balloon incident led U.S. Secretary of State Antony Blinken to postpone a scheduled visit to China that was supposed to be the start of a series of high-level exchanges.

In the months since, tensions between the two powers continued to grow, and China repeatedly rebuffed U.S. requests for high-level talks. But behind the scenes, backchannel diplomacy hasn’t stopped.

In March, Beijing sent to Washington a delegation led by its retired ambassador to the U.S., Cui Tiankai. There, Cui, who was China’s longest-serving envoy to Washington, met with national security adviser Jake Sullivan and Deputy Secretary of State Wendy Sherman and talked about Beijing’s interest in brokering

peace in Ukraine, people with knowledge of the matter said.

U.S. and other Western officials have cast doubt on Beijing’s ability and willingness to be a genuine peacemaker given its alignment with Moscow. Meeting with Sullivan and Sherman, Cui expressed China’s frustration that no matter what it does or says, the U.S. will take actions against it, the people with knowledge of the matter said.

Still, a takeaway for the Chinese delegation from the trip, the people said, was that Washington wanted some in-depth communication between the two sides. An initial sign of thawing relations: On May 10-11, Sullivan and Wang Yi, China’s top foreign-affairs official, met in Vienna and discussed ways to restore high-level exchanges.

Beijing’s recent tentative return to diplomacy with Washington came about, in part, be-

cause the Chinese leadership sees itself in a stronger position than immediately after the balloon incident, a U.S. official said. Xi has hosted several European leaders in an attempt to divide the Western alliance and obtained a vow of strong trade ties and defiance of U.S. sanctions from Brazil’s president. “They think we don’t look great,” the U.S. official said.

China’s Foreign Ministry said in a faxed response to questions, “China and the U.S. are maintaining necessary communications.”

Meanwhile, any fledgling detente is likely to be fragile.

“There’s so little structural trust and so much animosity in the relationship that we’re just one news-cycle event away from knocking recent progress off-kilter, as we saw with the Chinese spy-balloon incident,” said Jude Blanchette, a China specialist at the Center for Strategic and International Studies.

Chinese officials are anxious about an analysis by the Federal Bureau of Investigation and other agencies of the electronic and other equipment carried by the balloon. They are also concerned about an expected Biden executive order banning U.S. investment in China’s chip and other critical tech sectors.

“China wants the U.S. side to show sincerity,” said Yun Sun, director of the China program at the Stimson Center, a Washington think tank. “It doesn’t want to have those talks, only to face more U.S. sanctions later.”

—Yuka Hayashi contributed to this article.

WORLD NEWS

China Draws Russia Closer South Korea Acts To Help Arm Kyiv

High-level meetings signal an effort to push back against Western dominance

By Austin Ramzy
And Selina Cheng

HONG KONG—China and Russia moved to solidify their partnership with high-level meetings this week, in a departure from recent efforts by Beijing to play down its alignment with Moscow as it seeks to play the role of peacemaker in Ukraine.

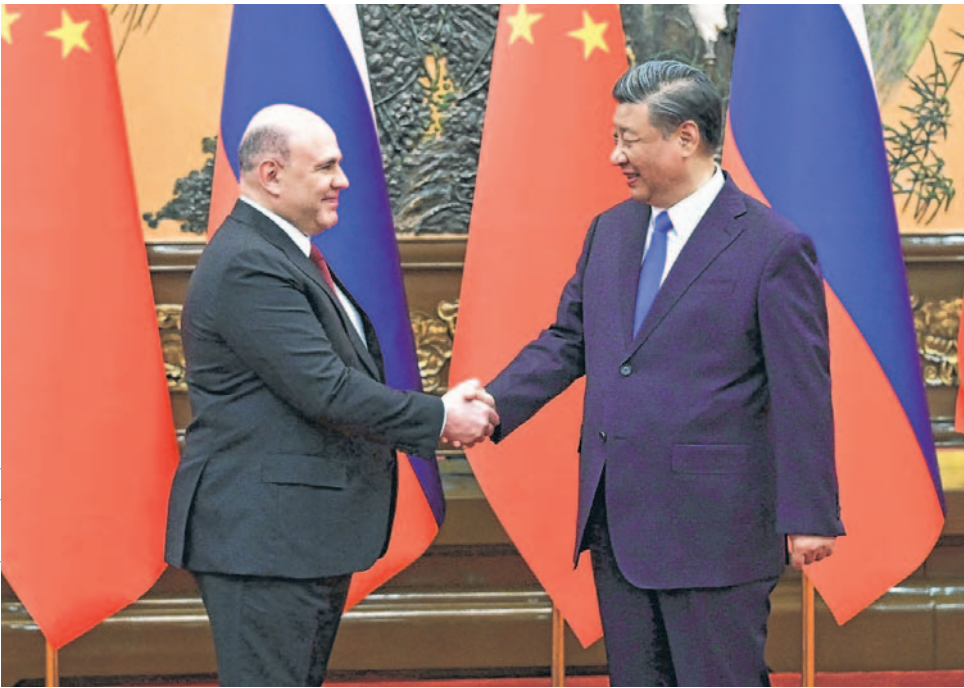
Chinese leader Xi Jinping met Wednesday in Beijing with Russian Prime Minister Mikhail Mishustin, who said their countries are continuing to rebuff efforts from the West to constrain them.

“Our countries together oppose the attempts of the collective West to maintain global dominance and use illegal sanctions to impose their will on independent states,” Mishustin said at the meeting, Russian state news agency Tass reported.

China will continue to offer “firm, mutual support to Russia on matters of core interests,” Xi said, according to Chinese state news agency Xinhua, noting plans for cooperation formulated during his meetings with Russian President Vladimir Putin in March.

Mishustin’s trip to China followed a visit to Moscow by China’s spy chief, Chen Wenqing, who held talks with Russian Security Council Secretary Nikolai Patrushev, a Putin adviser. Meanwhile, China’s special representative tasked with leading the country’s Ukraine peace push, Li Hui, was set to travel to Moscow on Friday following a tour through Europe, according to Russian media.

China has tried to de-emphasize the extent of its ties with Russia in recent weeks as it faced skepticism about its ability to broker a solution in Ukraine. Chinese diplomats have suggested that the “no limits” partnership that Xi and Putin declared in early 2022,



Russian Prime Minister Mikhail Mishustin, left, and Chinese leader Xi Jinping met in Beijing on Wednesday.

shortly before Russia invaded Ukraine, could easily apply to other nations.

Mishustin portrayed the situation otherwise, saying relations between Beijing and Moscow had reached an “unprecedentedly high level,” according to Tass.

“The question the meeting raises is whether the PRC really does see limits to their ‘no limits’ relationship with Russia, or if their public statements merely convey those impressions to deflect pressure on Beijing,” said Chong Ja Ian, an associate professor of political science at the National University of Singapore, using a shorthand for the People’s Republic of China. “The opacity of the PRC system makes it difficult to dispel such suspicions.”

The two countries’ standoff with the U.S. and its allies fuels their continuing closeness, said Alexander Gabuev, director of the Carnegie Russia Eurasia Center.

China chafed at last week’s Group of Seven summit in Japan, where President Biden and leaders of six other democracies discussed plans to aid

Ukraine and confront what they described as China’s intimidation tactics. Beijing and Moscow joined forces in excoriating the G-7’s stance, with Russia’s Foreign Ministry calling the group “an ‘incubator’ which, under Anglo-Saxon leadership, hatches destructive initiatives and subverts global stability.”

China has been a critical source of support for a Russian economy battered by Western sanctions. Mishustin said he expects trade between the two countries, which reached \$189 billion last year, to surpass \$200 billion this year, a year earlier than the 2024 target the two countries set in 2019. Trade in agriculture also climbed 42% last year and 90% in the first quarter of this year, he said.

The trip to Moscow by Chen, the Chinese security czar, showed that ties are expanding in areas beyond trade. According to Russia’s Security Council, Chen discussed the sharing of financial intelligence and plans for cooperation between China’s paramilitary police and Russia’s National Guard in his meeting with Patrushev.

The diplomatic efforts of Li,

China’s special envoy, sought to portray China as a friend to everyone in Europe. The diplomat has traveled extensively throughout the continent in the past week to promote Beijing’s Ukraine peace initiative.

China hasn’t condemned Russia’s invasion and has accused Ukraine’s supporters, particularly the U.S., of fueling the war by providing weapons to Kyiv. Its position paper also argues against strengthening military blocs, reflecting Putin’s claim that potential expansion of the North Atlantic Treaty Organization compelled him to start the war.

Analysts say there is little expectation of any talks until the conclusion of an expected Ukrainian counteroffensive.

“What Li Hui’s trips around Europe and PM Mishustin’s visit to China have in common is that China is trying to signal that Russia will not collapse, and Ukraine and the West better consider how to compromise with it to find a negotiated end of the war,” said Richard Q. Turcsanyi, a program director at the Central European Institute for Asian Studies.

By Gordon Lubold
And Michael R. Gordon

WASHINGTON—South Korea is proceeding with the transfer of hundreds of thousands of artillery rounds for Ukraine, a move U.S. officials said would make Kyiv’s planned offensive against Russian forces effective and allow the White House to delay a decision about whether to supply cluster munitions banned by many countries.

The decision marks a turnabout by Seoul, which had pledged the artillery in November but then balked at providing lethal assistance, following months of U.S. pleas for help as the Pentagon’s supply of artillery dwindles.

Under the confidential arrangement, South Korea is transferring the shells to the U.S., which has arranged for them to be sent to Ukraine. The White House declined to comment, as did a South Korean government spokesman.

The Pentagon declined to say how the shells are being sent or when the transfer is to be completed, but acknowledged it has been in discussion with Seoul on buying its ammunition.

South Korea’s contribution of rounds has enabled the Biden administration to delay for now a decision on whether to send cluster munitions—the “dual-purpose improved conventional munition” in Pentagon parlance—to the Ukrainians.

“Cluster munitions would provide a missing piece for the Ukrainian counteroffensive to complement their precision medium-range missiles, tanks and troops,” said Michael O’Hanlon of the Brookings Institution, an independent Washington research organization. “But for those in the administration unready to make that leap, unitary 155 shells would meet some of the same requirements.”

The breakthrough on South Korea’s ammunition supply

comes soon after Washington and Seoul issued a joint declaration on security issues during South Korean President Yoon Suk Yeol’s visit to Washington in April.

That declaration gave Seoul a greater voice in consultations over a potential American nuclear response to a North Korean attack, in return for a pledge to forgo the development of its own nuclear weapons.

Yoon said during his visit that the international community should stand up to Russian aggression in Ukraine and hinted his government was considering providing lethal assistance.

“We are closely monitoring the situation that’s going on

The move allows the U.S. to delay a decision on sending cluster munitions.

the battlefield in Ukraine and will take proper measures in order to uphold the international norms and international law,” he said in remarks at Harvard’s Kennedy School.

Washington first approached the Seoul government last year and asked it to provide artillery for the war in Ukraine. The two sides worked out an initial confidential agreement, but the South Koreans got cold feet after it emerged in the media, according to U.S. officials.

The U.S. has provided more than two million 155mm artillery rounds to Ukraine since the Russian invasion began in February 2022, and its remaining supply has begun to dry up, forcing the U.S. on a global hunt for ammunition. The Pentagon has raided its own stocks of artillery shells to make up for the shortfall, U.S. and congressional officials said.



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Photo: WFP/KEN Walir

WORLD NEWS

Wagner Says 20,000 Died Taking Bakhmut

By ANN M. SIMMONS
AND ISABEL COLES

The head of the Russian paramilitary group Wagner said 20,000 of his troops were killed in the battle for the Ukrainian city of Bakhmut, a monthslong fight that drained Russia's military manpower.

Yevgeny Prigozhin said about 10,000 former prisoners out of the 50,000 he recruited to fight in Ukraine had been killed, while an additional 10,000 regular servicemen from his forces also died.

In a video interview posted on Telegram on Tuesday, Prigozhin said his troops would have to leave Bakhmut on or around June 1 to “reformat, re-equip and rearm,” adding, “427 days of war is hard combat work.”

When Wagner leaves Bakhmut, the city will become the responsibility of Russia's Ministry of Defense, which should be ready to take over, he said. “If they cannot accept this, then the relevant persons must shoot themselves,” he said.



A Wagner Group soldier guards an area outside apartment blocks in the Ukrainian city of Bakhmut.

Prigozhin's comments continued his war of words with senior Russian military officials, which has become the most significant sign of divisions among Russia's fighting forces since Moscow invaded

Ukraine last year.

Prigozhin repeatedly has accused top military officials in Moscow of starving his fighters of ammunition during the battle for Bakhmut, blaming them for Wagner's heavy

casualties. In the video, he said that 80% of Wagner's casualties were because of his troops' lack of ammunition.

The Wagner-led seizure of Bakhmut is Russia's only significant territorial gain since July

2022. The fight for Bakhmut is the biggest battle of the war so far, with both sides deploying tens of thousands of troops despite the city's limited strategic significance.

The White House estimated this month that about half of the 20,000 Russian military personnel killed in Ukraine since December were Wagner forces.

In the more-than-hourlong video, Prigozhin also lambasted Russia's regular military for not being ready to counter the raiding group that he said was allowed to “shamelessly enter” the Russian border region of Belgorod this week.

“Our defense isn't ready to prevent them in any way,” Prigozhin said. “Where is the guarantee that [this group] will not come to Moscow tomorrow?”

Ukrainian officials have identified the fighters involved in the raid as two volunteer groups of Russian citizens who work closely with Ukrainian military intelligence.

Belgorod regional Gov. Vy-

acheslav Gladkov said nine people were hospitalized because of fighting Tuesday between Russian soldiers and Ukraine-allied troops, which he said had forced the evacuation of some border villages.

On Wednesday, Gladkov said the region had seen many drone attacks overnight. Most of the drones were intercepted by air defenses, but some caused damage, including to private homes, office buildings and a gas pipeline, Gladkov posted on Telegram.

Meanwhile, Russia shelled three districts in Ukraine's Kharkiv region in the past day, said the head of the regional military administration, Oleh Synehubov, adding that property and vehicles were damaged.

The U.K.'s defense secretary, Ben Wallace, met with his Ukrainian counterpart in Kyiv on Wednesday to discuss the continuing training of Ukrainian forces in Britain, and the transfer of weapons, including long-range Storm Shadow missiles to Ukraine.

Russian Military Chiefs Feud

Continued from Page One

power that has been created by President Vladimir Putin over the past two decades.

Fearful of potential challenges, Putin, 70, has long promoted rivalries among subordinates. These intrigues used to be hidden from the public eye. The vtriot of the confrontation between Prigozhin's private army, which numbers tens of thousands of veterans, many recruited in prisons, and the country's military leadership has shattered that mold.

“Looking at this conflict, the main conclusion drawn by Russian elites is that Putin is not capable of regulating these relations. It means that Putin has become so weak that the power vertical is coming undone,” said Abbas Gallyamov, a former Putin speechwriter and a political analyst who has become a vocal critic of the regime. “In times of war, keeping a united front is the basic task of a state. And Putin is unable to achieve that.”

How much this quarrel can destabilize Russia is hard to gauge, Western officials say. “The system is hard but brittle. You never know when it will break,” one senior U.S. official said.

Putin himself has kept switching between the two sides as Russia's military fortunes ebbed and flowed, bringing in and out of favor generals who appeared to be aligned with Prigozhin, his confidant and former caterer.

Wagner's recent successes have elevated Prigozhin's stock again, leading some U.S. officials to wonder if he could become Putin's successor.

In recording after recording, some with the bodies of Wagner's dead soldiers as a backdrop, Prigozhin has unleashed choice curses on Shoigu and Gerasimov, accusing them of throttling the supply of weapons and ammunition to settle political scores. The ministry of defense, in a bland statement, has responded that it is providing Wagner with everything it requires.

“They are killing our soldiers, and the happy grandpa thinks that he's doing well,” Prigozhin, 61, said in one such recent attack on Gerasimov, 67. “What will our country do, what will happen to our children, our grandchildren, to the future of Russia, and how will we win the war if it turns out that grandpa is a complete moron?”

While Shoigu and Gerasimov, aware of Prigozhin's personal relationship with Putin, have abstained from retorting in public, some retired generals in the Russian parliament have shot back.

Wagner is “an illegal military formation. It's not clear where it is registered and what it does,” retired Lt. Gen. Viktor Sobolev said. Many of Wagner's practices are indeed contrary to Russian laws, including its much-publicized custom of executing deserters, often with a skull-engraved



Yevgeny Prigozhin, head of Russia's Wagner paramilitary group, foreground, with soldiers in Bakhmut, Ukraine, on May 20.

sledgehammer.

Kremlin spokesman Dmitry Peskov said this month that he “cannot comment because it concerns the course of the special military operation.”

This fight is especially remarkable because of the near-total suppression of political debate in wartime Russia.

Not on State TV

Prigozhin hasn't been constrained. In daily statements and videos, he delivers philippics about the weaknesses of the Russian military strategy, the real strength of the Ukrainian army and the mismanagement and alleged cowardice of the regular Russian troops.

These outbursts aren't usually shown on state TV, but are amplified by hypernationalist commentators on Wagner's payroll. Recently, Prigozhin expanded his target list from the military brass to “clowns on Old Square”—the address of Putin's presidential administration.

Such campaigning would be impossible without Putin's assent, Russia-watchers and Western officials say.

The consequences of the hostility between Prigozhin and the regular military shouldn't be overestimated, cautioned Andrei Kozyrev, a former Russian foreign minister, who pointed out that similar splits existed in the Nazi regime during World War II. “Wehrmacht's officers also hated the SS, but all of them took part in the war despite that hatred,” he said. “Their tension was real. Yet Hitler's Germany kept resisting until the last day, all together.”

A former convict who spent 10 years in Soviet prisons, Prigozhin, like Putin, hails from St. Petersburg's rough neighborhoods. He supported democratic reforms as the Soviet Union collapsed, and initially found his calling in opening some of the city's most fashionable restaurants, personally pouring wine to celebrity guests such as then-President George W. Bush in 2006.

Created as a deniable instrument of Russian influence, Wagner grew into a significant force after Russian interven-

tion in Syria. Prigozhin was better known at the time as the owner of an online propaganda operation, the Internet Research Agency, that according to the FBI interfered in the 2016 U.S. presidential election. A U.S. arrest warrant was issued for him in 2018.

Until last August, he denied he had anything to do with Wagner. He later admitted he was intimately involved with its operations in Syria..

A book of memoirs by Kirill Romanovsky, a war correspondent for Prigozhin's RIA-FAN news agency, who followed Wagner around the world and died in January, described Prigozhin sitting next to an inebriated Gen. Aleksandr Dvornikov, then commander of Russian forces of Syria, as they observed Wagner's battle to retake the city of Palmyra from Islamic State in 2016.

Wagner's artillery was running out of ammo. “Bastard, give us at least 100 shells,” Prigozhin yelled at Dvornikov, the book says. The general was on the phone with Moscow, busy taking credit, it added.

The ministry of defense later issued medals for taking Palmyra, but not to the actual fighters, from Wagner, Prigozhin complained this month.

The real rupture occurred two years later. On the evening of Feb. 7, 2018, Wagner forces began an attack on an area of Syria known as H sham. The U.S. had a special-operations outpost there. When it came under Wagner's shelling, the Pentagon tried to get Shoigu on the line, then-Defense Secretary Jim Mattis testified to Congress.

The reply from Moscow, ac-

The spat shows a Putin failure to keep united front in war, said one analyst.

cording to Mattis, was that “it was not their people.” Mattis ordered the attacking force annihilated. Hundreds of Russian mercenaries were killed or maimed in American strikes. Moscow stayed silent.

According to Romanovsky's book, Wagner's men had been assured they would be protected by Russian aircraft and air defenses. “We were simply betrayed,” he wrote.

Prigozhin said he wasn't asked to help out in Ukraine

until three weeks after the Feb. 24, 2022, invasion, when Russian forces failed to seize Kyiv. Soon, his units entered the battle in eastern Ukraine's Luhansk province, achieving a series of breakthroughs.

Wagner expanded recruitment, lowering standards, as the combat exhausted the supply of volunteers. Prigozhin's solution was to tap Russia's penitentiary system, enlisting criminals with the promise of pardons—something only Putin could deliver—should they survive six months in Ukraine.

As Russia retreated in southern and eastern Ukraine last fall, Prigozhin's area of operations near Bakhmut was the only one where Russian forces advanced.

Prigozhin and Chechen leader Col. Gen. Ramzan Kadyrov, who also oversees a large private militia, joined forces in criticizing Russia's top military leadership. Kadyrov demanded that Col. Gen. Aleksandr Lapin, the commander of Russia's Central military district, be busted to private and “sent to the front with a rifle to wash off his dishonor with blood.”

“Ramzan, good lad, keep up the fire,” Prigozhin responded. “All these dimwits—to the

front, shoeless and with a rifle.” For a while, Lapin was removed from command.

Prigozhin and Kadyrov applauded when Gen. Sergei Surovikin took charge of the war last October. Prigozhin hailed his hard-line credentials as the only Russian commander who used force against pro-democracy demonstrators during a failed putsch that sought to prevent the Soviet Union's collapse in August 1991.

Surovikin failed to achieve any breakthroughs, presiding over a withdrawal from the southern Ukrainian city of Kherson and a wasteful and unsuccessful missile campaign that aimed to destroy Ukraine energy infrastructure.

By January, the pendulum had swung again, with Gerasimov taking direct command of the war and making Surovikin one of his deputies. Surovikin no longer spoke in public while Lapin, brought back, was promoted to chief of staff of Russia's Land Forces. He recently welcomed Putin on a trip to the war zone.

As the winter came to an end, Wagner was still stuck in Bakhmut, sustaining heavy losses as its prisoner recruits launched wave after wave of near-suicidal attacks on Ukrainian positions. All in all, Wagner sustained 20,000 fatalities in that campaign, half of them former convicts, according to Prigozhin.

Seeking ammunition

Russia's entire military was suffering from a shortage of munitions by then, and Wagner, if anything, was better supplied than other Russian units, according to Ukrainian and Russian commanders.

But Prigozhin turned his public demands for more ammunition into a dramatic art form, threatening to withdraw from the city. His media empire bolstered the narrative of betrayal, with #GiveWagner-Shells becoming a trending hashtag and songs commissioned by Wagner blasting out his demands for ammunition. “Are you secretly waiting for champagne in a warm prison in the Netherlands?” one of these songs asked Shoigu, referring to the international criminal court in The Hague.

Once Bakhmut finally fell, Putin on May 21 congratulated Wagner's storm units for taking the city, alongside regular Russian forces “that offered them the necessary support and the coverage of flanks.”

The day happened to be Shoigu's 68th birthday. Kadyrov dispatched an obsequious letter of congratulations, praising the defense minister's martial prowess.

Prigozhin adopted a different tone. “You have spent a huge amount of time on developing your multitude of talents,” he wrote mockingly. “Few people combine the abilities of a refined aesthete, a graphic artist, a wood carver, a hunter, a hockey aficionado, a caring father and father-in-law. I hope you will continue to grace those around you with your happy smile.”

As a gift, Prigozhin dispatched Romanovsky's book describing the massacre of Wagner that, according to the Pentagon, Shoigu hadn't tried to avert.



Russian Defense Minister Sergei Shoigu left, and Chief of the General Staff Valeriy Gerasimov.

WORLD NEWS



Alexander Vinnik, seen in Greece after his 2017 arrest, is facing U.S. money-laundering charges.

Indicted Russian Aims For Inclusion in Swap

BY LOUISE RADNOFSKY
AND DUSTIN VOLZ

A Russian citizen facing U.S. money-laundering charges is mounting a campaign to be included in any prisoner exchange between the two countries that could free detained Wall Street Journal reporter Evan Gershkovich.

The effort is similar to a playbook used by Viktor Bout, the convicted Russian arms dealer who won his freedom in a prisoner swap after public pressure for a deal.

The lawyer for Alexander Vinnik, co-founder of a popular bitcoin exchange, set out his intentions in federal court filings in California over the weekend, saying he is trying to modify a protective order on Vinnik’s case so the lawyer can more openly push for his client’s trade potential.

“Mr. Vinnik should be permitted to...answer the accusations against him and advocate publicly for his inclusion in a prisoner swap,” wrote David Rizk, assistant federal public defender in the Northern District of California, adding that he had been told by people

with knowledge of prisoner-swap negotiations that a public campaign was important “in order to maximize the chances of such an exchange.”

Vinnik was arrested in Greece in 2017 under a U.S. warrant and extradited to the U.S. last year. U.S. officials charged him in a 21-count indictment, saying he ran a lucrative money-laundering operation through BTC-e, which he co-founded in 2011, and that the exchange was popular with Russian criminals and used to facilitate ransomware extortions, identity-theft schemes, as well as narcotics distribution.

Vinnik has pleaded not guilty to the U.S. charges.

The Justice Department declined to comment.

Vinnik’s effort highlights some of the critical dynamics in international prisoner swaps, a phenomenon that has become newly prominent as the U.S. grapples with a rise in hostile countries detaining American citizens on grounds the U.S. considers to be bogus.

In Russia, those citizens include Gershkovich, who was detained on a reporting assignment in Russia on March 29

and is being held on espionage charges the Journal and the U.S. government vehemently deny.

Another detained U.S. citizen is Paul Whelan, a corporate-security executive and former U.S. Marine who has been held since late 2018. He was convicted of espionage in 2020 in a closed-door trial the U.S. dismissed as a sham. Both men are considered by the U.S. to be wrongfully detained.

U.S. observers see head-for-head trades with Russia as the likeliest way that such Americans can return home, a theory bolstered by high-profile deals such as the arrangement late last year that freed women’s basketball star Brittney Griner after she was detained for almost 10 months on drug charges.

These bargains can hinge on whether negotiators can be convinced that a prisoner is simultaneously palatable enough to be freed by one country and valuable enough to be desired by the other country.

The U.S. was at one point willing to trade Vinnik for Griner, Vinnik’s lawyer said in the new court filing.

FROM PAGE ONE

Culture Wars Snare Target

Continued from Page One

moted the idea that parents and children are being influenced to affirm children’s belief that they were born the wrong gender and therefore are being urged to transition to a different gender. Supporters of the LGBT community, as well as some educators and psychologists, dispute that characterization. Some activists have criticized Target’s decision to remove the items.

Online critics of Target’s Pride Month apparel homed in on a transgender-friendly swimsuit with a label highlighting its “tuck-friendly construction,” with some saying the product was being marketed to children. Though Target sells the swimsuit only in adult sizes, the misconception spread on social media. Later, some online commenters criticized Pride-related kids’ swimsuits such as a black swim skirt that are marketed as “thoughtfully fit” for “multiple gender expressions.”

Others criticized Pride-themed kids’ clothing generally. Target and other retailers have sold kid-size Pride items for several years. As of Wednesday evening, videos on TikTok with the hashtag #boycotttarget had received nearly 20 million views. Other related videos were also heavily viewed on the platform.

Target said that while the collection always receives some criticism, it ratcheted up in recent weeks and days. Last week, Target moved its Pride collection section away from the front of stores in some Southern states out of what it said was concern for workers’ safety.

On Tuesday, the company went further, saying it would remove certain items at all stores. “Since introducing this year’s collection, we’ve experienced threats impacting our team members’ sense of safety and well-being while at work,” a spokeswoman said. The company said no worker has been

physically hurt.

“CEO of Target Brian Cornell selling out the LGBTQ+ community to extremists is a real profile in courage,” California Gov. Gavin Newsom, a Democrat, wrote in a tweet. “This isn’t just a couple stores in the South. There is a systematic attack on the gay community happening across the country.”

Target “should have told people, ‘if you don’t want it, don’t buy it,’” said Michael Edison Hayden, a spokesperson for the Southern Poverty Law Center, a civil-rights group known for legal work against extremist groups. By making the decision to celebrate Pride and pull it back, “you are making a statement that threats of violence will work,” he said.

“The fact that a small group of extremists are threatening disgusting and harsh violence in response to Target continuing its longstanding tradition of offering products for everyone should be a wake-up call,” said Sarah Kate Ellis, chief executive of GLAAD, an LGBTQ advocacy group.

A Target spokeswoman declined to comment on the criticism over removing the items.

On Tuesday, Target said it is aware some people wouldn’t be happy with its move. “We have a longstanding commitment to the LGBTQ community, and we stand firm in that,” said the spokeswoman, “but the reality is that the safety situation has become untenable.”

The criticism from both sides of the issue echoes the recent controversy involving Anheuser-Busch, which this spring did a Bud Light promo-

tion with a transgender influencer that prompted a boycott of the beer. As backlash to the promotion spread, the brewer stayed mostly silent and later placed two marketing executives on leave, a response that angered pretty much everyone.

