THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * * TUESDAY, MAY 30, 2023 ~ VOL. CCLXXXI NO. 124 WSJ.com ★★★★ $5.00

DJIA Closed (33093.34) NASDAQ Closed (12975.69) STOXX 600 460.87 ▼ 0.1% 10-YR. TREAS. Closed (3.820%) OIL Closed ($72.67) GOLD Closed ($1,944.10) EURO $1.0708 YEN 140.45

What's News

Business & Finance

Casinos on the Las Vegas Strip are making it costlier to play and harder to win, part of a broader effort by companies to make the place a more upscale destination. **A1**

◆ **Singapore** state-investment company Temasek said it cut the compensation of its senior management and a team that led it to invest $275 million in crypto exchange FTX. **B1**

◆ **The U.S. and 13** other Asia-Pacific nations agreed to expand supply-chain cooperation, delivering an early win for a U.S.-led initiative to strengthen economic ties with the region's friendly nations. **A5**

◆ **U.S. stock futures** rose in thin holiday trading after progress was made in negotiations to raise the debt ceiling. Global stock indexes were mixed. **B6**

◆ **Disney's** "The Little Mermaid" sold $95.5 million in domestic tickets in its first three days, leading the weekend movie box office. **B2**

◆ **Tensions are rising** between Saudi Arabia and Russia as Moscow keeps pumping huge volumes of cheaper crude, undermining Riyadh's efforts to boost energy prices, people familiar with the matter say. **B3**

◆ **China's C919** passenger jet made its maiden commercial flight, marking a challenge to Boeing and Airbus in one of their most important markets. **B3**

World-Wide

◆ **Biden and McCarthy** appeared on track to gain enough bipartisan support to suspend the debt limit, so far confining dissent to the progressive and conservative wings of their parties, though procedural chokepoints could still complicate the race to avoid a U.S. default. **A1, A6**

◆ **President Erdogan** of Turkey, fresh from fending off his biggest election challenge, is turning his attention to cementing his country's place as an aspiring global power. **A1**

◆ **China rebuffed** a U.S. request for a meeting between their defense chiefs on the sidelines of an annual security forum in Singapore this coming weekend, the Pentagon said. **A8**

◆ **Russia unleashed** two waves of missiles and drones across Ukraine, in an escalating campaign to degrade the country's air defenses and disrupt preparations for an offensive that Kyiv has signaled could be imminent. **A18**

◆ **More high-school** graduates are being diverted from college campuses by brighter prospects for blue-collar jobs in a historically strong labor market for less-educated workers. **A3**

◆ **Texas Attorney General** Ken Paxton, a standard bearer for the right, faces an impeachment trial to start Aug. 28 in the state's Senate on charges that include bribery and abuse of public trust. **A2**

JOURNAL REPORT
Customer Experience: The secret to giving great gifts. **R1-10**

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Nation Pays Tribute to Troops Who Gave Their Lives

SAMUEL CORUM/GETTY IMAGES

SOLEMN: David Loesch, a 101st Airborne veteran of the Vietnam War, searches for the names of soldiers from his unit at the Vietnam Veterans Memorial in Washington. Memorial Day events around the U.S. honored those who died in the armed forces.

U.S. Stock Market Stays Calm With Help From Quant Buying

By Caitlin McCabe

The U.S. stock market is surprisingly calm right now, especially in the face of the debt-ceiling fight. A key reason: a growing divide between mainstream investors, who have largely been sitting out the 2023 stock rally, and the machines whose buying has been driving it.

Only days remain until the U.S. blows past its debt-ceiling deadline. On Saturday, President Biden and House Speaker Kevin McCarthy (R., Calif.) reached a tentative agreement to prevent a destabilizing default. But passage of the plan, which faces some opposition among lawmakers on Capitol Hill, isn't yet assured and procedural hurdles could delay final legislation even if they don't scupper it.

Despite the political uncertainty, the rebounding stock market has barely gotten nicked, with the S&P 500 finishing 0.3% higher last week. Over recent months, stocks have handily overcome stress in the banking system, stubborn inflation and interest-rate hikes. Last year, those kinds of issues repeatedly torpedoed stocks. This year, markets have met such events with a shrug.

The market's steady rise has puzzled analysts and portfolio managers as the S&P 500 has churned more than 9% higher this year (and the technology-focused Nasdaq Composite has risen 24%). One explanation: Quant funds, or those relying on computer models and automated trading, have been doubling down on equity markets as other investors have stepped back, citing high valuations and concerns about the likely course of the U.S. economy.

Quant-fund buying has pushed these funds' net exposure to U.S. stocks to the highest level since December 2021, according to data from Deutsche Bank. Mainstream investors, in contrast, have been pulling cash from stock funds and pouring it into money markets.

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◆ Wall Street dreads a Biden-Trump rematch..... A5

Biden, McCarthy Move Fast To Sell Debt Deal

President and speaker work to overcome defections before key vote to avoid default

WASHINGTON—President Biden and House Speaker Kevin McCarthy appeared on track to gain enough bipartisan support to suspend the debt limit, so far confining dissent to the progressive and conservative wings of their parties, though procedural chokepoints could still complicate the race to avoid an unprecedented default.

By Sabrina Siddiqui, Lindsay Wise and Andrew Duehren

The debt-ceiling agreement, which Biden and McCarthy (R., Calif.) made final this weekend, would suspend the borrowing limit for two years and curb government spending during that time. It would cut spending on domestic priorities favored by Democrats while boosting military spending by about 3%. It also would extend limits on food assistance to some beneficiaries to prod them to find jobs.

After marathon negotiations, Biden and McCarthy spent much of the holiday weekend pitching their respective parties on the deal. White House officials canvassed Democrats on Capitol Hill to brief them about the agreement, while

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◆ Details of the debt-ceiling deal..... A6
◆ Rocky road in Congress as June 5 approaches..... A6

Mentally Ill Languish in Jail

With psych wards full, people ruled incompetent to stand trial lack treatment

By Dan Frosch And Elizabeth Findell

Week after week, Barbara Vassis watches as her daughter sinks deeper into a delusional world while sitting in a Boulder, Colo., jail cell.

Vassis can still picture Erin Brown as a gifted artist and chef who bubbled with energy. But last summer the 32-year-old, who had long battled schizoaffective disorder and struggled with meth addiction, was charged with breaking into her mother's home. Vassis said her daughter stole tools, electronics and other valuables, as well as her pickup truck.

Brown was found not competent to stand trial. A judge ordered that she receive inpatient psychiatric treatment so she could face the charges.

Nine months after her arrest, Colorado's state hospitals still have no free bed for her.

An exploding number of mentally ill jail inmates is overwhelming space in psychiatric hospitals across the U.S., a Wall Street Journal analysis of state data shows. It is a mounting crisis as more inmates languish in jail without court-ordered treatment, not convicted and unable to stand trial.

Brown is among around 450 inmates in Colorado alone stuck in this situation, their condition often steadily deteriorating. She now writes rambling letters to her mother, saying she is finishing up details to save the uni-

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Bettors Find It Harder to Win At Casinos on Las Vegas Strip

By Katherine Sayre

LAS VEGAS—Casinos on the Vegas Strip are making it costlier to play and harder to win.

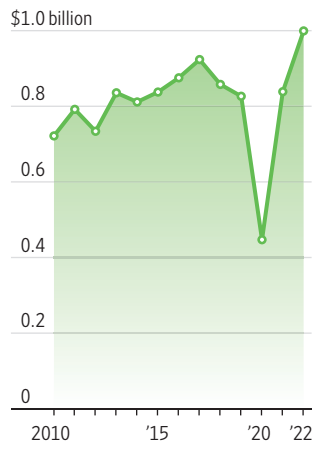
Payouts are lower for winning blackjack hands. Bets on some roulette wheels are riskier. And it is taking more cash to play at many game tables.

Blackjack players lost nearly $1 billion to casinos on the Strip last year, the second-highest loss on record, after 2007, according to data from the Nevada Gaming Control Board.

Some Las Vegas casinos cut back the number of blackjack tables with dealers, raised minimum bets during busy times and lifted their advantage over players in some games—doubling-down on a prepandemic practice of making subtle changes that favor the house, according to industry executives, researchers and gamblers.

These changes are part of a broader effort by companies to make Las Vegas more of an upscale destination.

Player losses at blackjack at Las Vegas strip casinos



Source: Nevada Gaming Control Board

"You're bringing in higher value customers, and we're already full," Caesars Entertainment Chief Executive Tom Reeg said on a call with Wall Street analysts this month. "So, you're kicking out the lowest end. I see no reason that that needs to stop or would stop."

In addition to smaller winnings, visitors are also paying more to visit Las Vegas. Prices for everything from hotel rooms to concerts to restaurants have surged in recent years. So far, tourists haven't been deterred.

Las Vegas Strip casinos took in nearly $8.3 billion in gambling revenue last year, a record that exceeded prepandemic revenue by more than 25%, according to state regulators. In 2022 the number of visitors to Las Vegas fell short of 2019 levels, but tourists last year still spent money at record-setting levels, according to tourism officials.

Gambling companies such as MGM Resorts and Caesars,

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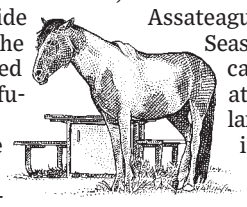
The 'Pony Patrol' Wrangles Wild Horses, Unruly Humans

* * *

Park Service volunteer group reins in hungry stallions and overeager tourists

By Scott Calvert

ASSATEAGUE ISLAND, Md.—Joe Lieb recalls the time a stallion sniffed out a bunch of food unwisely left in a tent, nosed its way inside and gorged on the bounty as alarmed campers banged futilely on pots.



Horsing around

"The horse ate the bagels, the doughnuts. Everything that was in the tent to eat, he ate," he said. The horse then "did a little dance-prance walking down the beach, like 'I'm cool.' "

Lieb, a 74-year-old organic farmer and beekeeper, is a veteran member of the Pony Patrol, a volunteer team that works the Maryland section of Assateague Island National Seashore, a federally run camping and recreation area on the Atlantic Ocean extending into Virginia.

The Patrol aims to keep visitors and the island's wild horses safe—and safely separated—by educating people, interrupting bad be-

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INSIDE

PERSONAL JOURNAL
A doctor's five-year odyssey to diagnose his own early stages of dementia. **A12**

U.S. NEWS
More high-school graduates are forgoing college amid the hot job market. **A3**

Erdogan, in New Term, Seeks Big Global Role

By Jared Malsin

ISTANBUL—President Recep Tayyip Erdogan of Turkey, fresh from fending off his biggest election challenge, is turning his attention to cementing his country's place as an aspiring global power.

Erdogan has repeatedly raised memories of Turkey's Ottoman past in recent years, including during the campaign for Sunday's presidential vote. As one of the world's most prominent Islamist leaders, he has competed with Saudi Arabia and Iran for sway over the worldwide Muslim community. He has also worked to extend Turkey's political influence across the Middle East and into Central Asia, built up its weapons industry and played a key role in the crisis surrounding Russia's invasion of Ukraine and the wars in Syria, Iraq and Libya.

Now, as Erdogan begins his third decade of rule, the world will have to contend with an unpredictable figure who, after surviving a coup attempt and multiple crises at home, has grown comfortable extracting concessions from allies and adversaries alike as he pivots to securing his own legacy.

"He will continue to be completely transactionalist. Business as usual," said Soner Cagaptay, the author of multiple books about Erdogan and di-

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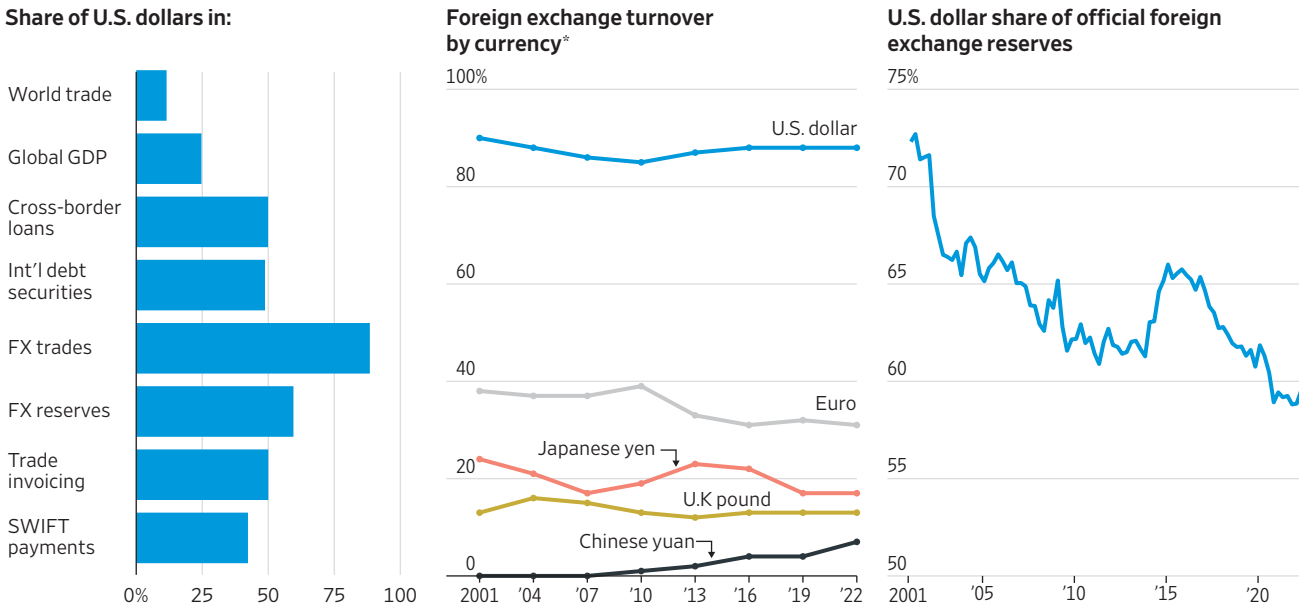
U.S. NEWS

THE OUTLOOK | By Tom Fairless

Europe Has Eye on Fed as Dollar Still Reigns

It isn't just Americans watching anxiously to see if the Federal Reserve raises rates or the U.S. slides into recession; so are Europeans, and indeed people in many other countries. That is because for all the talk of de-globalization and de-dollarization, the dollar still reigns supreme, and financial and trade ties between the U.S. and key partners are as strong as ever. In Europe's case, they are even stronger.

The European Central Bank tried to chart a different path from the Fed early last year, signaling it would hold rates low as the Fed raised them aggressively. But after the euro slid against the dollar, ECB officials quickly reversed course over fears of imported inflation from goods like energy that are invoiced in dollars.



*The sum of shares totals 200% as two currencies are involved per transaction.
Sources: BIS, Gopinath, G. (2015), IMF, Bloomberg, CPB World Trade Monitor, SWIFT (share of U.S. dollar); BIS (turnover, foreign exchange reserves)

The challenge now is the opposite. Fed officials have signaled that they will pause raising rates at their June policy meeting to see if the 5-percentage-point increase since early 2022 significantly slows the U.S. economy. That might make it harder for their European counterparts to raise rates a few days later, despite stubbornly high inflation.

"The dollar does play a dominant role in the global economy," said Maurice Obstfeld, a former chief economist of the International Monetary Fund. "The rhetoric coming from the ECB [last year] indicated concern about the exchange rate."

Talk of the dollar losing its reserve currency status has risen with moves by Saudi Arabia, China and Russia to use other currencies. That is in response to the U.S.'s use of the dollar as weapon, such as freezing Russia's currency reserves in response to its invasion of Ukraine. The dollar accounted for less than 60% of official foreign-exchange reserves in the second quarter of last year, down from about 72% two decades ago.

And yet to date, the dollar has lost little of its global dominance.

While the U.S. accounts for around one-quarter of global output and just over 10% of global trade, roughly half of global trade is invoiced in dollars, and the greenback was involved in nearly 90% of global foreign-exchange transactions last year, a share that has changed little in 20 years, according to a December report by the Bank for International Settlements.

About half of all international debt securities and cross-border loans issued in offshore funding markets are denominated in dollars.

These linkages transmit higher U.S. interest rates to foreign economies in several ways. They draw capital out of other economies, pushing up borrowing costs and causing currencies to depreciate against the dollar. About a third of the change in U.S. money market interest rates in response to Fed tightening is passed through to equivalent German rates, according to ECB research. As the dollar rises, dollar-denominated commodities such as oil become more expensive in foreign-currency terms. In the other direction, higher rates slow U.S. growth and, eventually, demand for foreign products.

All of that means the Fed's interest-rate increases affect Europe's economy as much as—or even more than—they do the U.S., according to ECB research. Fed tightening between 1991 and 2019 reduced the eurozone's industrial output, stock prices, business loans and inflation rate, and weighed on world trade outside the U.S. Conversely, the ECB's actions have minimal impact on the U.S. economy, the research suggests.

ECB officials watch the Fed's policy actions very closely and monitor the euro-dollar exchange rate, although they say it isn't a policy target. "When the Fed takes the lead, others will follow without hesitation," said Panicos Demetriades, a former ECB official who was governor of Cyprus's central bank.

To be sure, the ECB and other overseas policy makers aren't just following the Fed. They are doing similar things because inflation everywhere is far too high, driven by common global shocks, from the pandemic to the war in Ukraine.

"You know the currency, for instance, has an impact, any spillovers will be taken into account, but we are not Fed-dependent," ECB President Christine Lagarde said at a news conference in early May. "We have more ground to cover, and we are not pausing."

With its policy rate roughly 2 percentage points below that of the Fed, the ECB has space to catch up, said Obstfeld.

But whether the ECB in fact does keep tightening will depend on whether the Fed has pushed the U.S. into recession. For Europe, exports—especially to the U.S.—have been a rare source of strength as the war in Ukraine saps households' purchasing power.

Trade in goods between the EU and the U.S. increased to $86 billion in March, up about 8% from a year earlier, according to data from the Census Bureau.

If the U.S. falls into recession in coming months, America's imports will likely decline, removing a vital growth crutch for Europe. Still, the dollar would likely weaken, lowering European energy prices and imported inflation. Overall, a hard U.S. landing would likely make life harder for Europeans—but potentially easier for the ECB.

"Europe in general is in a pretty precarious state...that will instill some caution in the ECB," even if there is political pressure to bring inflation under control, said Obstfeld.

Quant Funds Buoy Market

Continued from Page One

While providing a tailwind for stocks, these funds could also pose a risk should, say, the debt-ceiling deal unravel.

"If you do have concentrated positioning, it does create the risk of unwinds in the case of a negative shock," said Christian Mueller-Glissmann, head of asset allocation research at Goldman Sachs. "And the risk you face with them is not just that they might have bought some equities because volatility has gone down—they might have levered up."

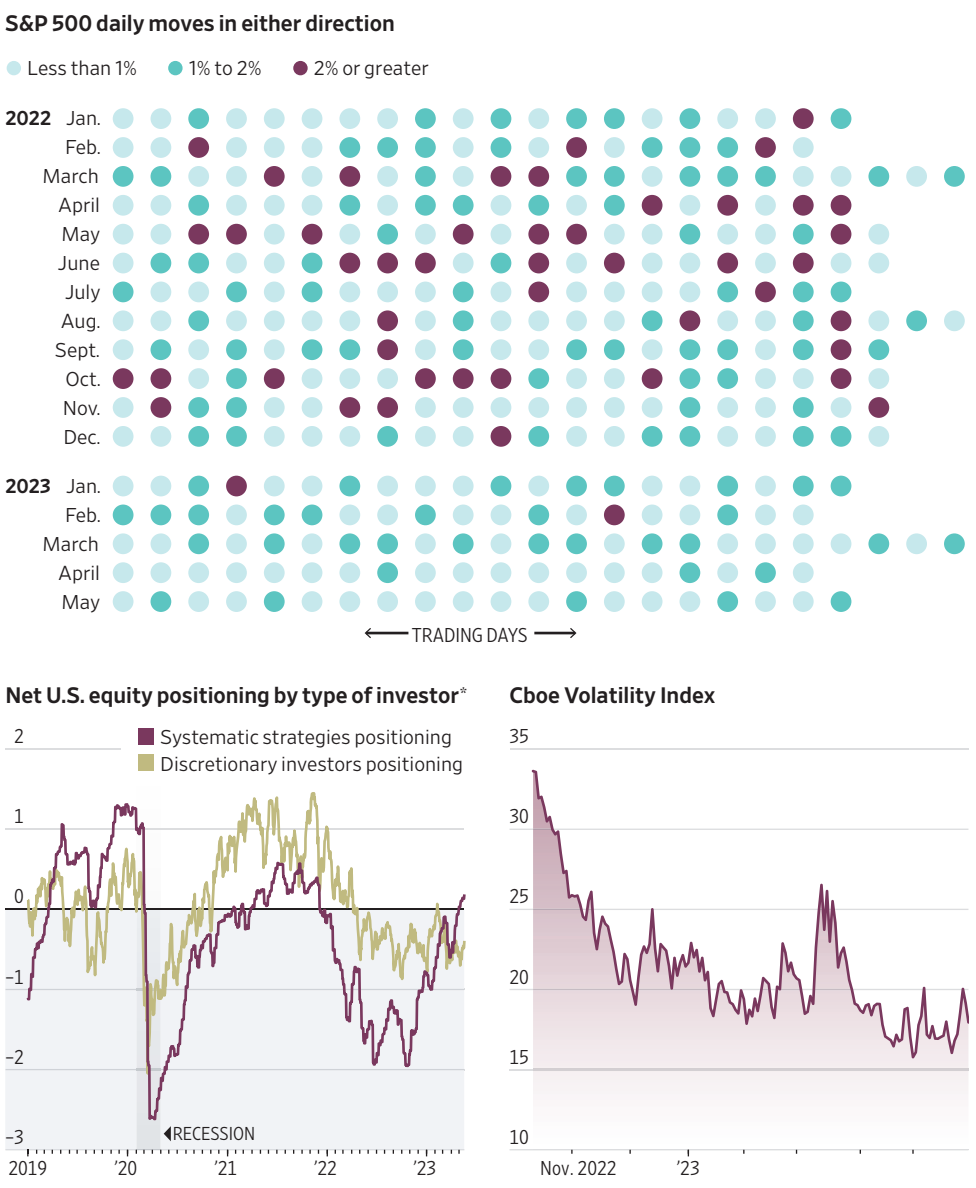
The market has started to see early signs of eroding tranquility. Last week, the Cboe Volatility Index—the VIX, or Wall Street's fear gauge—briefly settled on Wednesday above 20 for the first time in about three weeks as simmering debt-ceiling anxieties surfaced. Typically, anything higher than 20 indicates fear is starting to rise.