Target said it would continue to sell Pride-related items in stores, but will remove some items that have been at the center of the most confrontational behavior in recent days.

Thus far, Target has removed only items produced by Abbrallen, a brand that sells some items outside of Target that feature satanic references such as a “Satan Respects Pronouns” enamel pin, images that sparked criticism from some. Those items weren’t sold by Target. The retailer is still evaluating which other items might be removed, said the spokeswoman Wednesday.

The spokeswoman for Target declined to comment on why only those items were pulled.

Erik Carnell, the owner and designer behind Abbrallen, said in an emailed statement that Target’s distributor informed him of the decision via email after the products’ removal. He has received hundreds of hate messages and death threats, he said. Many people are incorrectly saying he created inappropriate items for children, he said. “I created items specifically for adults,” he said.

The Target collection included a “Cure Transphobia, not Trans People” sweatshirt, a tote bag with a pastel UFO with the words “Too Queer for Here” and a “We Belong Everywhere” fanny pack, said Carnell.



A Pride Month display at a Target store in Hackensack, N.J.



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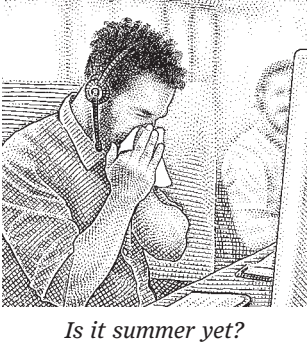
FROM PAGE ONE

Allergies
Inflame
The Office

Continued from Page One
she tells colleagues. “I just took a test.”
Doctors said seasonal allergies started early this year because the mild winter made trees release pollen ahead of schedule. Pollen levels vary across the country but typically peak from April to June. A study published in the journal Proceedings of the National Academy of Sciences in 2021 found that the North

American pollen season starts earlier and lasts longer than it did in 1990, with higher concentrations of pollen.
Pilar Williams, a 42-year-old insurance contractor in Chicago, said her allergy symptoms often flare up on her morning walk to the train. She gets a runny nose and itchy eyes, but there is one thing that helps, she said: She has eyelash extensions and skips the mascara.
Once she gets to work, she has to deal with everyone else’s allergies. “Especially because of the whole Covid situation, it’s like, ‘Oh my God, cover your mouth,’ ” Williams said. If she hears someone coughing near the office printer, she added, she will wipe it down.

“I think I’ve always been a little bit extra when it comes to people coughing and sneezing in the office,” she said, “but after Covid, it puts you on edge. Like, who wants to be sick?”
Flying cough droplets are giving workers another reason to work from home. Return-to-office plans have stalled in the U.S., and many companies have settled into hybrid work models.
Bill Edwards, a 50-year old New Yorker, said he goes into the office every day. He has started work calls lately by assuring his colleagues he just has allergies. “It’s hard to disguise that you’re not feeling some sort of symptoms when your voice goes out,” said Edwards, an executive vice president at a real-estate company.



Is it summer yet?

He said he has been chugging water to soothe his throat. “People might think I have a water problem,” he said.
Making matters worse, shoppers across the U.S. have reported that allergy remedies are in short supply at their local pharmacies. First-time allergy

sufferers are helping to create a run on cough drops, decongestants and antihistamines. The Centers for Disease Control and Prevention said Americans spend more than \$3 billion every year on medications and other costs linked to allergies.
Aaron Fritsch, 38 years old, said he brings all sorts of allergy treatments to his job as a product engraver, including Sudafed, Benadryl, ibuprofen and cough drops.
“I’ve got everything this year. It’s crazy,” said Fritsch, who lives in Antioch, Calif. He said he had to leave the office early one day this allergy season because his symptoms and subsequent migraine were overwhelming. He left his project that day, printing logos on stainless steel bottles, to a

co-worker.
In New York, Santos said she has been popping plenty of cough drops in recent weeks. “I have the Ricolas on repeat,” she said.
Allergies have given new meaning to the term congested commute. On one train ride, a fellow passenger asked Santos, who was wearing a mask, why she was there if she was sick.
She explained it was allergies. “The city is making me feel sick,” she said.
While Santos is sneezing away, she still cringes when someone coughs nearby. She’s ready for the pollen to disappear.
“It’s the worst,” she said, “and I can’t wait for it to be over.”

Banks Are
Now Meme
Stocks

Continued from Page One
the use of options and other tools that can amplify the impact of trades.
A near-record number of shares in regional banks has changed hands this month, and the number of options bets against the sector has exploded. Big Wall Street institutions and at-home individual investors alike are taking part, feeding on each other’s selling and buying.
Rookie traders are flooding social media with doomsday theories on the next bank that might fail. Others are loading up on bank stocks, speculating that there will soon be an epic jump in shares.

The result? A market that moves from calm to chaotic faster than ever.
“The dominoes will continue to fall as the gravitational pull rips more banks into pieces,” one user wrote on a day PacWest stock dropped 11%.

Before March, individual investors didn’t pay much attention to regional banks. Compared with GameStop, AMC or Tesla, they were way too boring.

Stock gyrations can be punishing for any company, but they can be fatal for banks, where confidence is currency. Although a plunging share price shouldn’t have any immediate effect on a bank’s ability to satisfy its financial obligations, it can drive depositors to withdraw their money, which does.

“You can create real panic,” said Cem Karsan, founder of Chicago-based investment firm Kai Volatility Advisors.
The economic effect, in turn, is potentially more serious. GameStop sells video-games. Banks make mortgages and business loans. For that reason, some in the banking industry have called for regulators to ban short sales of financial-company shares.

Karsan is a volatility trader, which means he doesn’t take bullish or bearish positions on stocks based on their fundamentals. Instead, he looks to profit from the stock market’s swings. This month, he started buying options that would profit if the explosive ups and downs in regional-bank shares continued.

Bank executives are fretting, worried that declines in their stocks will frighten off real-life customers.

At Western Alliance, another midsize bank that has been under a microscope, shares fell 47% in a single day right after Silicon Valley Bank collapsed in March—the largest one-day drop since shares began trading in 2005. Elevated options activity and thin trading before the opening bell were to blame, Chief Financial Officer Dale Gibbons said on a recent earnings call. That, in turn, made some customers pull their deposits, he said.

Gibbons said in an interview that when deposits began declining, the bank curtailed lending and began meeting with clients to reassure them about the bank’s finances. “They can’t rely on the stock to be a reliable indicator of a financial institution’s health,” he said, referring to the recent volatility.

In the case of Silicon Valley Bank, rising interest rates left the bank sitting on billions of dollars in potential losses at the end of last year. Customers tried to withdraw \$42 billion in a single day, prompting regulators to close the bank.

In testimony before Con-



Fed Chairman Jerome Powell on a screen at the New York Stock Exchange on May 3 after the Fed’s decision to raise interest rates.

gress last week, former CEO Greg Becker blamed social media for the deposit run.

The 2008 banking crisis wasn’t like this. At-home traders were around then, of course, as was social media. But market influencers and the general public didn’t have the same sort of online megaphone. Twitter was in its infancy. WallStreetBets, the popular Reddit forum, didn’t exist.

People back then rarely traded on their phones, and unlike today, they had to pay a few dollars each time they bought or sold something. Esoteric corners of the market, including options, were mostly out of reach for amateurs.

For PacWest, a midsize California lender with about 70 branches, the new market forces would collide in the first week of May.

The rumblings, though, had begun in the fall. The implosion of crypto exchange FTX had put some traders on alert about banks tied to cryptocurrencies, including Signature Bank. Rising bond yields threatened banks’ finances, and some analysts and investors started taking a closer look at their balance sheets.

Some traders felt sure something else in financial markets would go awry as the Federal Reserve kept raising interest rates.

In March, it did. Silicon Valley Bank collapsed on a Friday. Signature Bank was shut down two days later. Investors started hunting for other perceived weak links.

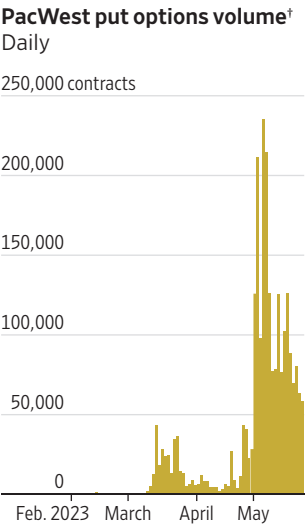
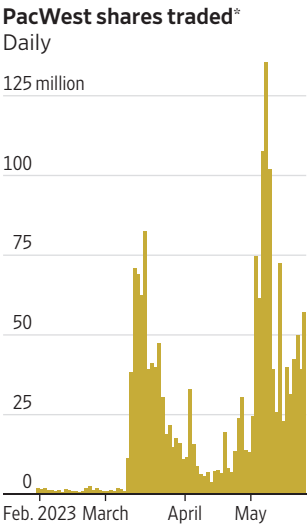
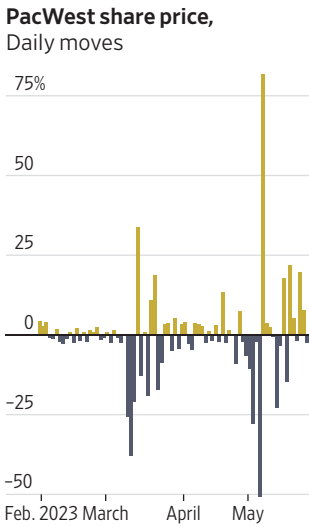
PacWest shares dropped sharply when the market opened that Monday, March 13. After a frenetic trading session, they settled at \$9.75, down 21% for the day. One week before, they had closed at \$27.40. A PacWest spokesman declined to comment on the volatility.

Over the next several weeks, its shares swung up and down, jumping or falling by double-digit percentages on several days. On April 28, PacWest shares closed at \$10.15. Then things got crazier.

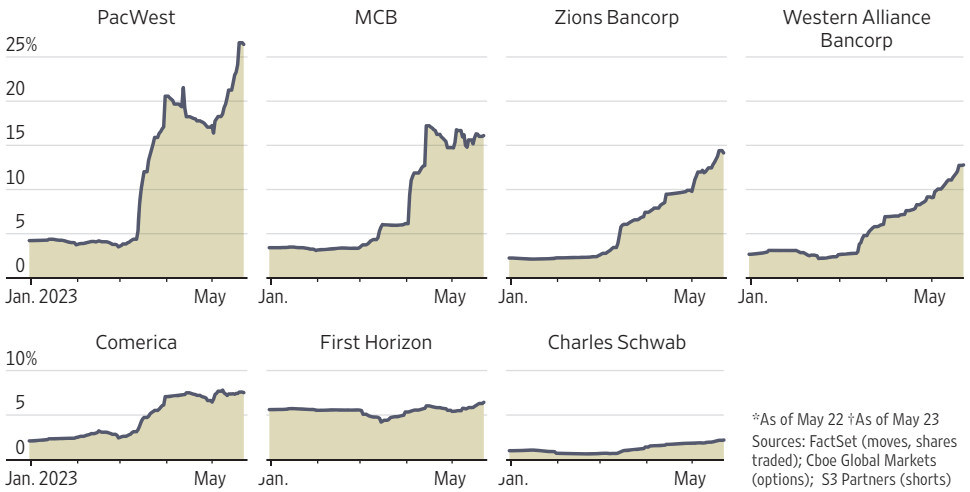
Monday, May 1

Regulators seized First Republic Bank, a San Francisco-based regional bank known for its affluent clientele, which had been bleeding deposits for weeks. It was the second-biggest bank failure in U.S. history.

The Fed hoped traders would think the bank turmoil was over. They didn’t.



Shorted shares as a percentage of those available for trading*



Daniel Betancourt, a 30-year-old pub owner in Pomona, Calif., used to bet on stocks rising, but now he was doing the opposite. Weeks before, he said, he had won big with wagers against Signature Bank.

Shares of many regional banks were slipping. Betancourt says he spotted some options activity tied to PacWest that he found odd, and suspected that a big institutional player might know something he didn’t. He scooped up put options tied to PacWest that would profit if the shares dropped to as low as \$5. That day, PacWest shares fell 11% to \$9.07.

Tuesday, May 2

Regional-bank stocks continued to fall. Mentions on social media tied to PacWest jumped more than 10-fold from the day before, according to social-media marketing platform Hootsuite. Some bloggers and trading enthusiasts on Twitter predicted that the bank would fail.

Short sellers continued betting against the shares. At the start of the year, about 4% of PacWest’s shares were being

shorted, according to data-analytics company S3 Partners. In March and April, that shot as high as 21%, and it was now lingering in the high teens.

PacWest hadn’t disclosed anything noteworthy about changes in its business or finances over those 48 hours. The swoon in its share price threatened to dent its finances by triggering withdrawals. Its shares fell 28% to \$6.55.

Wednesday, May 3

The Federal Reserve raised rates, and bank shares kept sliding.

Individual investors had been buying shares of PacWest all week, according to Vanda Research, hoping to get the stock on the cheap and ride it back up. But buying the dip wasn’t working—the shares kept falling.

Social-media mentions of PacWest kept rising, with nearly 42,000 posts referencing the bank on forums such as Twitter, Facebook and Reddit, according to Hootsuite. The Wednesday before, there had been fewer than 3,000.

“I came to kill the banks,” Betancourt said in an investing

chat room that he hosts on Discord.

PacWest shares slipped a further 2% to \$6.42.

After the closing bell came a Bloomberg story that said PacWest was considering selling itself. Shares dropped more than 50% after hours.

PacWest tried to ease the tension, releasing a statement after midnight EDT that said it hadn’t suffered any out-of-the-ordinary deposit flows, that it was proceeding with plans to boost its capital ratio and was talking with potential partners and investors.

“Tomorrow gonna be f— insane !!!!!!!!!!!!!!!!!!!!!” wrote one trader in Betancourt’s chat room.

Thursday, May 4

Betancourt could barely sleep that night, excited about cashing out his bearish trades. PacWest shares plummeted when markets opened, and he spotted his chance.

Put options trading in PacWest shares—the kinds of trades that would profit if the shares kept dropping—jumped to the highest level on record, according to Cboe Global Mar-

kets data since 2008. One options measure, which tracks the cost of insuring against the banks’ shares falling further, also hit a high, according to Cboe data going back to 2010.

The contracts Betancourt had bought were now worth around four times as much as he had paid for them, he said. His wife suspected something was up when he was at his computer at dawn.

In his Discord chat room, traders celebrated, exchanging screenshots of winning trades or memes of Leonardo DiCaprio from “The Wolf of Wall Street” and Steve Carell from “The Big Short.”

Betancourt and his wife, who had welcomed a baby girl in April, called his winnings “the college fund.”

Betancourt got to work again. “Just looking for another bank to go to zero,” he said.

PacWest depositors were unnerved. The bank later disclosed that customers yanked nearly 10% of deposits during the week, mostly on May 4 and 5.

PacWest shares fell 51% that Thursday to \$3.17, their lowest close ever.

Truck driver Liam Brannigan, trying to rest before his early-morning shift, couldn’t sleep.

Friday, May 5

Brannigan, 40, had been keeping an eye on regional-bank stocks since mid-March, tracking YouTube videos and comments on Reddit between long shifts delivering vegetables to grocery stores in western Canada. He gradually accumulated shares of PacWest.

Thursday’s plunge didn’t make sense to him. He thought the stock was being unfairly targeted by short sellers, and he guessed that the shorts were big Wall Street firms. Brannigan also had noticed that PacWest executives had taken questions from analysts on their April earnings call, unlike First Republic’s leaders.

Brannigan was cruising along the highway in the dark near Victoria, British Columbia, early Friday when he decided to double down. He dumped all his other investments, he said, including pharmaceutical stocks and companies tied to artificial intelligence, and hit the buy button on his phone, which was mounted on the truck’s dashboard. He poured more than \$1,000 into shares of PacWest around the time the market opened.

PacWest shares changed hands more than 135 million times that day, according to FactSet. On the average day in February, they traded about 1.4 million times.

Individual investors purchased a net of almost \$5 million worth of PacWest shares that day, one of the highest levels on record, according to Vanda Research. PacWest shares jumped 82% to \$5.76.

Brannigan is happy with his decision. “I got such a good deal on it,” he said. “They’re going to be around for years.”

The aftermath

The wild swings have continued. PacWest shares fell 21% the following week. They zoomed up 26% last week. Shares rose on Monday and Tuesday, then slipped on Wednesday, closing at \$7.20. The bank said Monday that it had entered an agreement to sell a portfolio of real-estate construction loans.

Traders are getting used to the big moves.

“When I first started doing this 20 years ago, a 3% to 5% move was like, ‘Holy cow,’ ” said R.J. Grant, head of equity trading at Keefe, Bruyette & Woods. “Now it’s like, ‘All right, what’s for lunch?’ ”



Tip Requests Are Everywhere

From mini marts to bridal salons, shops add a gratuity option, putting customers on the spot

By RACHEL WOLFE

Tacking a 20% tip on top of a \$4 croissant is one thing, but now tip requests are showing up for locksmiths, baby formula and wedding dresses.

A range of business owners adding the option for gratuity to transactions say these nontraditional tips help them stay afloat in a competitive job market. Moreover, they say the revenue generated from gratuity can help them avoid raising prices further.

Consumers appear to be skeptical but are paying, for now.

Will Fischer took the same road trip from Salt Lake City home to Spring Lake, N.J., two years in a row. While he didn't notice tip prompts at gas station mini marts last winter, he saw them in about a dozen places he popped into for power bars and chips this time around.

"I just wanted an energy drink, not a whole moral crisis," says Fischer, who does underwriting for a financial tech company. He says he feels guilty saying no when the cashier is watching, so he tacks on an extra dollar about half the time.

"But this is a gas station off I-80 in the middle of nowhere, not a fancy restaurant in New York."

Point-of-sale technology that lets businesses ask for a tip with just a tap is helping fuel the tip revolution, consumer-spending research-

ers and business owners say. The pandemic also meant that employees who left the house to work put themselves at risk, says William Michael Lynn, a professor who studies consumer behavior and tipping culture at Cornell University's Nolan School of Hotel Administration.

"Employees were putting themselves at risk in order to service you, and so that may create a frame of mind and a habit that is going to carry forward," Lynn says.

Business dilemma

Liz Vayda, who owns Baltimore plant store B.Willow, says the tipping option she added to transactions during the pandemic generates about \$1,000 every two weeks. Five employees split the money. She acknowledges the requests aren't perfect.

"It makes me feel uncomfortable as a business owner to know people are like, 'Why doesn't she just pay them more?' It's just not that simple," Vayda says. Ultimately, she says retaining staff is more important than the possibility of annoying some customers.

And the tip prompt does annoy customers.

Rachel Waxman, a postdoctoral researcher in Baltimore, says she refuses to pay an extra \$20 on a \$100 fiddle-leaf fig when she visits B.Willow a few times a year.

"I don't want them to raise their prices. At the same time, tipping seems kind of like a lazy way to try

to get more money," Waxman says. "It's not a charity."

Samantha Cassandra, who owns a children's boutique in Woodstock, Ga., says she understands the pressure small businesses are under, but that it's the owner's job to pay employees, not the customer's.

She was especially surprised to encounter an option to leave an extra 5% to 15% while checking out at online retailer Xpluswear this spring. The request offended her enough that she passed on the \$100 sparkly romper she was about to buy to wear to a Taylor Swift concert.

"I would expect them to build the costs into their prices and would rather pay for shipping than this phantom tip where you have no idea where it's going," Cassandra says.

Xpluswear says customers have the option to select "none" when paying, and respects their decision.

Not mandatory, but...

Organic Life Start, an online baby-formula retailer, says it will reduce order fulfillment time from 24 to 12 hours if a customer leaves a tip of 5% to 15% while checking out.

"Tipping offers a very real way for us to let our customers speak up and thank our warehouse team for processing their orders," a spokes-



Tips at the B.Willow plant store in Baltimore generate \$1,000 every two weeks. It is split by the staff.

man says, adding that the money goes directly to warehouse staff.

One in four people who book flights through travel website Hopper volunteer to pay an extra \$5 to \$10 when checking out, the company says. Customers often have no interaction with Hopper customer service or other employees.

The money goes to support general operations and isn't directed specifically to workers.

The company says the fee was mandatory until 2018. "Over the years, we've had many customers express to us that they're happy to pay a small fee to thank Hopper for finding them an exceptional deal, so we've kept the feature," a spokeswoman says.

If people reach out saying they didn't intend to add a tip, Hopper gives them refunds, she says.

It's not unusual for bridal shops to now ask brides-to-be to leave tips for the stylists who helped them find their dream gowns.

Point-of-sale technology that lets businesses ask for a tip with just a tap is helping fuel the change.

At A Little Something White in Darien, Conn., brides-to-be are encouraged to leave between \$50 to \$200 on their purchases when checking out. Those who decline must hit "Custom Amount" and enter zero.

Cashiers are instructed to say that "tipping is neither mandatory nor expected" before customers swipe. Dresses at the store range from \$2,500 to \$12,000.

Owner Ashley Krauss says the tips go to the stylists who worked with the customer, and that "the tip feature has no influence on my decisions for their compensation."

Looking stingy

Unlike a tip jar, where you can see if anyone else is tipping, screens can make consumers worry they're the only stingy ones if they decline, Cornell's Lynn says.

After spending \$295 on a rehydrating IV treatment at Clean Market med spa in New York City, Micaela Mangot was surprised to see a prompt to tip the nurse practitioner who administered the drip.

Still, she left 10% because "you don't want someone sticking needles in you to hate you," she says, adding that she plans to return.

Clean Market co-founder Lily Doran says they don't expect a gratuity, "but appreciate it when you feel that your practitioner has provided outstanding service during your visit."

Heather Waites was grateful a locksmith from QuickPro could come to her Atlanta home on a Saturday after her garage door malfunctioned. But she says she felt the \$150 payment, including a rush fee, should have been compensation enough. She says she tipped 20% anyway, since the locksmith could see the payment screen.

"It just felt really icky and weird. I had never tipped a contractor or repair person in my life," says Waites, who works in talent acquisition.

QuickPro declined to comment.

Americans Hanker For Brunch All Week

By MIKE JORDAN

Brunch has long been a weekend juggernaut for restaurants. Now people aren't waiting until the weekend to dig in.

As more people work self-driven hours, these meals of chicken and waffles, eggs Benedict, seafood with warm grits and other dramatically interpreted dishes are being used as a midweek culinary respite of self-care and sometimes self-indulgence.

Restaurants see the potential profit as the sweet and savory meals are often easy to make and cheap to produce. There's also the added potential earnings if the food comes paired with a bubbly beverage.

Phoenix resident Kiki Jones regularly visits local restaurant Brunch & Sip with her sister on Thursdays, her weekly day off from her customer-service job with Hertz. She likes Brunch & Sip's shrimp and grits, but admits that the wine and cocktail flights are what keep her coming back.

"It's easier to go to a place at 11 a.m. than to wake up at 8 a.m. for breakfast," she says. "And people get dressed.... It's like going to church, but with drinks."

Amber Warren, a photographer and native Atlantan, said during an early Wednesday afternoon visit to local brunch restaurant Gocha's Breakfast Bar that her weekends are busy with photo shoots. She

also gets to enjoy brunch favorites like salmon croquettes and Hennessy margaritas without dealing with heavy weekend crowds.

"I'm not really one for the traffic, and it can be extremely busy with families," she says.

Before launching the first Gocha's Breakfast Bar in the Atlanta area in 2018, Gocha Hawkins was a hairstylist. She moved from Miami to Atlanta's southside in 2010, saw a dearth of quality restaurants in her high-income Black neighborhood, and decided to bet on all-week brunch. She says she plans to open two more locations soon.

Michael Reed is executive chef and co-owner of Poppy + Rose, a brunch restaurant with two Los-Angeles-area locations open daily from 9 a.m. to 3 p.m. He remembers launching the first in 2014 in L.A.'s downtown Flower Market. He says there wasn't much brunch competition then.

Today, led by dishes like brown butter waffles with brined and spiced fried chicken, Poppy + Rose is profitable, grossing almost \$3 million annually, he says. That is triple the gross from 2015.



Above, brunch restaurant Poppy + Rose has two Los-Angeles-area locations. Left, at Banter NYC, Golden Folded Eggs are a favorite.



"People come in from out of town, and their weekend is technically on a Wednesday," he says.

First Watch, a daily breakfast, brunch and lunch chain based in Bra-

opened its 60th location in Lubbock, Texas. The menu features habanero pork belly fried rice and elote breakfast pasta. Snooze chief marketing officer Andrew Jaffe credits millennial and Gen-Z customers for Snooze's success.

"You have a new gig economy, and with the flexibility they have, it's giving them opportunities to have experiences spread out during the week," he says. "You'd be surprised walking into a Snooze on a Tuesday or Wednesday and how many mimosas and bloody Marys are floating around the table."

Marcus Davis, owner of the Breakfast Klub in Houston, opened his daily breakfast and brunch restaurant in 2001.

"You could probably count on one hand how many people were selling chicken and waffles, or fried catfish and grits, on a Tuesday back then," he says. Now, as that has become more common, he has tried to keep his menu distinct.

"To this day, you'd be hard-pressed to find people who serve fried pork chops with eggs or catfish with grits with a caramel macchiato," he says.

Alex Skiljan tries to stand out in New York City with two Australian brunch restaurants named Banter. The restaurants' president says weekend waits can average almost two hours. Sales over five weekdays for favorites like Golden Folded Eggs and sourdough avocado toast match Banter's weekend take.

FROM TOP: KISSEY FOR THE WALL STREET JOURNAL; ALEXANDRO LAOYZA

PERSONAL JOURNAL.

By JACOB PASSY

Anyone expecting a repeat of the ample elbow room on many cruises last summer should prepare. The crowds are back at sea. Cruise lines are seeing occupancy levels above 100% on many ships, largely due to the discounts and promotions many cruise lines offered in late fall and winter. Passengers are encountering long lines for activities on board, sold-out excursions and stressed-out crew members, a year after all but having ships to themselves. In extreme cases, cruise lines are canceling some people's trips after overselling.

Royal Caribbean Group reported that the occupancy rate across its cruise lines averaged 102.1% during the first quarter of 2023, up from 57.4% in early 2022. Norwegian Cruise Line Holdings says the occupancy rate averaged 101.5% during the first quarter and projects it to average 103.5% for the full year.

Cruise occupancy rates can rise above 100% because they are based on the expectation that two people will stay in each cabin, and this was a common occurrence before the pandemic. When three or four passengers stay in one cabin, occupancy rates can exceed 100%.

The average starting cost of a five-night cruise on a major cruise line for an inside cabin is \$743 in June, according to data from cruise website Cruise Critic. That's up from \$551 in the same month last year. The price of a cruise vacation varies based on destination, duration, cabin type and cruise line, among other factors.

Bookings have been strongest for "sun and fun destinations" like the Caribbean, says David Crooks, senior vice president of product and operations for World Travel Holdings, a Massachusetts-based travel agency that operates cruise-booking sites including CruisesOnly and Cruises.com. Many of these cruises are sold out for this summer and are seeing strong demand well into 2024, he says. There is more flexibility for cruises in Europe and Alaska.

Much like airlines, cruise lines sell more reservations than they can accommodate for a given booking, cruise industry executives say, under the expectation that



Royal Caribbean's Wonder of the Seas. The cruise company has had multiple sailings that were oversold in recent months.

lary charges, including change fees for airline tickets, Gainey says. But she says she stands to lose as much as \$6,000, mostly on airfare. The family is waiting to negotiate with their airline for a refund or credit to see if Celebrity will offer a better deal. "It's not like any of this is our fault," she says.

A company spokesman says this was an isolated incident due to unprecedented demand for sailings in Japan. He added that Celebrity offered \$450 in future cruise credits and that passengers who rebook cruises for next year will pay the current rate for their future sailing.

All guests on deck

Beyond the cancellations, crowds on ships these days can lead to frustration. Onshore excursions and other premium activities book up far quicker, McDaniel says.

"If there's something you want to do, and it's going to make or break your vacation, you should book it as soon as you know you want to do it," McDaniel says.

Careful planning can help travelers avoid some of the headaches caused by more crowded ships. Tanner Callais, founder of travel website Cruzely.com, says he times his arrival on embarkation day on the later side to avoid long waits to board.

During the cruise, he visits dining rooms during nonpeak times and waits until lunchtime to grab a spot by the pool. If a show has multiple performances, Callais says, the later ones typically have smaller audiences.

Kailin Gow, an author who lives in Las Vegas, recently sailed with her husband and teenage daughter from Los Angeles to Vancouver, British Columbia, on a Norwegian cruise. The ship was packed, she says, and the crew appeared overwhelmed. Their cabin steward told the family that he was responsible for 22 cabins on the ship, while in the past he had to oversee only 16. Norwegian didn't respond to requests for comment.