For now, though, the continuing demand from quants has provided a lifeline for the stock market. Combined with robust corporate buybacks, their buying has helped counteract selling pressure and led to placid moves. The S&P 500, for example, has moved less than 1% in either direction for 36 of the last 46 sessions, according to Dow Jones Market Data, the quietest 46-day stretch since December 2021.

"We have seen them sort of balance each other out for the last six or seven weeks now," said Parag Thatte, a strategist at Deutsche Bank. He estimated that systematic and fundamental investors haven't been this divergently positioned since 2019.

Driving the quant funds is a self-reinforcing dynamic. When market volatility drops, they pile in more. Big stock-market moves subsided this spring after regulators rushed to stem the banking crisis and the Federal Reserve signaled it might stop raising interest rates soon.

So-called vol-control and risk-parity funds, which tend to automatically load up on riskier assets during calmer periods, ramped up equity exposure, according to the Deutsche Bank data, available through May 18. Other quants, such as trend-following CTAs, or commodity trading advisers, have similarly piled in.



*A value of 0 equals average, a value of 1 equals one standard deviation above average, a value of –1 equals one standard deviation below average. Through May 18
Sources: FactSet (daily moves, VIX); Deutsche Bank (equity positioning)

The dominance of quants has helped explain previous periods of calm trading, including long stretches in 2017 and 2018. Those periods were punctured by rapid selloffs, including the 2018 selloff dubbed "Volmageddon" when the dynamics exerting calm on the market suddenly went away. Some warn a repeat could be ahead.

Treasury Secretary Janet Yellen has said the U.S. could start missing payments on its obligations as early as June 5 if Congress doesn't act. While investors have so far said they aren't viewing the event as a key risk to stocks, other areas have been showing signs of worry. Investors have ditched short-term Treasury bills that could be at risk of missed payments, with yields on some bills maturing in early June topping 7% at one point last week.

Karl Rogers, chief investment officer at Elkstone, a Dublin-based investment firm, is among the non-quant investors who have been hesitant to jump back into the market. "We always thought 2023 was going to be quite volatile," he said.

Rogers said he doesn't believe inflation or interest rates will recede as quickly as investors expect, and he said he thinks stocks will fall again as the economy worsens. Other investors are similarly worried about a possible recession, with a May survey from BofA Global Research showing that fund managers view it as the biggest tail risk for markets.

> **Certain funds tend to load up on riskier assets during times of less volatility.**

"The people who are really just looking at fundamentals, they are having a really hard time getting excited about this market," said Patrick Ghali, co-founder of Sussex Partners, which advises institutional investors on hedge investments.

Computer-driven trading isn't new, and its influence has ebbed and flowed over recent years. A strong performance by quants last year has put them back on investors' radar. At the end of March, quant-focused hedge funds held about $1.13 trillion in assets, according to research firm HFR, hovering just below last year's record high. That represents about 29% of all hedge-fund assets.

Systematic investors' foothold—combined with their tendency to move in lockstep—has often made them a target of ire. When markets unravel, investors are usually quick to blame the quants, whether justified or not.

"It's rules-based trading," said Charlie McElligott, a managing director at Nomura Securities International. "There's no emotion involved."

Data from McElligott shows quants tend to move together quickly when volatility strikes. Take, for example, the stock market selloff of May 2019, when the S&P 500 slid some 7% as investors panicked about U.S.-China trade tensions. McElligott estimates that CTAs unloaded $35 billion of equities over the course of a month.

Removal Trial Set For Texas' Paxton

By Shannon Najmabadi

ERIC GAY/ASSOCIATED PRESS

Ken Paxton

The Texas Senate will begin by Aug. 28 an impeachment trial of suspended Attorney General Ken Paxton on charges that include bribery and abuse of public trust.

The announcement, made Monday as the Legislature concluded its biennial session, comes after the Texas House of Representatives revealed last week a two-month-long investigation into the scandal-plagued Paxton and voted decisively for impeachment—a remarkable and swift downfall for the three-term Republican attorney general, known as a champion of conservative legal causes and a standard-bearer for the right.

Twelve House representatives have been appointed to manage the impeachment trial, acting in a role similar to prosecutors presenting a case to the Senate. On Monday, they presented the articles of impeachment to the Senate chamber across the rotunda. A vote by two-thirds of senators would be needed to permanently remove Paxton from office.

"This is about facts and this is about evidence," said state Rep. Andrew Murr, a Republican who will lead the House managers. "At the end of the day, my colleagues and I will not stand for public corruption."

The Senate also on Monday named a seven-member committee to prepare the rules that will govern the impeachment proceedings. They will present those on June 20.

Paxton and his supporters, including former President Donald Trump, have denounced the impeachment proceedings and criticized the Republican-led House as being insufficiently conservative. Paxton has been accused by Republican state Rep. Charlie Geren of calling House lawmakers and threatening political retribution.

"It was a politically motivated sham from the beginning," Paxton said.

Paxton has been suspended from office pending the Senate trial. Only two officers have been impeached and removed in Texas history, a judge in the 1970s and a governor in 1917.

Many of the allegations in the impeachment proceedings were previously known: Paxton was indicted in 2015 on securities fraud charges that he hasn't yet stood trial for. In 2020, a group of Paxton deputies reported their concern that he was using the attorney general's office to benefit a friend and donor, Nate Paul. Paul is alleged to have paid for renovations to Paxton's house and employed a woman with whom Paxton was having an affair. Paxton directed office staff to intervene in a lawsuit to Paul's benefit, according to impeachment documents.

Paxton has denied wrongdoing.

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More High-School Grads Forgo College

Share of young people who enter the hot job market has increased since the pandemic

By Harriet Torry

More high-school graduates are being diverted from college campuses by brighter prospects for blue-collar jobs in a historically strong labor market for less-educated workers.

The college enrollment rate for recent U.S. high-school graduates, ages 16 to 24, fell to 62% last year from 66.2% in 2019, just before the pandemic began, according to Labor Department data. The rate topped out at 70.1% in 2009.

Job growth at restaurants, theme parks and other parts of the leisure and hospitality sector—which tend to employ young people and typically don't require a college degree—has increased more than twice as fast as job gains overall in the past year. There also remains a high number of job openings in construction, manufacturing and warehousing, fields that often require additional training, but not college degrees.

The unemployment rate for workers ages 16 to 19 fell to a 70-year low of 9.2% last month, fueling larger pay increases.

Average hourly earnings for rank-and-file leisure and hospitality workers were up nearly 30%, seasonally adjusted, from April 2019 to April 2023, compared with roughly 20% during the same period for all workers.

Restaurant waitstaff earned a median hourly wage of $14 in 2022, nearly double the federal minimum wage. Wages are even higher in industries that don't require college degrees but need additional training, such as apprenticeships. Machinists earned $23.32 an hour, above the national median wage of $22.26 an hour. Carpenters earned $24.71 an hour last year.

"The pandemic disrupted college to such a degree that many people delayed going," said ZipRecruiter Chief Economist Julia Pollak. "Once they delay, they get hooked on earning and working and don't come back" to college.

College enrollment has declined by about 15% in the past decade, according to federal data. The reasons include the high cost of university education, colleges' closing and uneven returns from getting a degree, as well as the hot job market.

Most Americans don't think a college degree is worth the cost, according to a Wall Street Journal-NORC poll earlier this year, a new low in confidence in what has long been a hallmark of the American dream. College graduates are facing a more uncertain job search this summer as companies rethink the value of many white-collar roles.

Acute labor shortages after the pandemic forced employers to offer better pay, benefits and working conditions to attract and retain workers, such as giving employees flexibility to set their own hours. Demand for blue-collar workers is high and expected to remain that way, given an aging workforce and a pandemic slowdown in immigration.

"If you can get [a job] without a B.A. and with decent wage growth, why go get a B.A.?" Pollak asked.

The college-enrollment rate has fallen for both men and women, but more so for men. Last year, 66.1% of women who graduated from high school, ages 16 to 24, enrolled in college, nearly 10 percentage points higher than the rate for young men, which economists attribute to women enjoying greater financial returns from college.

Some young people are pursuing other forms of job training. The number of apprentices has increased by more than 50%, according to federal data and the Urban Institute, a Washington, D.C., think tank.

Apprenticeships have traditionally been offered in industries including construction and mechanics but are increasingly common in white-collar industries like banking, insurance and cybersecurity.

A longstanding stigma associated with students' going straight from high school into work or to apprenticeships has faded as the cost of college has risen, according to Steve Boden, a supervisor at Maryland's Montgomery County Public Schools. He added that employers' interest in hiring high-school grads has grown.

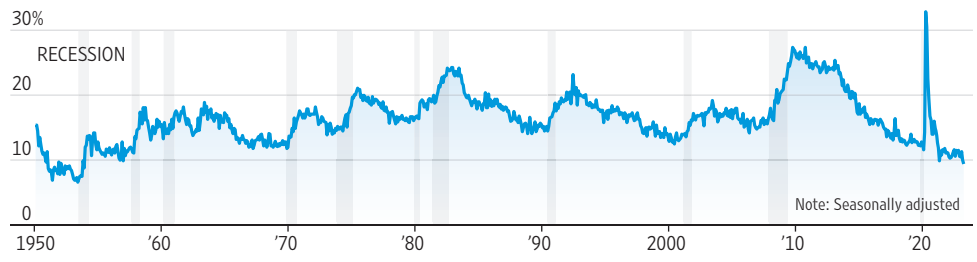
One of them is Simon Alvarado Jr., a 21-year-old from Hyattsville, Md. He recently finished an apprenticeship to become a light maintenance service technician at a Toyota dealership. He originally planned to attend college but was put off by the high cost of a four-year degree.

"Working on cars is something I was really interested in as a kid," said Alvarado. Having the cost of his training paid for and a job at the end "was a rare opportunity that I wasn't going to say no to," he said.

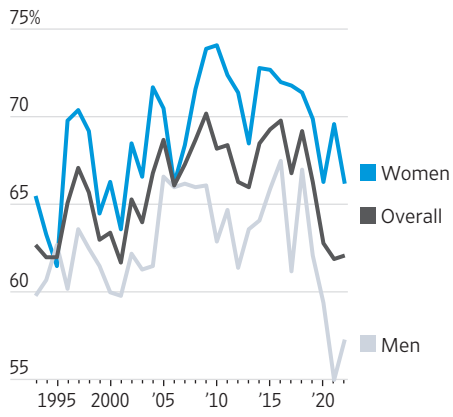
SCOTT KELLER/THE DAILY TIMES/ASSOCIATED PRESS

The college enrollment rate for recent high-school graduates fell to 62% last year from 66.2% in 2019, just before the pandemic. Above, a 2020 commencement for a Maryville, Tenn., high school.

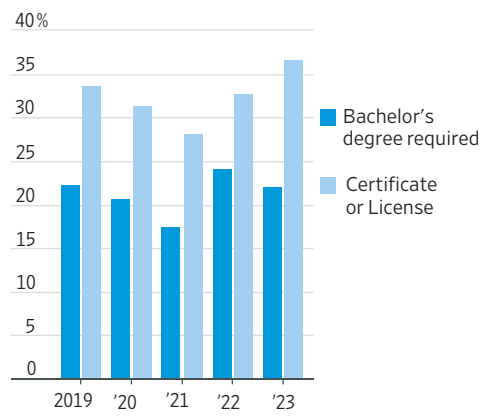
Unemployment rate for teens ages 16 to 19



College enrollment rate of recent high school graduates, ages 16 to 24



Share of job postings with select requirements



Source: Labor Department via St. Louis Fed (unemployment); Labor Department (college enrollment); ZipRecruiter (job postings)

Racist Police Text Threads Rattle a California City

By Zusha Elinson

ANTIOCH, Calif.—For at least four years, officers in this small Bay Area city called Black residents racial slurs, bragged about beating suspects and joked about violating people's civil rights in text messages.

The texts, made public by prosecutors in April as part of a criminal investigation into a group of Antioch officers, have sparked protests in the city of 115,000. Officials haven't disclosed the reason for the investigation but said it involves "crimes of moral turpitude."

Prosecutors in Contra Costa County say they will review hundreds of cases investigated by Antioch police to determine whether they should be dismissed because of how widespread racial animus was at the department.

Almost half of the sworn personnel in the department, 44 of 99, were on the text threads, according to a review by the Contra Costa County public defender's office. A judge has released the names of 17 officers accused of sending the texts.

"This community is in an uproar," said Antioch Police Chief Steven Ford, who was hired last year to clean up the department. "It's up to us to atone for it."

AMY OSBORNE FOR THE WALL STREET JOURNAL

Adam Carpenter left court last week after charges against him were dropped in Antioch, Calif.

Ford said about 20 officers and sergeants have been put on leave as a result of the texts. He said he is awaiting the findings of an outside investigation before deciding whether to fire them.

Similar revelations have occurred at several police departments around the country. A small Alabama city voted to dissolve its three-member police force last year over an officer's text containing a joke about slavery that surfaced on social media.

Officers in other cities such as Wichita, Kan., and San Francisco have been punished for sending messages with slurs and derogatory memes to one another in recent years. Most of these text chains have been discovered on personal phones of officers during criminal investigations.

Police leaders say it is just a fraction of officers across the nation who have been caught up in texting scandals. But following the nationwide protests over the 2020 killing of George Floyd by a Minneapolis police officer, the episodes have been used as evidence by some police critics that racist views held by some officers are driving mistreatment of Black Americans.

In Antioch, the messages were sent by police personnel up and down the chain of command. In April 2020, Sgt. Joshua Evans wrote, "I'll bury that n— in my fields" to Officer Morteza Amiri, who sent a laugh response. "And yes...it was a hard R on purpose," Evans wrote. "Haha there's no accidents with you on that," Amiri replied.

Officer Eric Rombough sent graphic photos of injured suspects in their hospital beds, bragging about how he had hurt them. "I field goal kicked his head," he said in one message from 2021.

In another text exchange from last year, Rombough wrote of his traffic stops that he was "only stopping them cuz they black. F— them. Kill each other."

Rombough and some others referred to Black residents as "gorillas" in their texts.

All three men have been put on leave, according to the chief.

A lawyer for Rombough declined to comment. Michael Rains, an attorney representing Evans and Amiri, declined to comment.

Rains told the local NBC news station that the text messages were generated by only a few officers and weren't widespread.

Adam Carpenter, a 33-year-old house painter who is Black, said he wasn't surprised by the text messages because Antioch officers often mistreated him. He said he has been pulled over so many times for no reason that he sold his car in hopes that they would stop bothering him.

"It's just inhumane," said Carpenter. "We shouldn't have to endure this type of treatment."

In recent years, Carpenter, now a plaintiff in a civil-rights lawsuit against the department, was arrested by officers implicated in the texting scandal on drug and gun charges.

But last week, prosecutors dropped the drug possession charges against Carpenter because the district attorney "no longer has confidence in the integrity of this case," a Contra Costa District Attorney's Office spokesman said.

Last year, federal prosecutors dropped the gun charges against him. A spokesman for the U.S. Attorney's Office in San Francisco didn't respond to a request for comment.

Chief Ford said he has made policy changes to address the problems, including a cellphone-monitoring program and an early intervention system designed to root out problem officers.

Lamar Thorpe, the mayor of Antioch, said he wants to see wholesale change at the police department.

"It's hard to change a culture," he said. "I hope we terminate these people."

Holmes, Convicted in Theranos Fraud, Set to Report to Prison

By Christopher Weaver And Meghan Bobrowsky

Theranos founder Elizabeth Holmes could find some bad blood awaiting her at the Bryan, Texas, prison camp where she is expected to begin her roughly 11-year sentence on Tuesday. Literally.

A copy of the bestselling book "Bad Blood," which documents Theranos's rise and fall, was spotted in Federal Prison Camp Bryan's library this year, an inmate who was released in March recalled.

The book—plus a steady stream of prison gossip—has helped heighten anticipation for Holmes's arrival at the facility, where a judge has recommended she serve her time, current and former inmates said in interviews with The Wall Street Journal.

"Some people are like, 'I want to be her friend,'" said Tasha Wade, a current inmate who was convicted last year of defrauding a former boss to take vacations and pay for cosmetic and dental procedures. "But other people are like, 'I can't believe that's all she got for taking all that money,'" Wade said.

Holmes, 39, who has two children, must report to the Federal Bureau of Prisons by 2 p.m. Tuesday, a judge ordered. The Bryan camp is a minimum security, all-female facility about 100 miles northwest of Houston. It houses up to about 720 inmates convicted mostly of white-collar crimes, low-level drug offenses and for harboring immigrants who were in the country illegally, according to BOP and current and former inmates.

U.S. District Judge Edward Davila, who oversaw Holmes's federal trial for criminal fraud, recommended she serve her time at the Bryan camp to facilitate family visitation. Holmes grew up in Houston, where her father once worked as an Enron executive. A BOP spokesman said the agency wouldn't comment on inmates' designated facilities until they are in custody. The agency could still place her elsewhere. The spokesman said "Bad Blood" had been checked out of the Bryan library and not returned.

There are 655 inmates at the facility, he said, meaning it is at around 90% of its planned capacity.

A jury convicted Holmes of misrepresenting her startup's technology and business performance to Theranos investors. She was subsequently sentenced to serve 135 months in prison and pay $452 million in restitution to her financiers such as the family of former Education Secretary Betsy DeVos and Rupert Murdoch, executive chairman of News Corp, parent company of the Journal. A judge acknowledged Holmes has few assets and the funds are unlikely to be recovered. Holmes's lawyers didn't respond to requests for comment.

PHILIP PACHECO/GETTY IMAGES

Elizabeth Holmes

Theranos began to unravel after a 2015 report in the Journal showed its technology produced unreliable results and the company often used standard lab equipment to process tests, falling short of Holmes's claims that her firm's proprietary machine could do a vast range of tests on tiny blood samples. The then-Journal reporter who wrote the story, John Carreyrou, went on to author "Bad Blood."

Most inmates who self-surrender, as Holmes is expected to do, arrive at Bryan's main gate in private vehicles. From there, they are searched in a reception area, and escorted to the laundry room to receive their short-sleeved khaki uniforms.

The prison's tradition is that new inmates do a 90-day stint in the kitchen, the inmates said, noting that there are exceptions. The job pays 12 cents an hour and is considered one of the prison's most grueling, said Lynn Espejo, a former inmate from Arkansas who was convicted of defrauding a physician's office where she worked. Espejo, who now works in advocacy on behalf of other inmates, maintains her innocence.

Other inmates work as groundskeepers, clerks or as telemarketers in a call center operated by BOP's commercial arm, Unicor. But those who have been convicted of crimes such as wire fraud, like Holmes, are barred from the Unicor job, inmates said.

Holmes would be one of the facility's longer-term residents. The BOP spokesman said the average current inmate was serving a sentence of about 14 months. Many federal inmates are released early, thanks to rewards for good conduct and participation in other prison programs.

While boredom was a constant threat, violence at the hands of other prisoners or guards was rare, inmates said. Inmates reported feeling safe, a prison auditor noted in 2021. The auditor wrote that the prison had one substantiated report of an inmate sexually assaulting another prisoner in the prior year, and no reports of staff-on-inmate abuse.

Iowa's Governor Gets Good View of '24 Field

GOP hopefuls come calling on Reynolds, a popular leader who helped turn state red

By John McCormick

DES MOINES, Iowa—Gov. Kim Reynolds plays a role that mixes tour guide, consultant, referee and cheerleader as declared and prospective Republican candidates crisscross her state ahead of its first in the nation presidential caucuses early next year.

Maybe no one has a better overall view of the first chapter of the GOP nomination race than Reynolds, chair of the Republican Governors Association and someone whose policy agenda has helped pivot her state from moderate to conservative. Reynolds, 63 years old, is sometimes mentioned as a potential vice presidential pick and frequently showered with affection by candidates trying to tap in to her popularity among Iowa Republicans.

Former South Carolina Gov. Nikki Haley was 90 seconds into a recent suburban Des Moines appearance when she gushed that Reynolds is "the best governor in the country." It was also a subtle shot at a governor in the race, Florida's Ron DeSantis.

Iowa's governor has made clear that she has no plans to endorse before the caucuses. Instead, she is using her access to lobby for Iowa issues such as corn-based ethanol, and to bank favors.

Former President Donald Trump has dominated early national polls, but Reynolds cautioned against reading too much into them.

"Things happen, and anything can change," she said. "You just got to stay in the game, and you have to be viable, you have to have the resources in order to get out there and compete, and be viable to get your message out."

Trump expressed optimism in March that he would have Reynolds's backing, since he had endorsed her ahead of her 2022 re-election. "I had a long conversation with him, so he knows I'm remaining neutral," she said when asked about his claim.

On a recent Saturday in Iowa, Reynolds traded niceties—and competed a bit—with DeSantis.

"After watching all the good stuff you've done in Iowa, it may be that Florida is the Iowa of the Southeast," DeSantis told GOP activists, while his wife sat next to Reynolds at a table.

Reynolds, whose 2022 margin in Iowa was slightly smaller than the 19-point victory DeSantis recorded, pushed an agenda through her GOP-controlled Legislature this year that is as conservative as the one he secured.

She signed into law a bill that allows parents to transfer public-school dollars to private schools, a cap on noneconomic damages in medical-malpractice cases, a reduction in cabinet-level state agencies to 16 from 37, a ban on students using public-school bathrooms and locker rooms that don't align with their birth gender, and a prohibition on gender-affirming healthcare for transgender minors.

Five years before DeSantis signed into law a bill banning abortion after six weeks of pregnancy, Reynolds put her signature on similar legislation. The Iowa Supreme Court is expected to rule any day on her request for a court injunction to be lifted so the ban can take effect.

The flurry of legislation Reynolds helped usher through the Capitol this year set the bar for Iowa GOP caucus voters on what a conservative agenda looks like. It also angered Democrats.

"It's her trying to raise her national profile in a race to the bottom, in a race to as far right as she can go," Iowa House Minority Leader Jennifer Konfrst told reporters in late March after Reynolds signed the transgender bills.

Reynolds responded by saying she has no desire to move to Washington. "I can get things done," she said. "I would lose my mind out there."

KC McGinnis for The Wall Street Journal

Gov. Kim Reynolds is sometimes mentioned as a potential vice-presidential pick.

A southern Iowa native, Reynolds is a college dropout (she finished her bachelor's degree in 2016), the daughter of a factory worker and a recovering alcoholic. After rising through local government offices, she won a state Senate seat in 2008.

She was in her first term when Terry Branstad, who would become the longest serving governor in U.S. history, asked her to be his lieutenant governor running mate in 2010. She served as his apprentice until Branstad became ambassador to China in 2017.

Reynolds, Iowa's first female governor, said she favors past or present governors in the presidential race because she thinks they have the necessary experience.

"You have to balance a budget. You have to drive policy. You have to deal with disasters," she said. "You can't just put a bill together, have an acronym, and not have it go anywhere."

Former Vice President Mike Pence, who is expected to enter the race, called Reynolds an honest broker for candidates visiting Iowa and praised her school-choice legislation. "It bodes well for the state, but also bodes well for her future," he said.

The school-voucher program that Reynolds got passed this year came after two failed attempts that included opposition from some Republicans in rural areas, where private schools are less common.

Whitmer, Democrats Fast-Track Priorities in Michigan

By Ben Kesling

LANSING, Mich.—Gretchen Whitmer spent years toiling as a state legislator in the minority party. Now that the second-term governor is atop a government controlled by fellow Democrats, she is a woman in a hurry.

For the first time in four decades, Michigan Democrats have a "trifecta"—control of the governorship and majorities in the state's House and Senate—as well as a Democratic attorney general and secretary of state. With the Republicans sidelined, Democrats have been fast-tracking their priorities, including repeal of a right-to-work law, expanded background checks for gun purchases, civil-rights protections for the LGBT community and repeal of an abortion ban.

"The way they're doing policy is they expect to have the trifecta for two years and that's it, they're just rammin' and jammin' whatever they can through," said Senate Minority Leader Aric Nesbitt, a Republican.

Whitmer and Democratic leaders said they are building support for future elections. Issues like abortion and guns, considered so polarizing in the U.S., can be harnessed and made into successful policy and politics, they said.

"Things that were considered third-rail issues 10 years ago, like gun-safety measures, are now mainstream," Whitmer said. "If you look at what we've been able to accomplish, these are things that we talked about on the trail that the people of Michigan expected us to do, and we are delivering," she said.

Emily Elconin for The Wall Street Journal

Gov. Gretchen Whitmer served as a Michigan state lawmaker during a period of GOP dominance.

Some Democrats say Whitmer is doing what many others in the party have tried, but failed to do: pursue a long-held version of a progressive goal but not in a way that's likely to provoke a backlash. "I would call it a pragmatic-progressive route," said David Axelrod, a longtime Democratic political consultant.

Expanding abortion rights represents one of those goals. After the U.S. Supreme Court struck down federal abortion-rights protections last year, Michigan Democrats sought to get rid of a 1931 antiabortion law. They steered clear of culture-war arguments and framed abortion access in terms of healthcare, women's rights and sound economic policy that would attract businesses to the state.

"Something that can't be overstated about her is she seems very normal," Democratic state Sen. Mallory McMorrow said. "She has a weird Michigan accent, she talks about the craft beer she likes."

Whitmer, 51 years old, was born into Michigan politics. Her father served as a Republican state official and her mother as a Democratic state official. After earning her undergraduate and law degrees from Michigan State University, she began her political career working for Democrats in the state House, where the representatives were split evenly. That first experience, she said, shaped her view of the need for comity in politics.

She was elected to the state House in 2000, then won a seat in the state Senate in 2006 and served there until 2015. It was a period of GOP dominance.

Whitmer won the governorship in 2018. She handled the Covid-19 pandemic with bipartisan support at first, but as she extended lockdowns she lost the backing of some, faced criticism from the right and was confronted by armed protesters gathered in the state's Capitol.

In 2020, she was picked to deliver the Democrats' response to then-President Donald Trump's State of the Union address and became an early supporter of then-candidate Joe Biden. Later that year, she was the target of a foiled kidnapping plot by right-wing extremists, something she said made plain to voters the stakes of the 2022 Michigan election.

That election was also shaped by a redistricting effort first undertaken the year before. The Democrats took a one-seat majority in the House and a two-seat majority in the Senate for the term that began in January. Whitmer bested her GOP opponent by a double-digit margin.

House Minority Leader Matt Hall predicted the focus on social issues wouldn't pay off in the long run.

Democratic priorities have bipartisan support among voters, according to some polling, and some of Whitmer's legislation has passed with some Republican support.

Nesbitt and the Democrats might not agree on much, but they do acknowledge that Michigan remains a purple state. Nesbitt said that he expects the trifecta won't last very long but that Whitmer will try to make the most of the time it lasts.

"It's a one-seat majority," Whitmer said of the state House. "It's important to live your values, to show the voters you are going to do what you said you were going to do when you were campaigning and earned their support for office. But also to be pragmatic."

Chips Are Down for Bettors

Continued from Page One

the two biggest operators on the Strip, have reduced how much they will pay for winning hands at blackjack at many of their tables, data show.

Blackjack, a fast-paced card game, historically paid out a ratio of 3:2 when a player hit 21 on the first two cards. That means a gambler wins $15 for every $10 bet. Now, many blackjack tables on the Strip pay out at 6:5, which means that same $10 yields only $12.

John and Kristina Mehaffey, owners of gambling-news and data company Vegas Advantage, have been cataloging these changes since 2011, walking miles-long routes through casinos to record the number of blackjack and roulette tables set outside of VIP areas.

According to the Mehaffeys' data, more than two-thirds of blackjack tables on the Strip currently offer 6:5 payouts, as opposed to 3:2.

Their twice-a-year sweeps involve two days of concentrated table-counting as they pass through casinos at a brisk pace.

"People are figuring out something's wrong, but it is just not obvious what that is," John Mehaffey said of gamblers' diminishing winnings.

Derek Van Nostran, an Atlanta-based blackjack fan who has frequently visited the Strip, said it feels as if casinos are trying to take gamblers' money too quickly.

"Now, it is almost not worth flying to Vegas to play blackjack," he said.

The change to blackjack payouts increases the house's edge, the average amount a casino would win from a gambler over time. John Mehaffey said that on busy nights, casinos raise minimum bets to $25 and $50 at tables. Before the pandemic, it was easier to find $15 minimums, he said. With the 6:5 payouts, a $50 bet pays out $60, rather than $75 under 3:2 payouts, for hitting a blackjack.

Casino executives said labor costs make table games expensive to operate, making the lower-priced bets more difficult to offer. Casinos are also offering fewer opportunities to play at a table. Last year Strip casinos had about 1,090 blackjack tables, down about 19% from a decade ago, state records show.

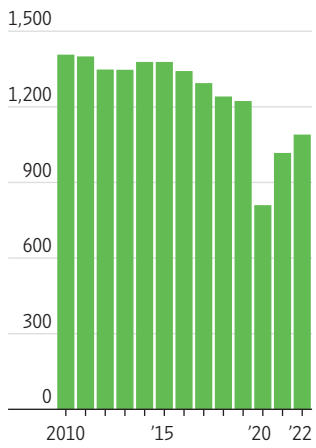
Casinos have automated some of their offerings with electronic table-games, such as blackjack and roulette, which don't require a dealer. In many cases, those offer lower minimum bets to appeal to bargain bettors. Such games on the Strip are counted by the state as slot machines, which posted record revenue last year of nearly $4.6 billion, up 15% over the year before, the previous record, according to state data.

Skimpier payouts started arriving on the Strip more than a decade ago in so-called party pits. Casinos created miniature nightclubs with scantily clad blackjack dealers, dancers on tables, flashing lights and pumping music. Gradually party pits disappeared, but the new payout policies continued.

Payout levels aren't always obvious at blackjack tables. At a table in the MGM Grand, for example, the 6:5 payout appeared in fine print that scrolled along the bottom of a small screen.

Gamblers playing the centuries-old game roulette must look closely from table to table to figure out their odds of winning. Triple-zero roulette, a version that leans in favor of the casino, is increasingly popping up on the Strip. Historically, U.S. casinos more commonly used a wheel with 38 slots, including 18 black, 18 red, and two green slots numbered zero and double-zero. The triple-zero roulette adds another slot with three zeros, lifting the house's advantage and making gamblers' bets more difficult to win.

Number of blackjack tables at Las Vegas Strip casinos



Source: Nevada Gaming Control Board

At Caesars Palace on a recent afternoon, two roulette tables stood side by side, both with minimum bets of $25 and each with a handful of gamblers crowded around. One was a double-zero. The other was a triple-zero.

According to state regulators, the number of roulette tables on the Strip was at a record high last year at 278. Nevada's state records don't track data on various roulette types. According to Vegas Advantage's survey, the triple-zero roulette tables have grown from a handful in 2016 to 78 last year, compared with 111 double-zero tables.

Las Vegas visitors on vacation might not notice—or might not care—about the casinos' increased advantage, says Bill Zender, a casino consultant who focuses on table-game management. But casinos risk losing business over time, he said.

"If you go into a casino and gamble, and you lose your money fairly quickly, almost every time, you don't feel you're getting the bang for your buck," Zender said.

Van Nostran, who until last year spent about half the year in Las Vegas for work, got so frustrated by blackjack's lower payouts that he started a public-awareness holiday.

He trademarked National Blackjack Day on March 2, or 3/2.

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Wall Street Dreads a Biden-Trump Rematch

By Cara Lombardo

On a farm in upstate New York recently, Wall Street types groused about the coming presidential election in between bites of roast pig.

Billionaire money manager Mario Gabelli and banker Ralph Schlosstein were among the guests at former Honeywell Chief Executive David Cote's Carnivore's Ball—a celebration of all things meat—that featured lively discussions of potential business-friendly candidates who could shake up the 2024 race. A few meat-lovers spent the evening urging Ray McGuire, the Lazard president and former New York City mayoral candidate, to run.

With less than a year until the primaries, politicians' wealthiest benefactors are sizing up the presidential hopefuls soliciting their donations. But many on Wall Street find the prospect of a Biden-Trump rematch unappetizing.

Wall Street likes President Biden's steady hand and cabinet picks like Commerce Secretary Gina Raimondo, but his aggressive stance on antitrust enforcement has turned off potential backers whose profits depend on a healthy supply of corporate deals. And while another Trump term could deliver the traditional Republican goodies of lower taxes and less regulation, financiers are worried that the former president's unpredictability could wreak havoc on global markets.

"Everybody is hoping for a miracle," said one senior deal maker, one of more than 20 people The Wall Street Journal spoke with to gauge Wall Street's mood around the election. "Nobody wants Biden, and nobody wants Trump."

A Trump campaign spokesman said the former president is supported by Americans from all backgrounds. A Biden spokesman declined to comment.

Reliably blue financiers such as Centerview's Blair Effron, Blackstone's Jonathan Gray and deal maker Antonio Weiss are expected to support Biden, even as others quietly float long-shot names to replace him on the Democratic ticket. Jamie Dimon, whose name has swirled as a potential candidate for years, recently got an earful from a fellow billionaire who wishes the JPMorgan Chase CEO would run, according to people familiar with the matter.

Meanwhile, Wall Street Republicans are reluctant to support former President Donald Trump and are mulling other options, including Ron DeSantis. The Florida governor made his candidacy official Wednesday. DeSantis has yet to win over many in the business community, in part due to his escalating legal battle with Walt Disney.

Another GOP candidate, Vivek Ramaswamy, is one of Wall Street's own, with stints at Goldman Sachs and a hedge fund. But his financial pedigree hasn't been enough to overcome his far-right stances on some social issues. Billionaire investor Bill Ackman backed away from an earlier prediction that the "Woke, Inc." author would win the 2024 election, but said Ramaswamy is still better than the current alternatives.

South Carolina Republicans Nikki Haley and Sen. Tim Scott have been making pilgrimages to New York and Palm Beach for one-on-ones with the biggest donors.

"I am hoping it is not Trump," said Ken Langone, the billionaire financier who cofounded Home Depot. The onetime Trump supporter said he is closely watching DeSantis and others in the field, similar to Citadel founder Ken Griffin.

No Labels, a group focused on supporting centrist lawmakers, has been steadily adding Wall Street supporters. No Labels is considering running a moderate like West Virginia Democratic Sen. Joe Manchin as an independent candidate.

U.S. WATCH

DETROIT

Supply Deal Reached With Asian Nations

The U.S. and 13 other Asia-Pacific nations agreed to expand supply-chain cooperation, delivering an early win in a new U.S.-led initiative to strengthen economic ties with the region's friendly nations amid rising tensions with China.

But some trade officials questioned the Biden administration's growing focus on protecting domestic jobs and bolstering U.S. manufacturing, saying these policies hurt smaller or less-wealthy nations that rely on trade to expand their economies.

The supply-chain agreement is part of the Biden administration's effort to work more closely with allies and friendly nations in the Asia-Pacific under a group called the Indo-Pacific Economic Framework, which covers issues such as digital trade, clean energy and tax policies, as a way to counter China.

Commerce Secretary Gina Raimondo said the U.S. hopes to conclude the overall IPEF negotiations by the summit meeting of the Asia-Pacific Economic Cooperation nations in San Francisco in November, which President Biden will host.

Under the new pact, the countries will begin working together to strengthen supply chains in critical sectors and set up a mechanism to prevent and respond to emergencies similar to the semiconductor shortages seen during the Covid-19 pandemic.

"We learned the hard way during the pandemic...how intertwined these global supply chains are," Raimondo said, noting that shutdowns in Malaysian factories caused chip shortages that forced Michigan auto facilities to close and furlough workers. The new cooperation "absolutely would have helped us secure American jobs and keep supply chains moving."

Amid continued skepticism of free-trade policy among U.S. lawmakers and policy makers worried about trade's impact on American jobs, the IPEF doesn't include tariff reduction and other enforceable market-opening measures that were the trademark of traditional free-trade agreements.

At the Detroit meetings this week, U.S. Trade Representative Katherine Tai emphasized the administration's workercentric trade policy that maximizes benefits for the U.S. middle class.

"For too long, our trade policies have been focused on liberalization, efficiencies and lowering costs," she said at a panel featuring U.S. labor union leaders.

—*Yuka Hayashi*

NEW JERSEY

Teen Dies at Unguarded Beach

A 15-year-old boy died and several other victims were taken to hospitals after six people were pulled from the ocean at an unguarded New Jersey beach over the weekend, authorities said.

Officials said it happened at about 4:30 p.m. Sunday at Sandy Hook in the Gateway National Recreation Area. Daphne Yun, a spokesperson for the National Park Service, said the six were swimming at Beach B, which has no lifeguards.

Sandy Hook lifeguards responded from other nearby beaches. First responders from nearby Sea Bright and Highlands joined them in pulling the six victims from the water. The boy and two other victims were taken to Monmouth Medical Center in Long Branch, where he was pronounced dead.

—*Associated Press*

Details of Debt-Ceiling Deal

Spending curbed, IRS funds cut, Covid money clawed back in accord set by Biden, McCarthy

By David Harrison And Kristina Peterson

President Biden and House Speaker Kevin McCarthy (R., Calif.) reached an agreement to raise the debt ceiling until January 2025, past the next presidential election.

Here are some major components of the deal.

KEVIN LAMARQUE/REUTERS

Speaker Kevin McCarthy, above, and President Biden agreed to raise the debt limit until January 2025.

Spending

The deal holds nonmilitary spending roughly flat for the 2024 fiscal year from this year, after factoring in some appropriations adjustments. The deal sets a 1% cap on spending increases for fiscal 2025. House Republicans portrayed the 2023 spending level as a rollback to fiscal 2022 levels.

The deal also includes a provision that forces a 1% cut in government spending if all 12 appropriations bills aren't passed by the end of this year.

Military spending in fiscal 2024 would be roughly at the level of Biden's fiscal 2024 budget request, a 3% increase to $886 billion, according to an outline of the deal and talking points that were disseminated by the White House to Democratic lawmakers. There will be $121 billion for veterans programs. The deal calls for $637 billion for other nondefense programs, which the White House described as about flat with current 2023 levels, once appropriations adjustments are made.

Some Republican lawmakers had insisted on deep cuts laid out in a bill passed by the House in April, which would have rolled back spending levels to fiscal 2022 and then capped growth at 1% for a decade. Democrats had called those cuts a nonstarter.

IRS funding

The deal would cut up to $21.4 billion that the Internal Revenue Service had planned to use for a decadelong effort to boost tax enforcement and modernize its technology. Congress had provided $80 billion to those plans last year. About $1.4 billion of that money would be taken back from the agency immediately, while the rest could be used in 2024 and 2025 to prevent cuts to other federal programs. The IRS had planned to spend the money over many years, and White House officials said the changes wouldn't affect the tax agency's near-term plans.

Covid-19 aid

The deal claws back about $30 billion in unspent money that Congress passed to battle the pandemic.

Work requirements

The White House agreed to a key GOP demand: tightening work requirements for federal aid, primarily by temporarily raising the age of people who must work in order to receive food aid through the Supplemental Nutrition Assistance Program, or SNAP.

The tentative deal would largely require able-bodied, low-income adults without dependents between the ages of 18 and 54 to work to receive food aid, up from the current top age of 49. Currently, under rules resuming in all states by July, these adults can receive benefits for no more than three months within a three-year period, unless they are working or enrolled in a work program.

In an effort to make the change more palatable to Democrats, the deal is also expected to eliminate the work requirements for veterans, homeless people and young people leaving foster care, according to people familiar with the negotiations. These new exceptions and the higher age limit would end by October 2030.

Project permitting

The bill imposes a two-year timeline for the most complicated environmental reviews required for large-scale energy and infrastructure projects and gives project developers the right to sue to meet the deadline. Speeding up reviews, which currently take an average 4.5 years, has been a top priority for Republicans.

The agreement also requires that a single federal agency take charge of a project's environmental review, assuming responsibility for the review's timeline.

The bill also specifically expedites the remaining permits for the Mountain Valley Pipeline, a 303-mile natural-gas pipeline in West Virginia and Virginia. West Virginia Sens. Joe Manchin, a Democrat, and Shelley Moore Capito, a Republican, have pushed to speed up completion of the pipeline.

—Siobhan Hughes and Richard Rubin contributed to this article.

Possible Default on June 5? It Depends

By Andrew Duehren

The U.S. is days away from becoming unable to pay all of its bills on time if Congress doesn't first raise the debt limit.

While President Biden and House Speaker Kevin McCarthy (R., Calif.) have reached an agreement to curb federal spending and raise the debt limit, the legislation faces a rocky—and potentially lengthy—road in Congress.

Treasury Secretary Janet Yellen has warned the U.S. could breach the debt ceiling June 5, often referred to as the X-date in Washington. If the so-called X-date arrives and Congress hasn't raised the ceiling, the Treasury will have a series of bills it might not be able to pay.

For example, roughly $1 billion in Medicare payments and $1 billion in payments to military contractors are due June 5, according to projections from the Bipartisan Policy Center. The government pays billions in bills every day.

The Treasury has started working with federal agencies to adapt its payment systems in case it has to start delaying payments. The department hasn't disclosed its exact plans, but one option it has discussed with other agencies would be to delay payments until the Treasury has enough cash for a full day's bills.

Yellen had previously warned that the U.S. could run out of cash as soon as June 1. In a letter to lawmakers last week, she said the Treasury would be able to pay the roughly $130 billion due June 1 and June 2, but she warned the department likely wouldn't be able to make the roughly $96 billion in payments due the week of June 5. Would the U.S. then be in default? It depends.

The Treasury won't have to make any debt payments until June 6, when about $136 billion in securities mature, according to the BPC. Normally, the Treasury would simply roll over those debts by selling new debt. That is a routine process, but if it ran into problems and investors weren't paid back on time, the U.S. would default on its debt.

A payment on the interest on the debt isn't due until mid-June. Missing an interest payment would also constitute default. A slug of new tax revenue will also come into the Treasury in mid-June, when quarterly tax payments come due, easing its ability to keep paying bills.

If the U.S. stays current on its debt payments but misses other obligations, it is more complicated. Rating firms such as Fitch Ratings and Moody's have indicated they would say the U.S. has defaulted if it misses payments on principal or interest on the debt.

Still, Fitch said it could downgrade U.S. debt because of any missed payment even if it hasn't defaulted on debt.

Yellen has said that even if the U.S. stays current on debt payments, it would be in default if it failed to pay any bills. "We will default on some obligation, and it's really not an acceptable state of affairs," she said.