"Because it was so overbooked, every time you went out of your room, it felt like you were in a Disneyland line," Gow says. "It made the experience very stressful."

Summer Cruise Travelers Get Packed Like Sardines

Expect long lines for activities, sold-out excursions and stressed crews; in some cases, would-be passengers are bumped due to overbooking

some portion of travelers will choose not to go.

"Hotel companies don't build a property with the goal of having empty rooms and sports teams don't build stadiums to have empty seats," Chris Chiames, chief communications officer at Carnival Cruise Line, said.

Stateroom shortage

Some cruise lines have encountered a larger number of oversold ships in recent months.

Royal Caribbean has had multiple sailings that were oversold in recent months. A company spokesman said that its cruise lines' revenue teams proactively contact select guests to avoid overselling cruises. He notes that these customers are offered the ability to choose a different sailing, with several dates to choose from. He said this approach can

be successful in avoiding the need to bump guests.

The recent spate of overbooked sailings is a reflection of pent-up travel demand, Crooks says.

Sometimes the rebooking options are on different ships, says Colleen McDaniel, editor in chief of Cruise Critic. Passengers also often can choose a refund of all money already paid to the cruise line, plus a future cruise credit.

For those with flexibility, this could mean a free or heavily discounted cruise. For others, getting bumped can represent a major financial burden.

Diane Gainey, a Maryland retiree, planned to go on a Celebrity Cruises voyage in Japan with her husband and son this September. She had booked the cruise in February 2022 to take advantage of a deal offered during another sailing. A few weeks ago, Celebrity

notified her that her reservation was canceled because the ship was oversold.

Celebrity offered her a refund or the option to rebook on a 2024 cruise with a similar itinerary. The

For some passengers, getting bumped can represent a major financial burden.

family had already purchased airfare and booked a hotel for when they were supposed to arrive in Japan. She made those reservations separately from her cruise booking, meaning they weren't part of the refund. Celebrity offered to cover up to \$500 in ancil-

Protect Your Money From Check Fraud

By OYIN ADEDOYIN

Writing of personal checks is on the decline, but check fraud is on the rise.

Scammers are targeting mailboxes to snatch checks and then use chemicals to lift the ink so that new amounts and recipients can be written in.

"Checks have very few security features and are very easy to alter or counterfeit," says Naftali Harris, CEO of Sentilink, a fraud-protection company in San Francisco.

Americans sent out 11.2 billion checks in 2021, down 7.2% from 2018, according to the Federal Reserve." Meanwhile, banks filed 680,000 check-fraud reports in 2022, nearly double the 350,000 fraud reports filed in 2021, according to the Financial Crimes Enforcement Network, or FinCEN, part of the Treasury Department.

Here are some Do's and Don'ts for writing checks.

payments, consider paperless options such as Zelle, Cash App or Venmo, Valentine suggests.

Monitor your account

Keeping an eye on your bank account isn't just good for budgeting, it can also help you spot any suspicious activity as soon as possible.

"People should go online and look at their bank account every single day," says Greg Litster, president of SAFEChecks, a check-manufacturing company based in California.

email or text every time that happens.

Since your checks contain personal information such as routing and account numbers, as well as your home address, they should be secured out of public view.

"People have become careless with how they preserve their checkbook," says Hubert Klein, a fraud-investigations specialist at Eisner Advisory Group, a New York-based financial-advisory firm.

Use gel ink

The type of pen matters. Fraud specialists recommend opting for blue or black gel-ink pens. Thanks to its chemical composition, gel ink, which is a little thicker than that used in a regular ballpoint pen, is permanent and harder to remove.

"Those are good because they actually seep into the paper a little bit so they are virtually impossible to erase without leaving physical marks that somebody altered the check," Klein says.

And spell out everything—from the name or title of the recipient to the dollar amount. Klein suggests slowing down and making sure everything on the check is complete, which includes filling out the memo line for the purpose of the check.

And "never write a check payable to cash," adds Roxann Cooke, consumer-banking managing director at JPMorgan Chase.

Mail requires caution

Use windowless envelopes so others can't see what is inside, Litster says. Criminals can tell which one is a check and which isn't through the clear section of the envelope.

Don't leave a check you have written in the mailbox in front of your house with the red flag up, fraud-prevention experts say.

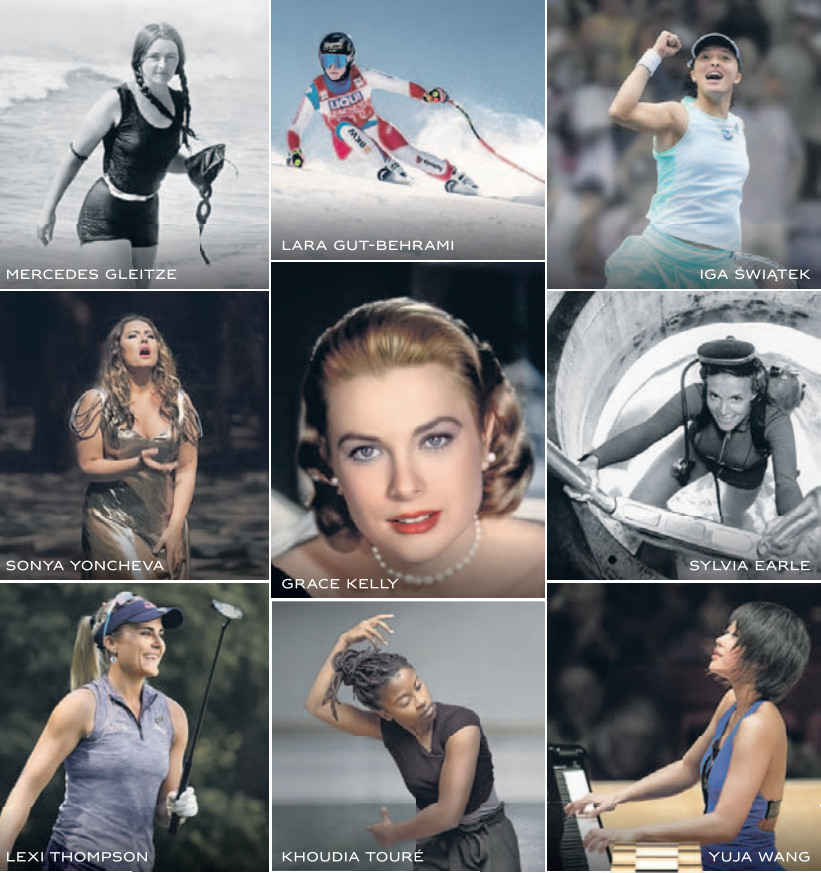
If possible, mail your check from the post office, Valentine says. Even better, hand-deliver your check to the payee directly.



Don't write a check with a regular ballpoint pen. Using gel ink is safer.

Since banks have to investigate every case, victims can wait as long as seven months to be reimbursed for a fraudulent check. Pay close attention around holidays such as Christmas, Memorial Day or Thanksgiving when banks are closed. These are the times when criminal activity creeps up since most people aren't keeping track of their spending, and if they do notice anything, they most likely won't be able to report it to the bank until after the holiday, Litster says.

Check-fraud activity also tends to increase during tax season, when people are most likely to be writing or mailing checks to the state or federal government, Maimon says. Turn on notifications for when withdrawals are made to your account so that you can be alerted via



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ARTS IN REVIEW



Installation view of ‘Luxury and Power,’ left; gilt silver rhyton, above; the Panagyurishte Treasure from Bulgaria, below

EXHIBITION REVIEW

Trades of Imperial Taste

A show at the British Museum traces the web of stylistic influences between ancient empires

By **DOMINIC GREEN**

London

Coco Chanel called luxury “a necessity that begins where necessity ends.” When form exceeds function, it expresses another kind of need, the claim to status. The British Museum’s “Luxury and Power: Persia to Greece” shows the power of ancient Persian style, and how it influenced Persia’s Greek antagonists as they too gained a taste for empire. By 500 B.C., the Achaemenid Empire stretched from the Indus Valley to the Balkans. Its king, Darius I, ruled the old Egyptian and Assyrian empires, and a chunk of Greek-speaking territories, too. In 499 B.C., the Greeks revolted. The legacies of the 50-year war that followed include the Parthenon, built after the Persian sacking of Athens, and a new self-image for the Greeks.

Classical Athens was born from the Greek victory. Aeschylus’ “Persians,” first performed at Athens in 472 B.C., expresses the now-familiar clash of values: civilization versus barbarism, manly power versus effete luxury, freedom versus servility. Curated by Jamie Fraser and Henry Bishop-Wright of the British Museum, “Luxury and Power” proves that while the Greeks taught the Persians a lesson in the field, Persia was Greece’s tutor in the arts. Hanging fabrics partition the exhibition space into three tent-like zones. The first shows the strange beauties of the Achaemenid court, whose style went west with its soldiers. The second space traces its impact on Athens. The third shows how Athens, hav-



ing turned from city-state to empire, sent its stylistic synthesis back eastward under Alexander the Great (ruled 336-323 B.C.). The “Great Kings” of the Persians were pampered, peripatetic and, Herodotus wrote, “very fond of wine.” Banqueting vessels were of gold and silver, engraved with lotus flowers and parade-like friezes of bearded servants. Ceremonial pouring was the center of the dining ritual, using a rhyton (pouurer) that resembled a silver hunting horn with an animal for its mouthpiece. The skilled courtier lifted the rhyton to head height; the wine poured from the animal’s mouth or chest into a wide bowl, balanced on the drinker’s fingertips. More famil-

iarly, a bronze wine strainer, excavated at the palace in Nimrud, Iraq, would be identical to a modern tea strainer, were it not for the calf’s head on its handle. The rhytons in the exhibition reflect the Persians’ hunting and mythological passions: gazelle and winged ibex; a horse whose rider, possibly a satrap, leans forward in the chase; a delicate, fierce griffin with golden head and horns. The griffin entered Greek mythology. Classical Greece did not sprout in isolation like Dionysus, born from Zeus’ thigh. “Whatever the Greeks take over from the barbarians, they make better,” the Athenian argues in “Epinomis,” a dialogue likely written by one of Plato’s students.

The exhibition’s second tent shows the Athenians reworking Persian influences, adding moral judgments to aesthetic ones. The Athenians knew of Achaemenid drinking customs, and they acquired bowls and rhytons as booty. A panel from the Parthenon frieze shows Eastern-style artifacts, possibly the spoils of war, perhaps used to dedicate the new temple. Athenians wanted Eastern-style luxury, but when Attic ceramists copied Achaemenid metalwork, they played to local taste and morals. In a kylix (bowl) from c. 430 B.C., the Greek gods recline holding Achaemenid bowls. As the hero raises his rhyton in a marble relief from the late 300s B.C., his Achaemenid pose sets him apart. Persian

metal rhytons bestowed mythic prestige. The mortal imagination of Athens preferred patriotic sociability and wit, and animal-head mugs with a domesticated mythology of dogs and bulls. In Athens, luxury was subordinated to virtue, the mobile court to civic pride. A white sphinx with a rhyton on her back (470-450 B.C.) is mounted on a plinth: a decorative object, unsuited to flamboyant pouring. The Great King had his gazelles, but Dionysus often rode an ass, so a donkey’s head bulges comically from the side of a kantharos (wine cup) from 520-500 B.C. The sculptor added a practical Greek attribute, a pair of handles whose curves echo the ass’s ears. When Alexander’s empire carried Eastern influence back to its sources, its Hellenistic gloss obscured the depths of Greece’s debts. The Greeks now knew the language of power. After Alexander’s expulsion of the Achaemenids from Egypt, one of its new rulers issued an alabaster statue, characterizing a Greek general as a pharaoh. With an empire rich in Sudanese ivory and Arabian spices, the Greeks knew luxury too. A Hellenistic cremation urn is adorned with golden Persian griffins, and jewelry with the distinctively Greek “Herakles knot” is also gilded. The largest loan in “Luxury and Power” is the Panagyurishte Treasure from Bulgaria. Four animal-headed rhytons, three jugs with female heads, an amphora (double-handled jar) decorated with mythological scenes, and a phiale (platter-like bowl) decorated with African-type heads, all in heavy gold, show Greek civilization adopting Persian “barbarism.” The Romans, who fought their own wars with the Persians, get the last word. “It was filthy money that first imported foreign ways, and effete wealth that corrupted our era with its disgusting decadence,” Juvenal complained in the first century A.D. The last exhibit is a small Roman glass animal head. It might be a deer’s head, a legacy of the Persian feast and the Greek symposium, though its lines are now too blurred by time to tell.

Luxury and Power: Persia to Greece
British Museum, through Aug. 13

Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

MUSIC REVIEW

Jazz in Three Movements

Henry Threadgill’s entrancing new album

By **LARRY BLUMENFELD**

Early in Henry Threadgill’s just-published memoir, “Easily Slip Into Another World: A Life in Music,” the alto saxophonist, flutist and composer shares childhood memories of listening to a jukebox on Chicago’s South Side and explains his title. “Sometimes it seemed the spell could be sustained indefinitely,” he writes. “One tune would end, but the beat continued . . . and then the jukebox arm would deliver the next disc into position. So easy to slip into another world.” Later, he describes the supportive community that he and colleagues within the Association for the Advancement of Creative Musicians willed into being more than a half-century ago in Chicago, and his own steady path ever since as a composer of audaciously original and singularly appealing music. Now 79 years old, Mr. Threadgill, who won a Pulitzer Prize for Music in 2016, cautions in his book against sitting “in the mausoleum of your accomplishments.” The new ensemble on his release “The Other One” (Pi, out May 26) features three saxophones, two bassoons, two cellos, violin, viola, tuba, percussion and piano. It suggests a fresh chapter in one of modern music’s greatest continuing

stories. Yet it also casts the familiar spell Mr. Threadgill has sustained throughout his career. It unlocks a door to which he alone holds the key—no other music sounds even remotely similar—through which listeners slip into yet another corner of his distinctive world. Mr. Threadgill’s three-movement composition “Of Valence,” which spans all of this recording’s 19 tracks, was recorded live in May 2022 at Brooklyn’s Roulette Intermedium. “The Other One” was the second of two nights of performance, the first billed as “One.” These presentations included projected photographs and video footage of belongings left on the streets of Manhattan’s East Village—where Mr. Threadgill has lived since the 1970s—after many of his neighbors fled New York City at the start of the pandemic, as well as his spoken observations about the dehumanizing effect of smartphones and other technology. At Roulette, the messages of foreboding and alienation were overt. On this release—conveyed through close-voiced strings, an undertow of low tones from bassoons and tuba, or well-placed silences—they are implied, yet present. In his long-running ensemble, Zooid, Mr. Threadgill’s alto saxophone and flute playing is elemental. Here,



Pulitzer-winning musician Henry Threadgill; his new record is ‘The Other One.’

Weinrib—all longtime Threadgill associates—are accustomed to his loose-limbed yet tightly coherent compositions and their rigorous but flexible forms. (“Everything can be moved around,” Mr. Threadgill once told me.) The other musicians, decades younger than Mr. Threadgill, represent a generation that moves freely between jazz and classical worlds, adept at both improvising and playing through-composed music. Mr. Threadgill is among the pioneers who erased previously forbidding stylistic borders and enabled such an outlook. This is chamber music for a liberated century. “Of Valence” is full of stark contrasts. Violin and tuba strain in opposite directions in the middle of Movement I. Minutes later, bassoons and strings gracefully interlace. The movement’s finale swings fiercely, if unconventionally, and then ends in breathy tones, soft plucked notes and gentle beats. Throughout, the music’s flow is guided by Mr. Threadgill’s treatment of time, a peculiarly entrancing ebb-and-flow. There’s a palpable pulse but never a deliberate downbeat; phrases combine like ingeniously designed puzzle pieces. The alluring yet hidden tonal logic derives from a system Mr. Threadgill has developed during the past 20 years; in-

spired by the music of Edgard Varèse, its harmony is chromatic, based on carefully plotted and assigned intervals. Though demanding to play, it often sounds as natural as 12-bar blues. This composition was inspired by a pandemic-era sense of absence, as well as one specific loss. Mr. Threadgill dedicated the piece to Milford Graves, a drummer and polymath who died in 2021, and who spent decades exploring the scientific connection between the human heartbeat and music-making. During one lovely section of Movement II, violinist Sara Caswell, violist Stephanie Griffin and cellist Mariel Roberts play in trio, the tempos of their interlocking parts guided by playbacks into earpieces of their own heartbeats, as previously recorded. Later in that movement, transducers (the same type Graves often used) connected to Mr. Weinrib’s cymbals generate eerie sonic sheens. At times the trio of saxophonists—Alfredo Colón and Noah Becker on alto, and Peyton Pleninger on tenor—allude to Mr. Threadgill’s urgent alto saxophone tone and the upward-pointed flourishes he favors. Yet these are fleeting references; they each find their own way into this music, often as fascinatingly entwined. Still, the prevalent voice throughout is Mr. Threadgill’s, revealed through musical architecture and feeling, offering yet another way to slip. *Mr. Blumenfeld writes about jazz and Afro-Latin music for the Journal.*

SPORTS

The ‘Brain-Dead’ Approach That Has Pete Alonso Leading MLB in Homers

The Mets star has loads of data at his disposal. But he’s at his best when he doesn’t try to outthink it.

By LINDSEY ADLER

Pete Alonso has a simple way of looking at a typical baseball season.

“Four weeks out of the season, you’re basically brain-dead at the plate and you keep looking up and realizing you’re somehow on second base,” the Mets slugger said recently. “Four weeks out of the season you’re grinding it out for every hit. The rest of the year, you’re going 1-for-4.”

In the first two months of the regular season, Alonso has essentially completed this cycle already. A strong start to his year was followed by a tough stretch between April and May where he hit below .200 for average.

Then, when the Mets’ offense hit a noticeable malaise, Alonso took off again, hitting a home run in four consecutive games and helping the Mets crawl back above a .500 record. Resuscitating himself from the slump, he suddenly has an MLB-leading 18 home runs, entering Wednesday’s play.

The Mets have a star-studded roster, anchored by Max Scherzer, Justin Verlander, and Francisco Lindor. But in recent years, it has seemed that Alonso’s success has correlated with the success—and overall excitement—of the Mets as a whole.

In a data-driven era that demands baseball players to closely examine the details of their performance, Alonso says he does his best work when he’s not thinking too much about it.

The burly first baseman—who has proven himself to be one of the game’s most prolific power hitters—partakes in the amenities that are part of today’s game—he has his own swing coach and utilizes granular information provided for him by the Mets.

Yet there is also a retro simplicity to Alonso’s game when he steps on the field.



Mets first baseman Pete Alonso's simple approach to hitting is paying benefits in his fifth major league season.

“It’s easy to get too cerebral,” Alonso said last week. “If you’re preparing in the on-deck circle, it’s too late. The work should culminate so that you can look up and be like ‘Wow, I’m on second base.’ ”

Alonso’s simple approach to an increasingly complex game is again paying benefits in his fifth major league season.

His simple presence to an increasingly complex game, however, stands in some contrast to Aaron Judge and many other contemporary hitters, who have a studious presence in the batter’s box. Alonso isn’t a dunce, but he often benefits from playing like one.

Alonso, who grew up in Tampa,

Fla., identifies his all-time favorite player as Paul Konerko, the slug-ging, longtime Chicago White Sox first baseman of the early 2000s. Alonso’s style of play resembles that era, as well. He hits the ball hard and is a true first baseman in an era when many players at that position are toggled between there and the outfield. Alonso also stands out from his contemporaries in his willingness to participate in the Home Run Derby every year, while other sluggers of his caliber worry about the risk of participation.

“I’m a bit of a throwback player,” Alonso says. “I’m the guy who drives the ball out of the yard and drives a bunch of guys in. I compete

and I want to win, and you can’t win baseball games without scoring runs.”

Alonso appeared in 160 of the Mets’ 162 games last season, starting at first base in 133 of them.

“He doesn’t want to hear about days off, he doesn’t want to hear about DH-ing,” said Mets manager Buck Showalter. “He just doesn’t overthink it, which is hard to accomplish in today’s game.”

Alonso says the focus of his work in the batting cage is to help him make better decisions in the batter’s box, attempting to cut down on his swings against pitches on the edges of the strike zone.

Where his season performance

really stands out so far, though, is in his improved defense at first base. Historically, Alonso has been a sufficient, if not below-average defender at the MLB level. This year, he’s so far been an above-average first baseman whose lateral movement has improved drastically.

“He’s going to his left better on balls down the line, and he’s sure-handed when he gets to one,” said Mets broadcaster and former first baseman Keith Hernandez.

Alonso reported to spring training down about 10 pounds from where he was last year, he said, and credits his increased agility in his improvement in moving side-to-side at first base.

This version of Alonso may be his most well-rounded version yet: He’s producing on offense and isn’t a liability on defense.

“A lot of the time, guys are focused on their hitting,” said Hernandez. “They don’t spend enough time on their defense. Pete puts in the work on defense, and it’s showing how he’s playing this year. He wants to be a complete player.”

He’s the heart of a Mets team that needs production from its stars to compete in the daunting National League East. Yet Alonso’s production seems unaffected by the pressures on him and the Mets this season, just slugging away and getting stops on balls hit down the first base line.

Alonso exists in an age where the science (and mathematics) of baseball is present in nearly every decision made on the field each game.

He appreciates the science, but leaves the internal algorithm in the on-deck circle. When he’s standing on second base in a state of joyful confusion, Alonso could tell you the work he put in to generate this result—but he appreciates that this doesn’t fully explain how he got there.

Standing at his locker, Alonso pauses as he considers his grand unified theory on player performance.

“Hitting is both a science and an art,” Alonso says with a revelatory grin. “You can print that.”

The WSJ Daily Crossword | Edited by Mike Shenk

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IN THE CLINK | By Gary Cee

Across	33 102, in letters	67 Countess’s spouse	10 University VIP
1 Capital founded by the Ga people in the late 1600s	36 Designer of St. Paul’s Cathedral	68 Boutros-Ghali’s successor	11 Food in a shell
6 Progress bit by bit	38 It might bring a tear to your eye	69 Brewer’s flowers	12 Not clear, as an etym.
10 A/C numbers	39 Con’s place, especially in this puzzle	70 Eliminates a gray area	13 Mediocre
14 Dwarf planet between the orbits of Mars and Jupiter	43 Come home, say	71 Zest sources	19 Home of Shakespeare’s Globe
15 Afrobeat pioneer Kuti	44 Salon offering	Down	21 It turns “get” into “git”
16 Hand, in Hidalgo	45 Paleozoic, e.g.	1 Speeding up, in mus.	25 It’s farthest from the thumb
17 Hit heavily	46 Decorating range	2 Quartet members	27 Market pro
18 Gumshoes	48 Filmmaker Kazan	3 “You Don’t Mess Around With Jim” singer	29 Cologne conjunction
20 1970 Jim Brown western	51 Haines of “The View”	4 Scopes out	30 Fancy
22 Pennsylvania’s ___ Mountains	53 Part of Britannia	5 Start of JFK’s call to service	31 End for play or party
23 Holder of a claim	57 Pens	6 “Should that be the case...”	
24 At the time of	61 Golden Arches chain, informally	7 Leader born in Allahabad	
26 Symbol of The Hartford	63 Calm, cool and collected	8 The Guardians, on sports tickers	
28 Partake of pleasure	65 They get scoops	9 Drive home without stopping?	
	66 Shock		

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

Macario Is Out of Women’s World Cup

By RACHEL BACHMAN

JUST WEEKS BEFORE the Women’s World Cup kicks off in July, the U.S. women’s soccer team lost another key player to injury, as Catarina Macario said that a torn ACL suffered last year will prevent her from being physically ready for the tournament.

The loss of Macario, a 23-year-old midfielder/forward, comes weeks after top-scoring U.S. forward Mallory Swanson went down with a different knee injury.

Macario’s absence further dents the prospects of the defending champion U.S. team in its effort to win an unprecedented third World Cup in a row. The U.S. finished with a bronze medal at the 2021 Tokyo Olympics.

Macario, who was born in Brazil and starred at Stanford, gained U.S. citizenship in October 2020. She had only played 17 games for the U.S. senior team but made them count, scoring eight

goals and logging two assists.

She led the French club Olympique Lyonnais with 14 goals in the 2021-22 season, and led an upset of Barcelona in the 2022 UEFA Women’s Champions League title. Macario suffered the knee injury days after be-

The U.S. is expected to name its 23-player World Cup roster in late June.

coming the first American to score in the Champions League final.

She spent weeks this past winter rehabbing her knee injury at a clinic in Qatar, but she hadn’t yet taken the field for Lyon or the U.S.

“While I’m excited and super optimistic about my future as a footballer, I’m sad to share that I won’t be

physically ready for selection to our U.S. World Cup team,” Macario wrote on Instagram. She thanked U.S. coach Vlatko Andonovski for “prioritizing my long-term health over any individual and collective ambitions.”

The U.S. is expected to name its 23-player World Cup roster in late June. The tournament, which will take place in Australia and New Zealand, kicks off July 20.

Scorers likely to make the World Cup roster for the U.S. include Sophia Smith, Alex Morgan, Megan Rapinoe and Rose Lavelle, among others.

Several top scorers this season in the National Women’s Soccer League are also candidates to make the squad. Crystal Dunn, a midfielder for the Portland Thorns who usually plays left back for the U.S., on Tuesday was tied for the NWSL lead with five goals. Also at five goals were a few of her U.S. teammates: Ashley Hatch, Lynn Williams and Morgan.



Catarina Macario's absence further dents the prospects of the defending champion U.S. team.

OPINION

Biden, Trump and MAGA



WONDER LAND
By Daniel Henninger

The scorpions of American politics are dancing. The scorpion in chief, an 80-year-old U.S. president who says he again is running for king of the hill, has spent the past two weeks in a jar with the House speaker, snapping at each other over extending the \$31.4 trillion federal debt ceiling by June 1 to avoid a government default that, depending on the source, could produce a recession or a depression.

Simultaneously, the Republican primary pit is filling up with challengers to Big Claw himself, Donald Trump. On

The president has a dog whistle for Jan. 6. The former president has the same whistle.

Monday, South Carolina Sen. Tim Scott announced he is running for the Republican Party's presidential nomination with a candidacy emphasizing "optimism." Florida Gov. Ron DeSantis announced via a Twitter interview with Elon Musk that he also is seeking the nomination, even as the NAACP issued a "travel advisory" warning "people of color" not to visit Florida. Mr. Trump, the current GOP front-runner by far, spends his days moving from jar to jar, taking on all comers. On Monday, former advice columnist E. Jean Carroll said she would seek additional punitive damages in her defamation lawsuit



STEPHANIE KEITH/BLOOMBERG NEWS

against the former president for remarks he made about her in a recent town hall on CNN. That's the same town hall in which Mr. Trump urged Republicans to consider defaulting on the U.S. debt.

For focus on the combat, we turn to the most unlikely source imaginable: Joe Biden. Mr. Biden has become known for seeming to be confused. But at the most elemental level, a political animal knows exactly what he has to do to survive: identify his opposition, demean it and defeat it.

Mr. Biden believes, with reason, that his survival and second term depends on one thing—defeating Donald Trump. Not Kevin McCarthy. Not Xi Jinping or Vladimir Putin. Donald Trump. This outcome depends on—and it's another reasonable assumption—the Republican base defaulting to make Mr. Trump the nominee.

For the next year, Mr. Biden's reason for being president becomes not merely getting a deal on the debt ceiling (though that matters politically) but ensuring that the phenomenon known as "Trump" remains in public view as a greater source of public discomfort than Mr. Biden himself.

It's a heavy lift. Mr. Biden's

poor polling numbers are familiar. His overall approval rotates around 40%. He is below that on virtually every other serious public issue. So what's he got going for himself? He's got MAGA.

An April NBC poll asked people what they thought of the MAGA movement. Not much. Only 24% overall had a positive view of MAGA, while 45% thought negatively of it. A mere 12% of independents have a positive view of MAGA. Even among Republicans, some 52% view MAGA positively, which suggests that hearing "Ma-guh" doesn't sit well with most people.

Get used to it, folks. The debt ceiling, inflation, recession, Ukraine, China, the border, crime: All these nominally real issues pale for Mr. Biden against what for the next year and a half will be his codependency with the MAGA Republicans. Without MAGA, Mr. Biden's hopes for a second term would evaporate.

Notice I haven't defined it. What difference does that make? Nominally it stands for Make America Great Again. But by now, MAGA may be the greatest election Rorschach test ever in U.S. politics—even more important than the blot

known as wokeness.