The extent of the fallout also would depend on how investors reacted if the U.S. missed payments. Investors might be less sensitive to delayed Medicare payments, for example, than to a default on the debt.

Some investors might see even a delayed debt payment as a minor blip if Congress quickly raises the borrowing limit.

Others could see it as a breach of a fundamental tenet of global finance. The Treasury's reputation for paying bills on time is a pillar of the global financial system, with investors around the world treating Treasurys as largely risk-free assets.

—Sarah Chaney Cambon contributed to this article.

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Parties Sell Debt Limit Agreement

Continued from Page One

McCarthy promoted the bill to conservatives as a meaningful spending reform.

"I feel very good about it," Biden said on Monday. "There is no reason it shouldn't get done" in time to avoid default, he said.

In both chambers, vocal opponents of the bill could slow its passage, threatening to derail the effort to avoid a default. Some conservatives in the House and Senate have said they would oppose the deal because it doesn't go far enough to limit federal spending, while some progressives charge that the spending curbs are too steep.

Treasury Secretary Janet Yellen has said the government could run out of the cash it needs to pay its bills on time on June 5 unless Congress acts. While a failure by the U.S. to pay its bills on time could have wide-ranging consequences, the existence of an agreement would likely blunt the damage from Congress missing the deadline.

During his bid to become speaker in January, McCarthy made a series of procedural concessions to conservatives that are now complicating his ability to pass the agreement. The House won't take up the bill for a vote until Wednesday, part of an agreement McCarthy made to give lawmakers 72 hours to read the text before voting on a bill.

Even before it can reach the House floor, the bill will need to pass through the House Rules Committee, a powerful panel that serves as a gatekeeper for most legislation. McCarthy appointed three hard-line conservatives to the committee, as part of his election to become speaker.

Two of those three members, Reps. Ralph Norman (R., S.C.) and Chip Roy (R., Texas), have indicated they would oppose the deal, which might still ultimately garner enough support to move through the Rules Committee. The panel is expected to consider the legislation on Tuesday.

Roy wrote on Twitter that McCarthy had promised when he was elected speaker to only advance legislation out of the committee, which has nine Republicans and four Democrats, if the Republicans were unanimous. A spokesman for McCarthy didn't respond to a request for comment.

MANUEL BALCE CENETA/ASSOCIATED PRESS

President Biden's White House is reaching out to House Democrats.

Traditionally in the committee, the minority doesn't provide any supporting votes for the majority to set the terms for considering bills on the floor. If McCarthy were to have to rely on Democratic committee votes, it could badly damage the speaker's standing.

In the House, McCarthy can lose no more than four Republican votes on the floor before needing Democratic support to pass the legislation. Rep. Hakeem Jeffries of New York, the Democratic leader, told CBS on Sunday that Republicans had committed to provide at least 150 votes in favor of the deal. Democrats would need to make up the balance to reach the 218-vote threshold typically necessary for passage.

Many progressives are criticizing the deal's spending curbs for domestic programs, as well as provisions that take funding away from the Internal Revenue Service and change work requirements for food stamps. Rep. Greg Casar (D., Texas), whip for the House's progressive caucus, called the deal a "ransom payment" on MSNBC on Sunday.

Since the agreement was struck late Saturday, White House staff have held individual calls with more than 60 House Democrats and emphasized that the compromise largely preserves domestic spending at its current levels, according to people familiar with the outreach.

Some Democrats broadcast their support for the deal, including the leadership of the New Democrats, a large group of House centrists. "Compromise depends on give and take and this bill required concessions from both sides," the leaders of the group wrote in a statement Monday afternoon.

If the proposed bill does clear the House on Wednesday, it will then face a compressed timeline in the Senate where passage could take days, in part because House Republicans have expended the one opportunity they had to short-circuit the Senate's lengthy procedural hurdles. That development adds to the risk that passage could occur after the June 5 deadline.

Most Senate bills are subject to two cloture votes—votes in which the Senate agrees to cut off debate. Invoking cloture requires 60 votes and can add days to the Senate process, as could consideration of amendments.

Sen. Lindsey Graham (R., S.C.), angry about military funding levels, tweeted Monday that he supports a short-term debt limit extension—90 days—to renegotiate the deal. He also said he would demand amendment votes.

The Senate can speed the process by turning to bills that are sent up from the House in the form of a message. In this scenario, the Senate avoids the first cloture vote and simply proceeds to the bill.

The House currently has no bills that meet the requirements to be designated as a message, as it passed the only eligible bill last week. An aide to McCarthy confirmed that the debt-ceiling bill wouldn't be sent to the Senate as a message.

—Kate King contributed to this article.

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WORLD NEWS

Uganda Expands Anti-LGBT Law

Biden urges repeal of measure, which would impose death penalty for certain relations

By Nicholas Bariyo And Gabriele Steinhauser

KAMPALA, Uganda—President Biden on Monday urged Uganda to repeal a sweeping new anti-LGBT law that introduces the death penalty for some same-sex relations and said his administration was reevaluating U.S. assistance to the east African country.

Colonial-era law in Uganda already allows life sentences for homosexuality, but no one has been convicted for consensual same-sex relations since the country gained independence from Britain in 1962.

New legislation signed into law by President Yoweri Museveni on Monday affirms this punishment and sets out harsh penalties that are among the toughest against LGBT people anywhere in the world.

Biden and other critics said the law not only violates the human rights of LGBT people in Uganda, but also will make it more difficult to provide information on the prevention and treatment of HIV in a country where some 1.4 million people live with the virus.

The law imposes prison sentences of up to 20 years for promoting homosexuality, a provision that Human Rights Watch and other rights groups say could criminalize the distribution of health-education pamphlets on practicing safe sex. Actions such as touching another person "with the intention of committing the act of homosexuality" are punishable with up to five years in prison.

PHILL MAGAKOE/AGENCE FRANCE-PRESSE/GETTY IMAGES

Ugandan activist Papa De protested against the anti-LGBT bill at the Uganda High Commission in Pretoria, South Africa, in April.

The law also introduces the death penalty for what it calls "aggravated homosexuality," which includes an HIV-positive person having repeated intercourse with a person of the same sex. Ugandan law doesn't punish consensual sex between a man and a woman if either of them is HIV positive.

"I join with people around the world—including many in Uganda—in calling for (the new law's) immediate repeal," Biden said. "No one should have to live in constant fear for their life or being subjected to violence and discrimination. It is wrong."

Biden said he had asked his National Security Council to assess the law's implications on his administration's engagement with Uganda, including whether it can still safely deliver services through the U.S. President's Emergency Plan for AIDS Relief, or Pepfar.

Pepfar, which was started by President George W. Bush two decades ago, is one of the main funders of HIV prevention, treatment and care in Uganda, a key Washington ally in the war on terror in neighboring Somalia.

Biden said his administration would also examine whether the law violates the terms of the African Growth and Opportunity Act and could make Ugandan goods ineligible for preferential access to the U.S. market. Ugandan exports to the U.S. under AGOA reached $174 million last year, nearly double the value of exports in 2021.

In addition, the administration is looking at possible sanctions and entry restrictions against anyone involved in serious human-rights abuses or corruption in Uganda, Biden said. U.S. government investments in Uganda, including for businesses and the military, amount to nearly $1 billion a year, he said.

A spokesman for Museveni declined to comment on Biden's statement. Earlier in the day, Anita Among, the speaker of Parliament and a member of Museveni's ruling party, had celebrated the president's signature of the new law. "We have answered the cries of our people," she said.

Beijing Rebuffs Pentagon On Talks

By Nancy A. Youssef

WASHINGTON—China has rebuffed a U.S. request for a meeting between their defense chiefs on the sidelines of an annual security forum in Singapore this weekend, the Pentagon said Monday, showing the limits of a tentative rapprochement between the rival powers.

China's decision to formally inform the Pentagon shuts the door for now on a meeting between Defense Secretary Lloyd Austin and Li Shangfu, China's new defense minister, which the U.S. had proposed on the sidelines of the annual Shangri-La Dialogue security forum.

China's dismissal of the proposal also was termed an unusually blunt message, U.S. defense officials said.

In a statement to The Wall Street Journal, Liu Pengyu, Chinese embassy spokesman in Washington, said the U.S. was "seeking to suppress China through all possible means and continue imposing sanctions on Chinese officials, institutions and companies."

He added: "Is there any sincerity in and significance of any communication like this?"

In the past, such meetings have come together at the last minute, including last year's meeting between Austin and his then-counterpart, which was agreed upon hours beforehand.

"The Department believes strongly in the importance of maintaining open lines of military-to-military communication between Washington and Beijing to ensure that competition does not veer into conflict," the Pentagon said.

China's decision comes after a weekslong effort by the U.S. to secure a meeting, including a letter to Li from Austin. The rebuff could spark concerns among Southeast Asia allies nervous about being caught between the two powers, some U.S. officials warned. They held open the prospect of a Singapore meeting between lower-level officials.

"We've had a lot of difficulty, in terms of when we have proposed phone calls, proposed meetings, dialogues, whether that's the secretary" or other top U.S. defense leaders, Ely Ratner, assistant secretary of defense for Indo-Pacific Security, said last week at an event at the Washington-based think tank, the Center for Strategic and International Studies.

Relations between Beijing and Washington have been fraught since February, after the U.S. shot down a suspected Chinese surveillance balloon, warned Beijing against arming Russia in the Ukraine war and allowed Taiwan's president to stop off in the U.S.

This month, national-security adviser Jake Sullivan met with his Chinese counterpart in Vienna. Commerce Secretary Gina Raimondo also met with her Chinese counterpart, Wang Wentao, the first cabinet-level meeting in Washington between the two countries during the Biden administration.

The White House didn't respond to a request to comment.

Erdogan Seeks Big Global Role

Continued from Page One

rector of the Turkish Research Program at the Washington Institute for Near East Policy.

Erdogan has transformed the state in his image over his 20 years in power, jailing opponents and extending his party's influence over the court system, the media and the central bank, while also pushing for the country to be known internationally as Türkiye.

The 69-year-old president also faces a problem regarding succession. Facing a constitutional limit, he must either step down after his new five-year term or find a workaround to remain in power. Erdogan has called for amendments to the constitution during his new term but hasn't said if those would include a measure that would let him stay in office.

He has repeatedly hit on themes of resentment against the West and stirred a culture war within Turkey, accusing his opponents of being "pro-LGBT" groups that have sided with "terrorists," as he has worked to fend off an opposition coalition buoyed by Turkey's economic problems and the government's missteps following February's earthquakes.

But consolidating Erdogan's vision of Turkey as a great power will prove difficult, political analysts said. The same issues that briefly lifted his opponents—a slumping currency and one of the highest inflation rates of any major economy—limit his room to maneuver and show signs of worsening.

The lira fell 0.4% Monday, trading near a record low of just over 20 per U.S. dollar. Turkey's central bank stepped up its defense of the lira heading into the runoff, draining its reserves of foreign currency.

The Borsa Istanbul 100 index rose 4.5%, led by companies in the construction and manufacturing industries. The cost of insuring against a default on Turkey's foreign-currency government bonds was steady on Monday after rising by almost 25% this month.

MOE ZOYARI/BLOOMBERG NEWS

Turkish newspapers in Ankara on Monday featured President Recep Tayyip Erdogan after his victory in a runoff election the day before.

High on his agenda will be tackling an impasse in relations with Western allies over his willingness to do business with Russia and his defense of what he sees as Turkey's own long-term interests.

Western capitals also fear he is sowing disunity in the North Atlantic Treaty Organization, of which Turkey has been a member since the 1950s. Erdogan is blocking Sweden's accession to the alliance over concerns about alleged Kurdish militants living in the country. The issue has emerged at the center of a tangled web of issues causing tension with Washington and other Western powers. The Biden administration has conditioned the $20 billion sale of a fleet of F-16 warplanes to Turkey on whether Erdogan will agree to allow Sweden into NATO, while other leading members are expected to pressure Turkey to agree to the expansion of the alliance before a summit in July.

The dispute over NATO's expansion might be difficult to resolve. Erdogan made Turkey's fight against Kurdish separatists in the southeast of the country a centerpiece of his election campaign. In his speech at the presidential palace early Monday morning, he again directed his invective at "terrorists" as his supporters chanted for the execution of a jailed Kurdish leader.

Erdogan's biggest challenge is squaring his global ambitions with his country's financial troubles. The country's foreign assets are in the red after years in which the country has spent tens of billions of dollars to prop up the Turkish lira. The local currency has lost nearly 80% of its value against the dollar in the past five years as Erdogan has pressured the central bank into cutting interest rates despite high inflation—the opposite of what central banks throughout the world do. He has vowed to maintain his unorthodox approach, which he has said is designed to spur economic growth and ensure high employment.

Turkey's need for foreign currency has deepened Erdogan's dependence on Russia and Gulf countries. Moscow sent Turkey as much as $15 billion last year for the construction of a nuclear-power plant and postponed Turkish payments for natural gas that could run into billions of dollars, providing needed relief to the country's finances.

In the Middle East, Erdogan has recently restored ties with a range of longtime rivals in an effort to end years of tensions resulting from his support for many of the Arab Spring uprisings of 2011.

By mending relations with Saudi Arabia, the United Arab Emirates, Egypt and Israel, Erdogan hopes to ease some of Turkey's isolation in the region and alleviate some of his country's shortage of foreign currency. Earlier in May, Erdogan thanked Gulf countries for sending Turkey an unspecified amount of money to help stabilize its banking system.

Infusions of cash from Russia and the Gulf won't be enough to bail out Turkey's roughly $900 billion economy, the world's 19th largest, economists said. Saudi Arabia said it deposited $5 billion in Turkey's central bank in March.

"He doesn't have a rational solution to these problems. He will be in trouble after the elections. He doesn't have a clear program to deal with it," said Ilhan Uzgel, an analyst and former chair of the international relations department at Ankara University.

For Erdogan's longtime supporters, pride in Turkey's reordered place in the world far exceeds any concerns about the state of the country's finances.

"We see what he's done for us, the bridges, the roads, the national defense industry," said Refika Yardimci, a homemaker voting in Istanbul on Sunday.

—Elvan Kivilcim contributed to this article.

WORLD WATCH

SPAIN

Premier Calls Election After Setback in Vote

Prime Minister Pedro Sánchez called a snap general election on Monday, a day after his center-left Socialist party suffered heavy losses in local and regional elections.

Spain was due to hold elections by the end of the year, but Sánchez dissolved Parliament early and called a national poll for July 23. The election will test the recent rise of conservative forces in Spain.

The decision comes after Spain's main opposition party, the center-right Popular Party, made sweeping gains in Sunday's local elections and took control of some key regions and cities from the Socialists.

Sánchez, who has been in power since 2018 and rules in coalition with the leftist Unidas Podemos party, said he took responsibility for his party's defeats.

—Adrià Calatayud

SOUTH AMERICA

Regional Leaders To Meet in Brazil

South America's leaders will gather in Brazil's capital on Tuesday as part of President Luiz Inácio Lula da Silva's attempt to reinvigorate regional integration efforts that have floundered amid the continent's political swings and polarization.

Some analysts say he senses an opportunity for integration because of the political affinities of the region's governments and appears to want to test leaders' willingness to cooperate through a revived Union of South American Nations, or Unasur.

Tuesday's meeting in Brasília will bring together 11 South American presidents and the leader of the Council of Ministers of Peru, whose president, Dina Boluarte, faces charges and can't leave the country.

—Associated Press

WEST BANK

Jewish Settlers Build New Religious School

Jewish settlers in the occupied West Bank said they erected a religious school in a dismantled outpost after Israel's government lifted a ban on settlements in several evacuated areas in the northern part of the territory.

Also Monday, a Palestinian militant died after being shot by Israeli troops in the West Bank city of Jenin, Palestinian health officials said, the latest bloodshed in a wave of violence.

The school was built Sunday in Homesh, one of four West Bank outposts evacuated as part of Israel's 2005 withdrawal from the Gaza Strip. Israel's far-right government in March repealed the act that evacuated the outposts and barred Israelis from re-entering.

Anti-settlement groups say more construction further dims hopes for a contiguous, independent Palestinian state.

—Associated Press

AVALON/ZUMA PRESS

FEATS OF DAIRY-DO: For participants in the Cooper's Hill Cheese-Rolling and Wake competition in Brockworth, England, on Monday, there was a will—and a whey—while chasing the wheel downhill.

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Mentally Ill Languish In Jail

Continued from Page One

verse and has met her husband, named Brandon.

State mental-health and jail officials are frustrated but say they are struggling against a tide of people in crisis. "It's such an inept system we are working in...She has been here 226 days, as of today," the Boulder jail's mental-health supervisor, Pam Levett, wrote to Vassis in April about her daughter.

The Journal queried all 50 states in March on the number of people accused of crimes who are waiting in jail for inpatient treatment so they can be stabilized enough to stand trial. Of the 39 states that provided complete data, 34 saw their wait lists for such treatment lengthen since before the pandemic. Many of the lists are triple or even quadruple what they were. In some cases, inmates are waiting behind bars longer than the maximum sentence for the crimes of which they're accused.

In Texas, the number of jail inmates waiting for competency treatment has more than doubled since 2019 to 2,466—nearly 1,000 more than the number of state psychiatric beds in operation.

Maryland had no jail inmates in 2019 waiting for psychiatric treatment to get fit for trial. The number grew so high since then—126 earlier this year—that state health officials formed an "incident command system" to try to reduce it.

Oklahoma's wait list grew so long that health officials recently scrapped it and began medicating mentally ill inmates in the jails, trying to restore them to competency for trial there.

Pandemic effects

Among causes of the logjam, the number of people accused of crimes and referred for psychiatric treatment rose as mental health worsened during the pandemic. Covid-related disruptions to community mental-health care and addiction treatment contributed to more episodes leading to arrests, state officials and mental-health advocates say.

Unlike psychiatric hospitals, jails typically won't or can't force inmates to take medication. Prescriptions available in jails are often more limited, adjusting them is more complicated, and practitioners aren't always on hand to monitor patients. Confinement and the presence of law enforcement can contribute to psychotic delusions, experts said.

Compounding the problem is a scarcity of behavioral-health services and workers that has grown dire, state leaders and mental-health advocates say.

At the Kentucky Correctional Psychiatric Center, staffing shortages mean that only 35 of the 87 beds for jail inmates needing treatment are in use.

In Texas, a new high-security psychiatric unit sat empty for six months because the state couldn't find employees to open it. The unit has begun accepting patients, but only nine of 70 beds are available due to lack of staff, a state health spokeswoman said. Jail inmates in Texas wait an average of eight months for a state hospital bed, nearly double the time in January 2020.

Last November, a 32-year-old Missouri man set a Bible on fire on the steps of a St. Louis church. The man—who had a preexisting diagnosis of schizophrenia, according to his public defender—spent the next five months in jail waiting for a competency evaluation to see if he was fit for trial. The process is typically initiated by defense lawyers concerned about a client's mental health.

The exam determined he was unable to understand the charges against him. He was placed on a wait list to be transferred to a state hospital for treatment to stabilize him so his case could proceed. The man is among 229 inmates waiting for one of Missouri's 897 psychiatric-hospital beds, all occupied.

Given the six-months-plus that inmates are waiting for beds, he may spend more time in jail before getting treatment than the maximum one-year sentence for his misdemeanor charge for setting the fire, said his public defender, Susan Bauer. She said her client isn't well enough to give her permission to share his name.

Bauer, who is also a licensed professional counselor, said she has seen her client's delusions worsen while he waits in jail. Initially, he was clearly ill, she said, but she could converse with him. Now he is refusing to take medication, and a recent meeting ended with him banging on the jail doors and yelling at guards to chop off her head, Bauer said.

Barbara Vassis, above, has watched her daughter wait in jail for treatment; Sheriff Vic Regalado, right, at Tulsa's county jail.

CLOCKWISE: RACHEL WOOLF FOR THE WALL STREET JOURNAL; MICHAEL NOBLE JR. FOR THE WALL STREET JOURNAL

Staff shortages

Jeanette Simmons, deputy division director at Missouri's mental-health department, said the agency faced severe staffing shortages during the pandemic alongside nonstop court orders for competency treatment. The state is adding 40 beds to treat more inmates.

Inmates who are declared fit for trial after a competency evaluation, and those successfully restored for trial in state hospitals, sometimes regress while then waiting in jail for their cases to be heard, counselors said. That triggers the entire process to restart.

In Kentucky, defense lawyers said that a few years ago, their clients could typically get competency evaluations within 60 days of an arrest. Now it can take 10 to 12 months in jail waiting just for that initial assessment.

In central Appalachia, a Kentucky man named Bobby Kilbourne Jr. was arrested in late 2019 after police responded to a call he had made saying he was a federal marshal and was being shot at. He was declared fit for trial after an evaluation at the state's correctional psychiatric hospital, but his case was pushed back, and he remained in jail.

In July 2021, 20 months after his arrest, his father, Bobby Kilbourne Sr., sent the jail a letter saying his son had been diagnosed with bipolar disorder and schizophrenia, wasn't able to access his medications behind bars and needed to be sent back to the psychiatric hospital.

The father wrote that he had talked to a judge, who he said told him "Bobby don't need to be in jail. But there are no places around here to help him."

A few days later, another competency evaluation was ordered. This time, the son waited more than a year before being sent to the hospital for the evaluation. He was kept there for weeks of treatment and then declared competent a second time.

In January, Kilbourne Jr. was released from jail under the condition that he receive outpatient treatment for mental health and substance abuse for one year, after agreeing to a pretrial diversion program.

Reached by phone, he said his "mental health has nothing to do with me being a federal agent" before hanging up. His father said in an interview that someone had indeed shot at his son before he was arrested. Kilbourne Sr. said his son should have been hospitalized instead of jailed. The release came more than three years after his arrest.

Health officials in Oklahoma, facing a wait list for state-hospital beds that had jumped to 280 from 41 in 2019, plus a critical report by a legal advocacy group, switched last December to medicating mentally ill inmates in jail. Inmates now may or may not receive inpatient care as part of their state treatment. Thus, the state says, there is no longer a wait list for the state hospital.

"The main reason people are incompetent due to mental illness is due to psychosis, and you treat that with medication," said Duran Crosby, chief of staff and operations for the state mental-health department.

He said starting medications quickly and keeping them consistent is more important than transferring someone to a hospital. "It's much cheaper in the long run, and it's better for the patient too," he said.

In Tulsa, the new strategy has infuriated prosecutors, defense attorneys, mental-health-care advocates and law-enforcement personnel, who say the state is dumping the problem on local authorities and trying to avoid litigation. Representatives of four jail inmates sued the state in March alleging unconstitutional delays in competency treatment.

The D.A.'s daughter

Tulsa County District Attorney Steve Kunzweiler and Chief Public Defender Corbin Brewster, both critics of the new policy, meet regularly to discuss defendants whose lawyers have raised competency concerns. While the state says there's no longer a waiting list for competency treatment, the two track where they believe defendants would be in a queue for treatment in a hospital.

The issue is personal for Kunzweiler. In September, his 31-year-old daughter, Jennifer Kunzweiler, was arrested after she stabbed him, and herself, several times during a psychotic episode. Both were hospitalized.

She was declared fit to stand trial, spent four months in jail and then was found not guilty by reason of mental illness before being committed to the state hospital. The D.A., a Republican, said the episode heightened his concern for mentally ill jail inmates and left him angry that the state wasn't pushing to fund treatment in medical settings.

In the Tulsa County jail, the sickest men are isolated in individual cells, some with posted memos warning that the occupant is "highly assaultive" or "will spit on you." A back row of cells holds those deemed suicidal, naked and watched by a guard.

On an April morning, some inmates lay motionless in their beds and others sat staring into space. The 41-year-old man in cell V1 first waved at visitors, then motioned no, furrowed his eyebrows, began talking to himself and dropped his jumpsuit pants.

Accused in 2021 of obstructing a police officer and grabbing a woman's behind, the man had been waiting in jail 418 days since a judge ordered him transferred to the state hospital for an attempt to restore his competency for trial, according to documents provided by defense attorneys.

"We currently run the largest mental-health facility in the state of Oklahoma and it's in a jail, and that's just wrong," said Sheriff Vic Regalado, a Republican whose office runs the county jail.

Several states are under federal court orders or agreements, some from before the pandemic, to accelerate competency treatment. The surge in mentally ill inmates has made it impossible to meet the mandates.

In Washington, a federal judge in 2015 ordered the state to hospitalize jail inmates for competency-restoration treatment within seven days of a court order. According to the state health department, wait times currently range from about four months to nearly 11 months.

The Washington health department said it has invested hundreds of millions of dollars in new bed capacity. Legislation signed by Democratic Gov. Jay Inslee on May 15 would add mental-health workers in jails to expedite restoration.

Colorado, which has been under a 2019 federal court agreement to speed competency treatment, has since paid $29.7 million in fines for failing to reduce wait times.

Leora Joseph, a former prosecutor who heads Colorado's Office of Civil and Forensic Mental Health, said many jail inmates waiting to have their competency for trial restored in a state hospital are low-level offenders, and about half are homeless. She said the state is seeking to join with private facilities to add beds and is offering bonuses to hire more mental-health nurses.

Barbara Vassis, the mother of Erin Brown, spends a chunk of her week sifting through options for her jailed daughter. There's a chance of getting her released to a community treatment facility that could help restore her competency outside of jail. But beds are rarely available there, and Brown has to consent to go, Vassis said she was told.

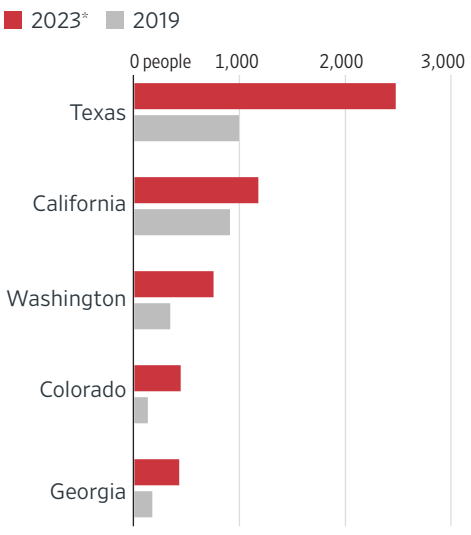
Levett, the Boulder jail's mental health supervisor, said she'd been informed that Brown may finally get admitted to a state hospital soon.

Vassis said that on a recent video call from jail her daughter appeared worse than she'd ever seen her, talking about how she'd soon be taken to a palace with gold laces, her voice trailing off midsentence.

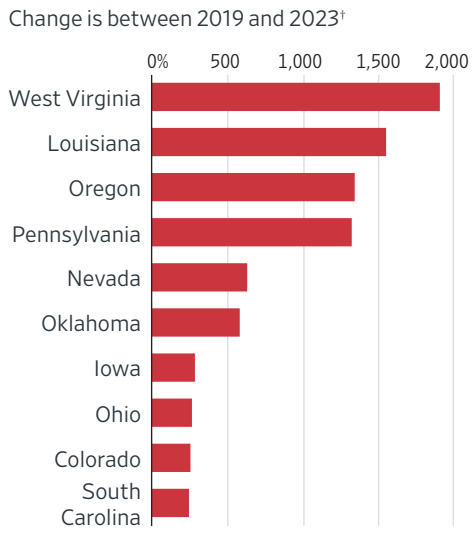
Vassis doubted her daughter would be ruled competent to stand trial until she was out of jail and in a mental-health facility.

"How long does this cycle continue?" she said.

States with the most people waiting in jail for a bed in a psychiatric hospital



Percentage growth in people waiting in jail for a bed in a psychiatric hospital



*Texas and Colorado data are as of February and the remaining data are as of March.
†Colorado data is as of February and the remaining data are as of March.
Sources: State health agencies

Wrangling Wild Horses

Continued from Page One

havior and prodding the four-legged residents to move along when necessary.

National parks have seen a boom in tourism in recent years, and the National Park Service says it is always looking for people to volunteer. The Pony Patrol is not for folks who say neigh to a little adversity.

"Constant exposure to heat, sun and biting insects make this position an arduous assignment," says the park service's posting. "Good people skills are a must!"

Lieb jokes his vest should say "People Patrol." These days, some selfie-seeking visitors get way too close to the roughly 80 horses—many resplendent in flowy manes and coats of white, brown and tan—that call the Maryland side of the park home. Some give them potentially harmful victuals or leave their own food unsecured despite warnings horses will scarf down every scrap if given a chance.

"We want to save people from themselves," said Liz Davis, chief of interpretation and education at the park and its volunteer coordinator. Every year, horses bite or kick several visitors and leave nasty cuts and bruises.

She sees Pony Patrol members, many of them retired or semi-retired, as vital "boots on the ground," especially in summer. Crowds have grown in recent years and last year topped one million visits to the park's Maryland side.

"People have come up and asked me, 'Where do I go so my kids can ride the horses here?' " said Candi Golden, one of nine current volunteers. "Well, nowhere."

Local lore says the horses are descended from survivors of a shipwreck, but the more likely and mundane story is that herds were brought from the mainland in the late 1600s to avoid fencing laws and taxation, the park service says.

Today's Assateague horses are adapted to island life, and eat grasses and leaves, drink from freshwater ponds and hang out at the beach to escape flies on hot days.

Volunteer Carol Fritz, a retired nurse, said she covers up from head to toe even in August to thwart the "hummingbirds," aka mosquitoes.

The slow-moving golf carts volunteers typically drive offer a bit of a breeze, plus shade. On board they keep an array of tools—rock-filled shakers, spray bottles and colored flags—for nudging horses out of campsites, roadways and other trouble spots. Fritz, who patrols with her husband, is an avid flag waver.

Volunteers help alert law-enforcement rangers about violations. Last year 269 citations were issued, the park service says, with one woman fined $280 for giving a horse a carrot.

A food-habituated stallion named Chip, meanwhile, was moved last spring to a Texas sanctuary due to his aggressive ways.

"I'd have to go from table to table to table to tell people to pack up their food because Chip was coming," volunteer Laurie Westling said. "He was the one that would take eggs right out of the skillet."

Westling is newly retired from aerospace company Northrop Grumman. On a recent Saturday, she spent part of her five-hour Pony Patrol shift along a road as several horses grazed nearby. A line of cars sat parked on the shoulder, and gawkers took pictures.

Westling, in mirrored shades, ball cap and a fluorescent Pony Patrol vest, let a 9-year-old girl know she was closer than the minimum 40 feet. She gestured to several drivers not to stop in travel lanes—which can create a "pony jam"— and told others they could pull over long enough for one photo.

Back in the golf cart, she headed for the campgrounds. Six horses, including a 10-day-old foal, were occupying the campsite just vacated by Ankit and Shefali Kumawat. The Pennsylvania couple had packed up their tent but now couldn't get to their Honda Accord with young stallions milling around.

Westling took charge, aided by Davis, the volunteer coordinator, who rattled a shaker. Westling spritzed water at the back of a stallion, spurring it to take a few steps. Then she summoned Ankit Kumawat, who jumped in the car and pulled out of the campsite.

"I've never seen such an amazing thing before," he marveled afterward.

Rolling on in a drizzle, Westling pondered the day. "Everybody was responsive, compliant, polite," she said. Sometimes they aren't. She said people have told her: "I paid $25 to come in this park and I'm going to see a horse. Don't tell me what to do."

Horses trot down the road, past a group of visitors at Assateague Island in Maryland.

ANGELA OWENS/THE WALL STREET JOURNAL

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FAMILY & TECH
JULIE JARGON

Is It OK To Track Your Spouse's Location?

Concerns about safety and keeping in touch can collide with the need for privacy and independence

ILLUSTRATION BY JON KRAUSE

MANY COUPLES USE their phones to track each other. They share locations automatically, giving partners a window into their travels, including every trip to Target or Starbucks.

Married and unmarried couples say they do it mostly for safety. Some do it so they can have dinner ready when their partner gets home from work. Others just find it easier than texting or calling.

Yet other couples think anyone who tracks his or her spouse is crazy. They say that tracking itself can be a safety concern. Not to mention that some marriage counselors say this location dependency is unhealthy—shouldn't marriage have a little mystery?

When it comes to tracking your partner, nearly everyone has a strong opinion.

Lori Lyons, a teacher at a private school near New Orleans, says her husband, Marty Luquet, is notorious for not answering his phone. It is easier for her to locate him with the Life360 app.

Luquet works as the head baseball coach at the same school. When players or administrators need to reach him, they often come to her. Lyons opens the app, then sends people his way. He can often be found mowing the school's baseball field. "When he's on the riding mower cutting the grass, you can see him on the app going in little circles in the outfield," she says.

"I'm terrible about answering my phone," Luquet admits.

Luquet says he used to check on his wife when she traveled as a sportswriter, but he doesn't track her much anymore. "I don't have any problem with her following me," he says. "I guess if you don't have anything to hide, you don't have anything to worry about."

There are many ways to track one another these days. You can attach AirTags to keys and wallets to locate them and their owners for altruistic or nefarious purposes.

You can look at an app to see how fast your children are driving. Teens can find each other on Snapchat's Snap Map. But the convenience can come at the cost of privacy—and sanity.

Some people really do have something to hide. I spoke to one woman who says she figured out her husband was cheating on her when Life360 revealed him stopping for lengthy periods at locations he didn't have good reason to be. (She shared screenshots with me.) She confronted him, he confessed and now they are getting divorced, she says. Tracking can also provide a way for one partner to exert control in an abusive relationship.

Traci Ruble, a marriage and family therapist in San Francisco, says not much good can come from tracking your spouse. "A healthy relationship needs healthy differentiation," she says. Besides, she adds, knowing every single thing about your partner, down to when he's buying milk, is a passion-killer. "Passion is rooted in novelty and distance," Ruble says.

> **In many cases, tracking can result in mishaps and misunderstandings.**

Sometimes partners sneak around for good reasons.

In April 2022, Ken White wanted to surprise his wife with some jewelry for their 25-year wedding anniversary. Heading out of his downtown Los Angeles law office to walk to the nearby jewelry district, he remembered to leave his iPhone and Apple Watch behind. The couple share location as well as fitness metrics, and he says a mile-long midday walk would have struck her as odd.

"I had to go completely bare of all electronics," he says.

In many cases, tracking can result in mishaps and misunderstandings—especially when the tech doesn't work perfectly.

Ronit Boyd had a brake scare on the New Jersey highway a few years ago, and called her husband in a panic. No answer. When she managed to stop the car, she tried again. Nothing. Apple's Find My app showed him at a hotel near his office in Midtown Manhattan. (He was, at the time, a technology executive at Dow Jones, publisher of The Wall Street Journal.)

"My emotions were already high and then I started freaking out," she recalls. "What was he doing at a hotel in the middle of the day? Your head goes to all these crazy places."

Her husband, Chris Boyd, says he was in a meeting at the office—not at a hotel. The Find My app doesn't always show an exact location.

"At first, I laughed about it, but then I realized she was getting angry," he says. Both laugh about it now.

Jen Campbell of New Albany, Ohio, remembers when her husband tried to find her during a 50-mile charity bike ride. He stopped to track her when they got separated. Find My indicated she was right behind him, so he waited. When she didn't materialize, he went back to look for her. Still, the app showed she was right behind him.

He finally realized why: Her phone was in *his* pocket.

Heather Houze of Atlanta says her husband used to rely on Find My to locate her at their children's sporting events. After he went to the wrong location several times, the couple resorted to old-fashioned phone calls.

She remembers her husband once called to ask her something and she said she would get back to him when she got home. His reply: "But you're at home." In fact, she was at Walmart.

Houze says some of the mishaps might have happened because her Apple Watch was in one place and her iPhone in another. (Find My generally identifies one primary device for location tracking.)

"Had we not been married for 30 years," she says, "these situations could have caused some big issues in our relationship."

Many couples are adamantly against tracking each other. Sai Shiv of Chicago says she and her spouse joke about how it would do no good, anyway, should an accident occur.

"My husband said, 'If you're dying, you'll probably be dead by the time I get there,' " she says.

Beauty's in Eye of the Beholder, Reality's in the Hands of AI

PERSONAL TECHNOLOGY
JOANNA STERN

MY NEW HEADSHOTS are some of the best ever. Makeup? Better than my wedding day. Hair? Perfect volume. Outfit? Look at that leather!

You would never know these were completely artificial photographs. At least not until you saw the one where I have 12 front teeth. *Or* the one where my fingers resemble chopped sausages. *Or* the one where I have a dangling porcelain doll hand.

No, AI headshots aren't yet perfect, but they're so close I expect we'll start seeing them on LinkedIn, Tinder and other social profiles. Heck, we may already see them. How would we know?

Welcome to our new reality, where nothing is real. We now have photos initially captured with cameras that AI changes into something that never was. Or, like the headshot to the right, there are convincingly photographic images AI generates out of thin air.

Extreme photo editing isn't new—it has been the domain of Photoshop masters for decades. But advancements in AI image models now let those of us who struggle with stick figures do it too.

Last week, Adobe, maker of *the* Photoshop, released a new tool in Firefly, its generative-AI image suite, that lets you change and add in parts of a photo with AI imagery. Earlier this month, Google showed off a new Magic Editor, initially for Pixel phones, that allows you to easily manipulate a scene. And people are all over TikTok posting the results of AI headshot services like Try It On.

After testing a mix of AI editing and generating tools, I just have one question for all of you armchair philosophers: What even *is* a photo anymore?

Editing reality

I have always wondered what I'd look like as a naval officer. Now I don't have to. I snapped a selfie and uploaded it to Adobe Firefly's generative-fill tool. One click of the Background button and my cluttered office was wiped out. I typed "American flag" and in it went. Then I selected the Add tool, erased my torso and typed in "naval uniform." Boom! Adobe even found me worthy of numerous awards and decorations.

Astronaut, fighter pilot, pediatrician. I turned myself into all of them in under a minute each. The AI-generated images did have noticeable issues: The uniforms were strange and had odd lettering, the stethoscope seemed to be cut in half and the backgrounds were warped and blurry. Yet the final images are fun, and the quality will only get better.

I used the free beta Firefly web suite, which just requires an Adobe account. The Firefly generative-fill tool is also available in the Photoshop beta app.

You don't have to go to extremes when using AI to recognize, swap and remove objects in a photo. In FaceApp, for iOS and Android, I was able to change my frown to a smile—with the right amount of teeth! I was also able to add glasses and change my hair color. Some said it looked completely real, others who know me well figured something was up. "Your teeth look too perfect." Invisalign, here I come.

Magic Eraser, already in the Google Photos iOS and Android apps, uses similar technology. Circle or tap the photobomber who ruined your Disney World family portrait and he'll disappear into thin air. It works well, with only occasional signs of editing. Lensa, the AI avatar app that clogged your Instagram feed last winter, has a similar feature.

From left: AI can give you entirely new headshots, make you into a superhero or simply give you a better smile and glasses.

JOANNA STERN/THE WALL STREET JOURNAL, TRY IT ON, MIDJOURNEY, FACEAPP

Generating reality

Those apps let you make changes, big or little, to existing photos. Generative-AI headshot services create entirely new ones.

I uploaded 10 different photos of myself to Try It On. Then I selected the headshot styles I was interested in—Business Outdoors, Business Studio, Casual Outdoors, etc. A few hours later, I received 100 different shots with me in various poses, outfits and facial expressions.

During the wait, an automated process turned my photos into an AI model of me, Try It On cofounder Nathan Landman explained. Then the system used that model to generate images of "me" in all the contexts I selected. Since the service's shots are all computer generated, they show some telltale AI signs, including those problematic teeth, eyes and fingers.

"This intricate detail poses a challenge for current AI models," Landman said. He added that the company deletes your model when your images are generated, and you can also delete your account.

Out of all of them, I marked seven I would potentially use on LinkedIn. The others were great for texting to friends: "I'm always here to lend a porcelain hand!" Try It On costs $17 for 100 headshots. It might seem pricey for an app, but it's considerably cheaper than a hairdresser, a makeup artist, new clothes and a pro photo shoot.

The real reality-bending happens in Midjourney, which can turn text prompts into hyper-realistic images and blend existing images in new ways. The image quality of generated images exceeds OpenAI's Dall-E and Adobe's Firefly.

Unfortunately, it's more complicated to use, since it runs through the chat app Discord. Sign up for service, access the Midjourney bot through your Discord account (via web or app), then start typing in prompts. My video producer Kenny Wassus started working with a more advanced Midjourney plugin called Insight Face Swap-Bot, which allows you to sub in a face to a scene you've already made. He's become a master—making me a Game of Thrones warrior and a Star Wars rebel, among other things.

Dealing with reality

We're headed for a time when we won't be able to tell how manipulated a photo is, what parts are real or fake.

Dana Rao, Adobe's general counsel and chief trust officer, told me he believes most people won't have concerns about their photos having edits to make them look sharper. It doesn't have to be "the perfect actual representation of your cat," he said. But, he added, when influential messages are conveyed through images—be they news or misinformation—people have reason to know a photo's origin and what's been done to it.

Firefly adds a "content credential," digital information baked into the file, that says the image was manipulated with AI. Adobe is pushing to get news, tech and social-media platforms to use this open-source standard so we can all understand where the images we see came from.

So, yeah, our ability to spot true photos might depend on the cooperation of the entire internet. And by "true photo," I mean one that captures a real moment—where you're wearing your own boring clothes and your hair is just so-so, but you have the exact right number of teeth in your head.

Watch a Video

Scan this code for a video of Joanna Stern's photo-booth test of four AI 'makeover tools.'

TURNING POINTS
CLARE ANSBERRY

A Five-Year Odyssey To Diagnose Dementia

Early detection helps patients and families make important decisions

Sandy Springs, Ga.

IN 2017, DR. SETH L. STERN went to a funeral on the wrong day, confused the words washing machine and dishwasher, and had to concentrate harder during routine procedures.

An OB-GYN for more than 30 years, he began writing notes about those uncharacteristic lapses on his smartphone. It wasn't until last spring—five years after he began noticing something was wrong—that Stern was diagnosed with frontotemporal dementia.

"I see bits and pieces of me being lost with time," says Stern, now 67, who pressed for answers so he could make informed decisions for the future. He retired from the profession he loves, married his longtime girlfriend, Laurie Schaeffer Stern, and moved from New York to Georgia to be closer to grandchildren.

Stern's dementia is the most common form of dementia for people under the age of 60 and often affects speech and behavior. Actor Bruce Willis has the same condition. Receiving a diagnosis after years of uncertainty left Stern both agonized at having a progressive condition with no cure and relieved to have answers.

KENDRICK BRINSON FOR THE WALL STREET JOURNAL

Many go undiagnosed

Getting an early and correct diagnosis for dementia gives those with the condition time to make financial and legal plans while they still can. A timely diagnosis could become even more important with new drugs, such as Biogen and Eisai's Leqembi and Eli Lilly's donanemab that help slow decline in early stages of Alzheimer's. The drugs wouldn't be used to treat frontotemporal dementia, or FTD, but they hold promise for future treatments across a broader spectrum of dementia.

More than nine million Americans live with some form of dementia, a term for several diseases caused by abnormal brain changes that interfere with daily life, according to the Dementia Society of America. The number of those with Alzheimer's , the most common dementia, is expected to double by 2050 as the population ages, according to the Alzheimer's Association.