In Mr. Biden's dog-whistle formulation, MAGA means Jan. 6. MAGA is the Capitol riot wild man in the headdress of horns, or the guy with his feet on Nancy Pelosi's desk (who has been convicted of eight charges related to Jan. 6).

The Biden MAGA dog whistle works because Mr. Trump is using the same whistle. For Mr. Trump, voters who self-identify as MAGA are the core he expects to stay with him through the coming year of lawsuits, indictments, the Republican mud-pit primaries against Ron DeSanctimonious and Chris Christie, and ultimately fighting Mr. Biden next year. Mr. Trump's deep MAGA codependency is the reason he said during the CNN town hall that he would pardon "a large portion" of the Jan. 6 rioters. Whoever they are, he's got to have them.

Fair or not, MAGA will be a problem for Republicans generally. House Republicans who voted for Mr. McCarthy's modest spending reductions are being forced to explain why their bill is an act of governance rather than MAGA resentment. As House Democratic Leader Hakeem Jeffries chirped this week: "Extreme MAGA Republicans want to end Social Security as we know it."

All the Republicans running against Mr. Trump will say one way or another they want to make America great again. None will embrace "MAGA." That's a Trump thing.

Mr. Biden's bet is that a small but decisive majority of voters will forgo a second MAGA-centric presidency in favor of a flawed incumbency (assuming he makes it to November 2024). From where Mr. Biden is sitting, it isn't a bad bet.

Write henninger@wsj.com.

Tim Scott Is Up to the Primary Challenge

By Karl Rove

Sen. Tim Scott can move a crowd. I've seen it more than once.

The first time was in May 2021, when Mr. Scott—who announced he is running for the GOP presidential nomination Monday—appeared at a donor appreciation conference for a Republican voter registration effort I helped organize in Texas. He was interviewed for 45 minutes by then-Rep. Kevin Brady. After a few dry minutes discussing the 2017 tax reform the two worked on, Mr. Brady shifted gears, telling Mr. Scott he wanted the audience to know the South Carolinian's personal story as well as he did. Mr. Brady then asked the only black Republican senator when he first realized someone hated him because of his skin color.

The next 40 minutes saw a riveting exploration of Mr. Scott's life. The son of a single mom, he grew up in his grandparents' 700-square-foot rental house. Knowing discrimination from a young age, he became a disillusioned, angry teenager. He was saved by his faith and a mentor—the owner of the Chick-fil-A where he worked. There he learned the dignity of work, the importance of personal responsibility, and the choice he had to make between becoming bitter over what life had dealt him or striving to become better. He talked about being a Christian in a way that was sincere and humble,

not showy or presumptuous.

As the interview proceeded, the crowd fell silent, every eye drawn to the stage. No one left or looked at a phone. When it was finished, the audience responded with a level of emotion I've rarely seen in politics. Mr. Brady told me the interview's power came not from Mr. Scott talking about being given the American dream, but because it became clear that through struggle, hard work and love, he had achieved it.

This led to a return visit by Mr. Scott to this past February's voter registration conference. A fellow senator, John Cornyn from Texas, did the interview, with the two focusing on the GOP's challenges with a changing electorate.

Mr. Scott became so energized that at one point he stood up, walked off the stage and weaved his way through the crowded tables, mic in hand, preaching about the need for outreach, arguing that conservative values can find receptive hearts and minds among the young, people of color, and anyone striving to rise in life. He called on Republicans to offer a confident, optimistic agenda in which every American has a place. His walk through the hall was met with applause, laughter, head nodding and more than a few amens.

Further evidence of Mr. Scott's ability to connect with voters was his reply to President Biden's address to a joint session of Congress—

which new presidents traditionally deliver in lieu of a State of the Union address—in April 2021. Giving the opposition party's response is usually the worst assignment in politics. A nervous, ill-prepared backbencher responding to the president within minutes generally results in an awkward speech that pales in significance to the majesty of a long-planned presidential address.

Yet Mr. Scott's appearance was impressive. He praised Mr. Biden as "a good man" but criticized him for "pulling

In a dark and angry era, can he persuade American voters to embrace optimism?

us further apart." He found fault with the president's \$2 trillion spending bill, which passed on a party-line vote. He pointed to Mr. Biden's abandonment of his decades-long opposition to government funding of abortion. He criticized the Democrats' refusal to consider Mr. Scott's police-reform proposals—seemingly only because a Republican sponsored them. These actions, Mr. Scott argued, didn't fulfill Mr. Biden's pledge to unite the country. It's rare that a response to a State of the Union resonates so well.

Mr. Scott also has a fast friendship with the best pal in

politics—ready money. His \$22 million cash on hand as of March 30 eclipsed even Donald Trump's \$14 million. But Mr. Scott's great strength isn't fundraising—it's what brought in the cash: his authenticity in sharing a message.

He's proved that he'll be a disciplined campaigner. During an interview Monday, NBC correspondent Tom Llamas tried to lure Mr. Scott six times into trashing Mr. Trump and five times into knocking Florida Gov. Ron DeSantis. In every instance, Mr. Scott refused to take the bait, answering by saying what he believed and planned to do. Viewers still got the contrast with Messrs. Trump and DeSantis, while Mr. Scott rose above his opponents.

One challenge for Mr. Scott will be to campaign extensively enough in the first contests in Iowa and New Hampshire while fulfilling his Senate duties. An even greater challenge is to convince a party in which many have embraced Mr. Trump's dark, angry spirit that optimism and personal integrity are a better option.

It won't be easy to displace the politics of retribution. That alone makes the South Carolina senator an underdog. But Tim Scott has overcome greater challenges in life.

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

He worked behind the scenes, but his impact is visible in the cleaner air we breathe, in a more equitable society, and in a world that recognizes the rights and dignity of people with disabilities.

C. Boyden Gray's dedicated public service reminds us that good work often comes not from the glare of publicity but from the quiet, unwavering commitment of those working diligently away from the spotlight. It takes persuasion, it takes leadership, but it starts with a quality both George Bush and Boyden Gray possessed: They cared. And because they did, ours is a better country and world.

Mr. Sununu served as White House chief of staff, 1989-91.

BOOKSHELF | By James Romm

Life in Mother's Shadow

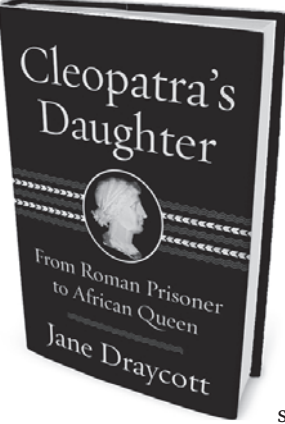
Cleopatra's Daughter

By Jane Draycott

(Liveright, 328 pages, \$32.50)

Even in outline, the life of Cleopatra Selene, daughter of the more famous Cleopatra and the Roman general Marc Antony, seems drawn from a romance novel. Orphaned at age 11 by the suicides of her vanquished parents, she was taken to Rome along with her twin brother, cared for there by the emperor's sister, then married off to a North African prince to become queen of Mauretania (today, the northern portions of Algeria and Morocco). The last female member of the Ptolemaic line that had ruled Egypt for three centuries, she named her son Ptolemy in an attempt to continue the fabled dynasty in her new land.

With its fairy-tale story pattern of an abandoned young girl who defies the fates and becomes a powerful queen,



Selene's life has often been fictionalized. Novelist Michelle Moran had good success with "Cleopatra's Daughter" (2009), in which the title character narrates a tumultuous quarter-century beginning in 30 B.C. In that year Octavian (later called Augustus), victorious over Antony and Cleopatra at the Battle of Actium, took over Egypt and took captive the children of his foes. Some of these he quickly eliminated as rivals to his own emerging sovereignty. But Selene, younger

and less of a threat, he allowed to live, and five years later, judging that she'd grown to become an ally, made her co-ruler of a vassal state by marrying her to Juba, the son of a Mauretanian king who had likewise been raised as an orphan at Octavian's court.

If Selene's story has thus far appealed more to fiction writers than to historians, that's largely because of the thinness of her historical record. Not a single word written by Selene (the name translates as "the Moon") has survived, and those written about her are few and not very revealing. Her only securely identifiable image comes from the vague, expressionless profiles stamped on the coins that she and her husband issued in Mauretania after they had become the province's king and queen. The couple's joint mausoleum, modeled on that of Augustus, still stands in what is now Algeria but was long ago plundered of objects that might have evoked its former occupants. Plutarch, who tells us so much about Cleopatra *mère* in his "Life of Antony," has barely 10 words there about Cleopatra *fille*.

The largest blank spot on this spare canvas concerns Selene's death. A eulogy by a minor court poet, Crinagoras, indicates that she died on the night of a lunar eclipse, and a set of arcane calculations makes the eclipse of 5 B.C. the most likely candidate. Selene would then have been 35; we have no clue as to what could have killed her so young. Other eclipse dates are possible too, and evidence from a recovered coin hoard has led some to believe that she lived at least until A.D. 17, when she would have been 57.

Such opacities and unresolved questions make the biographer's task a difficult one, as Jane Draycott's earnest but labored volume demonstrates. "I knew . . . when I embarked upon this adventure," she writes of undertaking

The Roman emperor eliminated the children of his foes, but the daughter of Cleopatra was allowed to live and put in charge of a vassal state.

the first full-length modern biography of Cleopatra Selene, "it was going to be a challenge." It must be said that the challenge she points to has only been partially met. "Cleopatra's Daughter" is full of interesting matter that might be called Selene-adjacent—descriptions of places where Selene lived, narratives of the lives and deaths of her parents, a portrait of her appealing husband. But the subject herself remains a cipher despite Ms. Draycott's best efforts to bring her to life.

Those efforts include a number of speculations about Selene's experience, framed in the potential mood with "would have," "might have" and the like. "The relationship she would have witnessed between her parents would have appeared rather different from that of typical married couples at the time," Ms. Draycott writes, piling one sub-junctive on top of another. Such devices for closing gaps are found here and there in most accounts of ancient historical figures, but they become so frequent in "Cleopatra's Daughter" as to try the reader's patience. One finds oneself yearning for declarative statements and hard facts, but of course, where Selene's life is concerned, few of those can be offered.

Ms. Draycott's speculations, if numerous, are mostly well-informed and convincing, as when she imagines Selene's childhood at the royal court in Alexandria or her later arrival in Rome as a trophy of her mother's defeat. On occasion, though, she veers off the path of sound historical logic. One prominent instance is her suggestion that Augustus, had he fathered a son, might well have made Selene his daughter-in-law and future empress of Rome. Everything Ms. Draycott tells us about the Romans' view of Egyptians—whom they considered "weak, effeminate, servile and dishonest, and given to excess in all things"—argues against this scenario, as does their hatred for Selene's mother. An African throne, not an Italian one, was clearly the fitting place, in Augustus's eyes, for the child of a scandalous, sex-crazed, deeply non-Roman woman.

Much of "Cleopatra's Daughter" is taken up with a story familiar from both Shakespeare and Hollywood, the tragic love affair of Antony and Cleopatra. But because Ms. Draycott, a classicist at the University of Glasgow, is trying to keep our focus on Selene, this stretch of the book, which might have supplied high emotion, feels rather flat and inert. "In a manner which remains a mystery to this day but probably involved some sort of poison, she took her own life" is all the drama we get from Cleopatra's iconic death scene, here played without asps.

Selene is a figure for our times, as Ms. Draycott rightly points out: a woman who wielded power in a male-dominated world, a wife who crossed racial boundaries in her marriage, an exile who found success in two adoptive homelands. Her topicality intrigues us, but without more to go on, we really can't know who she was.

Mr. Romm is the author, most recently, of "Demetrius: Sacker of Cities."

OPINION

REVIEW & OUTLOOK

The DeSantis Challenge

The unfortunate political reality today is that the U.S. is marching toward a 2024 rematch between two aging Presidents, Joe Biden and Donald Trump, that most Americans say they don’t want. This great country can do better, but it’s up to voters to spare us from the divisive oldsters who desperately need each other to win a second term.

At least for now, the Democratic Party is defaulting to 80-year-old President Biden. But even most Democrats prefer a new nominee, and nearly 30% are making that point by telling pollsters they support the vanity candidates Robert F. Kennedy Jr. or Marianne Williamson. It’s not far-fetched that Mr. Biden will decide not to run, or that some serious candidate might challenge the President if there’s a deep recession, or he shows even more noticeable physical or mental decline.

Republicans are at least getting a better choice as a variety of candidates enter the presidential race. They all have their merits and deserve a hearing as the campaign unfolds. Florida Gov. Ron DeSantis joined the fray on Wednesday and, judging by the polls and his financial backing to date, he is the biggest threat to Mr. Trump.

The 44-year-old has an impressive resume: son of middle-class parents, Yale baseball captain, Harvard law school, Navy veteran including a tour in Iraq, and a three-term Member of Congress. But he has made his mark politically with his record as the two-term Governor of booming Florida.

His legislative record is as impressive as you’ll find, including near-universal school choice, \$3.3 billion for Everglades restoration, tort and insurance reform, paycheck protection for workers in public unions, tax cuts, insisting on free speech in higher education and resisting woke ideology.

His greatest achievement was his handling of the pandemic. After the initial panic and shutdowns driven by President Trump and Anthony Fauci in Washington, Mr. DeSantis did his own homework on Covid health risks and the costs of economic and school lockdowns.

This wasn’t easy given media conformity and the public mood at the time. New York’s Andrew Cuomo was hailed as a national hero for his onerous lockdowns and fighting with Mr. Trump. Mr. DeSantis decided to reopen the schools in 2020 and had to fight lawsuits to do so. He was among the first governors to reopen his state’s economy, and Florida became a mecca for tens of thousands who wanted a refuge from lockdown isolation. For breaking from Covid orthodoxy, he was maligned in the press as the “angel of death.”

The Florida Governor has a strong record. Can he offer voters a larger national vision?

This is a sharp contrast with Mr. Trump, who indulged the lockdown lobby for months, kept Dr. Fauci on the job through the end of his term, and shot from the lip on treatments and other controversies that undermined public confidence. This gave Mr. Biden the opening to defeat him in 2020.

The acid test of leadership is how someone responds in a crisis, and Mr. DeSantis showed both the discipline to master the subject and the courage to defy elite opinion for the larger public good.

Mr. DeSantis’s record is undeniably conservative, and some critics fear it may be too far right to win a national election. Mr. Trump seems to think so as he is attacking the Governor from the left on Social Security, abortion for Florida’s six-week ban, and the fight over Disney’s special Florida privileges.

But Mr. DeSantis won re-election in 2020 by 19 points in a state that has traditionally been a nail-biter. He won Hispanic counties and others that traditionally vote Democratic. Mr. Trump hasn’t won anything for himself or the rest of his party since his inside electoral straight in 2016.

A more serious concern for many is Mr. DeSantis’s fence-straddling on Ukraine and Russia. He indulged a former Fox News host by calling the war a “territorial dispute,” though he later said the phrase was misunderstood.

But Mr. DeSantis hasn’t clarified his larger foreign-policy views, and the worry is that he will make the mistake of chasing Mr. Trump in retreating from U.S. global commitments. Mr. DeSantis will need to explain how he defines being a foreign policy “Jacksonian” in an increasingly dangerous world.

The other rap against Mr. DeSantis is that he’s a cultural brawler more than a likable unifier. There’s truth to this. He’s no backslapper, and he’d benefit from even a little of Ronald Reagan’s self-deprecating humor. The best candidates for President campaign with some poetry and optimism as well as policy grit and personal toughness.

The Governor will also need a larger vision for America beyond his Florida success—not least how he’d lift the economy out of stagflation and the country out of its angry divisions. Mr. Biden promised to do the latter but has made his Presidency hostage to the Bernie Sanders left. Mr. Trump is promising a politics of “retribution,” which means four more years of national trench warfare.

Mr. Biden’s failures mean there’s an opportunity for Republicans to offer voters a better vision of national renewal. The country needs it, Americans want it, and the opening is there if a GOP candidate can seize the moment.

Robert Zimmer, 1947-2023

Robert Zimmer, a mathematician who served 15 years as president of the University of Chicago, died Tuesday at age 75. In announcing his death, the university said his presidency will be remembered as “one of the longest and most impactful in the University’s 133-year history.”

That’s an understatement. Zimmer kept Chicago as a leading school of higher education. But his largest contribution was his public support for free expression on campus in a disputatious era when too many schools are willing to cancel controversial speakers, especially on the political right. In 2014 Zimmer appointed a Committee on Freedom of Expression, which drafted what became known as the Chicago Principles expressing the university’s abiding commitment to free speech.

Chicago’s principles have since been adopted by dozens of other colleges and universities. The spirit of the Chicago Principles was perhaps most vividly expressed in a welcome letter sent to the incoming class of 2020 signed by the dean of students.

The University of Chicago president championed free speech.

“Our commitment to academic freedom,” it read, “means that we do not support so-called ‘trigger warnings,’ we do not cancel invited speakers because their topics might prove controversial, and we do not condone the creation of intellectual ‘safe spaces’ where individuals can retreat from ideas and perspectives at odds with their own.”

A few months later, the Journal asked Zimmer about critics who said the letter was sent out to appease alumni donors. “I am not the first president to speak out in this way,” he said. “I view myself as simply continuing to reassert what has been a longstanding value of the University of Chicago that has defined the way we have behaved.”

We can think of a few current university presidents who could use a dose of Zimmer spinal fluid. The easiest path is to bow to the loudest student and faculty voices that want to stamp out other views. Robert Zimmer was clear, courageous and unwavering. His leadership at Chicago reminds us what a university is supposed to be all about.

Fixing the Food-Stamp Work Loopholes

Work requirements, even minimal ones, are a sticking point in the debt-ceiling talks, and it’s worth adding a dose of reality to the political histrionics.

The Supplemental Nutrition Assistance Program, or food stamps, now requires able-bodied adults ages under 50 without dependent children to work or train 20 hours a week. Hold a part-time job or benefits expire after three months. The House GOP debt-ceiling bill would raise the working age to all of 55. States can currently exempt a certain number of recipients, and the bill would also crack down on carrying these carve-outs from year to year.

Democrats say the current work rules are tough enough, but what they don’t say is how much regulators have watered down what Congress passed in the 1996 welfare reform. Take the waiver process for food stamps. States can ask the feds to waive work requirements in areas with high unemployment.

New research from the Foundation for Government Accountability (FGA) shows how states have abused that privilege. Roughly half of states are waiving requirements. States rely on

New evidence shows how states let recipients skirt even part-time work.

antiquated data, including figures from Covid-19 lockdowns, to claim that it’s tough to find a job. States also lump disparate geographic areas into a single region to drive up jobless figures.

FGA found that, of 800 counties nationwide where work is waived, only 20 have unemployment rates above the 10% threshold prescribed by the waiver process. FGA says there are four million able-bodied adults without dependents on food stamps, and three in four don’t work at all. Less than 3% work full-time.

The GOP’s bill also imposes work requirements on Medicaid, which would account for \$109 billion of the \$120 billion in savings from the GOP work provisions, according to the Congressional Budget Office. The savings are so large because the health entitlement covers so many prime-age men out of the labor force. If Democrats can’t abide work in return for free healthcare, they should at least be willing to fix the work loopholes in food stamps.

President Biden in 1996 said the U.S. needs a “culture of self-sufficiency and personal responsibility.” Time for that guy to make an appearance and cut a debt-ceiling deal.

LETTERS TO THE EDITOR

The Debt Ceiling: Who’s Blackmailing Whom?

Phil Gramm and Mike Solon do an excellent job defining “The Real Stakes of the Debt-Ceiling Fight” (op-ed, May 22). Allow me to propose a compromise: Follow the leadership of much of the private sector (e.g., General Motors, Amazon, Twitter) and agree to a small reduction in head count in the federal bureaucracy. As our leading corporations learn to do more with less, so could our government modernize its methods to absorb, for example, a 2% annual head count reduction in each agency.

In most cases, this could be accomplished easily by retirements, transfers and buyouts. We could also look at moving more operations from Washington to lower cost-of-living districts in the Midwest and mid-South. These actions would focus on cutting cost inputs, not government service outputs, which are dear to the Democratic Party.

FRANK WALKER
Grand Blanc, Mich.

A few letter writers suggest that Democrats should “compromise” or “yield” on the debt ceiling (Letters, May 17). The debt-ceiling negotiations, however, concern money that already has been spent. After you have the meal in a restaurant isn’t the time to negotiate the bill. Republicans voted for the spending, and now that the bill has come due, they don’t want to pay it. How is that fiscally responsible?

DONALD T. ROTUNDA
Villa Park, Calif.

Alan Blinder scolds congressional Republicans for “political blackmail” and “throwing a temper tantrum” (“A Less-Bad Option for the Debt-Ceiling Crisis,” op-ed, May 19). I had thought enacting popular measures to stem the waste of taxpayers’ money was Congress’s job. Am I in the “MAGA minority,” or am I simply a reasonable voter being gaslit by the chattering class?

CIARAN JONES
San Antonio

The House approved a debt ceiling increase with modest spending adjustments—how is that “blackmail”? The left always thinks its positions are so pure that no changes can be made. With that mind-set, which side is really committing blackmail?

BRENT BOOKER
Flowery Branch, Ga.

Mr. Blinder fears that “Alexander Hamilton’s version of fiscal prudence” could soon be retired. But Mr. Blinder derides the only sensible default-avoidance solution: compromise by Mr. Biden to modestly constrain spending. Though Hamilton wrote that “a national debt if it is not excessive will be to us a national blessing,” he also advised government to pre-plan how to retire new debt. Beltway politicians ignore that part. Today’s debt exceeds gross domestic product; interest payments will soon surpass defense spending. The can of IOUs is too big to kick further down the road.

CHARLES D. EDEN
Atlanta

Anti-Israel Bias From Human Rights Watch

In his letter (May 24), Kenneth Roth never explains why Human Rights Watch devotes disproportionate attention to Israel’s imperfections, especially since Israel is an open and self-critical democracy with a free press and peaceful demonstrations that the government doesn’t try to stop. His false characterization of Israel’s occupation of the West Bank—which Israel essentially offered to end in 2001 and 2008 in exchange for peace—as “apartheid” not only proves his bias but insults the victims of actual apartheid, some of whom I represented.

EM. PROF. ALAN DERSHOWITZ
Harvard Law School
New York

Mr. Dershowitz is author of “The Case for Israel” and other books.

Thank you, Mr. Dershowitz, for your op-ed “Elon Musk Is Right About George Soros—and Not Anti-Semitic” (May 22). That Mr. Soros

was born a Jew shouldn’t shield him from criticism. I am a Jew and I believe the policies that he supports are incredibly destructive to America and Israel. I stated that Mr. Soros was born a Jew, but he seems to hide behind that fact only when he is attacked or when he is grotesquely and unfairly attacking Israel.

MATT GREENBERG
New York

Mr. Soros personifies what is wrong with modern philanthropy. Rather than concentrate on giving parks, libraries, colleges, hospitals and more to the public for their use, Soros and others of the superrich use their wealth to implement their public policy preferences, such as soft-on-crime policies in the case of Mr. Soros. The word for public policy domination by the rich is oligarchy, and most of us don’t like it.

JAMES G. RUSSELL
Midlothian, Va.

Everyone Can Be Oppressor or Oppressed Now

A Vanderbilt student writes of “the moral failure of universities to take meaningful stances on issues that affect the safety of students in their care” (Letters, May 19). When I was a student, I was an adult. I didn’t expect nor want to be in the care of a university or any other institution. The implication that this is required or desirable is, I believe, emblematic

‘Funemployment’? Boomers Shouldn’t Act So Surprised

I don’t know which baby-boomer class Suzy Welch was in (“For Gen Z, Unemployment Can Be a Blast,” op-ed, May 18), but I remember when the boomers were going to “turn on, tune in, drop out.” It was boomers who went to live on communes, went out on daily protests, hitchhiked across America or Europe or both and had love-ins, sleep-ins, drop-ins, sit-ins and other “ins.” Remember when half-a-million boomers gathered in a field in upstate New York for three days? They weren’t there working on their résumés.

I am sure I could find an article from 1969 by someone just as fed up with the boomer generation. Let’s stop with the “this generation is going to hell” articles. Soon, responsibilities and greed will take over, and Gen Zers will screw things up just as much as the boomers did.

MIKE WRIGHT
Marietta, Ga.

They Can’t Censor My Shelf

Regarding Faith Bottum’s “Houses Without Tomes Aren’t Homes” (op-ed, May 18): Digital information is easy to change and subject to the whims of those controlling the technologies. Shelves of books aren’t only an integral part of the physical structure of a home; they are a bulwark against the vicissitudes of time.

TRAVIS REED
Denver

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Pepper ... And Salt

THE WALL STREET JOURNAL



“I’m not going to fire you, but it’s fun to think about.”

OPINION

The Draft, Student Loans and College Privilege

By Michael Toth

The Supreme Court is considering the fate of President Biden’s student-loan cancellation plan. The economic significance of the case is obvious: If the court holds that it is lawful, it will transfer more than \$400 billion from taxpayers to student borrowers. Even more significant is the foundational question at the heart of the debate: What privileges, if any, should higher education receive in a democratic society?

It’s a question that was once carefully considered by leading political and educational leaders, including Franklin D. Roosevelt, Dwight D. Eisenhower (who served as Columbia University’s president, 1948-53) and James Conant (Harvard’s president, 1933-53). The broader context of the mid-20th-century debate over educational privilege was student defer-

Debates over deferments and forgiveness raise similar questions about education and democracy.

ments from the military draft. It’s a useful analogy for today’s debate, and it illustrates how higher-education interests succeeded decades ago in creating a privileged place above the ordinary duties of American civic life.

The U.S. instituted the draft in 1940, more than a year before Congress declared war on Japan and Germany. FDR, who came out for the draft at the 1940 Democratic National Convention, championed universal military service by able-bodied males as an expression of national unity and democratic solidarity. On the day of the first draft lottery, Roosevelt read, with great fanfare, from letters written by Catholic, Jewish and Protestant leaders in support of conscription.

Roosevelt was keen that the public needed assurance that the draft was “absolutely democratic and made no distinction between men of different social ranks or economic status,” as the New York Times editorialized in praising William McChesney Martin, president of the New York Stock Exchange (and later Federal Reserve chairman), for enlisting as an Army private. Already educators were pressing for special treatment for students, which concerned FDR. Writing to the director of the Selective Service, the president was clear that he didn’t want “the mere matriculation into college” to “serve as a means of evading compulsory military training.”

The pressure from educators during World War II was largely ineffectual. The need for manpower drove Congress in 1942 to lower the draft age to 18 from 21. From 1942 to 1943, enrollment in college and professional school plunged by nearly 40% as many college-age men answered the call of service. By 1944 the Selective Service was granting only around 10,000 student deferments a year for undergraduates—compared with 1.6 million deferments for male farm workers and 264,000 for men with dependents.

But after World War II, educators began to gain the upper hand. For educational and industry leaders of the era, defending the country from nuclear attack required turning away from the democratic values of shared sacrifice in uniform. The stated intention of the educators who pushed for a broader student deferment program was to protect the future of the hard sciences.

Still, some worried that the efforts to shield a special class of students would easily spread to other academic pursuits. Conant wrote Eisenhower in 1948 that he was against “the whole business” of student deferments and worried that college campuses would become havens for draft dodgers. Ike was sympathetic to that view. Like FDR, he believed that universal military service was



A man burns a draft card at a 1967 antiwar protest.

the “only democratic way” to defend the country. As president, he directed the Selective Service to tighten graduate-school deferments in the face of opposition from elite scientists.

Student deferments exploded during the 1960s. In part this was a function of demographics. With the arrival of baby boomers, college enrollment skyrocketed. But student deferments for otherwise draft-eligible college men grew at a faster rate than college matriculation. Between 1959 and 1969, the number of men in college doubled, from 2.3 million to 4.7 million. The number of draft deferments increased more than 12-fold, from 179,000 to 2.26 million during the same period.

Much of the expansion in student deferments was driven by a change in values on the part of students, faculty and administrators. After FDR announced the draft, the National Association of State Universities registered its “unalterable opposition” to blanket student deferments, while hundreds of private institutions, including Harvard and Columbia, created three-year curricula to facilitate military service. By the Vietnam era, the tide had turned. Signs reading “draft beer, not students” appeared at antiwar protests. University presidents often

joined students in opposing the war and the draft.

FDR had formed a political coalition uniting scientific and educational elites with the working class. Student deferments helped shatter it. “When Walter Reuther”—president of the United Automobile Workers—“realizes his people are doing the dying, while the auto executive sons keep getting school deferments, there could be hell to pay,” a perspicacious labor official wrote to President Lyndon B. Johnson. Sen. Ted Kennedy and Sargent Shriver, George McGovern’s future running mate, both called in 1967 for an end to student deferments.