> **The number of people in the U.S. with Alzheimer's disease is expected to double by 2050.**

Yet, dementia remains difficult to diagnose. About half of those affected go undiagnosed, according to studies on dementia diagnosis and prevalence. Doctors who specialize in dementia cite several reasons for high undiagnosed rates, including a shortage of specialists, including cognitive neurologists, geriatric psychiatrists and gerontologists, and limited access to tests, including certain PET scans that help reveal specific abnormalities in the brain but may not be covered by insurance. Blood tests to detect Alzheimer's risk aren't widely used.

Many individuals, family members and primary-care doctors are reluctant to talk about dementia because they are afraid, embarrassed or think nothing can be done. Early symptoms are often attributed to stress or lack of sleep.

Odd and aggressive behavior related to dementia can be misdiagnosed as a mental-health disorder, says Dr. Edward Huey, a geriatric psychiatrist and director of the Memory and Aging Program at Butler Hospital in Providence, R.I. Family members will come back after time and say they don't think it is depression, that a parent can no longer use their phone or balance a checkbook. By then, it's too late for early treatment.

Physicians with professional connections and financial resources are often no better off.

Before retiring, Dr. David Compton, a family physician outside of Knoxville, Tenn., had trouble concentrating, at one point writing "What is wrong with me?" on a note he found on his desk when he retired.

Compton consulted a few local doctors, including a friend. "David, you're fine. You just need rest," Compton recalls being told. Compton received medication for sleep and depression, which he says made his conditions worse.

"There's a lot of misdiagnosis," says Compton. He was eventually seen by a gerontologist trained in Alzheimer's and related dementias, who diagnosed him with an early form of dementia and prescribed treatment to help his memory and thinking. "I wish I had that earlier," he says.

Pressing to learn more

For Stern, an MRI and PET scan in 2017 showed nothing remarkable. Aware of his continuing decline, Stern in 2022 returned to his neurologist, who ordered an MRI and blood work, both of which were normal. Stern scored 29 out of 30 in a cognitive test, he says. The neurologist said a PET scan was optional and Stern pressed for one, saying he knew his body and felt something was wrong. This time the PET scan results were consistent with frontotemporal dementia, or FTD.

'I see bits and pieces of me being lost with time,' says Dr. Seth Stern.

"If I had not pushed for the PET scan, I wouldn't know today that I had FTD," he says.

Schaeffer Stern asked how he felt about finally getting a diagnosis, whether he was scared or angry. "I'm sad for you, Laurie," she recalls him saying. "I'm really sorry I'm going to put you through this."

On May 1, Stern went on medical disability. He was referred to neurologists and neuropsychologists, who specialize in FTD.

On May 10, Stern proposed to Schaeffer Stern. She said yes. They married June 14.

For now, he is working on his memory and health. He goes to the gym four times a week, plays Wordle and gets seven to eight hours of sleep. Each Wednesday, a calendar alert reminds him to review words he couldn't remember. He plans dinner outings with friends, knowing social stimulation is good for his brain. He attends dementia webinars and gives presentations at aging conferences.

Stern says he is grateful that he was diagnosed early enough to stop practicing medicine before patients were affected and while he could still make plans.

"I have a better understanding of what is going on with my life," he says, and what he wants to do with the rest of it. "I want to be open about this so people are more aware."

LOOK BEYOND

Be it above or below the surface, exploring the unknown is, by nature, unpredictable. To unveil its mysteries, two things are needed. A steadfast willingness to push one's limits always further. And a strong, unwavering ally to fuel your confidence. Over the past 70 years, we have constantly perfected the Submariner to make it the tool watch of reference for the pioneers of the marine world. Yet you need not swim 300 meters deep, or endure 30 bars of pressure, to field-test it. Diving into the unknown can be an exhilarating experience, in any circumstance. All it really takes is to look beyond the surface. **The Submariner.**

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Summer Airport Tips For Savvy Travelers

By Jacob Passy

TRAVELING THROUGH airports this summer will be an exercise in patience—and require careful planning.

Federal data suggests the number of people traversing U.S. airports could exceed the highest prepandemic levels, so passengers should prepare if they hope to make their flights with minimal stress. That starts with choosing the right flight—morning flights tend to see fewer delays than ones later in the day—and making sure you've done everything else you can to skip lines.

Here are tips from travel pros on what to do:

Before you travel

- **Try to reserve a spot at security:** Shelling out for TSA PreCheck or Clear can help save time at the airport by avoiding the longest security lines. TSA PreCheck costs $78 for five years, and Clear is $189 for an annual membership.

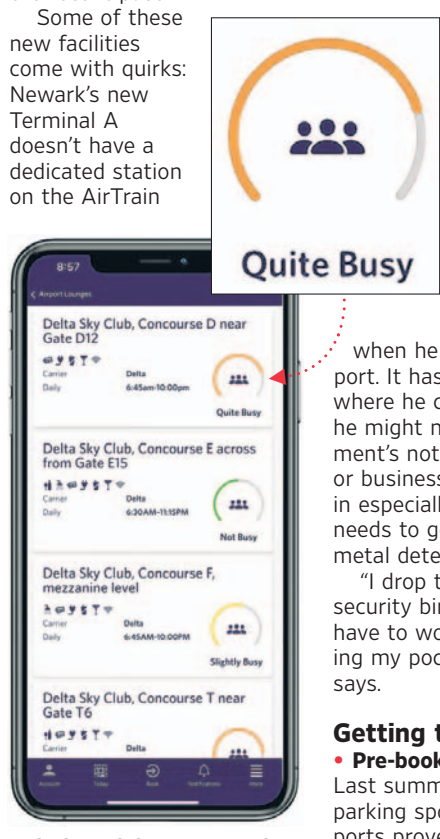
  But if you're not a frequent flier, paying for these programs may not make sense.

  In that case, check to see if your airport offers Clear's Reserve service, which allows travelers to schedule a time when they will go through security at no cost. Waits for those using Reserve are often quite short, but slots are limited. It is offered at major U.S. airports and is also available in parts of Canada and Europe.
- **Download your airline's mobile app:** Your airline's app is more than just a place to chat with customer-service representatives, get your mobile boarding pass and check your gate number.

  Delta's app, for instance, has a Today feature that provides information about how much time is left before boarding and how long it will take to walk to your gate. United's app has features that can help travelers determine the most efficient way to enter the airport.
- **Learn the airport:** Orlando, Fla., Kansas City, Mo., and New York's LaGuardia are among the airports that have completed major expansions or renovations in the recent past.

  Some of these new facilities come with quirks: Newark's new Terminal A doesn't have a dedicated station on the AirTrain monorail service that connects the airport's terminals with public transit and Amtrak. Travelers can either make the roughly 15-minute walk from the nearest station or take a free shuttle bus.

  Several other airports are undergoing terminal improvements, and travelers should build in extra time.



Delta's mobile app provides information including gate amenities and congestion.

DELTA

The night before

- **Organize your bag:** Pack with security in mind. Put liquids in a quart-size bag. Make sure any electronics you might need to take out are handy.
- **Save on food and drink:** Unless you have lounge access, food and beverages at the airport will be costly. Avoid lines and save time and money by packing some snacks and a bottle to fill up with water after getting through security.
- **Think about clothing:** Choosing the right travel outfit is about more than just comfort. Yes, Crocs will be easier to get through security with than a pair of sneakers—but can you run in them if your gate changes?

  Chris Fisher, founder of employee-benefits consulting firm BenefitsAlly, swears by a travel vest when he heads to the airport. It has multiple pockets where he can stash items he might need on a moment's notice, like AirPods or business cards. It comes in especially handy when he needs to go through the metal detector.

  "I drop that vest in the security bin, and I don't have to worry about emptying my pockets at all," he says.

Getting to the airport

- **Pre-book a parking spot:** Last summer, finding a parking spot at many airports proved challenging. Expect the same this year. Many airport lots, as well as some parking facilities off-site, allow advance reservations. A better option might be public transportation or a ride-service like Uber or Lyft.
- **Tag your checked bag:** Skip the customer-service line, and DIY your baggage tags. Most airlines have self-service kiosks that allow travelers to print out their luggage tags. You can affix these yourself, drop the bags off with an agent and be on your way.
- **Mobile order coffee:** Starbucks offers mobile ordering at many airports. Set yours up before you get to the airport, and there is a good chance your cold brew will be waiting when you're through security.

SCARLET PAGE

Foo Fighters frontman Dave Grohl; the band's new album, out June 2, is 'But Here We Are.'

MUSIC REVIEW | MARK RICHARDSON

Grohl, Grief and Rock Guitars

On its first album since its drummer's death in 2022, Foo Fighters offers a melodic work of mourning

IN MARCH 2022, Taylor Hawkins, a highly respected drummer who had played with Dave Grohl's Foo Fighters since 1997 and had in the past struggled with drug addiction, died suddenly at age 50 while on tour with the band in Colombia. He was a beloved figure on the rock scene, and the guest lists for two tribute concerts in September—Paul McCartney, Geddy Lee of Rush, Miley Cyrus, and many more—spoke to his standing among his peers.

For a period after Mr. Hawkins's death, there was talk about whether Foo Fighters would continue. But to close observers of the group, the answer was obvious. The first Foo Fighters album, a self-titled release from 1995, was a solo effort by Mr. Grohl on which he played every instrument. Foo Fighters is his baby, and it's reasonable to assume that it will be Mr. Grohl's primary musical outlet as long as he's recording and performing. A rock lifer, he sees music as a way of understanding the world and as a forum for celebrating and grieving in equal measure. On June 2, the band returns with its 11th album, "But Here We Are" (Roswell / RCA). While Foo Fighters recently announced a new drummer, Mr. Grohl is at the kit here. And each note and lyric of the band's new songs seems connected to Mr. Hawkins.

The opening track, "Rescued," confronts the question of what led to the record in its first line: "It came in a flash / It came out of nowhere / It happened so fast / And then it was over," Mr. Grohl sings as his guitar kicks in. It's a sturdy uptempo rocker—chunky, grounded and workmanlike, the kind of song that plays to Mr. Grohl's strengths.

While both "Rescued" and the other nine songs on this collection are clearly inspired by the frontman's friendship with Mr. Hawkins and mourning of his death, Mr. Grohl's writing style is broad. Rather than sharing personal details, he writes in a way that finds its ultimate meaning in how fans integrate the music into their own lives. Though the album is dense with lines that connect directly to Mr. Hawkins—"Where have you gone?" "I've been hearing voices / None of them are you"—the lyrics could apply to any number of situations involving relationships and loss. Some songs seem addressed to romantic partners, but the essence of the expression—you were here, now you are gone, I miss you, I'm not sure I'll be the same—is consistent.

While "Someday I'll come out from under you"—the chorus hook of the second track, "Under You"—could suggest being held back or in a relationship one wants to forget, in the context of this album it is about trying to carry on after someone you love is no longer there. The sentiment is reinforced by the song's melody, which has a sweetness we haven't heard from the band in a while, a power-pop tinge that brings to mind the best of Mr. Grohl's work, going all the way back to this project's debut LP. This warm glow appears here and there on the collection, as on the dreamy midtempo ballad "Show Me How," which finds Mr. Grohl harmonizing with his daughter Violet.

Musically, "But Here We Are" is a more satisfying record than the band's 2021 album "Medicine at Midnight." That release was framed as an experiment in rhythm, as Mr. Grohl drew on his admiration of funk and other nonrock forms. Which mostly meant songs that sounded like Foo Fighters but occasionally featured the steady bass drum and hissing hi-hats that evoke disco (later that same year, the band issued several Bee Gees covers). It was a solid album, and it was fun to hear the band experimenting a little, but it was not a major departure. Here, Mr. Grohl opts for simple hooks, and most of these tracks are memorable after a play or two.

The record's most significant outlier is "The Teacher," a plodding 10-minute epic that ends in a burst of cathartic noise but doesn't justify its extra length. But the final track, "Rest," closes the record on a note that is heartbroken and hopeful in equal parts. It starts off sounding like a demo, with Mr. Grohl strumming and singing quietly, as if he's trying to avoid waking someone who is slipping off to sleep. "You can rest now," he sings in a half-whisper on the chorus. At this moment, it's a communication between two people, but when a massive wall of electric guitars kicks in, it transforms into a stadium-ready anthem of communal release. This leap from the personal to the universal is the essence of Foo Fighters, and helps explain why this overachieving hard-rock band is so successful. And it confirms that Mr. Grohl's instincts about how music can help us process and transcend even our darkest moments are absolutely correct.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on Twitter @MarkRichardson.

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF MAY 30

By WSJ Arts in Review Staff

The Wall Street Journal's Arts Calendar is a regular series of listings highlighting some of the most important and engaging cultural events each week, curated by the editors of the Arts in Review section.

Film

"Open Roads: New Italian Cinema 2023" (Film at Lincoln Center, New York, June 1-8)

The 22nd edition of this series highlights rising talent and established filmmakers and includes Francesca Archibugi's "The Hummingbird" (adapted from the Strega Prize-winning novel by Sandro Veronesi) and a special focus on Mario Martone.

A scene from Francesca Archibugi's 'The Hummingbird'

ENRICO DE LUIGI

"Spider-Man: Across the Spider-Verse" (June 2)

The acclaimed multiverse-hopping animated hit from 2018 gets a followup here with the return of Miles Morales's Spider-Man—along with a bunch of Spider-People from different realities. Shameik Moore is back voicing this world's Spidey, and lots of celebrity talent has been drawn into the franchise's web, including Issa Rae and Oscar Isaac.

"Past Lives" (June 2)

The feature directorial debut by Celine Song, much praised on the festival circuit, follows two childhood friends from South Korea who reconnect in New York after many years apart.

TV

"30 for 30: The American Gladiators Documentary" (ESPN, May 30 and 31)

Malibu, Nitro, Laser. Over-the-top names were just part of the fun of the '90s competition that included feats of strength, an obstacle course and—why not—a pneumatic bazooka. This two-part doc looks at the big personalities—and big business—behind the show.

Music

New Jersey Symphony (Various Locations, June 1-4)

As part of its centenary celebrations, this orchestra commissioned a new work from composer Chen Yi. That piece will be given its world premiere on a program that also includes Tchaikovsky's Violin Concerto and Stravinsky's suite from "Pulcinella."

Beach Fossils, "Bunny" (June 2)

The bedroom-pop group that made a name for itself in the 2010s indie scene returns with its first album in six years, a personal record that explores topics ranging from fatherhood to a family member's illness.

Opera

"Madama Butterfly" (San Francisco Opera, June 3-July 1)

Amon Miyamoto crafts a new production of Puccini's classic tale of love, loyalty and betrayal. Music Director Eun Sun Kim conducts, leading a cast that includes Karah Son, Michael Fabiano, Hyona Kim and Julius Ahn.

Exhibitions

"Black Americans, Civil Rights, and the Roosevelts, 1932-1962" (Franklin D. Roosevelt Presidential Library and Museum, Hyde Park, N.Y., June 3-Dec. 31, 2024)

A show examines the evolving racial attitudes of Franklin and Eleanor Roosevelt through the story of community leaders, service members and ordinary citizens who worked with the FDR administration and pushed for progress.

Art

"Bruce Nauman: His Mark" (SITE Santa Fe, June 2-Sept. 11)

A pioneer of conceptual and performance art, Bruce Nauman receives his first solo exhibition in New Mexico, which includes new 3D video and self-portrait works.

"Black Orpheus: Jacob Lawrence and the Mbari Club" (Toledo Museum of Art, June 3-Sept. 3)

Jacob Lawrence was a master of narrative cycles. His "Migration Series," about the massive movement of African-Americans out of the rural South, is his most famous, though he also created multipart works about Haitian revolutionary Toussaint L'Ouverture, his experiences in World War II, and more. Now his "Nigeria" series serves as the centerpiece to a show in Ohio that tells the story of the artist's period in that country.

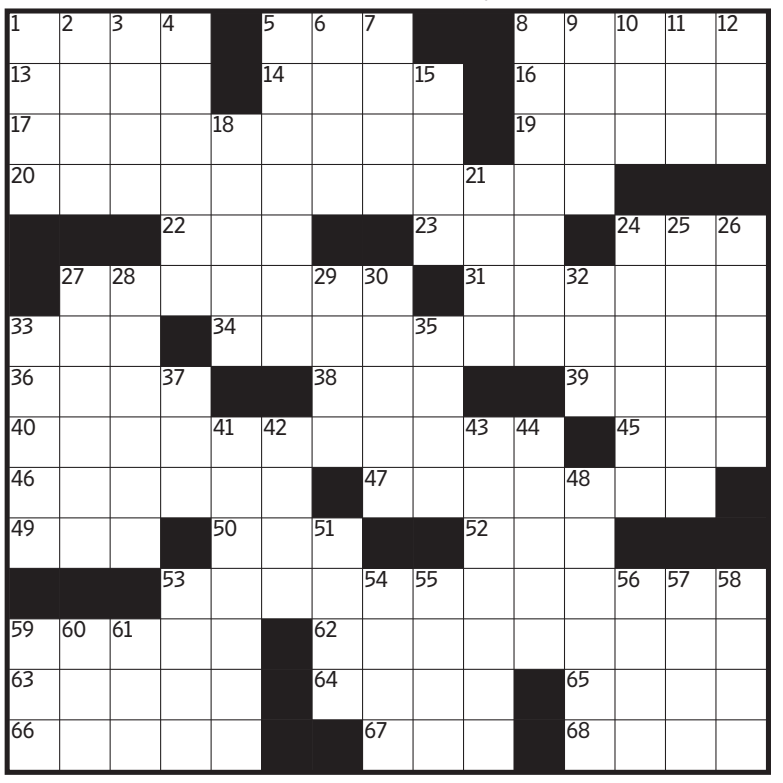
Last Call

"Don Giovanni" (The Metropolitan Opera, New York, through June 2)

Director Ivo van Hove's Met debut is a bleak, powerful production of Mozart's 18th-century classic. As our critic noted, "Mr. Van Hove's detailed, intentional directing made the characters and their motivations and interactions leap to the fore."

For additional Arts Calendar listings visit wsj.com. Write to brian.kelly@wsj.com.

The WSJ Daily Crossword | Edited by Mike Shenk



PICTURE PERFECT | By Chase Dittrich

Across

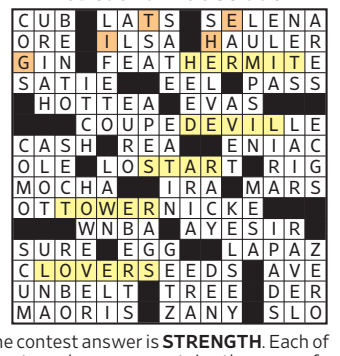
1 Moistens
5 Gallery works
8 One of twelve in a box
13 Farm unit
14 Grandson of Methuselah
16 Home
17 Place to purchase a pair
19 Demanding constant emotional support
20 Question of parliamentary rules
22 Result from a day at the beach
23 Gusher flow
24 Source of bills
27 Key location?
31 Pickle brand with a stork mascot
33 Earth: Prefix
34 Conference setting, sometimes
36 Without purpose
38 Thurman of "Pulp Fiction"
39 Alternative to a buzz cut
40 Market research panels
45 Formerly called
46 County Kerry's largest town
47 Track racer
49 Stopped standing
50 FAQ response
52 R&B's ___Hill
53 Thing made in haste, or perhaps after the first words of 20-, 34- and 40-Across
59 Copy
62 She took a stand when she took a seat
63 Unassisted
64 Athlete's extreme nervousness
65 Hairstylist's creation
66 Problems for plumbers
67 Explosive originally used as a yellow dye
68 Was certain

Down

1 Stinging insect
2 Device with replies from Alexa
3 Counselor to Captain Picard
4 Handled
5 Composer Salieri
6 Skylight spot
7 Bubble tea flavor
8 Monáe of "Glass Onion"
9 Lyft rival
10 Name in a landmark 1973 Supreme Court case
11 Peculiar
12 King, in Córdoba
15 Medal recipient, maybe
18 "Outlander" network
21 Sub captain's command
24 South Korean airline
25 App with swiping
26 "Me and Bobby ___"
27 Indiana Jones sports one
28 Feline internet meme with intentional typos
29 Gloomy
30 Arrows, darts, bullets, etc.
32 Org. that regulates explosives
33 Stack at a shower
35 Hammer used to drive wedges
37 Brynner of "The King and I"
41 Spirit-contacting gatherings
42 Rowlands with an honorary Oscar
43 "Serial," for one
44 Get naked
48 John or Joan on screen
51 Nimble
53 Perform karaoke, say
54 "C'mon, I dare you!"
55 "Around the Horn" network
56 Steel component
57 Steinbeck's Tom Joad, e.g.
58 Warning letters next to a link
59 Safari runner
60 Suffering
61 Cattle call?

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

Previous Puzzle's Solution



The contest answer is **STRENGTH**. Each of the starred answers contains the name of a tarot card. As hinted at by the clue for ZERO ("Number on the Fool card in many tarot decks"), taking the letters in the squares whose numbers match those cards (HERMIT: IX; DEVIL: XV; STAR: XVII; TOWER: XVI; LOVERS: VI) spells EIGHT. The contest answer is the name of the card numbered VIII.

SPORTS

RICHARD HEATHCOTE/GETTY IMAGES

Luton Town players celebrate a win over Coventry City on Saturday at Wembley Stadium that completed the club's journey from the fifth tier of English socccer to the Premier League.

Luton Town's Wild Ride to the Top

The club won promotion to the Premier League by beating Coventry City in a penalty shootout

By Joshua Robinson

For a soccer team that has nearly gone bankrupt at least twice this century, Luton Town isn't too worried that the greatest day in club history came with a bill for $12 million. When you complete an English soccer miracle, that's just the cost of doing business.

The reason is that Luton, which was playing in the fifth tier a decade ago, won promotion to the Premier League on Saturday with a dramatic victory over Coventry City at Wembley Stadium. The win, which came in a penalty shootout after the game ended 1-1, completed an incredible climb from the obscure depths of English soccer to the top in just nine years.

The problem is that the club's ancient, 10,000-seat stadium hasn't quite kept up with the times. Known as Kenilworth Road, it sits in the middle of a dense residential neighborhood, hard up against red-brick row houses where every goal makes the teacups shake.

So now, there is some remodeling to do to comply with the standards of the richest soccer league on Earth.

An entire stand essentially needs rebuilding. More floodlights have to be installed. And broadcast areas must be expanded. Rule K of the Premier League handbook demands all of it.

"We have no complaints as it's part of the inclusion of the membership," club chief executive Gary Sweet said before the game.

Even Luton Town never expected to be in this position so soon. The club, based in a commuter town outside London mainly known for its international airport, was created during the reign of Queen Victoria and has spent most of its existence outside the top tier of English soccer. Its last taste of the high life came in 1992, the season before the Premier League was founded. And since then, its history has been spent in the lower leagues.

"I never would have thought in my lifetime I'd see Luton Town playing top-flight football," former Luton defender Leon Barnett said on BBC Radio."

Luton was sitting in the second tier in 2006-07 before financial troubles sent the club sinking through the divisions like quicksand. Back-to-back relegations dropped it into the fourth tier, known as League Two. And things only got worse from there. Before the start of the 2008-09 season, the English Football Association handed down a crippling 30-point deduction as punishment for financial irregularities by the club's previous ownership group. In other words, Luton Town would need to win 10 matches just to get back to zero points in the standings.

So few people were interested in turning out for the club on the pitch that in August 2008, it had just six pro players on the books.

"At the start of the season, when you are deducted 30 points it is very, very hard to attract players to a football club," Luton head of recruitment and former player Mick Harford told reporters. "It is very difficult to say, 'Come on, come and join us in League Two.'"

Relegation was practically inevitable. Luton dropped into the fifth tier, among the semi- and barely professional, on the edge of financial oblivion. The club stayed there five years.

If there was any glimmer of hope, it's that meteoric surges back up through the divisions aren't as rare as they might seem—provided you don't go broke first. A club injects a little money, finds a strong mix of players, and hires a manager with clear ideas of how to play and momentum starts to build.

Watford, for instance, was languishing in the fourth tier in the mid-1970s until it was purchased by a local musician who had supported the club since childhood. The club was then promoted three times in the space of five years under manager Graham Taylor and reached the modern top flight for the first time in eight decades of existence. That local fan's name, by the way, was Elton John.

A few years later, the Wimbledon team of the 1980s, nicknamed the Crazy Gang, climbed through the Football League in just 10 seasons. With Luton's win on Saturday, the club nicknamed the Hatters pulled off its climb one season faster.

"You've got to have a plan, you've got to have consistency, you've got to recruit well, you've got to be savvy," manager Rob Edwards said. "And then know what you are and try to be good at it. That's what we've done really well."

Luton's opponent, Coventry City, was on a revival journey of its own. The club from the West Midlands was a top-tier mainstay from the late 1960s through the 1990s, until dropping out of the Premier League in 2001. That's when it entered the familiar cycle of relegated teams: financial trouble, near bankruptcy, another relegation, and several changes of ownership.

In Coventry City's case, the catalyst was an expensive stadium project that assumed the club would stay in the Premier League. When it didn't, its new home turned into an albatross. And as recently as 2018, Coventry was playing in the fourth tier—right alongside Luton Town.

Just five years later, Saturday's match had both sides dreaming of the top tier's land of bounty. The Premier League's redistribution of its colossal television rights earnings is the most generous in soccer—a single season of membership can change the course of a club's history. Take Norwich City, which finished the 2021-22 season dead last with just five wins in 38 games. The club still took home $124 million in payments from the league and then earned tens of millions more in "parachute payments" on its way back down.

"You have got to do the right things and show a lot of respect," Harford says. "You have got no divine right to be at the top of the pyramid."

On Saturday, Luton Town finally made its way back there—the hard way.

The Teens Electrifying the NWSL—And Hoping to Make the World Cup

By Rachel Bachman

Alyssa Thompson sprinted down the left wing and darted around a defender. Then, standing so close to the endline she nearly stepped out of bounds, she drilled a shot off the far post and into the net.

Thompson was playing in a professional soccer game, helping Angel City FC to a 3-2 win over the Kansas City Current in early May. On June 9, the 18-year-old Los Angeles area native will graduate from Harvard-Westlake High School.

A few weeks after that, Thompson has a strong chance to make the cut for the U.S. women's national team heading to Australia and New Zealand to try to win a third consecutive World Cup. She would be among the youngest ever to make the roster.

Thompson isn't a one-off phenom. Several other teens are playing in the National Women's Soccer League instead of going to college—with a few even cutting short youth soccer to go pro. They're part of a small but growing wave taking advantage of a new era in which there is no minimum age for players in the NWSL, a development that creates an alternate path to the national team.

"It's not like we just have 15-year-olds, 16, 17, 18 coming in sitting on the bench," said Washington Spirit forward Trinity Rodman, who was drafted into the NWSL No. 2 overall in 2021 without playing a college game. "They're going into games. They're scoring insane goals."

Rodman, another strong candidate to make the World Cup roster, recently turned 21 years old. That would have made her the youngest U.S. player at the 2015 Women's World Cup.

For most of the nearly four decades the USWNT has existed, its players came through the leafy quads of American college sports.

Most players still go that route. But rising investment at the pro level in facilities, support staff and other items has changed the equation. The roughly three-month college season is too short to challenge the best players, some pro coaches say, as the women's game gets more competitive internationally.

TROY WAYRYNEN/USA TODAY SPORTS/REUTERS

Angel City FC's Alyssa Thompson has a strong chance to make the cut for the U.S. women's soccer team.

Longtime University of North Carolina women's coach Anson Dorrance said the trend of top players skipping college is a positive sign, even though UNC has lost committed recruits because of it. Lindsey Horan, the 29-year-old U.S. team standout, jumped right from high school to Paris Saint-Germain and now plays for French club Lyon. Former UNC commit Jaedyn Shaw is now an 18-year-old San Diego Wave FC forward/midfielder.

"It shows the women's game is evolving," said Dorrance, who has led North Carolina to 21 NCAA titles. "It's showing that [pro leagues are] starting to pay a little bit better. And the opportunities for some of these kids are very good, because they have the ability to actually get on the field and play."

Two 15-year-olds have played in the NWSL this season. The Washington Spirit's Chloe Ricketts became the youngest-ever player to sign a league contract, a milestone covered in March by NewsForKids.net. She has since turned 16. Later in March, Melanie Barcenas broke Ricketts' record and became the youngest NWSL signee, committing to the San Diego Wave at 15 years and 138 days old.

The player who made such young careers possible is Olivia Moultrie. She filed an antitrust suit against the NWSL over its requirement that players in the league must be at least 18 years old. Moultrie was 13 when she began training with the Portland Thorns, moving to Oregon from the Los Angeles area.

"Until I got my license when I was 16, my dad would drop me off at training," she said. "He was like, 'Just text me when you're done.'"

In 2021, a judge's injunction allowed Moultrie to sign a contract and play in professional games. In January of this year the NWSL effectively did away with its age minimum.

It still has several guidelines for young players, however. Those under 18 must live with a parent or guardian, and they can't be waived or traded without the consent of them and a parent. Each team can carry no more than two players under age 18. Other requirements concern protecting youth players from abuse and harassment, relevant to a league that grappled with such issues on a wide scale in recent years.

The NWSL's policy aligns it with MLS, which also has no age minimum.

Moultrie, now 17 years old, is still one of the NWSL's younger players. She echoed the sentiments of other precocious athletes when talking about why she leapt from youth soccer to the pros.

"I was like, 'I want this to go faster,'" said Moultrie, a midfielder who's among Portland's top five scorers with two goals this season. "'I want to challenge myself and be in the most competitive environment that I can possibly be in.'"

Moultrie aims to make the national team, but says that making this World Cup roster isn't likely.

The NWSL's policy aligns it with Major League Soccer, which also has no age minimum. Other women's professional sports have player age minimums, including tennis, golf and the WNBA.

After Mallory Swanson, who had been called up to the national team at age 17 in 2016, went down with a knee injury in April, U.S. coach Vlatko Andonovski called Thompson into camp. Thompson has only played three games for the U.S. She hasn't scored yet. But she was a California high school league champion sprinter in the 100 meters, and she's already one of the fastest players on the U.S. team.

OPINION

The Empire Strikes Back

MAIN STREET
By William McGurn

Any day now, the Supreme Court will issue landmark rulings on the constitutionality and statutory compliance of using racial preferences in college admissions. And already the empire is fighting back.

No place is more institutionally invested in using race to determine outcomes than our college campuses. The betting is that the high court will come down against what the chief justice once called the "sordid business" of "divvying us up by race." But the universities are even now planning work-arounds that will allow them to continue to do what they've been doing—albeit in a sneakier way.

The two cases involve a private school, Harvard, and a public one, the University of North Carolina. Students for Fair Admissions sued both, claiming Harvard discriminated against Asian-American applicants and UNC discriminated against both Asians and whites. When the court took the case, Laurence Tribe told the Harvard Crimson that even if the university lost, not much would change.

"Universities as intelligent as Harvard will find ways of dealing with the decision without radically altering their composition," the Harvard Law professor emeritus told the Crimson. "But they will have to be more subtle than they have been thus far."

David Bernstein, a law professor at George Mason University, agrees. "Some universities will just keep doing what they do until they get sued," he told the Daily Caller, "especially because there's not much of a likelihood that any individual university will get sued, unless they announce publicly that they are refusing to comply with a Supreme Court's opinion."

The first hint of defiance comes from the Fourth U.S. Circuit Court of Appeals in a case involving Thomas Jefferson High School for Science and Technology. The Fairfax County, Va., magnet school has regularly been ranked top in the nation. But its school board had a problem: The merit-based entrance system produced a student body that was almost three quarters Asian-American—while the percentage of African-American students was too tiny to report.

Even if the Supreme Court rules against racial preferences, some plan to ignore it.

The school board's answer in 2020 was to do away with the entrance exam, cap the number of students from schools that had historically sent the most students to TJ while setting aside seats for 1.5% of every eighth-grade class so that students from less successful schools would be admitted. It worked as planned: Asian-Americans dropped from 73% of the student body to 54%, making room for every other group—whites, blacks and Latinos—to increase its numbers.

Parents and concerned members of the community formed the Coalition for TJ and, with the help of the Pacific Legal Foundation, sued. They were initially successful. In February 2022, Judge Claude Hilton of the U.S. District Court in Alexandria ruled that TJ had engaged in forbidden racial balancing. But last week a divided Fourth Circuit panel overturned Judge Hilton's ruling.

Coalition for TJ v. Fairfax County is about finding a facially neutral proxy for race. National Review's Ed Whelan notes that the opinions here will likely prove the new battle lines over racial diversity if the Supreme Court rules as expected. In his concurrence, Judge Robert King wrote that Coalition for TJ failed to show an intent to discriminate against Asian-Americans, even if the board knew its changes would cause Asian enrollment to fall. In her dissent, Judge Allison Jones Rushing detailed the "undisputed contemporaneous evidence" to the contrary.

Legal arguments aside, it's notable how many are willing to sanction discrimination against people whose only sin is to have worked hard and achieved. It's illuminating too that some of the loudest voices against anti-Asian hate go silent when, say, a Korean-American woman doesn't get the medical school slot she earned because the school believes it already has too many Asians.

Unlike the Jim Crow South, moreover, this new discrimination isn't pushed by ignorant rednecks. It emanates from the privileged ramparts of our most elite universities, and is embraced by those who consider themselves paragons of enlightened thinking.

Again we saw this in Virginia, where the state Senate denied Suparna Dutta—an India-born, Hindu woman of color—a seat on the Virginia Board of Education after Democrat Sen. Ghazala Hashmi alleged she was in cahoots with "white supremacists." Ms. Dutta's real sin was to advocate merit and to be a cofounder of the Coalition for TJ. The flip side to the new discrimination is the ugly and unspoken conclusion that African-Americans can't achieve, so the answer is to hide or play down any measures of achievement.

As Judge Hilton noted during the TJ case, "You can say all sorts of beautiful things while you're doing others."

Perhaps the Supreme Court will remand the Fourth Circuit's decision for reconsideration after its *Harvard* and *North Carolina* rulings. But if the justices really want to end discrimination against Asian-Americans and restore the ideal of a color-blind society, they will recognize that their rulings here are only the opening skirmish.

Write to mcgurn@wsj.com.

Putin's War Is America's Opportunity

GLOBAL VIEW
By Walter Russell Mead

American policy conversations about Ukraine often assume that Ukraine is a problem. For some, it represents a distraction from China. Others fear Russian escalation and retaliation. Still others worry about the financial cost of supporting Ukraine's army and propping up its war-blighted economy.

These concerns are real and have their place, but they miss the main point. Vladimir Putin's ill-judged, ill-planned and ill-prosecuted war has ignited a national awakening in Ukraine. The country emerging from Putin's War will be a formidable new force in Europe whose interests and outlook place it firmly in alignment with the U.S.

On a visit to Kyiv last week, I spoke with Ukrainians including business executives, software wizards, survivors of the Russian occupation in Bucha and veterans of the bitter fighting in Mariupol. There was griping in plenty. The country is under martial law. Corruption remains widespread. Inflation is making life difficult, and with refugees huddled into makeshift shelters where 60 people sometimes share a communal kitchen, daily life can be full of hardship. Russian missiles streak across the sky and every home has been touched by the war's human toll. But I didn't hear from one person who believed Ukraine should trade Crimea or the Donbas for peace.

Ukrainians were clear-eyed about their situation. They expect a long war and a hard peace. "My grandfather fought the Russians," said one veteran of the fighting in Mariupol, "and I think my children and grandchildren will have to fight them too." Those words were echoed by soldiers and civilians across the city.

To understand today's Ukraine, think of Israel. After centuries of oppression culminating in the unspeakable violence of the 20th century, Israelis are determined to take their fate into their own hands and are willing to make the economic and personal sacrifices necessary to defend their independence.

Ukrainians seem to have reached a similar place. The two world wars, the Russian Civil War and Stalin's genocidal cruelty subjected Ukraine to unspeakable suffering during the 20th century. Now, as Mr. Putin and the yapping propagandists of Moscow's bloodthirsty media threaten the country with a new dark age, Ukrainians have, quite simply, had enough. They don't know how this will end, and they don't know how long and how far the West will be willing to support them, but they are ready to do what it takes.

The Ukraine that emerges from this baptism by fire will be a formidable country with a battle-tested army, and it is going to transform the strategic landscape. It will join Poland, the Baltic republics and the Scandinavian countries in a defense-minded bloc against Russian expansion. While danger persists, that bloc will be committed to the trans-Atlantic alliance and see the U.S. as an essential partner in its defense. It will use its weight in the North Atlantic Treaty Organization and the European Union against any attempts by weaker-willed Europeans to triangulate between Washington and its opponents.

Ukraine will emerge as a formidable force in Europe—and one aligned with the U.S.

Any end to the war widely perceived as a defeat for Mr. Putin will do more than create a powerful new ally for the U.S. It will also underline the value of an American alliance. That the U.S. and its allies could enable a smaller country to defeat Russia, still anachronistically seen as a superpower by much of the world, will strengthen the American alliance network and dent the prestige of the revisionist powers.

The stakes are still higher. Mr. Putin's war is the first major international conflict of the information age, and Ukraine, which had a significant core of software engineers and IT experts beforehand, is developing new methods of war fighting. Sometimes using off-the-shelf gadgets bought directly by front-line soldiers with money from family and friends, Ukraine's tech wizards play a key role in enabling Ukraine's numerically inferior army to hold off Russian attacks.

Software engineers who joined the army at the start of the war have been called back from infantry brigades and, with new recruits leaving lucrative tech industry jobs to enlist, have formed fast-moving, informal units that develop methods of analyzing battlefield information to get granular insight into Russian plans.

Ukrainians want deeper partnerships with American tech companies and the Pentagon. Just as the uniquely close American cooperation with Israel's tech sector boosts American capabilities, tech cooperation with Ukraine will help U.S. business and the U.S. military maintain and even increase their lead over Beijing.

Helping Ukraine is not a charity project to be undertaken out of sentiment. Nor is it a strategic distraction that weakens our hand in the Indo-Pacific. In his blindness and folly, Vladimir Putin has handed the U.S. a golden opportunity. We should seize it with both hands.

Work Requirements Still Work

By Stephen Moore

During the six or so weeks of debt-ceiling negotiations, Democrats howled in protest against modest Republican attempts to impose work requirements as a precondition for welfare. These would require able-bodied working-age adults to work at least 20 hours a week to receive benefits from food stamps, Medicaid and a few other programs. Now even with a bipartisan deal that has watered down the original work conditions further—Medicaid recipients are exempt—the left is still complaining. President Biden blasted Republicans for trying to "take food out of the mouths of hungry Americans."

Sen. Joe Biden strongly favored welfare reform in the 1980s and '90s. He argued that the welfare system had "broken down" and "does nothing to help the poor find productive jobs." But now he says work requirements would "put a million older adults at risk of losing their food assistance and going hungry."

That's tame compared with lawmakers' rhetoric. New York Rep. Jamaal Bowman claimed that limiting food stamps "will lead to homelessness, incarceration and death for 38 million Americans." Georgia Sen. Raphael Warnock accused Republicans of "using poor people as pawns" and complained that the proposal "presupposes that poor people are in some way morally deficient." California Rep. Ro Khanna fumed: "It's just cruel."

All this should sound familiar. It's a return of the histrionics from left-leaning Democrats in 1995-96, when Republicans proposed to reform welfare. New Jersey Sen. Frank Lautenberg predicted American cities would resemble the streets of Calcutta, with "children begging for food and 8- and 9-year-old prostitutes." California Rep. Nancy Pelosi said that the bill would devastate children and was "a dishonor to the God that made them." California Rep. Maxine Waters labeled the bill "shameful."

In one of the most incendiary House floor speeches of recent times, Rep. John Lewis of Georgia alluded to Nazi Germany by asserting of his colleagues: "They are coming for the children . . . coming for the poor, coming for the sick, the elderly and disabled."

Joe Biden strongly favored welfare reform in the 1980s and '90s.

Eventually President Clinton signed the Personal Responsibility and Work Opportunity Act of 1996, which proved these objections wrong. By nearly every objective measure, welfare reform with work requirements was a social-policy success. A Brookings Institution study found that after 10 years of these reforms, welfare caseloads plummeted by about 60%, "a decline without precedent." The child poverty rate fell every year for a decade, and an analysis by the Manhattan Institute found that by 2004 the poverty rate of black children hit its lowest level in at least three decades.

Even the New York Times, which in 1996 attacked the bill's passage as "a sad day for poor children," admitted in 2004 the law was "one of the acclaimed successes of the past decade."

Instead of rewriting history, Mr. Biden and Democratic lawmakers should acknowledge that work requirements are as beneficial and proper today as they were nearly 30 years ago.

Mr. Moore is a senior fellow in economics at the Heritage Foundation and is a cofounder of the Committee to Unleash Prosperity. He served as a senior economic adviser to President Trump.

BOOKSHELF | By David A. Shaywitz

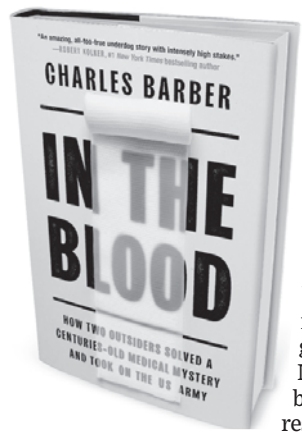
How to Improve A First-Aid Kit

In the Blood

By Charles Barber
(Grand Central, 281 pages, $29)

In March 2000, at a Rand Corp. conference session on the medical support of urban military operations, John Holcomb ruefully acknowledged that the tools for controlling bleeding in battle had not advanced much since the Trojan War. Gauze and pressure—that was it. An Army trauma surgeon, Dr. Holcomb had served on the ill-fated mission in Mogadishu in October 1993, when 18 Army Rangers died, many from excessive blood loss.

Determined to figure out (as he put it) "better ways to stop bleeding," Dr. Holcomb joined the Army's Institute of Surgical Research when he returned from Somalia. Assertive by nature, he pursued successive collaborations, first with the Red Cross, then with a physician developing a clot-promoting chemical from shrimp shells, and later with a pharmaceutical company touting a new use for a hemophilia drug.



Yet the most effective product—and the one that is now carried in the first-aid kit by every member of the American military—was discovered and commercialized by two unknown middle-aged men working at a nondescript gas-equipment company in New England. "In the Blood," by Charles Barber, a writer in residence at Wesleyan University, tells the captivating, often cinematic story of how a medical innovation was improbably developed, fiercely resisted (by Dr. Holcomb, among others) and ultimately adopted.

"On a fall day in 1999," Mr. Barber writes, in a style reminiscent of Richard Ford, "a man named Bart Gullong drove his ten-year-old brown Ford Thunderbird into the parking lot of Paradise Pizza in New Britain, Connecticut." Looking at himself in the mirror, Mr. Gullong, once an elite rower, "did not particularly like the man he saw. For the last fifteen years, he'd felt bruised and battered, seething with unfulfilled promise." He had decided to return to his home state, hoping that the "Land of Steady Habits" would help him re-establish his life. Increasingly desperate, he answered a newspaper ad placed by a businessman named Frank Hursey seeking a partner for a small oxygen-generator company.