In a nod to the charges of class bias, Johnson ended graduate-school deferments in February 1968, the month before he withdrew his candidacy for renomination. epublicans won five of the next six presidential elections. Conscription ended in 1973, and with it the debate on student deferments.

But the political divide over whether universities and their students are entitled to special privileges remains stark—although it sometimes cuts across conventional liberal-conservative lines. As Adam Looney, a veteran of the Obama-era

Treasury, explains in a Brookings Institution report: “Student debt is concentrated among high-wealth households and loan forgiveness is regressive whether measured by income, educational attainment, or wealth.”

The median annual income of college graduates 25 to 34 is nearly \$20,000 higher than that of high-school graduates, according to U.S. Education Department statistics. Elite schools are elitist, too. A 2017 study by Harvard’s Raj Chetty and four other economics professors found that more students at “Ivy Plus” schools (including Duke, MIT, Stanford and the University of Chicago) have parents among the top 1% of income earners than the bottom 50%. The institutions have become fabulously wealthy; Harvard’s endowment exceeded \$50 billion last year.

At the same time, curricula are replete with courses dedicated to denouncing “privilege,” promoting divisive identity politics, and excoriating America for racism and other sins. Universities have become intolerant of disagreement and hostile to basic democratic norms, including the freedom of speech. What higher education has become may prove to be the deepest and most sustained source of opposition to the privileged status it enjoys.

Apart from Mitch Daniels, a former Purdue president, no university leader has raised concerns about what it means that high-tuition schools with billion-dollar endowments are demanding that non-college-educated taxpayers defray the debts of graduates whose degrees give them an economic leg up. Amid their obsession with “privilege,” universities have become desensitized to their own. Perhaps the backlash against student-debt forgiveness will ultimately restore the sense of civic responsibility that prevailed in the 1940s.

Mr. Toth is an attorney in Austin, Texas.

The World Economy Needs to Get Its Growth Back

By David Malpass

The global economy is facing dangerously slow growth of 2% or lower. As I near the end of my term as World Bank president, I’m discouraged by the lack of resolve and action. I worry that slow growth may persist for years.

The world is digesting the huge buildup of government debt relative to gross domestic product, normalization of artificially low interest rates, and a system allocating capital away from small businesses and toward bond issuers, especially governments and the largest businesses. The result is reduced dynamism at home and fragility abroad.

Without free-market policies that encourage dynamism, the current drift may persist for years.

The challenges are unprecedented. Government debt levels, both current and projected, are an order of magnitude larger than in previous crises, undercutting growth. The U.S. national debt is projected to grow toward 200% of GDP, not counting the excessive debt of some state and local governments and their opaque public pension liabilities. Governments in Japan and Europe also have large debt overhangs, especially troubling given their declining populations.

Excessive government debt raises doubts about whether the private economy can produce enough output and profit to carry the burden. Central banks in advanced economies have delayed the day of fiscal reckoning through postmonetarism—borrowing from the private sector to buy trillions in government bonds to flatten the yield curve. But this leaves them with monumentally oversized balance sheets and costly losses on their bonds. The distortions may delay recovery for years.

Many developing countries are at particular risk from these slow-growth policies and their own excess debt. Growth in developing countries excluding China is slowing substantially, to about 3% in 2023. This isn’t enough to keep up with population growth or narrow the gap with higher-income countries. For the poorer developing countries, the danger is acute from currency depreciation, rising debt-service costs, and the collapse of their international reserves. More than 60% of low-income countries are at high risk of debt distress or in it.

This was discussed at the Group of Seven summit in Hiroshima, Japan, this weekend, but responsibility remains with the Group of 20, which includes Russia and China and seldom makes progress. With meaningful progress on debt reduction stalled, access to global and regional funding markets has fallen sharply, causing governments to drain domestic markets and banks, crowd out the private sector and further reduce growth.

Also weighing on development, the advanced economies and China are absorbing huge additions of natural gas and coal as they diversify from Russia, shut down existing nuclear power, and backstop their electricity grids to try to stabilize the intermittency of renewables. For developing countries, the resulting high prices and reduced availability of natural gas and coal cause reductions in access to fertilizer and food, deteriorating nutrition, instability in electric grids, and rapidly increasing reliance on diesel generators, low-quality coal and heavy fuel oil. These present grave obstacles to growth and investment and contribute to the fragility on display in many developing countries.

Looking beyond the 2023 downturn, the developing world faces a stark dichotomy: Advanced economies are absorbing more capital as interest rates rise on gigantic debt burdens, the peace dividend of the 1990s expires, and their populations age. Yet for the poorer countries,

access to global capital has largely dried up even as their populations grow. All the while, their resource needs for infrastructure, climate costs, human capital and debt repayment are reaching far beyond the available supply, many face attacks by insurgents using sophisticated weaponry and external backing, and China’s soft power increases.

Solutions exist. First, markets are forward-looking, so credible government spending restraint would provide immediate encouragement to growth-oriented investment. Restraint that forces debt-to-GDP ratios

to stabilize and then decline (without threatening default) would allow market-based capital flows to resume. Second, central banks should put more focus on policies that encourage currency stability and supply creation, not only demand destruction. They should give up their bond holdings and reduce their massive short-term debt. Combined with distortive credit regulation, current policies concentrate capital in narrow segments of the advanced economies and slow growth elsewhere. These policies need to be replaced to restart growth. This is discussed in international meetings but rejected

in favor of the status quo.

The world needs a range of strong policies that spur production to combat inflation. With no change, the likelihood is a long period of slow global growth and downward asset repricing. Capital will continue moving in the wrong direction, toward a narrow group of “sinks”—governments, big corporate borrowers, excess consumption—rather than to small businesses, working capital and forward-moving developing countries that could add to long-term global growth.

Mr. Malpass is president of the World Bank Group.

God, Moses and the Rule of Law

By Joe Lieberman

The Jewish festival of Shavuot, which celebrates God’s giving of the Ten Commandments on Mt. Sinai, begins Thursday evening. The rule of law that defines democracies around the world can be traced back to that day on Mount Sinai, making it the perfect time to celebrate the origins and implementation of the law. But this year, given American society’s growing disrespect for the law and those who enforce it, it is vital instead to consider what a lawless society would be like. If these developments continue, they will make our country chaotic, violent and economically depressed because businesses won’t have the confidence to stay.

A variety of political movements have recently targeted the institutions that uphold our laws—from the police and the courts to elections. Movements like Defund the Police have threatened departments in major cities, though the police are our society’s first line of defense against crime. In the courts, opponents of controversial decisions have instilled a fear of violence. In an interview for these pages, Justice Samuel Alito revealed that because of plots to assassinate members

of the Supreme Court, each justice receives police protection all day, every day.

When it comes to elections, disgruntled factions simply reject the law. After Joe Biden was declared the winner of the 2020 election, Donald Trump exercised his rights and filed more than 60 lawsuits in various courts seeking to overturn the results of the election. Though he lost nearly all of those lawsuits fair and square, Mr. Trump rejected the rulings, in effect threatening our entire system of law. He arguably encouraged a violent attack on our Capitol to stop members of Congress from counting the Electoral College’s votes for the orderly transfer of national power, as required by our Constitution.

The Bible shows how destructive this tendency to reject the law is. For centuries after Creation, humans proved time and again why they needed God’s divine rules of conduct. In the Garden of Eden, Adam and Eve violated the one rule God gave them and were evicted from Paradise. Later, Cain killed his brother, Abel. Humanity eventually became so disordered that God had to destroy the world of his creation in a great flood, saving only the

righteous Noah, his family and some animals to begin history again. Later, God entered into the covenant with Abraham so that, according to Genesis, Abraham—a father to Christians, Muslims and Jews—and his descendants would “keep the way of God, doing charity and justice.” God’s law is essential to upholding that justice.

After the liberation of the Israelites from slavery in Egypt, God led them to Sinai to receive the Ten Commandments, the system of laws that immediately and for millennia since governed and elevated human behavior and protected security and freedom.

More than 80% of Americans believe in God, according to a 2022 Gallup survey. The next time anyone considers a movement to undercut the police, to threaten the lives of judges they disagree with, or to ignore a final judgment of our courts, they should recall the disorder that existed before the God in whom most Americans believe gave humanity the Ten Commandments on Mt. Sinai.

Mr. Lieberman was the Democratic vice-presidential nominee in 2000 and a U.S. senator from Connecticut, 1989-2013.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: Free Speech Before College

From Tunku Varadarajan’s Weekend Interview with Robert Zimmer, president of the University of Chicago, in the Journal, Feb. 17, 2018. Zimmer died Tuesday at 75:

Mr. Zimmer has his eye on the future of free speech in another, innovative way. As president of a university, he sees himself as a stakeholder in America’s high schools. “High schools prepare students to take more advanced mathematics, and they prepare them to write history papers, and so on,” he says. But “how are high schools doing in preparing students to be students in a college of open discourse and

free argumentation? I’ve started thinking about this.”

The free-speech president, as some of his colleagues call him, is going on a free-speech roadshow. Mr. Zimmer invited six high-school principals . . . to dinner in New York City to talk about this question last month. . . . The initiative is still embryonic, and although Mr. Zimmer insists he’s “not going to pretend to tell high schools how to prepare people,” he does consider it “an important question for high schools to confront.”

Mr. Zimmer says, optimistically, that even universities that “may not have been talking about issues of

free expression two years ago” are at least “trying to confront them, at least recognizing that maybe there’s a problem.” In the same vein, it would be very healthy, he thinks, for high-school teachers “to actually be thinking about this in a kind of systematic way.” He’s observed that “a lot of students are not prepared for this environment.” Some of that is inevitable, Mr. Zimmer believes, because “free expression doesn’t come naturally for most people. It’s not an instinctive response.” Young people need “to be taught it”—and it’s better if universities don’t have to start from scratch.

WORLD NEWS

Brain Implants Allow Paralyzed Man to Walk Again



TECHNOLOGICAL FEAT: A 40-year-old Dutchman paralyzed in a traffic accident walks with the aid of brain implants during a news conference in Lausanne, Switzerland on Tuesday. After more than a decade, the man was able to walk again after two implants restored communication between his brain and spinal cord, according to a study published Wednesday in the journal Nature.

Gas-Price Drop Spurs Economic Boon

By Joe Wallace
and Kim Mackraai

What a difference a year makes.

This time last year, natural-gas prices were skyrocketing after Russia’s invasion of Ukraine kicked off the worst energy crisis since the 1970s. To the surprise of many prognosticators, that energy shock has now subsided, with gas prices in full retreat worldwide.

The result is a windfall for the global economy, especially as it contends with stubbornly high inflation. Energy-intensive businesses are restarting operations, consumers are set to get lower bills and fears of a winter shortage have eased.

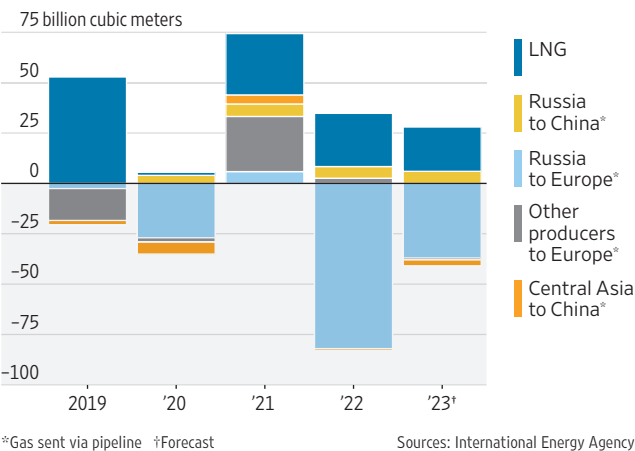
Yet, the outlook isn’t entirely positive: The price plunge also is a symptom of slowing activity that could morph into a recession, while central banks keep interest rates high.

Europe, the focal point of the crisis last year, is one of the main beneficiaries of the monthslong slump in gas prices. Russia, which had hoped to divide Ukraine’s allies by cutting natural-gas supplies and pitching the continent into recession, has failed in that effort and is bleeding revenue because of lower prices for energy exports, as well as a cap on the price of Russian oil agreed by the Group of Seven advanced democracies.

Natural-gas prices took off in Europe a year ago when Russian President Vladimir Putin began to weaponize supplies. The rally culminated in a trading frenzy last August that prompted manufacturers to shut factories and governments to pledge hundreds of billions of euros to shield their economies. It spilled across global energy markets as Europe cornered the world’s gas supply to replace Russia.

Wholesale prices in Europe have tumbled since early December, encouraging some industries to increase production.

Change from the previous year in different supplies of natural gas



*Gas sent via pipeline †Forecast Sources: International Energy Agency

Governments are shelling out less to support companies and households because of the drop.

France-based Aluminium Dunkerque, which runs one of Europe’s largest smelters, began restarting idled capacity in January and expects to return to full production this month, said Chief Executive Guillaume de Goÿs. The reasons: Power prices are down and the French government can offer subsidies if they jump later this year. Plus, customer orders are flowing in.

Not everyone is springing back into action. Some factories, particularly in the metals industry, take time and lots of money to switch back on.

One trouble companies face: The price of products such as copper and ammonia is falling in line with that of natural gas as demand for goods weakens globally. Factories in Europe, which still face higher energy prices than competitors elsewhere, are the first to feel pressure to slow.

OCI, which makes fertilizer ingredients on three continents, has no immediate plans to restore production at its ammonia and methanol plants in Europe after slowing it in 2021, in part because futures prices suggest natural gas there will cost about 80% more

this winter than it does now.

“We don’t want to restart it, then have to shut back down again,” said Chief Executive Ahmed El-Hoshy.

OCI is planning to import more cheap-to-produce ammonia from other regions for its European operations.

Sluggish industrial-gas demand is a big reason why natural-gas prices have fallen. That, combined with mild

While the slump benefits Europe, it is a symptom of slowing activity.

weather this past winter and other factors pinching consumption, explains 90% of the drop in gas, power and coal prices, said James Huckstepp, a commodities strategist at BNP Paribas.

China’s sputtering recovery after the end of Covid-19 lockdowns means Europe has imported huge volumes of liquefied natural gas without having to worry about a demand surge in the world’s second-largest economy. Unseasonably high gas-storage

levels will make it easier for the continent to refill caverns before the next winter.

Traders and analysts say prices could rise before the end of the year, for example if Russia turns off remaining gas flows to Europe through Turkey and Ukraine, or if Asian demand zips higher. “High storage levels are not a guarantee of a stable market,” said Michael Stoppard, gas strategy lead at S&P Global Commodity Insights.

Europe’s benchmark gas price has dropped more than 90% from its high last summer. At just under 30 euros, about \$32, a megawatt-hour, it has fallen to the top of the range in which gas traded for a decade before 2021, a factor feeding into lower inflation in the eurozone.

The recent drop in crude and diesel prices worldwide—another sign the economy is slowing—will take the heat out of consumer-price growth, too.

No longer bidding against record European prices, LNG importers in Asia are paying much less for the supercooled fuel. Pakistan, Bangladesh and Thailand, poorer nations all but shut out of the market for spot cargoes by Europe last year, are starting to import more LNG, said Huckstepp.

Exporters on the U.S. Gulf Coast are earning 90% less for LNG than they did in late August, according to commodities-data firm Argus Media.

Europe last year rushed to build infrastructure and change the way its gas market operates to put a brake on prices. Member states agreed to cap prices in extreme market conditions, and set up a new pricing center for gas to supplant the widely used Dutch Title Transfer Facility.

The European Union also established a buyers’ club for overseas natural-gas purchases, which recently matched a first set of supply offers with potential buyers.

Food Shock Follows Europe Energy Crisis

Prices rise at a rapid pace, surprising central banks and pressuring indebted governments

By Paul Hannon

LONDON—Fresh out of an energy crisis, Europeans are facing a food-price explosion that is changing diets and forcing consumers across the region to tighten their belts.

This is happening even though inflation as a whole is falling thanks to lower energy prices, presenting a policy challenge for governments that deployed billions in aid last year to keep businesses and households afloat through the worst energy crisis in decades.

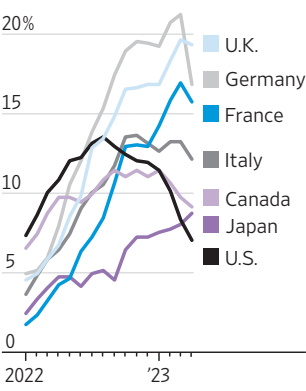
New data on Wednesday showed inflation in the U.K. fell sharply in April as energy prices cooled, following a similar pattern around Europe and in the U.S. But food prices were 19.3% higher than a year earlier.

The continued surge in food prices has caught central bankers off guard and pressured governments that are still reeling from the cost of last year’s emergency support to come to the rescue. And it is pressuring household budgets that are also under strain from rising borrowing costs.

In France, households have cut their food purchases by over 10% since the invasion of Ukraine, while their energy purchases have fallen 4.8%.

In Germany, sales of food fell 1.1% in March from the previous

Food prices in G-7 countries, change from a year earlier



Sources: Organization for Economic Cooperation and Development; Office for National Statistics (U.K.)

greater impact on budgets. The U.K.’s Resolution Foundation estimates that by the summer, the cumulative rise in food bills since 2020 will have amounted to 28 billion pounds, equivalent to \$34.76 billion, outstripping the rise in energy bills, estimated at £25 billion.

“The cost-of-living crisis isn’t ending, it is just entering a new phase,” Torsten Bell, the research group’s chief executive, wrote in a recent report.

Food isn’t the only driver of inflation. In the U.K., the core rate of inflation—which excludes food and energy—rose to 6.8% in April from 6.2% in March, its highest level since 1992. Core inflation was close to its record in the eurozone during the same month.

Still, Bank of England Gov. Andrew Bailey told lawmakers on Tuesday that food prices now constitute a “fourth shock” to inflation after the bottlenecks that jammed supply chains during the Covid-19 pandemic, the rise in energy prices that accompanied Russia’s invasion of Ukraine, and surprisingly tight labor markets.

Europe’s governments spent heavily on supporting households as energy prices soared. Now they have less room to borrow, given the surge in debt since the pandemic struck.

Some governments—including those of Italy, Spain and Portugal—have cut sales taxes on food products to ease the burden on consumers. Others are leaning on food retailers to keep their prices in check. In March, the French government negotiated an agreement with leading retailers to refrain from price rises if it is possible to do so.

Retailers have also come under scrutiny in Ireland and a number of other European countries. In the U.K., lawmakers have launched an investigation into the entire food supply chain.

“Yesterday, I had the food producers into Downing Street, and we’ve also been talking to the supermarkets, to the farmers, looking at every element of the supply chain and what we can do to pass on some of the reduction in costs that are coming through to consumers as fast as possible,” U.K. treasury chief Jeremy Hunt said during The Wall Street Journal’s CEO Council Summit in London.

The government’s Competition and Markets Authority last week said it would take a closer look at retailers.

The continued surge in food prices has caught central bankers off guard.

month, and were down 10.3% from a year earlier, the largest drop since records began in 1994. According to the Federal Information Centre for Agriculture, meat consumption was lower in 2022 than at any time since records began in 1989, although it said that might partly reflect a continuing shift toward more plant-based diets.

Food retailers’ profit margins have contracted because they can’t pass on the entire price increases from their suppliers to their customers. Markus Mosa, chief executive of the Edeka supermarket chain, told German media that the company had stopped ordering products from several large suppliers because of rocketing prices.

A survey by the U.K.’s statistics agency this month found that almost three-fifths of the poorest 20% of households were cutting back on food purchases.

“This is an access problem,” said Ludovic Subran, chief economist at insurer Allianz, who previously worked at the United Nations World Food Program. “Total food production has not plummeted. This is an entitlement crisis.”

Food accounts for a much larger share of consumer spending than energy, so a smaller rise in prices has a

WORLD WATCH

CANADA-SAUDI ARABIA

Ties Restored After Rupture Over Rights

Saudi Arabia and Canada agreed on Wednesday to restore full diplomatic relations and appoint new ambassadors five years after ties broke down over the Canadian foreign ministry’s criticism of the kingdom’s arrest of human-rights activists.

The move comes amid a flurry of diplomacy by Crown Prince Mohammed bin Salman. The de facto Saudi leader had been ostracized by the West over the 2018 murder of Saudi journalist Jamal Khashoggi. The rupture with Canada, which included cutting flights and freezing new business and investment in the country, was an early indicator of the Saudi prince’s impulsive approach to global affairs, which rattled foreign investors.

—Stephen Kalin

ISRAEL

Netanyahu Coalition Clears 2-Year Budget

Israel Prime Minister Benjamin Netanyahu’s government on Wednesday passed a two-year budget, a step that could bring some stability to his coalition and clear the way for it to press ahead with its religious, pro-settlement agenda. While the budget could buy Netanyahu some quiet inside his coalition of ultra-orthodox and ultranationalist parties, Israel’s most hard-line ever, it also was expected to deepen the divisions in Israel.

Critics have accused him of increasing spending on his ultra-orthodox allies for religious programs that have little benefit for the economy and broader society. The vote dragged on overnight before passing in a 64-56 vote after daybreak.

—Associated Press

SUDAN

Conflict Displaces 1.3 Million People

The fighting between Sudan’s military and a powerful paramilitary force has displaced more than 1.3 million people, the U.N. migration agency said Wednesday.

The International Organization for Migration said the clashes have forced more than one million people to leave their homes to safer areas inside Sudan. Some 320,000 others have fled to the neighboring countries of Egypt, South Sudan, Chad, Ethiopia, the Central African Republic and Libya since fighting erupted on April 15 after months of escalating tensions between the military and the Rapid Support Forces. The conflict has killed at least 863 civilians, including at least 190 children, according to the Sudanese Doctors’ Syndicate.

—Associated Press

AUSTRALIA

Woman, 95, Shot With Stun Gun, Dies

A 95-year-old Australian woman died Wednesday, a week after a police officer shot her with a stun gun in a nursing home as she moved toward him using a walker and carrying a steak knife, in a tragedy that has outraged many Australians.

Clare Nowland, who had dementia, had been hospitalized in Cooma in New South Wales state since her skull was fractured when she fell on May 17 after Constable Kristian White shocked her with a stun gun.

Police announced the death hours after reporting that White has been ordered to appear in court on July 5 on charges of recklessly causing grievous bodily harm, assault causing actual bodily harm and common assault.

—Associated Press



ONE SMALL SCHLEP: A worker dons an astronaut costume for a promotion at a solar energy expo in Shanghai, China.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, May 25, 2023 | B1

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Citigroup Ends Banamex Talks

Spinoff is planned after Mexico's president complicated sales process

By DAVID BENOIT

Citigroup will spin off its Mexican consumer bank, ending an attempt to sell Banamex after a yearlong process under the eye of Mexico's president failed to find a deal.

The New York-based bank said Wednesday it will now seek to take Banamex public, a process it expects to drag into 2025.

In early 2022, Citigroup had first announced it would exit from its Mexican consumer business through either a sale or an initial public offering.

A sale had been the main focus of executives and analysts, but Citigroup had repeatedly sought to keep an IPO on the table. The sale had

been expected to carry a \$7 billion price tag.

The process was complicated by Mexico's President Andrés Manuel López Obrador making public stipulations on what he would require in any deal, particularly that the buyer should be Mexican. He also included job protections for workers, taxes, and protecting Citi's trove of Mexican artwork that he didn't want leaving the country. He regularly commented on the poten-

tial buyers and the process in news conferences.

On Tuesday, López Obrador, a leftist nationalist, said his government was analyzing a possible bid for Banamex if an offer by Mexican businessman German Larrea fell through.

On Wednesday, Citi took a sale off the table but committed to investing in the bank, its employees and to the artwork staying in a separated Banamex.

López Obrador said

Wednesday that he was notified by Citi of its plans. He added that the government isn't ruling out the possibility of acquiring a stake in Banamex, and that he will ask his finance minister to look into it.

"We do need a bank, and this is an opportunity," he said, as the government could benefit from having a large bank handling payrolls of federal employees. "Not to brag
Please turn to page B2

Nvidia Says AI To Spark Record Sales

By ASA FITCH

Chip giant **Nvidia** is starting to capitalize on the craze for language-generating artificial intelligence, projecting a more-than-64% jump in sales as the company rushes to get more processors in customer hands to satisfy booming interest in the technology.

Nvidia's shares, which have more than doubled in value this year, surged 24% in after-hours trading. Nvidia is close to becoming the world's first \$1 trillion chip company by market value.

A new generation of advanced Nvidia chips for AI calculations in data centers is in production, Nvidia Chief Executive Jensen Huang said, and "we are significantly increasing our supply to meet surging demand for them."

The company forecast a record \$11 billion in sales for the current quarter, far above the \$7.2 billion Wall Street was expecting and what would be the highest quarterly total ever for the company.

"This demand has extended our data-center visibility out a few quarters and we have procured substantially higher supply for the second half of the year," Chief Financial Officer Colette Kress said on an
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The coming days will be the next test of whether carriers have staffed up enough and planned adequately for the anticipated crowds.

Airlines Take Steps to Avoid Summer Chaos

By ALISON SIDER

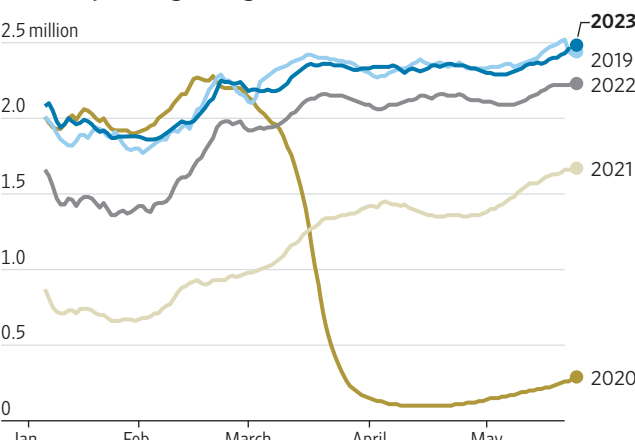
Airlines and government officials are attempting to prevent another summer of aggravation for fliers, starting with Memorial Day weekend.

The coming days will be the next test of whether carriers have staffed up enough and planned adequately for the crowds the airlines and airports say they are anticipating. Daily airport volumes have already been hitting their highest levels since the start of the pandemic, and officials don't expect that to let up.

The stakes for the industry are high. The Transportation Department has said it intends to propose rules requiring airlines to compensate passengers for significant delays and canceled flights.

At **Southwest Airlines**, executives from crew scheduling, network planning, the op-

Number of travelers passing through TSA checkpoints, seven-day moving average*



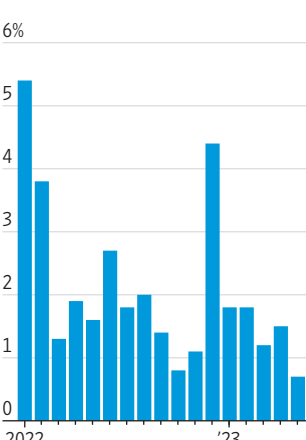
*As of May 23 †Domestic and international in or out of the U.S.
Sources: Transportation Security Administration (passengers); FlightAware (cancellations)

erations center and others have been meeting weekly to share information and role-play scenarios that could arise during the summer, when sudden severe storms

can throw operations into disarray—the airline's own version of spring training, said Chief Operating Officer Andrew Watterson.

The airline is facing height-

Share of scheduled flights that were canceled†



ened scrutiny after canceling 16,700 flights in a cascading meltdown at the end of last year, when it was hobbled by bad winter storms and the technology that it uses to re-

schedule crews after disruptions couldn't help reassemble the airline.

Delta Air Lines is typically rated as one of the most reliable carriers, according to government figures, but it stumbled last May and June, with thousands of canceled flights.

This year, the airline has said it has more pilots on reserve, ready to fly as needed. It has hired more maintenance staff and invested in key cities to make sure mechanical issues can be fixed quickly. It is also flying a bit less this summer than it had originally planned.

The Covid-19 pandemic upended the intricate choreography of airlines, airports, and air-traffic control. When travel demand evaporated in 2020, carriers encouraged thousands of pilots, flight attendants and others to take
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BUSINESS NEWS

Activist investor Jana plans to launch a proxy fight at retailer Freshpet. **B3**

HEARD ON THE STREET

China's EV strength helps it take the lead in car exports. **B10**

Buybacks Go On Even as Investors Sit On Sidelines

By JACK PITCHER

U.S. companies have remained stalwart buyers of their own shares even as institutional and individual investors alike have become skittish and trimmed their exposure to equities.

Companies in the Russell 3000 have unveiled plans to buy back more than \$600 billion in shares this year, in line with last year's record pace, according to data from research firm Birinyi Associates. In all, they announced \$1.27 trillion of share repurchases and completed \$1.05 trillion in buybacks in 2022, both all-time highs, according to Birinyi.

That activity has offered an important source of support for the stock market. Data on fund flows show many of the traditional buyers of stocks have been net sellers of late. Some have moved into less risky investments like money-market funds amid concerns that the economy is on the brink of a recession.
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China Makes Bold Move in Lithium Market

By SHA HUA AND ALEXANDRA WEXLER

Chinese companies have long dominated lithium refining, but their hunt to secure a greater share of the world's supplies of the metal is leading them to buy up stakes in mines throughout the developing world as they face resistance in Western countries.

China is spending billions

on stakes in nations that have histories of political instability, local resistance and resource nationalism. Projects often face protests, regulatory delays and even cancellations.

If China succeeds, it could secure access to one-third of the world's lithium-mine production capacity needed by 2025, according to industry estimates.

Lithium is a component in the lithium-ion batteries that

power electric vehicles and smartphones. By the end of the decade, demand could outstrip supply by some 300,000 metric tons, according to research firm Benchmark Mineral Intelligence, a consulting firm in London.

China's drive to secure a greater hold on the world's lithium is fueled by concerns that its booming electric-vehicle industry could struggle to get access to supplies as tensions

with the U.S. and its allies rise. Canada and Australia, with some of the world's largest lithium reserves, recently blocked new Chinese investments over national-security concerns.

China, which has 8% of the world's lithium reserves, has "no choice but to try," said Susan Zou, a vice president at Rystad Energy, a consulting firm in Norway.

In the past two years, Chi-

nese companies spent \$4.5 billion acquiring stakes in nearly 20 lithium mines, most of them in Latin America and Africa, according to data compiled by Rystad and Benchmark.

Those include investments in countries such as Mali and Nigeria, where they face security threats from terrorism, and places such as Zimbabwe, Mexico and Chile, which have
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Blockbuster Swift Concert Tour Disrupts Reselling of Tickets

By ANNE STEELE

Some Taylor Swift fans buying concert tickets on the resale market are seeing those tickets disappear, marking the latest twist in the fevered rush for tickets to the pop star's Eras Tour.

Astronomical demand for Taylor Swift tickets and the extreme lengths the pop star went to get tickets into the hands of fans instead of brokers have created unusual mayhem in the resale market.

With soaring prices and low inventory, professional ticket brokers are having trouble making good on tickets.

Meanwhile, an influx of fan sellers, many of them trying their hand at scalping for the first time, are complicating matters by making rookie mistakes during transactions.

Dollar sales for Taylor Swift's tour this year are seven times that of Bruce Springsteen, eight times Morgan Wallen and Coldplay, nine times Adele and Beyoncé, and

13 times what this year's Super Bowl did, according to StubHub.

Other ticket resale sites are experiencing similar challenges with low inventory and high prices for the Eras Tour and have been monitoring transactions closely to help sellers fulfill ticket orders.

SeatGeek, which also sold tickets during the fan presale, declined to comment.

Ticketmaster said it didn't enable resale on its site for
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Fans in line this month to see the show in Nashville, Tenn.

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BUSINESS & FINANCE

Judge Dismisses Rape Lawsuit Against Ex-Apollo CEO Black

By MIRIAM GOTTFRIED AND MARK MAREMONT

A judge dismissed a lawsuit brought against Apollo Global Management co-founder and ex-Chief Executive Leon Black by a woman who accused him of rape and defamation, likely bringing to an end a two-year legal saga.

In a ruling Wednesday, New York State Supreme Court Justice David B. Cohen sided with Black in determining that Guzel Ganieva's claims were invalid, largely because she signed a nondisclosure agreement with Black in 2015 under which she was paid about \$9.5 million over the next six years.

The judge said Ganieva received considerable financial benefits from the nondisclosure agreement, never tried to repudiate it or contest it and couldn't argue that she signed it under duress.

Ganieva, whose lawyers withdrew from the case earlier this year, didn't respond to a request for comment.

"From the very beginning, I've made clear that Ms. Ganieva's allegations against me were false and there was



Leon Black says his relationship with the plaintiff was consensual.

no basis for this suit," Black said in a statement. "I am gratified that the truth has come out and justice has been finally done."

Black has said he had a yearslong consensual relationship with Ganieva, a Russian immigrant who met the billionaire when she was in her early 20s and working as a model. The relationship eventually ended and both sides agreed Ganieva signed a

non-disclosure agreement in October 2015 at a Manhattan restaurant.

Ganieva claimed in her lawsuit, initially filed in June 2021, that she was prompted to go public with her accusations after Black stated publicly that no one had ever alleged he had engaged in wrongdoing, according to the lawsuit.

Ganieva's claims, which she first made in a tweet in

March of 2021, may have hastened Black's departure from Apollo.

The firm in January of that year announced that Black would step down as chief executive before July 2021 and hand the reins to fellow co-founder Marc Rowan.

The move came after a review commissioned by the firm's board found that Black had made sizable payments to convicted sex offender Jeffrey Epstein for tax and estate-planning services.

The review, conducted by the law firm Dechert, found no evidence of involvement by Black in Epstein's criminal activities.

Then that March, days after the Ganieva tweet, Apollo made the unexpected announcement that Rowan would formally assume the CEO role effective immediately and that Black would also cede the chairman role.

Black had also brought a case in federal court that alleged that a former Apollo partner and others, including Ganieva, conspired to destroy his reputation and push him out of the firm. That case was dismissed in June 2022.

Swift Tour Hits Ticket Reselling

Continued from page B1

this tour.

Brett Goldberg, co-chief executive of ticket resale platform TickPick, said the company has committed to fulfilling 100% of orders for the Eras Tour.

By the end of the 52-date tour, he estimates the company will have spent hundreds of thousands to make sure people get in the door. "It's like 50 Super Bowls going on all at once," he said.

StubHub said 70% of orders for Taylor Swift tickets on its platform are fan sellers as opposed to professional ticket brokers—double what it normally sees.

Some 63% of Taylor Swift ticket orders having issues are from amateur sellers, the company said.

"We are experiencing record-breaking demand for Taylor Swift's Eras Tour, which is driving an unprecedented number of fan sellers," the company said.

The company said its transactions are backed by a guarantee that if customers can't get valid tickets for their event, StubHub will offer comparable or better replacement tickets if available, or a full refund.

Some fan sellers are inexperienced and aren't fulfilling orders properly, StubHub said. In some cases sellers aren't confirming to StubHub that they have transferred a ticket to the buyer so the service assumes the order is canceled and prompts the buyer to look for new tickets.

In response, StubHub said it implemented in recent weeks new customer communications and processes. In many transactions for the Eras Tour, the company tightened the dead-



Dollar sales for Taylor Swift's tour are seven times that of Bruce Springsteen, according to StubHub.

Swifties Deal With Ticketing Snafus

Nine days before she was scheduled to take her 17-year-old daughter to see Taylor Swift in concert in Philadelphia, Ginene Travia realized that the pair of nosebleed tickets for which she paid a total of \$1,000 were canceled.

StubHub, the resale site where she had purchased tickets after failing to score face-value seats on Ticketmaster, told her via email that she was entitled to alternative comparable tickets,

line for sellers to deliver tickets to buyers.

When StubHub spots that a seller hasn't confirmed that they have sent the tickets, a company operator calls them to help. The company said it also offers assistance to buyers to help them choose replacement tickets if necessary.

When buyers are prompted by StubHub to search for com-

parable listings, the links often turn up empty because there aren't similar seats left at prices similar to those originally purchased. In some cases, StubHub refunded buyers the difference between what they paid for a replacement ticket and what they originally paid.

StubHub's penalties for sellers not delivering tickets

of dollars to travel to Nashville and get child care for their collective 15 children, StubHub notified them that their tickets had been canceled and refunded. After several calls to StubHub, Pearson says her friend's mom stepped in and sprung for four tickets for over \$2,000 a piece.

Pearson had posted a video to TikTok about her plight that quickly went viral. While waiting for the show to start, she got a message from StubHub offering the women tickets for the next night, but they were leaving to return home. The ticketer eventually landed on providing a \$6,000 StubHub credit.

range by the degree of error and end result for the buyer; the company can charge the seller what it cost to replace the ticket—in many cases more than five times the seller's originally listed price.

The high demand for Eras Tour tickets are complicating speculative ticketing, a ticket resale tactic used by professional brokers who list and

sell tickets to eager fans but wait to deliver on those tickets until closer to the concert, banking that prices will go down and they will snap up cheaper seats to turn a profit on the sale.

But prices for this tour aren't falling and inventory is scant. Brokers are having to either take the penalty for canceling orders or pay the difference to make good on promised seats.

For Swifties, the challenges in the resale market are yet another trial in their quest to get to a show.

Fan presales for the Eras Tour were hampered by overwhelming demand, leading to glitches in Ticketmaster's systems that kept fans waiting for hours in virtual queues. Ticketmaster then canceled ticket sales to the general public, citing high demand and "insufficient remaining ticket inventory to meet that demand."

Ticketmaster said less than 5% of Eras Tour tickets have ended up in the secondary market.

Citigroup's Banamex Talks End

Continued from page B1

about it, but public finances are strong," he said.

The government could come up with \$3 billion, and Mexicans could buy shares for an additional \$2 billion, he added.

Citi acquired Banamex, Mexico's fourth-largest bank by assets and loans, in a \$12.5 billion deal in 2001, making it the only major U.S. bank with a sizable presence in Mexico. Since taking over in 2021, Chief Executive Jane Fraser has been shrinking Citi's international consumer-banking reach to concentrate on U.S. retail banking and Citi's core corporate-banking services.

Banamex was dragged down by fraud allegations several years ago, and some investors and analysts had been pushing

\$12.5B

How much Citigroup paid for Banamex in 2001

for Citigroup to get rid of it. Fraser had previously run the Latin American division of Citigroup, having been sent to help fix up Banamex following fraud allegations.

Citigroup gave investors a silver lining to the new plan of an IPO, saying it would allow Citi to restart share repurchases after pausing them for more than a year.

A sale of Banamex would have come with hefty capital charges tied to the value of the asset on Citi's balance sheet. Those charges go away with an IPO.

—Anthony Harrup contributed to this article.

Airlines Plan for Summer

Continued from page B1

buyouts or retire early.

The hiring and training for air-traffic controllers was interrupted, and the Federal Aviation Administration is still trying to catch back up. As consumers got comfortable traveling and restrictions were lifted in 2021 and 2022, nothing was able to bounce back quickly enough.

Last summer carriers said they stretched themselves to seize on rapidly returning travel demand, only to have to cut back on flying when their operations proved too fragile to absorb disruptions.

Nearly 2.5% of U.S. flights were canceled from June through August of 2022, above the rate for the same period of 2019, according to government data. Airlines and the FAA often blamed each other.

Now airlines and the FAA say they are working closely, with the FAA trying to get ahead of a staffing shortfall that the regulator warned could cause delays in the Northeast and to minimize disruptions from rocket launches in Texas and Florida.

Some European hubs, faced with daily backups of passengers forming massive lines and seas of misplaced luggage last summer, put caps on departing passengers or told airlines to stop selling tickets.

Carriers are planning for an even bigger surge in trans-Atlantic travel this summer.

European Commissioner for Transport Adina Vălean said in an interview that preparations and coordination with member states began months ago. She said airlines and airports have hired more staff since last year but cautioned that they need to be realistic and transparent about the number of flights they can handle.

Airline executives say they have learned lessons. Their schedules are more conservative, with more buffer and redundancy, and they say they have invested in new technology to help them predict and recover from upsets.

Staffing levels now exceed prepandemic levels, according to government data. There have been fewer major disruptions lately. U.S. carriers have scrubbed 1.4% of flights so far this year, according to FlightAware—below the cancellation rate at this time last

year and in 2019.

Some airline officials have said Florida—a big trouble spot last summer—has shown signs of improvement after the FAA worked to boost staffing at a facility near Jacksonville, which serves as a critical hub for flights flow-

Carriers are planning for an even bigger surge in trans-Atlantic travel.

ing in and out of the state.

The FAA has also opened up new higher altitude routes along the East Coast that it said will allow for faster flights in the region and could help avoid delays.

Still, some of the problems that emerged last summer re-

main. A shortage of pilots has curtailed the number of flights many airlines can offer, particularly to smaller cities served by regional jets.

Plane manufacturers are slow in delivering new jets, further hampering airlines' ambitions.

Southwest's pilots, who have grown increasingly vocal about their frustrations with the carrier as contract negotiations have dragged on, said they believe the airline's schedule continues to be overly ambitious this summer.

"We're going to have a meltdown in June," Casey Murray, president of the union that represents Southwest's pilots, predicted during a recent podcast episode. "What is going to cause it? Is it going to be that thunderstorm in Florida? Is it going to be another operational pause that is then unrecover-

able?"

Southwest has said it is confident in its ability to operate what it has planned this summer: It is planning about 7% more flights this summer but has 15% more employees. Mr. Watterson said the airline's on-time performance this year has been strong, and it has made some adjustments, trimming its schedule slightly for June and July.

The FAA has warned that a key air-traffic-control facility that manages the skies in the New York area has only about 54% of the fully trained controllers it needs, predicting that the shortage could lead to a sharp increase in delays this summer.

In hopes of avoiding those snarls, the agency relaxed rules to allow airlines to operate fewer flights at the major airports serving New York City and one serving Washington, D.C.

BUSINESS NEWS

Musk Urges Others to Cut Jobs as Twitter Did

By Chip Cutter

Elon Musk said more companies should consider running lean like Twitter.

The Tesla chief executive, speaking virtually at The Wall Street Journal's CEO Council Summit in London on Tuesday, said plenty of staffers aren't adding value to U.S. companies and that employers might do better with fewer people. Twitter has shrunk from about 8,000 employees to roughly 1,500 since Musk acquired the social-media company last year.

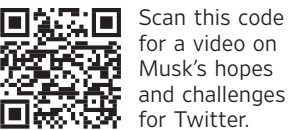
"There's a potential for significant cuts, I think, out of companies without affecting their productivity," Musk said, adding that staffing cuts could increase productivity by speeding up operations. "At any given company, there are people who help move things forward and people who sort of try to slam the brakes on."

Layoffs at Twitter cut far deeper than most. Musk's efforts at the company drew attention from bosses in other industries, many of whom quietly wondered whether Musk's slimmed-down staffing model could be replicated elsewhere.

In recent months, companies including Facebook parent Meta Platforms, Amazon.com, Goldman Sachs, Alphabet's Google and others cut thousands of positions, and a number of executives have begun to reconsider the value of some white-collar work.

Musk said Tuesday that Twitter wasn't profitable, but it had stabilized its operations and could potentially be cash-flow positive next month.

Watch a Video



Scan this code for a video on Musk's hopes and challenges for Twitter.

Regulator Weighs SVB Options

Cayman Islands authority hires lawyers after FDIC's seizure of branch's deposits

By Frances Yoon

HONG KONG—The Cayman Islands Monetary Authority has engaged lawyers to assess its legal options after deposits at Silicon Valley Bank's branch in the territory were seized by the Federal Deposit Insurance Corp., a government official told affected depositors.

André Ebanks, the Cayman Islands' minister of financial services and commerce, met in person last week with some of SVB's depositors in Hong Kong. He told them the regulator retained lawyers and is looking for ways to help them, according to meeting attendees.

Chinese and other Asian investment firms that banked with SVB's branch in the Cayman Islands were left out in the cold after the U.S. bank's collapse in March, The Wall Street Journal reported. All of SVB's U.S. depositors were made whole when the FDIC intervened in mid-March to prevent the lender's failure from destabilizing the U.S. banking system. The FDIC said at the time that its action was "designed to protect all depositors of Silicon Valley Bank." It subsequently arranged a sale of most of SVB's U.S. deposits and loans to First Citizens Bancshares.

The FDIC took the deposits of the failed lender's Cayman Islands branch and informed those depositors that they would be treated as general unsecured creditors in SVB's receivership. It reiterated that the bank's foreign deposits weren't covered by U.S. deposit insurance, and said depositors at the branch could file claims seeking compensation.

Neither the FDIC nor the Cayman Islands Monetary Authority has disclosed how much in deposits SVB's Cayman Islands branch had at the time of the bank's failure. SVB's financial reports previ-



The FDIC intervened in March to prevent the failure from destabilizing the U.S. banking system. SVB headquarters in Santa Clara, Calif., in March.

ously said the lender had \$13.9 billion in foreign deposits at the end of 2022. The Cayman branch, which was set up to primarily support the bank's activities in Asia, was used by venture-capital, private-equity and other investment firms that needed to perform dollar transactions abroad.

The Cayman depositors, which include several Chinese investment firms, haven't been able to access their funds that were at the branch since SVB's failure. Their bank-account statements showed a zero balance at the end of March after their money was transferred to the SVB receiver.

At one of the meetings in Hong Kong last week, Ebanks told SVB depositors that the lawyers hired by the Cayman Islands Monetary Authority were analyzing various options, and that discussions were at an early stage, according to people who were present. That meeting, which was organized by a nonprofit association for Chi-

nese venture-capital and private-equity firms, was attended by representatives from about 10 investment firms, the people added.

A representative of the association said at the meeting that many firms tried and

\$20B

FDIC estimate of SVB failure's cost to its insurance fund

failed to retrieve their funds during the collapse of SVB, people who were present said. A few individuals, who were accompanied by their lawyers, also voiced unhappiness with earlier statements from both U.S. and Cayman Islands regulators that led the foreign depositors to believe that their funds would be protected, the people added.

Ebanks assured the depositors that CIMA was working on the situation, and described its initial position as akin to being in the passenger seat while the FDIC was the driver, the people said.

Besides the Cayman Islands, SVB had a bank subsidiary in the U.K. and branches in Germany and Canada. The German and Canadian branches only made loans and didn't take deposits. Its U.K. bank, which has been taken over by HSBC, had the equivalent of about \$8.5 billion in deposits on March 10 of this year.

The Cayman Islands doesn't have an equivalent to U.S. federal deposit insurance, which officially covers up to \$250,000 per bank account. A 2009 offshore financial-center assessment report by the International Monetary Fund said that authorities in the British overseas territory could explore options in the future to establish a deposit insurance fund that local

banks could participate in.

The financial pain being felt by SVB's foreign depositors could make investment firms that are incorporated or doing business in offshore financial hubs reconsider where they should put their money and what protections they have.

"The risk perception is going to be higher for someone who has a bank account in the Cayman Islands, or wants to open one," said Winston Wong, an attorney at Flint & Battery, a law firm in Singapore. "From an industry point of view, it sets a precedent. It could disincentivize funds and companies to transfer their funds to the Caymans Islands," he added.

Following the sale of most of SVB deposits and loans to First Citizens, about \$90 billion in securities and assets remained in receivership under the FDIC, which will dispose of them. The agency has estimated that SVB's failure will cost its deposit insurance fund around \$20 billion.



The pet-food company specializes in refrigerated, high-end products. A factory in Bethlehem, Pa.

Activist Investor Jana Prepares Proxy Fight at Retailer Freshpet

By Lauren Thomas

Activist investor **Jana Partners** plans to launch a proxy battle with **Freshpet** and nominate four directors to serve on the pet-food company's board.

Jana has accumulated a 9.3% stake in Freshpet, making it the company's largest shareholder, according to a letter to other shareholders that was disclosed Wednesday.

The Wall Street Journal first reported in September that Jana had amassed a sizable stake in Freshpet and was planning to push the pet-food company to make changes to boost its stock price and explore a sale. There is no guarantee Jana will go the distance on a proxy fight; activists and companies often settle their disputes before they go to a vote.

Jana now argues that the board has "disregarded its most basic duties to shareholders," according to the letter. Shares of Freshpet, which reported a wider net loss of about \$60 million in 2022 as inflation drove up prices of ingredients and labor, are up more than 25% so far this year on hopes for a sale.

At its peak, Freshpet, which specializes in refrigerated high-end pet food made with blends of meat, vegetables and fruits, had a market value of around \$8 billion; it is now around \$3.2 billion.

Jana says in the letter that more than half of Freshpet's independent directors "pursued outside interests with corporate resources and key members of management."

According to Jana, a number of Freshpet officials have held high-level roles at Hive Brands, which it says offers competing pet products.

The hedge fund specifically names Freshpet directors Olu Beck and David Basto, the latter a partner at private-equity firm Carlyle who it says simultaneously serves on the board of Carlyle portfolio company and Freshpet rival Compana Pet Brands.

A spokesperson for Freshpet said the company has engaged with Jana "extensively" over the past nine months to try to address the firm's concerns.

"Unfortunately, Jana has made clear to us that their sole purpose is to force a sale of the company without consideration to all potential paths to value creation," the spokesperson said. "We are hopeful to avoid a distracting proxy fight as the management team continues to focus on driving growth and margin expansion as demonstrated in recent quarterly performance."

Jana's four board nominees are: Diane Dietz, the former chief executive of skin-care business Rodan & Fields; Timothy McLevish, ex-finance chief of Kraft Foods; Scott Ost-

feld, a managing partner at Jana; and Kurt Schmidt, former CEO of pet-food company Blue Buffalo.

Jana writes that its four candidates are "far better equipped to oversee management, governance and capital allocation, address conflicts of interest by putting a stop to corporate resources being diverted toward management and board member pet projects, and evaluate potential buyer interest in the company."

Freshpet currently has an 11-member board. The company's annual shareholder meeting is expected to be held on July 25.

Freshpet announced earlier this month that its board chairman, Charles Norris, won't stand for re-election. It said Walter George, chair of the nominating, governance and sustainability committee, is expected to be appointed as the company's new independent board chair, effective after the meeting.

Freshpet also recently appointed David Biegger, former chief supply chain officer for Conagra Brands, to its board.

Pet-food sales have been a bright spot in recent years for food makers, and there has been a flurry of deal activity in the sector, including, recently, Post Holdings paying \$1.2 billion to acquire multiple pet-food banners from J.M. Smucker.

ROAD TRIP

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Moderators Sue Facebook Parent in Kenya

Workers accuse Meta and a contractor of exploitation and unfair termination

By ALEXANDRA WEXLER

NAIROBI, Kenya—Musa Abubakar spent years moderating Facebook content, scrolling through videos and images of what he said were often rapes, beheadings and suicides.

After enduring hours of “people having their hands chopped off, hanging themselves, set on fire alive,” Abubakar says he has lost any sense of empathy. “I don’t really feel anything.”

He and 183 other content moderators here are now part of a lawsuit against a contractor for Facebook owner **Meta Platforms**, and the social-media giant itself. The moderators accuse the company, California-based Sama, and Meta of worker exploitation and unfair termination.

In legal filings, they say that reviewing graphic content like the videos Abubakar says he was regularly asked to watch has led to depression, PTSD and anxiety. It is one of three lawsuits in Kenya that are casting a fresh spotlight on the tech industry’s far-flung, outsourced workforce.

Sama denies the allegations and says it supported workers



Cases could broaden legal risks for tech giants who contract out a large chunk of their workforce.

like Abubakar with benefits such as health insurance and counselors. Meta declined to comment on the litigation. It is appealing decisions that allowed plaintiffs to name it as a co-defendant in two of the cases, including the one Abubakar is part of.

Meta has said that Nairobi’s labor court, which is hearing two of the three cases, doesn’t have jurisdiction because the company doesn’t have employees or offices in Kenya. If Meta fails in its appeal, the suits could significantly broaden le-

gal risks for the entire industry, lawyers and industry watchers say.

Global tech giants such as Meta and TikTok owner **ByteDance** rely on third-party contractors to outsource armies of workers in low-cost labor markets like Kenya. These workers are increasingly tasked with time-consuming jobs such as content moderation and data annotation, which is used to train artificial-intelligence systems. The two labor suits, if successful, could bolster efforts elsewhere

to legally challenge big tech companies who contract out a large chunk of their workforce.

“It’s not just Meta that’s going to be worried about this,” said Katie Harbath, founder and chief executive at consulting firm Anchor Change and former public policy director at Facebook. She added: “It could very much impact how they contract those [outsourcing] firms.”

A third suit, filed against Meta only, in Kenya’s High Court in December, alleges that Meta’s Kenya-based content moderation wasn’t adequate

enough to stop ethnic hate speech amid the recent civil war in neighboring Ethiopia and that its algorithm gave such content more prominence.

“We have strict rules which outline what is and isn’t allowed on Facebook and Instagram. Hate speech and incitement to violence are against these rules and we invest heavily in teams and technology to help us find and remove this content,” a Facebook spokesman said in a statement about the company’s work in Ethiopia.

The two other suits making their way through Kenya’s labor court are further along.

Kenya has tried to turn itself into an outsourcing hub for global technology companies, including for content moderation and data annotation. Kenya boasts fast fiber internet in many places.

In 2019, Meta hired Sama to handle Facebook’s content moderation for sub-Saharan Africa from Nairobi. Sama already employed thousands of workers here working on data annotation for AI applications for Facebook and other clients. That is the time-consuming work of correctly labeling videos, photos and recordings to help teach AI applications to recognize that content.

A few months after Sama began doing content moderation for Facebook, one of Sama’s employees working on Meta content moderation, South Afri-

can citizen Daniel Motaung, says he began organizing around 150 colleagues to protest their working conditions and demand better pay. Motaung says he was in the process of formally filing trade-union papers when he was fired.

In May 2022, he filed a lawsuit against Sama and Meta in the Nairobi Employment and Labour Relations Court, alleging worker abuse, exploitation, union-busting and unlawful termination.

Sama says that Motaung was fired for causes unrelated to his attempts to unionize and that the company would have worked with a union, had one formed. It accused him of coercing fellow employees and excluding others based on nationality. Motaung’s lawyers deny those allegations. Meta declined to comment on ongoing litigation.

In January, Sama told all of its content moderators that they were being let go at the end of March, saying it had decided to exit that business altogether. Meta moved its Facebook content-moderation business to Luxembourg-based **Majorel**, which also has a Kenyan presence.

Then, in March, workers filed a separate suit at the same labor court alleging they were unlawfully terminated and were effectively blacklisted from being hired by Majorel. Majorel declined to comment.

Court Upholds SEC’s Decision to Deny a Whistleblower Award

By MENGQI SUN

An appeals court upheld the U.S. Securities and Exchange Commission’s decision to deny a whistleblower award in a case involving short seller Carson Block, while at the same time broadly questioning how the agency decides who receives awards from its cash-for-tips program.

The opinion from the U.S. Court of Appeals for the Third Circuit, which was unsealed Friday, didn’t identify the two claimants in the case, in line with whistleblower-protection rules. But people familiar with the matter said that the claimant who received nothing—Jamie Doe, also referred to as the Claimant 2 in the opinion from the Third Circuit and the SEC award order—is Kevin Barnes, and Claimant 1, who eventually received a \$14 million award, is Block.

Barnes, a private investor, last year sued Block in New York federal court, saying that the two men worked together in producing the research that ultimately led to the SEC award and that they agreed to share proceeds from legal or regulatory actions stemming from their research, The Wall Street Journal previously reported. Barnes is seeking \$7 million from Block.

Block has also sued Barnes in federal court in Austin, Texas, for defamation, saying Barnes was involved in the research but played a minor role. Block said he has suffered damages of more than \$75,000. A magistrate judge in the Texas case suggested in March the

case be dismissed, to which Block objected. The New York case is pending.

SEC rejections of awards applications are seldom reversed, either through appeals filed directly to the commission before the final decision is made or later through appeal courts, attorneys representing whistleblowers said. But the unsealed opinion highlights the lengthy and often winding road whistleblowers face in seeking an award from the regulator.

The opinion said the award application was related to a \$55 million settlement agreement the SEC reached in 2015 with **Focus Media Holding** and its chief executive over alleged inaccurate disclosures of its sale of a subsidiary, according to court records.

The SEC cash-for-tips program awards whistleblowers between 10% and 30% of monetary penalties when tips result in successful enforcement actions and when penalties exceed more than \$1 million.

Claimant Jamie Doe, or Barnes, filed a whistleblower award application with the SEC, claiming to be a principal author of a 2011 report published by equity research firm Muddy Waters that contained information of the alleged misconduct. His application was denied by the agency even though the SEC order cited the report in its investigation and settlement and credited Doe as an author of the report. The SEC said Doe failed to provide the information directly to the SEC as the staff found the public report themselves, disqualifying Doe as a whistleblower.



The Potosi region, where some of Bolivia’s salt flats are located, was once pillaged by the Spanish Empire for its silver.

China’s Bold Move In Lithium

Continued from page B1

tried to gain greater control over their mineral resources.

In December, Zimbabwe imposed an export ban on unprocessed lithium, effectively forcing foreign companies to process it there. In February, Mexico’s government signed a decree to fast-track nationalization of the country’s lithium reserves. And in April, Chile’s president proposed private companies would be required to team with a state-owned company if they want to mine for lithium there.

Chile, along with Bolivia and Argentina, is discussing the creation of a lithium cartel, similar to that of the Organization of the Petroleum Exporting Countries.

Bolivia, which enshrined the nationalization of its mineral resources in its constitution, is one of the places where China is investing heavily. The country has about a fifth of the world’s lithium resources, but it has a history of revoking lithium agreements with foreign companies.

Potosi, the region where some of Bolivia’s salt flats are located, was pillaged by the Spanish Empire for its silver, and many residents are wary of outsiders seeking to exploit its resources.

In 2019, a deal with a Chinese company to extract lithium ground to a halt after then-President Evo Morales, who backed the project, was ousted. That same year, Bolivia threw out an agreement between state-owned lithium company

Yacimientos de Litio Bolivianos and a German company after protests from local residents seeking higher royalties from subsequent lithium sales.

Chinese companies are pressing ahead with new projects there. China’s **Contemporary Amperex Technology Ltd.**, the world’s largest battery maker, said in January that it is leading a consortium in a venture with YLB.

The civic committee of Potosi, an alliance of unions and social organizations, criticized the lack of transparency around the selection process. Bolivia asked participating companies to write a proposal and demonstrate their capabilities, but the results were never made public.

The venture isn’t likely to reach its goal of producing 25,000 metric tons of battery-grade lithium carbonate by 2024, lithium experts said. Mining won’t begin until the Bolivian government passes a new law allowing foreign companies to participate in lith-

ium extraction, said Diego von Vacano, a political-science professor at Texas A&M University and former adviser to the Bolivian government.

During an annual meeting of lawmakers in March, Chinese leader Xi Jinping criticized the chaotic nature of China’s lithium rush and urged Chinese

Chinese firms pitch their investments as a way to help countries develop.

companies to better understand the markets they were entering. “You should avoid charging ahead on your own, thinking you’re invincible, only to be caught out wanting in the end,” Xi told Robin Zeng, CATL’s chairman, according to Chinese state media.

Despite the challenges they

face, Chinese companies have advantages over their Western counterparts. CATL is a battery behemoth, with the political backing of Beijing and a strong network of companies along the supply chain.

Developing countries often prefer to team up with Chinese companies that are usually engaged in processing, refining or battery making, and therefore primarily concerned about securing a stable supply of raw material rather than just mining it at low cost and selling it at a high price, analysts said. This means they can guarantee the host countries a steady stream of income.

Chinese companies tried to pitch their investments as a way to help these countries develop. At the signing ceremony in January, Bolivian President Luis Arce said the CATL-led consortium would invest more than \$1 billion in the project’s first stage, earmarked for the construction of infrastructure, including roads and power.



Lithium is a component in the lithium-ion batteries that power electric vehicles and smartphones.

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Any person who has and can provide details of a claim against this Estate should email by 14 July 2023 details of their claims to commutation@paladinreinsurance.com.

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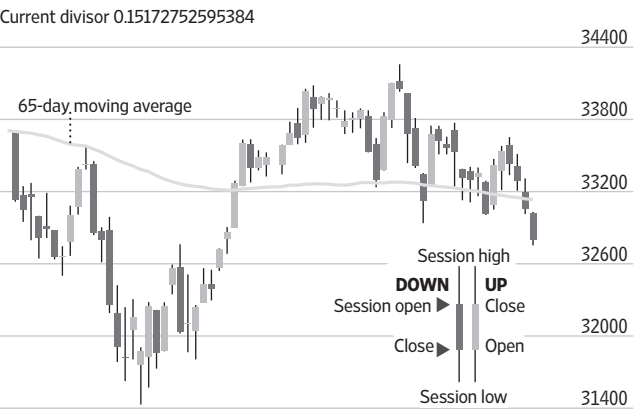
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

32799.92 ▼255.59, or 0.77%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio	21.86 18.27
	P/E estimate *	17.71 16.53
	Dividend yield	2.15 2.22
	All-time high	36799.65, 01/04/22



Bars measure the point change from session's open

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

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	33031.75	32752.44	32799.92	-255.59	-0.77	34589.77	28725.51	-1.0	10.3
Transportation Avg	13832.84	13611.79	13695.45	-211.58	-1.52	15640.70	11999.40	-0.4	2.3
Utility Average	915.74	906.62	907.70	-5.34	-0.58	1061.77	838.99	-11.1	5.9
Total Stock Market	41219.62	40939.29	41051.21	-313.45	-0.76	43441.80	36056.21	2.7	6.6
Barron's 400	911.81	900.25	902.72	-9.10	-1.00	1023.20	825.73	-3.2	12.5

Nasdaq Stock Market									
Nasdaq Composite	12529.63	12415.85	12484.16	-76.08	-0.61	13128.05	10213.29	19.3	10.2
Nasdaq-100	13655.73	13520.92	13604.48	-68.06	-0.50	13849.74	10679.34	13.9	24.4

S&P									
500 Index	4132.96	4103.98	4115.24	-30.34	-0.73	4305.20	3577.03	3.4	7.2
MidCap 400	2434.55	2411.61	2419.83	-24.46	-1.00	2726.61	2200.75	-0.3	-0.4
SmallCap 600	1148.39	1133.47	1137.36	-14.65	-1.27	1315.82	1064.45	-4.9	-1.7

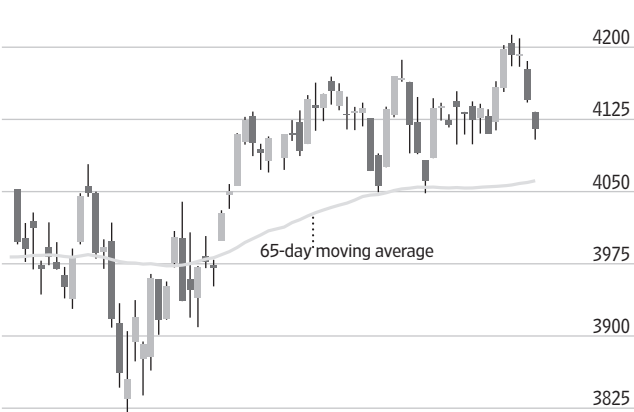
Other Indexes									
Russell 2000	1787.71	1761.20	1767.00	-20.71	-1.16	2021.35	1649.84	-1.8	0.3
NYSE Composite	15172.27	15006.28	15022.89	-149.38	-0.98	16122.58	13472.18	-2.5	-1.1
Value Line	540.55	532.92	534.46	-6.09	-1.13	606.49	491.56	-5.0	-0.4
NYSE Arca Biotech	5463.00	5352.54	5374.00	-89.00	-1.63	5644.50	4208.43	19.0	1.8
NYSE Arca Pharma	866.94	859.78	860.37	-5.96	-0.69	892.45	737.84	1.7	-0.9
KBW Bank	78.43	76.94	77.32	-1.39	-1.77	116.53	71.96	-31.0	-23.3
PHLX ^S Gold/Silver	126.82	123.33	123.64	-3.23	-2.54	144.37	91.40	-6.1	2.3
PHLX ^S Oil Service	75.60	74.15	75.12	0.44		93.94	56.08	-5.6	-10.4
PHLX ^S Semiconductor	3135.04	3091.29	3124.09	-53.35	-1.68	3230.86	2162.32	8.4	23.4
Cboe Volatility	20.81	18.80	20.03	1.50		34.02	15.78	-29.4	-7.6

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

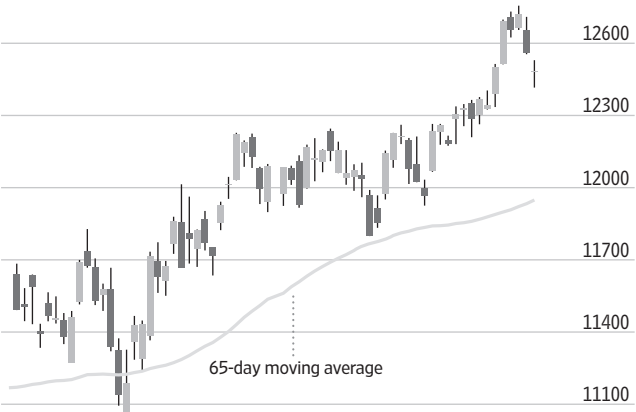
S&P 500 Index

4115.24 ▼30.34, or 0.73%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio *	18.57 20.31
	P/E estimate *	18.82 17.15
	Dividend yield *	1.67 1.58
	All-time high	4796.56, 01/03/22



Nasdaq Composite Index

12484.16 ▼ 76.08, or 0.61%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio **	28.12 25.17
	P/E estimate **	26.62 21.37
	Dividend yield **	0.82 0.90
	All-time high:	16057.44, 11/19/21



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
NVIDIA	NVDA	17,840.9	389.00	83.62	27.38	395.00	301.69
SPDR S&P 500 ETF Trust	SPY	11,889.1	413.58	2.49	0.61	413.70	407.24
Direxion Dly SCOND 3 BL	SOXL	10,330.1	17.80	1.77	11.04	17.92	15.83
Bank of America	BAC	7,383.1	28.21	0.11	0.39	28.58	28.08
Invesco QQQ Trust I	QQQ	6,525.2	337.33	5.68	1.71	347.33	323.90
ProSh UltraPro Shrt QQQ	SQQQ	6,074.4	25.35	-1.32	-4.95	26.75	25.34
Advanced Micro Devices	AMD	5,727.0	120.00	11.73	10.83	120.00	108.04
Palantir Technologies	PLTR	5,550.7	13.40	1.17	9.57	13.66	11.87

Percentage gainers...

GrShr 1.5x Long NVDA Dly	NVDL	99.6	75.41	22.02	41.24	76.74	52.40
NVIDIA	NVDA	17,840.9	389.00	83.62	27.38	395.00	301.69
Desktop Metal	DM	1,972.2	2.13	0.38	21.71	3.45	1.75
Nutanix CI A	NTNX	151.3	29.60	4.19	16.49	29.88	25.41
GSI Technology	GSIT	456.8	5.98	0.82	15.89	6.19	5.14

...And losers

QuantaSing Group ADR	QSG	171.1	11.66	-7.34	-38.63	22.68	11.02
AXS 1.25X NVDA Br Daily	NVDS	5,317.0	9.27	-4.87	-34.44	14.34	8.95
Annexon	ANNX	81.0	4.02	-1.15	-22.24	5.28	3.50
American Eagle Outfitters	AEO	1,270.4	9.98	-2.09	-17.32	12.20	9.92
Snowflake	SNOW	2,587.5	156.90	-20.24	-11.43	178.57	152.30

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Minority Equality Opps A	MEOA	26.54	15.49	140.18	43.50	10.05	164.1
QuantaSing Group ADR	QSG	19.00	10.75	130.30	28.99	6.66	...
SEALSQ	LAES	21.97	11.11	102.32	28.50	8.50	...
Enveric Biosciences	ENVB	4.81	1.66	52.70	18.50	1.30	-52.5
Abercrombie Fitch	ANF	30.16	7.15	31.07	31.69	14.02	35.7
Tigo Energy	TYGO	12.71	2.71	27.10	21.33	7.65	27.6
GigaCloud Technology	GCT	7.16	1.50	26.50	62.00	4.14	...
Vislink Technologies	VISL	7.71	1.61	26.39	15.00	3.90	-41.6
Zura Bio	ZURA	6.70	1.35	25.23	37.55	4.87	-32.4
Shengfeng Development	SFWL	7.46	1.41	23.31	12.45	2.94	...
Avid Technology	AVID	25.16	4.69	22.91	33.41	19.78	-9.0
Necessity Retail REIT	RTL	5.93	1.05	21.52	8.19	4.45	-25.3
Reata Pharmaceuticals A	RETA	95.36	16.14	20.37	106.69	18.47	254.8
NeoVolta	NEOV	2.69	0.44	19.56	5.60	1.11	-46.9
Biora Therapeutics	BIOR	4.70	0.73	18.39	28.75	1.95	-76.2

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Tesla	TSLA	136,193	0.6	182.90	-1.54	314.67	101.81
ProSh UltraPro Shrt QQQ	SQQQ	126,961	-2.2	26.67	1.52	69.55	25.06
ProShares UltraPro QQQ	TQQQ	113,986	-20.5	30.33	-1.62	39.38	16.10
Minerva Surgical	UTRS	94,136	16535.8	0.33	83.01	3.02	0.15
SPDR S&P 500 ETF Trust	SPY	88,344	-0.7	411.09	-0.72	431.73	348.11
Palantir Technologies	PLTR	85,231	88.7	12.23	-3.24	13.42	5.92
NIO ADR	NIO	84,220	92.6	7.92	-9.49	24.43	7.33
Direxion Dly SCOND 3 BL	SOXL	81,964	14.5	16.03	-5.26	26.28	6.21
Enveric Biosciences	ENVB	79,540	3621.1	4.81	52.70	18.50	1.30
Ford Motor	F	71,065	9.8	11.33	-3.41	16.68	10.61

* Volumes of 100,000 shares or more are rounded to the nearest thousand



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Percentage Losers

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Jupiter Wellness CI A	JWAC	4.58	-2.78	-37.77	13.02	3.60	-53.9
Ocean Biomedical	OCEA	4.77	-1.97	-29.23	26.60	3.06	-52.7
Cohbar	CWBR	3.62	-1.39	-27.74	7.50	1.43	-31.6
Bright Health Group	BHG	10.54	-3.84	-26.70	171.60	10.41	-92.5
Children's Place	PLCE	18.68	-5.08	-21.38	57.00	17.62	-59.5
Navitas Semiconductor	NVTS	7.51	-1.96	-20.70	9.72	3.11	6.5
CI&T	CINT	3.92	-0.98	-20.00	16.15	3.34	-73.7
PTC Therapeutics	PTCT	46.95	-11.46	-19.62	59.84	25.01	53.5
Freightos	CRGO	2.02	-0.47	-18.88	31.15	1.87	-79.4
Heartcore Enterprises	HTCR	2.00	-0.46	-18.70	3.43	0.78	83.5
Petco Health Wellness	WOOF	8.33	-1.85	-18.17	17.17	7.29	-45.7
Bioccept	BIOC	4.25	-0.94	-18.11	47.70	4.15	-89.7
Elevation Oncology	ELEV	2.60	-0.50	-16.13	5.10	0.72	-34.0
Nexters	GDEV	6.20	-1.11	-15.18	8.50	3.10	-2.8
Getty Images	GETY	5.20	-0.92	-15.03	37.88	3.42	-47.7

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
GigaCloud Technology	GCT	31,819	22805	7.16	26.50	62.00	4.14
QuantaSing Group ADR	QSG	1,133	22255	19.00	130.30	28.99	6.66
Tigo Energy	TYGO	1,051	6674	12.71	27.10	21.33	7.65
Feuture Light Acqn	FLFV	933	6151	10.51	-0.10	11.52	9.91
Zura Bio	ZURA	14,183	4339	6.70	25.23	37.55	4.87
Talon 1 Acquisition CI A	TOAC	264	3431	10.76	0.37	11.37	10.02
Galata Acquisition	GLTA	405	2675	10.52	0.19	10.55	9.85
Learn CW Investment CI A	LCW	879	2085	10.42	...	10.43	9.80
Blue Whale Acquisition I	BWC	1,171	1960	10.08	0.10	10.25	9.63
TortoiseEcofin III CI A	TRTL	998	1959	10.29	-0.58	10.40	9.63

* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares *Has traded fewer than 65 days

CURRENCIES & COMMODITIES

Currencies

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

US\$/vs				US\$/vs			
Country/currency	— Wed in US\$	— per US\$	YTD chg (%)	Country/currency	— Wed in US\$	— per US\$	YTD chg (%)
Americas				Vietnam dong .00004260 23475 -0.7			
Argentina peso .0042235 6961 33.4				Europe			
Brazil real .2015 4.9618 -6.1				Czech Rep. koruna .04541 22.024 -2.4			
Canada dollar .7356 1.3594 0.3				Denmark krone .1443 6.9300 -0.2			
Chile peso .001239 807.33 -4.8				Euro area euro 1.0752 .9301 -0.5			
Colombia peso .000225 4449.50 -8.2				Hungary forint .002887 346.41 -7.2			
Ecuador US dollar 1 1 unch				Iceland krona .007115 140.54 -0.7			
Mexico peso .0562 17.8028 -8.6				Norway krona .0912 10.9630 11.8			
Uruguay peso .02588 38.6450 -3.3				Poland zloty .2386 4.1909 -4.3			
Asia-Pacific				Russia ruble .01241 80.609 9.3			
Australia dollar .6544 1.5281 4.1				Sweden krona .0932 10.7260 2.8			
China yuan .1416 7.0609 2.4				Switzerland franc 1.1049 .9051 -2.2			
Hong Kong dollar .1277 7.8293 0.3				Turkey lira .0503 19.9002 6.5			
India rupee .01210 82.678 -0.1				Ukraine hryvnia .0231 36.9500 0.3			
Indonesia rupiah .0000669 14947 -4.0				UK pound 1.2365 .8087 -2.2			
Japan yen .007169 139.48 6.3				Middle East/Africa			
Kazakhstan tenge .002244 445.60 -3.7				Bahrain dinar 2.6529 .3770 -0.03			
Macau pataca .1239 8.0680 0.2				Egypt pound .0324 30.9011 24.8			
Malaysia ringgit .2178 4.5915 4.2				Israel shekel .2688 3.7197 5.5			
New Zealand dollar .6113 1.6359 3.9				Kuwait dinar 3.2531 .3074 0.5			
Pakistan rupee .00348 287.438 26.8				Oman sul rial 2.5973 .3850 ...			
Philippines peso .0179 55.732 0.1				Qatar rial .2747 3.641 -0.7			
Singapore dollar .7410 1.3495 0.6				Saudi Arabia rial .2666 3.7503 -0.2			
South Korea won .0007583 1318.77 4.5				South Africa rand .0519 19.2512 13.1			
Sri Lanka rupee .0032936 303.62 -17.4							
Taiwan dollar .03243 30.833 0.6							
Thailand baht .02885 34.660 0.1							
				Close Net Chg % Chg YTD % Chg			
				WSJ Dollar Index 97.78 0.36 0.37 1.26			

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hi Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
May	3.6000	3.6050 ▼	3.5400	3.5535	-0.0880	787
July	3.6405	3.6475 ▼	3.5450	3.5615	-0.0930	130,260
Gold (CMX) -100 troy oz.; \$ per troy oz.						
May	1975.40	1975.40	1969.20	1962.80	-9.60	102
June	1977.30	1987.90	1958.40	1964.60	-9.90	140,399
July	1987.30	1997.00	1968.30	1974.10	-9.90	2,623
Aug	1995.60	2006.20	1976.80	1983.10	-9.70	280,549
Oct	2014.70	2025.00	1996.00	2002.30	-9.60	11,306
Dec	2034.50	2043.20	2014.70	2020.80	-9.50	34,739
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
May				1406.10	-48.60	1
Sept	1452.00	1463.50	1395.50	1403.00	-47.00	7,177
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
May				1032.60	-28.10	1
July	1058.90	1063.80	1026.30	1029.50	-28.10	65,815
Silver (COMEX) -5,000 troy oz.; \$ per troy oz.						
May	23.435	23.480	23.065	23.115	-0.359	171
July	23.590	23.655	23.140	23.240	-0.384	109,343
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
July	73.77	74.73	73.13	74.34	1.43	381,861
Aug	73.68	74.65	73.09	74.29	1.44	208,805
Sept	73.39	74.32	72.82	74.01	1.43	191,054
Oct	72.98	73.85	72.42	73.61	1.42	182,680
Dec	72.09	72.89	71.55	72.71	1.37	218,368
June'24	69.74	70.57	69.45	70.47	1.22	108,822
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
June	2.3774	2.4200	2.3745	2.4137	.0520	31,471
July	2.3696	2.4086	2.3643	2.4019	.0494	78,883
Gasoline-19 RB0B (NYM) -42,000 gal.; \$ per gal.						
June	2.7091	2.7271	2.6608	2.7212	.0590	35,052
July	2.5994	2.6239	2.5669	2.6200	.0600	99,658
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
June	2.347	2.415	2.317	2.398	.077	22,810
July	2.514	2.575	2.495	2.566	.077	358,953
Aug	2.582	2.650	2.571	2.643	.078	97,599
Sept	2.579	2.641	2.561	2.633	.078	179,005
Oct	2.667	2.734	2.654	2.724	.073	117,192
Jan'24	3.804	3.879	3.798	3.870	.072	76,385

Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
July	577.00	589.75	574.00	587.25	9.75	496,433
Dec	517.25	527.25	515.50	520.00	3.25	384,881
Oats (CBT) -5,000 bu.; cents per bu.						
July	322.00	331.00	322.00	329.75	8.25	2,883
Dec	342.00	346.75	341.75	344.75	5.00	1,229
Soybeans (CBT) -5,000 bu.; cents per bu.						
July	1322.50	1337.75	1316.00	1324.50	2.00	266,549
Nov	1187.25	1195.50	1178.50	1185.00	-2.75	213,377
Soybean Meal (CBT) -100 tons; \$ per ton.						
July	406.40	410.60 ▼	400.70	402.20	-4.20	175,267
Dec	380.00	381.70	376.70	378.90	-9.00	116,292
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
July	47.76	48.89	47.51	48.00	.24	180,726
Dec	47.56	48.34	47.26	47.77	.22	136,460
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
July	16.69	16.81	16.60	16.62	-.08	3,063
Sept	14.75	14.86	14.70	14.77	-.08	4,339
Wheat (CBT) -5,000 bu.; cents per bu.						
July	621.00	624.50	602.25	606.25	-16.00	213,430
Sept	634.75	636.75	615.50	619.00	-15.50	72,087
Wheat (KO) -5,000 bu.; cents per bu.						
July	841.00	844.75	807.75	812.25	-29.25	86,900
Sept	832.75	836.50	802.50	807.75	-26.00	43,337
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
May	208.200	209.050	207.825	208.975	1.175	3,056
Aug	233.400	234.850	231.500	234.525	1.050	34,487
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
June	164.275	166.500 ▲	163.650	166.100	1.825	48,326
Aug	162.575	164.550	161.825	164.125	1.550	149,787
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
June	80.675	81.475 ▼	79.400	79.800	-8.75	32,346
July	80.775	82.025	80.400	80.825	-.150	73,521
Lumber (CME) -27,500 bd. ft., \$ per 1,000 bd. ft.						
July	496.00	497.00	492.00	496.50	-1.00	4,948
Sept	519.50	520.50	516.50	520.50	.50	1,139
Milk (CME) -200,000 lbs.; cents per lb.						
May	16.20	16.23 ▼	16.16	16.20	-.01	4,474
June	16.55	16.95	16.35	16.37	-1.18	6,006
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
July	3,010	3,034	2,985	3,010	-6	125,523
Sept	3,021	3,041	2,997	3,020	-9	78,033
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
July	188.05	189.40	186.60	188.00	.55	73,734

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended May 19. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Crude oil and petroleum prod						
Crude oil	1,231,585	...	1,242	1,154	1,236	1,274
excluding SPR	455,168	700	468	420	461	469
Gasoline	216,277	...	218	220	219	237
Finished gasoline	16,204	-1,300	14	18	16	22
Reformulated	19	...	0	0	0	0
Conventional	16,185	...	14	18	16	22
Blend, components	200,073	...	204	202	204	215
Natural gas (bcf)						
	2,240	...	2	2	2	2
Kerosene-type						
jet fuel	42,577	...	42	39	41	40
Distillates	105,672	300	106	107	107	132
Heating oil	8,388	...	8	9	8	9
Diesel	97,283	...	98	98	99	61
Residual fuel oil	32,843	...	33	27	33	32
Other oils	290,294	...	289	271	288	288
Net crude, petroleum products, incl. SPR						
	1,589,539	...	1,602	1,686	1,597	1,896

Weekly Demand, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Total petroleum product						
	20,701	...	19,558	19,684	20,057	18,314
Finished						
motor gasoline	9,437	...	8,908	8,798	9,067	8,818
Kerosene-type						
jet fuel	1,430	...	1,377	1,532	1,566	1,407
Distillates	4,198	...	3,736	3,867	3,960	3,478
Residual fuel oil	108	...	375	786	237	240
Propane/propylene	818	...	618	633	749	...
Other oils	4,710	...	4,544	4,069	4,479	...

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | [WSJ.com/ETFResearch](#)

Largest 100 exchange-traded funds, latest session							ETF			
Wednesday, May 24, 2023							Symbol Price Chg (%) YTD (%)			
ETF	Symbol	Closing Price (%)	Chg (%)	YTD (%)	ETF	Symbol	Closing Price (%)	Chg (%)	YTD (%)	
CnsmrDiscSelSector	XYLY	149.15	-0.37	15.5	ISH1-5YIGCorpBd	IGSB	50.23	-0.18	0.8	
CnsStapleSelSector	XLP	73.74	-0.65	-1.1	ISH1-3YTreabdB	SHY	81.64	-0.12	0.6	
DimenUSCoreEq2	DFAC	25.21	-0.87	3.8	ISHRussMC	IWR	67.61	-1.07	0.2	
EnSelSectorSPDR	XLE	80.51	0.44	-8.0	ISHRuss1000	IWB	225.62	-0.68	7.2	
FinSelSectorSPDR	XLF	31.86	-1.30	-6.8	ISHRuss1000Grw	IWF	249.93	-0.58	16.7	
HealthCareSelSector	XLV	129.11	-0.68	-5.0	ISHRuss1000Val	IWD	149.32	-0.92	-1.5	
InvsCQQQ	QQQ	331.65	-0.51	24.5	ISHRussell2000	IWM	175.54	-1.06	0.7	
InvsCSP500EW	RSP	140.01	-1.09	-0.9	ISHSP500Grw	IVO	65.94	-0.60	11.0	
ISHCoreDivGrowth	DGRO	49.16	-0.83	-1.7	ISHSP500Value	IVE	150.24	-0.86	3.6	
ISHCoreMSCIEAFE	IEFA	66.83	-0.47	8.4	ISHSelectDiv	DIVY	110.36	-1.04	-8.5	
ISHCoreMSCIEM	IEMG	47.82	-0.58	2.4	ISH7-10YTreabdB	IEF	97.36	-0.26	1.6	
ISHCoreMSCITotInt	IKUS	61.52	-1.27	6.3	ISHShortTreaBd	SHV	110.31	...	0.4	
ISHCores&P500	IUV	412.84	-0.75	7.5	ISH20+YTreabdB	TLT	108.09	-0.31	1.6	
ISHCores&P MC	IWH	241.53	-0.97	-0.1	ISH10+YTreabdB	TLT	100.53	-0.49	1.0	
ISHCores&P SC	IUR	93.38	-1.23	-1.3	ISHUSTreasuryBd	GOVT	22.99	-0.24	1.2	
ISHCores&PPTotUS	ITOT	90.57	-0.77	6.8	JPMEquityPrem	JEPI	53.85	-0.87	-1.2	
ISHCoresTotalUSDb	IUSB	45.29	-0.26	0.8	JPMUtlShIncm	JPST	50.23	0.02	0.2	
ISHCoresAggBd	AGG	97.85	-0.25	0.9	ProSHutlPrqQCT	TOQQ	30.33	-1.62	75.3	
ISHESGAwareUSA	ESGU	90.44	-0.75	6.7	SPDRB3B1-3MTB	BIL	91.66	...	0.2	
ISHEdgeMSCIMiniUSA	USMW	71.71	-0.77	-0.5	SPDRDJIA Tr	DIA	328.01	-0.79	-1.0	
ISHEdgeMSCIUSAQal	QUAL	124.46	-0.71	9.2	SPDRDGL	GLD	181.95	-0.81	7.3	
ISHGoldTr	IAU	37.13	-0.77	7.3	SPDRDPTDevUS	SPDW	32.07	-1.35	8.0	
ISHBoxx\$HYCPb	HYG	73.62	-0.70	-0.0	ISHSP500Value	SPYV	40.32	-0.86	3.7	
ISHBoxx\$InvGrpCpBd	LQD	106.37	-0.39	0.9	SPDRSP500	SPGL	48.35	-0.72	7.5	
ISHJPMLUSDBndBd	EMB	84.12	-0.17	0.6	SPDRUS500Grw	SPUS	56.27	-0.20	10.7	
ISHMBS	MBB	92.99	-0.32	0.3	SPDRSP500	SPY	411.09	-0.72	7.5	
ISHMSCIACWI	ACWI	91.09	-0.92	7.3	SchwabIntlEquity	SCIF	34.87	-1.39	8.3	
ISHMSCIEAFE	EFA	71.54	-1.46	9.0	SchwabUS BrdMkt	SCNB	47.88	-0.79	6.9	
ISHMSCIEM	EEM	38.40	-0.75	1.3	SchwabUS Div	SCHD	69.91	-0.95	-7.5	
ISHMSCIEAFEValue	EFV	48.60	-1.46	5.9	SchwabUSLC	SCHX	45.81	-0.74	7.4	
ISHNatlMuniBd	MUB	105.16	-0.18	-0.3	SchwabUSLC Grw	SCHG	67.60	-0.38	21.7	
					SPDRSP500CpTr	MDY	44.21	-0.95	-0.1	
					SPDRSP500	SDY	119.15	-1.14	-4.8	

FINANCE & MARKETS

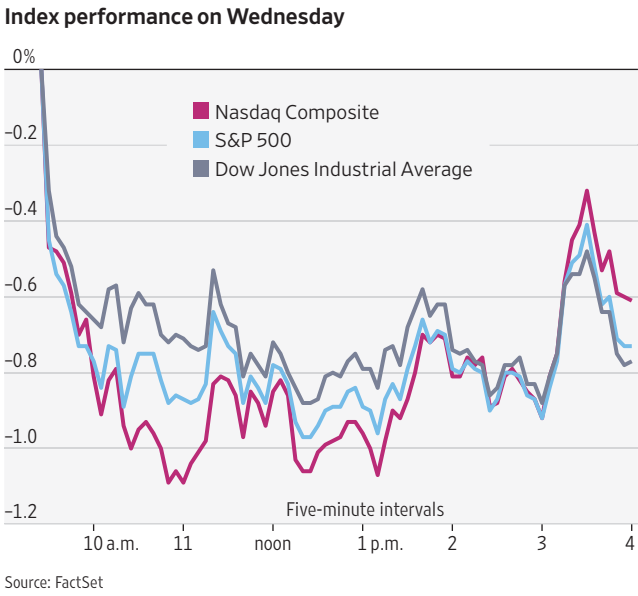
Dow Falls for Fourth Session in a Row

Focus remains on Washington talks to raise the U.S. borrowing limit

By SAM GOLDFARB

Stocks extended declines, reflecting rising anxieties about the debt ceiling as lawmakers continued negotiations to raise the borrowing limit. The Dow Jones Industrial Average had a fourth straight session of losses. The Dow fell 0.8%, or 256 points, while the S&P 500 dropped 0.7% and the Nasdaq Composite slid 0.6%.

Discussions over the debt ceiling have become a focus of investors in recent days. Stocks initially climbed last week after House Republican leaders and President Biden expressed optimism that they could reach an agreement. But a lack of progress in negotiations has weighed on the market with the two sides divided over how much the government should spend next year. "This time a week ago, we were feeling pretty optimistic things would be solved, but the realization is: to make the sausage in Washington, it is messy," said Ryan Detrick, chief market strategist at Carson Group, a financial-advisory



firm. Many investors still expect Congress will raise the debt ceiling by June 1—the day that Treasury Secretary Janet Yellen warned that the government might not have enough cash to pay all of its bills. Investors worry that a failure to raise the debt ceiling could cause serious economic damage, making it harder to own riskier assets. Adding to the market's unease: a series of Federal Reserve officials have recently suggested in public appearances that an interest-rate increase could remain on the table when the central bank meets next month. That possi-

bility has helped push up U.S. Treasury yields, which set a floor on borrowing costs across the economy. Fed governor Christopher Waller said it isn't yet clear what the Fed should do next month but that, whatever it does, officials would likely need to raise rates later in the year to fight inflation. Minutes from the Fed's May meeting released Wednesday showed officials were divided over whether additional increases were needed, though more favored a pause. Yields on longer-term U.S. Treasurys climbed after Waller's comments, with the yield on the 10-year Treasury note



The retailer's shares rose 31% after posting strong earnings.

reaching as high as 3.738%, up from 3.696% Tuesday. But yields then fell after the minutes were released, leaving the 10-year yield at 3.717%. Few stocks were spared from Wednesday's price declines. Within the S&P 500, the information-technology sector fell 0.6%, while materials dropped 1.1% and financials lost 1.3%. Agilent Technologies fell 6% after the maker of laboratory instruments reduced its outlook for the year. Energy was a bright spot, rising 0.5%, as a decline in U.S. oil inventories helped lift U.S. crude nearly 2% to \$74.34 a barrel.

Some stocks also bucked the declines thanks to strong earnings reports. Among them were the retailers Abercrombie & Fitch and Urban Outfitters, logging double-digit gains. Concerns about the debt ceiling were particularly evident in the market for ultra-short-term U.S. Treasury bills, where investors have been demanding higher yields on securities that are seen as most at risk of a delayed principal payment. The yield on a Treasury bill due on June 1 surged above 7.1%, according to Tradeweb, from 5.98% Tuesday. Though investors are generally confi-

dent that the government will eventually make all of its debt payments, there are concerns that holding bonds that haven't been repaid on schedule could create operational headaches for traders. Overseas, Europe's Stoxx 600 fell 1.8%. Early Thursday, Japan's Nikkei 225 was up 0.5%, but Hong Kong's Hang Seng Index was down 1.7% and the Shanghai Composite was down 0.3%. S&P 500 futures rose 0.4%.

AUCTION RESULTS

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

17-WEEK BILLS	
Applications	\$115,847,315,400
Accepted bids	\$43,001,880,400
* noncompetitively	\$355,121,900
* foreign noncompetitively	\$0
Auction price (rate)	98.261278 (5.260%)
Coupon equivalent	5.442%
Bids at clearing yield accepted	11.99%
Cusip number	912797GJ5
The bills, dated May 30, 2023, mature on Sept. 26, 2023.	
ONE-YEAR, 11-MONTH FRNS	
Applications	\$63,281,313,100
Accepted bids	\$22,000,063,100
* noncompetitively	\$28,613,100
* foreign noncompetitively	\$0.169%
Auction price (rate)	99.439405 (3.749%)
Interest rate	3.625%
Bids at clearing yield accepted	60.50%
Cusip number	91282GHE4
The floating-rate notes, dated May 26, 2023, mature on April 30, 2025.	
FIVE-YEAR NOTES	
Applications	\$119,032,625,100
Accepted bids	\$51,075,301,400
* noncompetitively	\$75,222,700
* foreign noncompetitively	\$4,000,000
Auction price (rate)	99.439405 (3.749%)
Interest rate	3.625%
Bids at clearing yield accepted	60.50%
Cusip number	91282GHE4
The notes, dated May 31, 2023, mature on May 31, 2028.	

New Highs and Lows

Continued From Page B8				52-Wk %				52-Wk %				52-Wk %				52-Wk %				52-Wk %				52-Wk %											
Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg				
MinorityEqualWt	MEQAW	0.18	33.7	UltraparPart	UPP	3.53	1.2	Appreciate	SFR	0.22	-14.2	Curo	CURO	1.02	-5.6	ElancoAnimal	ELAN	8.28	-2.6	HubCyberSecurityWt	HUBCW	0.04	-2.0	NeptuneWellness	NEPT	0.20	-3.8	PolymetMining	PLM	1.50	-2.6	TelusIntl	TXMT	15.68	-1.0
MinorityEqualityA	MEQA	43.50	140.2	UrbanOutfitters	URBN	32.46	17.6	ApreraTherap	APRE	3.33	0.3	CaliberCos	CWD	3.71	-11.3	ElmComms	ELME	15.27	-2.4	HudsonGlobal	HSOJ	18.44	-2.4	NewbrgrBmHY Rt	NHSRW	0.03	-11.1	PowerREIT PfdA	PWPpA	4.39	-5.1	T2Biosystems	TTBO	0.10	-33.9
MoneyGram	MGI	10.98	0.2	VectivBio	VECT	16.63	-0.9	ApotoseBioSci	APTO	0.42	-8.0	CamberEnergy	CEI	1.02	-1.9	Emcore	EMKR	0.82	-2.4	IcahnEnterprises	IEP	23.50	-13.4	Neuro	NVRO	26.38	-0.1	Premier	PINC	25.77	-1.9	TattooedChef	TTCF	0.60	-8.4
MontereyCapA	MCAC	10.42	0.2	VirTra	VTST	7.95	-4.3	ArcutisBiotherap	ARQT	8.87	-5.1	CaraTherap	CARA	3.51	-5.1	EnsysceBio	ENSC	2.35	-5.4	iHeartMedia	IHRT	2.40	-7.3	Nokia	NOK	3.93	-2.2	Qualcomm	QCOM	101.58	-0.5	Ericsson	ERIC	5.10	-1.9
MountainCrestVRt	MCAGR	0.38	-2.5	VisionSensingA	VSAC	10.70	0.8	ArmstrongWorld	AWI	63.30	-2.4	CaravelleIntl	CACO	0.72	-11.8	enVenoMed	NVNO	3.04	-6.9	HeartMedia	INPX	0.20	-6.3	Noodles	NDLS	3.16	-0.3	QualTekSvcsWt	QTEKW	0.02	-51.4	ThermoGenesis	THMO	1.20	-9.8
NuvectisPharma	NVCT	17.47	1.5	WiSeKey	WKEY	3.20	18.4	AscentSolar	ASTI	0.14	-12.5	CarverBancorp	CARV	3.60	-4.5	enVenoMedWt	NVNOW	0.01	-25.3	Inpixon	INO	0.60	-8.3	Nouveaumo	NMG	3.12	-6.9	QualTekSvcs	QTEK	0.10	-38.7	3M	MMM	96.97	-3.7
OakWoodsAcqna	OAKU	10.18	0.1	Workspot	WKSP	3.16	16.6	AtaraBiotherap	ATRA	1.86	-7.7	Caozo	CZOO	1.16	10.7	EtaoInternational	ETAO	0.51	3.3	IntegralLifeSci	IART	39.00	-3.3	Nubur	BURU	0.72	0.5	RealGoodFood	RGF	3.45	0.6	TonixPharm	TNXP	1.74	0.6
OculusWt	OCSAW	1.48	-8.4	XeneticBioWt	XBIOW	4.50	166.3	Athenex	ATNX	0.71	-13.1	ChathamLodging	CLDT	9.33	-1.6	EternaTherap	ERNA	2.03	-5.4	InterceptPharm	ICPT	8.82	-2.7	Nutrien	NTR	57.58	-4.3	RegenceBio	RGC	22.00	-8.3	TowerSemi	TSEM	37.60	-5.5
ProofAcqnl	PACI	10.70	-0.1	Lows				Athenex	ATNX	0.71	-13.1	ChinaGreenAg	PLCE	17.62	-21.4	EvolveTransit	SNMP	0.07	-11.4	IntFlavors	IFF	80.30	-3.3	OconeeFedFinl	OCFN	16.84	-5.4	RoyaltyPharma	RPRX	32.02	-2.6	TrilogyMetals	TMQ	0.49	-8.3
PaloAltoNtks	PANW	207.38	7.7	ACRESComlPfdA	ACRpD	16.75	2.4	Babylon	BBLN	0.32	-4.0	ChinaData	CD	4.91	-3.3	Express	EXPR	0.65	-17.6	HancockHdgeEquity	HEQ	10.34	-1.5	Ocugen	OCGN	0.44	-35.1	SBA Comm	SBAC	223.91	-2.7	U Power	UCAR	3.54	-6.1
PharmaCyteBiotech	PMCB	3.15	0.6	AES Un	AESC	79.31	-1.7	Bally's	BALY	13.37	-3.0	Cineverse	CVVS	0.27	-3.8	FinntechEcoWt	FEXDW	0.03	-19.4	LTC Properties	LTC	31.52	-2.7	OncoSecMed	ONCS	0.44	-2.2	SealedAir	SEAL	7.40	-2.4	USD Partners	USDP	1.30	-7.0
QualtricsIntl	XM	18.14	0.9	AMC Networks	AMCX	12.31	-1.9	BigLots	BIG	7.50	-0.8	CityOfficePfdA	CIOPa	14.31	-1.4	FrontierComms	FYBR	15.18	-4.1	L3HarrisTech	LHX	182.69	-1.1	OneConnectFin	OCFT	3.98	-4.5	Sibanye-Stillwater	SBSW	7.40	-2.4	Ubiquiti	UI	160.49	-3.0
QuantaSing	QSG	28.99	130.3	Adams	ADMP	2.67	-1.8	BiodevaPharm	BDRX	0.13	-32.4	CohesusBioSci	COHN	5.03	-1.0	GlobalNetLease	GNL	8.84	-11.3	Leslie's	LESL	9.62	-3.4	Organon	OGI	0.43	-10.1	SignalHillWt	SGHLW	0.00	104.5	UnitedFire	UFCS	22.85	-1.1
ROC Energy Rt	ROCAR	0.40	...	AegleBioTherap	AGLE	0.13	-4.8	Biolaase	BIAL	0.07	-39.9	CommerceBschrs	CHRS	4.31	-4.8	GlobalNetLeasePfdA	GNLpA	18.40	-2.5	LordstownMotors	RIDE	3.61	-12.5	Organon	OGN	19.87	-2.5	VF	VFC	18.04	-3.3				
SilverBoxIIA	SBXC	10.09	0.2	AlexandriaRtEst	ARE	114.26	-3.2	BlueStarFoods	BSFC	0.09	-7.4	CrownCastle	CC	3.99	-4.5	GoldRoyalty	GRUY	1.98	-2.9	Lumertech	LUMN	1.92	-5.7	OutfrontMedia	OUT	13.96	-3.4	SimonPropPfdJ	SIMPJ	53.55	2.3	VNET	VNET	2.61	-2.5
SolenoTherap	SLNO	5.56	1.9	AllarityTherap	ALLR	0.27	2.5	BlueWaterBio	BWBV	0.88	-8.8	DesignerBrands	DBI	6.99	-1.8	GromSocialEnts	GROM	0.34	-12.4	ModivCare	MODV	48.48	-1.7	PartnersBancorp	PTRS	5.58	-2.2	SpringBlg	SBIG	0.29	-19.5	ValensSemicon	VLN	2.34	-2.9
SterlingInfr	STRL	46.33	1.6	Allot	ALLT	2.47	-2.3	BogotaFinl	BSBK	7.40	-0.6	DieboldNixdorf	DBD	0.28	-9.9	HainCelestial	HAIN	12.84	-2.3	MullenAuto	MULN	0.80	-12.0	Paysafe	PSFE	10.27	-5.6	Staffing360	STAF	1.03	-6.9	WestportFuelSys	WPRF	0.65	-3.7
TMT Acn	TMTC	10.26	0.1	AlphaProTech	APT	3.80	-0.5	BrightScholar	BEDU	1.63	0.6	DominionEner	DD	51.30	-9.9	HanoverVnrs	THG	113.89	-2.5	NFTGaming	NTFG	0.78	-18.6	PerimeterSolns	PRM	5.85	-4.6	StarWI	STHO	15.25	-4.5	Yellow	YELL	1.30	-2.5
TigoEnergy	TYGO	21.33	27.1	AlticeUSA	ATUS	2.44	-7.9	BroogeWt	BROGW	0.05	3.8	DriverBrands	DRVN	24.47	-2.8	HealthpeakProp	PEAK	19.61	-2.5	NL Industries	NL	5.39	1.3	PennRock	PRT	4.72	-3.7	SteelPtrsPfdA	SPLpA	22.62	...	YoshiharuGbl	YOSH	0.76	-1.1
TradeUPAcqnWt	UPTDW	0.35	2.4	AmericanFin	AFG	113.22	-2.3	CTO Realty	CTO	15.87	-1.5	EducDev	EDUC	1.19	-4.0	HennessyAdvsrs	HNNA	6.75	-2.0	NemauralMedical	NMRD	0.52	-6.8	PetcoHealth	WOOF	7.29	-18.2	StockYardsBncp	SYBT	41.61	-0.7	ZiffDavis	ZD	61.28	-3.1

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FINANCIAL ANALYSIS & COMMENTARY

Washington Is Least of Amgen’s Worries

The biotech company is facing a patent cliff scarier than government actions

Amgen isn’t getting much love from Washington these days. The Internal Revenue Service has gone after the biotech for billions of dollars in back taxes. Lina Khan’s Federal Trade Commission is seeking to block its \$27.8 billion acquisition of **Horizon Therapeutics**, a move some insiders think was at least partly prompted by a blistering letter from Sen. Elizabeth Warren. And, in rare unanimity for a polarized institution, the Supreme Court recently ruled against Amgen in an important patent case. But Amgen’s looming patent cliff is the bigger headache. Many of its top-selling drugs are set to face sharp revenue declines this decade as their patents expire and competition stiffens. And while Amgen introduced new products—including the cholesterol drug Repatha that was the subject of the patent-infringement lawsuit—its growth prospects toward the end of the decade look challenging. One drug under threat is blockbuster Enbrel, a treatment for autoimmune diseases such as rheumatoid arthritis. While the drug doesn’t lose exclusivity until 2029, it

is already facing headwinds because AbbVie’s Humira is putting pressure on the entire class of drugs. Both drugs work by blocking a substance known as tumor necrosis factor, which contributes to inflammation. But AbbVie is facing biosimilar competition and, to protect its market share, it has been offering steep rebates to pharmacy-benefit managers. The bigger rebates could in turn take away market share from similar drugs such as Enbrel, says Brian Skorney, an analyst at Baird. Enbrel brought in \$579 million in total sales in the first quarter, badly missing analyst estimates of \$817 million according to a poll by Visible Alpha. Another drug, Otezla, missed estimates due to competition from a Bristol-Myers Squibb rival. Prolia and Xgeva, two bone-health drugs, helped offset some of that growth pressure, but they face patent expirations later this decade. To respond to patent expirations, big pharma companies can boost their research and development efforts, buy or partner with small companies or swallow a large company. With the Horizon deal, Amgen opted for the third option,



attracting antitrust scrutiny. But even before the FTC action, investors didn’t love the acquisition. The stock declined in the weeks after the deal’s announcement, partly in reaction to Amgen’s paying a hefty price and assuming a large amount of debt to finance the deal. But part of the concern might stem from the growth trajectory for Horizon’s key product. The crown

jewel in the acquisition is the drug Tepezza for thyroid eye disease. The drug raked in nearly \$2 billion in 2022. To make the Horizon deal work, Amgen would want to see those sales continue to climb. Horizon in November upped its guidance for the treatment, predicting more than \$4 billion in peak sales. But Wall Street is skeptical. After Horizon reported a 19% slide in Tepezza sales to \$405 million in the first quarter, SVB Securities analyst David Risinger lowered his peak annual sales estimate to \$3.1 billion from \$3.5 billion, noting that fewer U.S. patients are being treated than he had anticipated. Tepezza is indeed a good drug, but it might be too good from Wall Street’s perspective—patients normally undergo a six-month treatment and then stop. “It’s a finite duration regimen,” Umer Raffat, an analyst at Evercore, wrote after the Horizon deal was announced. “And such drugs always peak fast.” One way in which Amgen could benefit from the deal in America’s convoluted healthcare system, the FTC contends, is by leveraging a broader suite of products during

negotiations with the vertically integrated health insurers. According to this rationale, Amgen would use the Horizon products to cross-bundle its products, meaning it would condition rebates to pharmacy-benefit managers on a product in exchange for preferred formulary placements for other Amgen drugs. Amgen says it won’t do that. “The FTC’s claim that Amgen might ‘bundle’ these medicines (offer a multi-product discount) at some point in the future is entirely speculative and does not reflect the real world competitive dynamics behind providing rare-disease medicines to patients,” the company wrote in response to the FTC action. Most legal experts think Amgen will eventually prevail over the FTC, partly because the judge slated to hear the case was nominated by former President Donald Trump. Ironically, if the FTC were to win, though, investors probably wouldn’t mind all that much. And that is the bigger problem for Amgen: Wall Street is unimpressed with the company’s growth prospects with or without Horizon. —David Wainer

China Takes Lead in Car Exports

The strength of its electric-vehicle ecosystem is an important factor

There is a good chance that your next electric vehicle could be made in China—especially if you live outside the U.S., which is busy erecting barriers to foreign-made EVs, and Chinese batteries in particular. China overtook Japan as the largest auto exporter in the world last quarter. Surging exports to Russia gave the country’s car exports a big bump. But the strength of China’s electric-vehicle ecosystem is also an important factor driving the trend. China exported 1.07 million vehicles in the first quarter of this year, a 58% increase from a year earlier, according to official figures. In comparison, Japan shipped 950,000 vehicles abroad during the quarter, according to the Japan Automobile Manufacturers Association. Russia accounted for a significant part of the surge. Sanctions on Russia—which cut the country off from many Western goods—left a big hole to fill, especially for gas-powered vehicles. Vehicles and auto part exports from China to Russia more than tripled year over year in the first four months of 2023 to \$6.1 billion, according to official Chinese statistics. Russia was the top auto-export destination for China last quarter, according to the China Association of Automobile Manufacturers. But Russia is only part of the story. If anything, sanctions only sped up the inevitable. That is because China is becoming a juggernaut in EV exports, too. China is the largest exporter of EVs, and its lead appears to be growing: Around 35% of EVs exported globally came from China last year, compared with 25% in 2021, according to the International Energy Agency. China exported around 335,000 new-energy passenger vehicles, including plug-in hybrids, in the first four months of this year—more than twice the number in the same period in 2022, according to the CAAM. That



State-owned BYD is among the top electric-vehicle exporters from China.

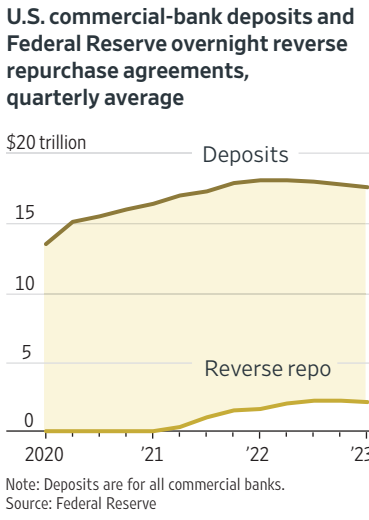
accounted for roughly 30% of passenger cars exported from China in January to April 2023. And that number will probably rise further as more consumers shift to EVs. EVs shipped from **Tesla**’s Shanghai factory to other countries including Europe are a significant part: It exported nearly 130,000 cars from China in the first four months, according to the China Passenger Car Association. Other foreign carmakers including **BMW** and **Renault** used China as a manufacturing base for EVs heading to other countries. But local players are growing stronger and in most cases, have done better than their foreign rivals. State-owned **SAIC** and **BYD** are among the top EV exporters from China. MG Motor, a British carmaker bought by SAIC in 2007, is doing quite well in Europe. BYD has overtaken **Volkswagen** as the best-selling carmaker in China this year. While Chinese automakers never managed to catch up with foreign peers in the internal-combustion-

engine era, EVs—a new technology—are a very different story. Aided by years of government subsidies, China has developed a huge domestic market and a cluster of suppliers which help its carmakers to innovate and create better and cheaper products, quickly. BYD, for example, introduced a hatchback called Seagull last month with a starting price of only \$11,000. The parallel with the smartphone ecosystem kick-started by Apple is easy to see, although there are important differences, too. Tesla is important to China’s new dominance but its local brands and upstream suppliers like battery giant **Contemporary Amperex Technology** have also emerged concurrently as dominant suppliers, in part thanks to generous subsidies and barriers to foreign battery makers. Made-in-China cars were once an uncommon sight outside the country, particularly in developed economies. But that is about to change in the EV era. —Jacky Wong

A Debt-Ceiling Deal Wouldn’t End Bank Woes

Even once the debt ceiling is resolved, there may be more plot twists for American companies—especially deposit-hungry banks. Ending the standoff will enable the U.S. Treasury to raise cash to pay its bills. Normally that is a dull part of the financial system’s plumbing, but these aren’t normal times for many banks. And since the Treasury also must refill a huge hole that the multimonth drama has forced it to dig, the refunding process could add to the competition for the cash of savers and investors. That would exacerbate worries about banks’ funding. Just as higher interest rates have put pressure on banks to pay savers more, there has been a systemwide shrinking of deposits. One reason is so-called quantitative tightening, with the Federal Reserve ending its pandemic bond-buying spree. Another has been the Fed’s overnight reverse repurchase agreement facility, or reverse repos, which absorbs cash from investors such as money-market funds. For about the past year, it has been running north of \$2 trillion and currently offers a 5.05% rate. Soon the Treasury’s coffers will be another place for money to flow. The reverse repo facility could act as a shock absorber for banks, essentially providing a lot of the money used to buy Treasuries. Money-market funds currently hold about 11% of the Treasury bill market, down from an average of about one-quarter in 2018 and 2019, according to recent data compiled by JPMorgan fixed-income strategists. Seeing that money flow from one government bucket to another is “effectively the most benign scenario for banking system liquidity,” the bank’s global markets strategists wrote in a recent note. But banks could face additional competitive pressures during this process. In order for the Treasury to lure money-market funds out of reverse repo as debt buyers, these funds must be comfortable taking a

bit more so-called duration risk—locking in what rate they earn. So yields on new bills will need to be sufficiently high, particularly if the market’s view is that the Fed still has more rate increases in store. Bank of America rates strategist Mark Cabana thinks this dynamic may ultimately help push money-market fund yields a bit higher later this year. “If you’re a bank, you don’t care why money-market rates are rising, but that they are rising and you need to compete with them,” he said. There are many variables in these complicated mechanics, but questions about how it might all play out and interact with the quantitative-tightening process will only fuel the backdrop of uncertainty around U.S. lenders. Even JPMorgan Chief Executive Jamie Dimon, leading the biggest bank, told the audience at the bank’s investor day meeting on Monday that “I’m probably more concerned by quantitative tightening than almost anybody in this room,” adding that “you see huge distortions in the marketplace already.” It will be a relief to see a debt-ceiling deal struck, but it will hardly solve all of the market’s problems. —Telis Demos



Sephora Has Yet to Prove Its Worth to Kohl’s

Sephora has given **Kohl’s** a new shade of optimism since the department store started introducing the popular beauty shop into its stores in 2021. So far, the impact on Kohl’s seems only skin deep. Kohl’s on Wednesday said its comparable sales declined 4.3% from a year earlier in its quarter ended April 29. It posted a profit of \$14 million; Wall Street had been expecting Kohl’s to report a net loss of \$49 million. That was thanks to better-than-expected gross margins and lower operating expenses. Inventory fell 6% from a year earlier, better than the 2.5% decline analysts expected. Performance during the quarter was solid enough that Kohl’s didn’t have to lower guidance. Kohl’s

shares climbed 7.5% in Wednesday’s trading. Sephora shops inside Kohl’s continue to be its brightest spot. Its oldest Sephora locations—those opened in 2021—saw comparable beauty sales grow roughly 15% last quarter from a year earlier. That helped raise Kohl’s total beauty sales by 150%. Kohl’s opened more than 600 Sephora shops in its locations, which means there is now a Sephora in more than half of Kohl’s store footprint. It plans to open one in every Kohl’s location by the end of 2025. The idea is that Sephora locations will bring in younger shoppers that might grab an extra item or two while there. Here, Kohl’s doesn’t have evidence to show just

yet: Last quarter marked the fifth consecutive quarter of comparable-sales declines, for example. And despite healthy growth at Sephora, which is owned by **LVMH** The idea is Sephora locations will bring in younger shoppers that might grab an extra item. **Moët Hennessy Louis Vuitton**, Kohl’s said sales in women’s apparel last quarter underperformed other categories. The retailer said about half of

the customers who bought something at Sephora purchased something from the department store, but it could be that Kohl’s shoppers are picking up something at Sephora rather than vice versa. Kohl’s expects Sephora to generate \$2 billion of revenue by fiscal 2025, but it is unclear whether that will end up masking declines at the rest of the store: Wall Street analysts expect Kohl’s revenue to be lower in fiscal 2025 than in the fiscal year ended in January. To be sure, Kohl’s Chief Executive Officer Tom Kingsbury has strategies outside of Sephora. He has begun work to improve the look of stores, including updated graphics and a tweak to the layout to showcase newer, giftable

items in the front of the store. The retailer has begun doing clearance events earlier on in the season rather than waiting, something that has helped move inventory more quickly. Kingsbury, who helmed off-price retailer Burlington for roughly a decade, said Kohl’s will start introducing some lower-price-point products in the back-to-school season, though he clarified that the company won’t be moving to an off-price model. Sephora stores have been an easy talking point for Kohl’s. As more of those stores roll out, Kohl’s will have to prove that Sephora is doing more than just masking its loss of appeal with shoppers. —Jinjo Lee