Mr. Hursey, we learn, had grown up in an impoverished town in South Carolina. When his father died, he moved in with an uncle in Connecticut, finding work as an engineer's assistant. After several failed attempts to start a business, he achieved a glimmer of success by developing an approach to purifying oxygen from air. A key ingredient in this process was zeolite, an "inexpensive and inert mineral," Mr. Barber reports, "strip-mined by Union Carbide in the American South." Mr. Hursey was "fascinated" by zeolite, which is composed of tiny caverns "in a series of endlessly repeating honeycomb patterns" that capture small molecules. Zeolite can help to separate nitrogen from oxygen since oxygen molecules pass through it more easily.

In 1983, as Mr. Hursey was thinking about those caverns, he found himself wondering if ground-up zeolite could treat an open wound by absorbing the liquid component of blood while leaving in place the components for clotting. After an encouraging experiment on a pet-store mouse, he collaborated with a local surgeon to conduct further studies on pigs. "The zeolite stopped the pigs' bleeding every time, in a matter of seconds," Mr. Barber writes. "It was miraculous."

An innovative blood-coagulant, coming from an improbable source, met resistance from the Army medical establishment. Now it's standard-issue.

Mr. Hursey filed a patent and reached out to medical-product companies, receiving in response a single "withering sneer of a rejection letter," in Mr. Barber's words.

Disappointed but not dejected, Mr. Hursey threw his efforts into his oxygen-generator company, bringing Mr. Gullong on board. Slowly, business took off; following the events of 9/11 and a surge in military spending, the company won a contract to develop an oxygen machine for battlefield surgical centers. Then, in 2003, Messrs. Hursey and Gullong learned of a competition in which bleeding-control products would be evaluated. They ground up some zeolite, vacuum-sealed it with a food-storage device they picked up at Target, and sent it off to the competition. The product—which they called "QuikClot"—would outperform all comers, including the shrimp-based product that Dr. Holcomb and the Army had been developing.

Even with these results in hand, Messrs. Hursey and Gullong struggled for traction in the insular world of military contracting. They pitched QuikClot at an international military trade show, with little joy. "No, we don't need that," a Russian general explained. "We have enough soldiers."

New challengers appeared—seducing many, including Dr. Holcomb. Following a 1999 report conveying the successful use of a high-tech hemophilia drug to control bleeding in a wounded soldier, Dr. Holcomb and the Army pivoted to this approach. But it was pricey. Worse still, Factor Seven (as the drug was called) promoted coagulation systematically, potentially causing blood clots in unwanted places. An ethically dubious influence campaign by the manufacturer probably contributed to the product's rapid adoption as well. In the end, concerns raised by Factor Seven clinical trials—along with a whistleblower lawsuit that culminated in a settlement with the Justice Department—damped interest, enabling QuikClot, at last, to win the day. In 2008 Messrs. Hursey and Gullong's product was recommended—by Dr. Holcomb—for all branches of the military.

The QuikClot story, so compellingly recounted by Mr. Barber, offers critical lessons about medical innovation: the importance of recognizing insights from nontraditional sources; the value of tinkering; the dismaying lengths to which incumbents often go to defend their turf; the fact that certitude, vital in some circumstances, can be detrimental in others. (A similar pattern can be seen in the determination of longitude in the 18th century, when a clockmaker figured it out ahead of resistant professional astronomers.) But the most powerful aspect of "In the Blood" is its deeply empathetic sketches of the key figures, typically men who grew up with limited resources, who endured hard times, and who somehow forged a life for themselves and persisted in the face of adversity.

Dr. Shaywitz is a physician-scientist at Takeda Pharmaceuticals, a lecturer at Harvard Medical School, and an adjunct fellow at the American Enterprise Institute.

OPINION

REVIEW & OUTLOOK

A Debt-Ceiling Deal Worth Passing

Divided government is rarely pretty, but sometimes it can yield good results. That's the case with the weekend debt-ceiling deal negotiated by President Biden and Speaker Kevin McCarthy, which shows what can happen when House Republicans stick together.

By staying united, the House GOP forced concessions from Biden.

The deal is a significant victory for GOP priorities, in return for raising the debt ceiling that had to be raised anyway. Mr. Biden tried to jam the GOP into a clean debt increase, but Republicans forced him to the table when they passed the Limit, Save, Grow bill. The lesson is that political unity pays.

* * *

The deal lifts the current $31.4 trillion debt limit into 2025 while capping non-defense discretionary spending at $704 billion for fiscal 2024. That's higher than the House GOP's demand for a return to fiscal 2022 levels ($689 billion), though it's a significant cut from the projected 2024 baseline of $757 billion.

Both sides agreed to increase the veterans' health share portion of this discretionary pot, so the cuts to other accounts will be greater and close to fiscal 2022 levels. The domestic discretionary cap will rise to $711 billion in fiscal 2025, a 1% increase.

If the House and Senate fail to enact the 12 appropriations bills by the end of this calendar year, all discretionary accounts are subject to a 1% cut. This automatic sequester would apply to accounts Democrats have disguised as "emergency" (infrastructure dollars, etc.). This is protection against the Democratic Senate that wants another year-end omnibus spending blowout. The first "regular order" budget in years would give the House GOP leverage to win more policy victories in negotiations with the Senate.

The deal also claws back $28 billion of previously appropriated but unspent Covid funds. The bill ends Mr. Biden's eternal pause on student-loan repayments this summer, saving $5 billion a month. Republicans gave up their demand to erase Mr. Biden's $400 billion student-loan forgiveness plan, but the Supreme Court may soon take care of that.

Some Republicans gripe that the bill cuts only $1.4 billion of Democrats' $80 billion increase to the Internal Revenue Service. But that cut eliminates the entire IRS enforcement increase this year. Republicans can seek more IRS cuts next year, and Democrats may agree to rob the IRS kitty to restore money for their other priorities.

The GOP resisted the Democratic demand for parity between defense and social-welfare spending. The deal increases defense spending by roughly 3% in fiscal 2024 and to $895 billion in fiscal 2025. This is below the rate of inflation and nowhere near the level needed to meet rising global threats. The GOP will have to make the case for more defense spending in a dangerous world in the 2024 election.

The deal includes relatively small gains on work requirements for welfare programs, but even those are causing progressive consternation. The deal raises the age to 54 (from 49) for childless, able-bodied adults who must work to receive food aid from the Supplemental Nutrition Assistance Program. It cuts the annual number of exemptions that states can grant (to 8% of SNAP beneficiaries from 12%) and forces states to make public the data they use to justify waivers. It also makes it harder for states to rig work requirements in the Temporary Assistance for Needy Families program.

One innovation is a statutory "administrative pay-go" requirement that federal agencies offset new costs in regulation with comparable cost reductions elsewhere. The Government Accountability Office will flag violations, giving Congress an opening to vote down the regulation on a majority vote, a la the Congressional Review Act. Mr. Biden could veto the vote of disapproval, but the debate will elevate public understanding of regulatory costs.

GOP negotiators also won the first statutory reforms to the National Environmental Policy Act since 1982. The deal sets a higher bar for projects subject to NEPA review, codifies a single lead agency on environmental reviews, and includes a one-year deadline for environmental assessments and two years for full environmental impact statements. Project applicants get a new right to sue if these deadlines are missed. Far more needs to be done to fix permitting, but Republicans were smart not to give Democrats easier renewable-energy transmission permits without wholesale NEPA reform.

* * *

It's true Republicans didn't get everything in their original House bill. They didn't get 10 years of enforceable spending limits or work rules for Medicaid. But divided government requires compromise and, as the 2011 debt-limit deal showed when future spending caps were broken, no Congress can bind a future Congress.

Republicans who say the national debt will keep rising should blame Donald Trump, who joined Mr. Biden in attacking entitlement reform. Mr. McCarthy won the showdown with Mr. Biden over domestic discretionary spending by picking politically popular ground to fight on and then rounding up 218 votes to give his negotiators leverage.

Assuming the deal passes Congress, it will defy the Democratic narrative that Republicans can't govern. Mr. McCarthy's troops are proving they can, and conservatives would be foolish to abandon the victories in this deal.

Is a Chinese Vessel Raiding Pacific Graves?

Press reports late last week said a Chinese vessel is attempting to collect steel off British Royal Navy ships sunk in the Pacific Ocean in World War II. This apparent violation of war graves is a gruesome Memorial Day reminder that international rules and order are not the natural state of affairs but the product of Western military enforcement.

U.S. Naval Institute News reported Thursday that "an illegal Chinese salvage operation is raiding two United Kingdom World War II warship wrecks off the coast of Malaysia." The battleship HMS Prince of Wales and the battlecruiser HMS Repulse were sunk by the Japanese three days after Pearl Harbor, and more than 840 men were lost. "In all the war, I never received a more direct shock," Prime Minister Winston Churchill recalled in his memoirs.

The report says a Chinese vessel, Chuan Hong 68, was "dredging with a deep-reach crane for the 'high-quality steel' used to build the two warships," which could be smelted for other uses. The National Museum of the Royal Navy was concerned enough to put out a statement that it is "distressed" at "the apparent vandalism for personal profit of HMS Prince of Wales and HMS Repulse."

Pilfering Pacific graves is a sordid business and the Chinese Communist Party may deny the story. But Beijing controls even such ostensibly private ships as fishing fleets, and it's increasingly treating the Pacific as its private pond. Reuters said Monday that Malaysian authorities detained a Chinese-registered ship that had anchored without permission and found World War II cannon shells aboard. The question is what the U.S. and the Brits will do beyond denunciations that have so far failed to shame Beijing into responsible behavior.

Americans are accustomed to 80 years of calm seas after World War II, but that is enforced by U.S. military power and political will. Both are in recess, and an uglier world is coming into view.

If You Like Your Jeep . . .

California's ban on new gas-powered cars doesn't take effect until 2035, but its harmful effects are already appearing. Chrysler-parent Stellantis plans to reduce shipments of gas-powered cars to states that have adopted California's emissions rules.

. . . You soon won't be able to buy one, thanks to California's EV mandate.

Stellantis recently warned auto dealers that "we may be compelled to allocate fewer conventional gasoline engine vehicles to California states," including New York, Massachusetts, Vermont, Maine, Pennsylvania, Connecticut, Rhode Island, Washington, Oregon, New Jersey, Maryland, Colorado, Minnesota, Nevada, Virginia and New Mexico.

"In some circumstances, we may be compelled to allocate more electrified powertrain vehicles to California states" to "comply with the more stringent standards being enforced in the California States," the Stellantis memo says. A Delaware dealer told the Delaware Business Times that Stellantis said he won't receive regular shipments of popular Jeep gas-powered models because his state has adopted California's emissions standards. But Stellantis will make available electric SUV models that are $20,000 more expensive.

California last year required that electric vehicles make up 35% of auto-maker sales in 2026, 68% in 2030 and 100% by 2035. EVs made up 19% of California sales last year, but two-thirds or so were Teslas. Auto makers that fall short of California's benchmarks will have to buy regulatory credits from Tesla and other EV makers.

Because federal and state subsidies totalling up to $15,000 haven't persuaded enough consumers to buy EVs, Stellantis plans to reduce its gas-powered options. As other auto makers follow, the invariable result will be shortages of gas-powered cars and higher prices in California and copycat states.

Americans could buy gas-powered cars in other states—until they disappear everywhere because of the Biden Administration's de facto EV mandate. Speaking of which, California last week officially asked the Administration's permission to impose its EV mandate. The Administration denies plans to ban gas-powered cars, so it should reject California's request.

Car makers, home builders and electric-utility companies sent a letter to President Biden last week warning that a shortage of electrical steel owing to increased demand from the Inflation Reduction Act and infrastructure bill is threatening the Administration's electrification goals. They want Washington to subsidize domestic manufacturers of electrical steel.

Subsidies tend to beget more subsidies. Wouldn't it make more sense for the government to let Americans buy the cars and appliances they want?

LETTERS TO THE EDITOR

Has the War on Inflation Already Been Won?

Donald Luskin returns with another strong argument to stop the Federal Reserve's interest-rate hikes ("Get Ready for Deflation," op-ed, May 24). He observes that inflation is already more than halfway back to the Fed's target, even before the rate hikes have begun to take effect, with their long and variable lags.

But that argument now comes with a subtle change in the data set. Headline inflation has indeed dropped from 9.1% to 4.9% since Mr. Luskin's op-ed 10 months ago ("Why Inflation Is on the Way Down," July 26, 2022). Last time, however, Mr. Luskin's arguments, charts and formulas all concerned core inflation. Core inflation has only dropped from 5.9% to 5.5% over that period. Not much progress. Using that original core-inflation data, one would have to say that inflation remains a persistent problem—and that the Fed may not have been aggressive enough.

More important, one might question whether inflation can really be accurately predicted as a simple linear function of money-supply growth, with a lag. That would certainly have implications for employment at the Fed.

CLINT MYERS
Georgetown, S.C.

Mr. Luskin writes that "the Fed didn't cause the current bout of inflation." Instead, he writes, "The record increase in the money supply caused by $6 trillion in pandemic relief payments in 2020 and 2021 unleashed the present inflation."

There is a contradiction: The Federal Reserve determines the growth rate in the money supply. This is true even when it focuses on interest rates instead of the money supply. The Fed chose to buy new government debt issued in 2020 and 2021. It didn't have to do that. Its mismanagement of the money supply, designed to keep interest rates down, caused the increase in the inflation rate.

CLIFFORD L. FRY
College Station, Texas

Trump Had a Point About U.S. Intelligence

In "Unanswered Questions About Trump and Russia" (Declarations, May 20), Peggy Noonan states that it was chilling to hear President Trump denigrating America's intelligence and law-enforcement agencies in July 2018 in Helsinki. Didn't she read the Durham report, which validates everything that Mr. Trump said about these agencies?

The Trump policy toward Vladimir Putin's Russia was to speak softly and carry a big stick. While going verbally easy on Mr. Putin, Mr. Trump ordered the lethal attack on Russian fighters in Syria, fought the Nord Stream 2 pipeline and enabled the U.S. to become a net exporter of oil and gas, putting a serious dent in Russia's and Mr. Putin's revenue.

BRUCE ZISKIN
Rancho Santa Fe, Calif.

In explaining why the Federal Bureau of Investigation bent every rule to get Mr. Trump, Ms. Noonan writes that the FBI was "willing to pursue any probe even when the evidence was thin or nonexistent. They experienced themselves as motivated by patriotism: They were protecting the country."

So what? Couldn't exactly the same thing be said about a group like the Proud Boys? Other than that the FBI had—and still has—people in high places covering for it, what makes its excuse any different?

JIM BARBER
Mesa, Ariz.

I remember when Mr. Trump first said: "Russia, if you're listening, I hope you're able to find the 30,000 emails that are missing" from Hillary Clinton's private server. I laughed, as I often did when he would throw out funny lines.

Unfortunately, many people used that smart-aleck comment against him, stating it was proof he was colluding with the Russians. Others, with no sense of humor, repeated it frequently. Why is Ms. Noonan still dredging it up?

BILL CAULFIELD
Winchester, Mass.

Now that we know how Ms. Noonan feels about Mr. Trump, it would be appropriate for her to tell us how she feels about at least 10 members of the Biden family receiving millions of dollars through third parties from foreign countries while President Biden was vice president, and how she feels about the FBI dropping the investigation into the Clinton Foundation.

SEYMOUR M. COHEN
New York

The GOP Is Not Exactly Moderate on Abortion

In "Who's Extreme on Abortion?" (Main Street, May 23), William McGurn notes that Democrats in the coming elections will paint Republicans as abortion extremists intent on imposing a nationwide ban. He suggests that Republicans brand Democrats as the real extremists, based on their opposition to any legal restrictions on abortion. Fears that Republican lawmakers are "too harsh" can be countered with the statement that "a 12-week ban is where the American people are." Thus, Republicans can seize the high ground of moderation, reasonableness and wise compromise.

Has Mr. McGurn read the Republican National Committee's resolution affirming its "Commitment to Life"? That resolution, available on the RNC website, urges Republican lawmakers in state legislatures and in Congress "to pass the strongest pro-life legislation possible." This certainly implies that Republicans want to outlaw abortion nationwide and without exceptions, and will push as far as they can toward that goal. So, who are the extremists on the abortion issue?

JULIA SCHAPPALS
Bedford, N.H.

A U.N. Security Council Seat For Japan Instead of Russia

Bernard-Henri Lévy makes an excellent point in "Put Ukraine on the U.N. Security Council" (op-ed, May 22). Why should the United Nations General Assembly allow Russia to retain a permanent seat on the Security Council when the seat, by charter, belonged to a defunct U.S.S.R.; when no legitimate transfer was authorized by the General Assembly; when Russia's votes confound the purpose of the U.N.; and when Russia's actions are lawless assaults on the U.N. Charter and world order?

I disagree with Mr. Lévy, however, on his second point, the transfer of the seat to Ukraine. I would propose Japan as a more deserving and consequential permanent member. It has a more significant global presence and offers a counterbalance to China in the Pacific.

MICHAEL J. WRIGHT
Weymouth, Mass.

Who's Still Willing to Work?

The birth of "funemployment" ("For Gen Z, Unemployment Can Be a Blast" by Suzy Welch, op-ed, May 18) gives new meaning to the advice a professor gave me 50 years ago: "It's not hard to be successful by working hard; there is very little competition." This new development should make it even easier now than it was during my career for those willing to work hard to achieve success.

PHILIP J. SCHNEIDER
Scottsdale, Ariz.

There can be no "funemployment" unless mom and dad had real employment.

MICHAEL S. GUARNIERI
Stamford, Conn.

In the NAACP's Backyard

Regarding your editorial "The NAACP Expels Florida from the Union" (May, 23): According to U.S. News & World Report, Florida now ranks No. 1 in the U.S. for education, and Pew Research found that Florida has the most black-owned businesses. Perhaps the NAACP should focus less on Florida and its booming economy and more on its home base of Baltimore, with some of the worst schools and crime rates in the nation.

CHRISTOPHER TIDBALL
Cocoa, Fla.

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

Pepper ... And Salt

THE WALL STREET JOURNAL

"What are the coordinates of oregano?"

OPINION

A Scientist's Sexuality Shouldn't Matter

By Lawrence Krauss

The Survey of Earned Doctorates is an annual census of new postgraduate research degrees. The National Science Foundation, a federal agency, collects data on academic discipline, sex, race, ethnicity, debt burden, disability and citizenship. The results are used by government, universities and industry to track the demographics of women and minorities in STEM—science, technology, engineering and math.

The sex and race data—the latter has been collected since 1975—was initially useful in efforts to overcome barriers to women and minorities in academia. Those barriers have largely disappeared, yet quotas and preferential hiring have persisted. After such a concerted effort, demographic disparities are less likely to point to systemic biases in academia than to underlying societal factors.

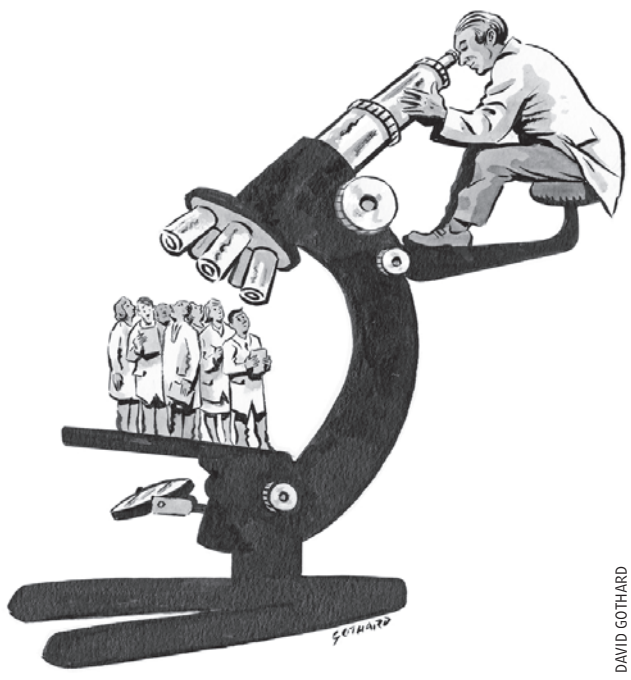
If you earn a doctorate, a federal agency wants to know if you're gay, trans, 'queer' or 'genderqueer.'

That's especially true when it comes to disparities of sex. Women earn a majority of postbaccalaureate degrees over all STEM disciplines in the U.S. Since female undergraduates outnumber male ones by about 3 to 2, this trend is likely to continue. Further, a recent large-scale study found that previous claims about sex bias in academic science were overblown. Tenure-track women and men in STEM receive comparable grant funding, journal acceptances and recommendation letters, and women have an edge in hiring.

Meanwhile, the Supreme Court is expected to issue a decision next month curtailing or abolishing the use of racial preferences in university admissions. Amid all this, the NSF appears determined to focus ever more intently on identity politics.

A pilot project was announced last week to track "sexual orientation and gender identity." In addition to being asked about their sex—now qualified as the sex "assigned at birth"—they will be asked if they "currently describe" themselves as male, female, "transgender" or "a different term"; whether they consider themselves a "gender minority," a "sexual minority" and "LGBT+"; and whether they accept one of a dizzying list of labels: "Non-binary, Gender nonconforming, Genderfluid, Genderqueer . . . Gay, lesbian, bisexual, queer or another orientation."

The list of reasons why this is a bad idea is almost as long. For one, asking about sexual preferences is a violation of privacy. Will the NSF next be asking how many sexual partners each degree recipient had during graduate school, in case promiscuous students are underrepresented?



DAVID GOTHARD

Such personal matters are irrelevant to science and essentially invisible. In my 40 years in academia, I have worked with all sorts of colleagues and students. Many were highly eccentric, but that didn't matter if they were good scientists. As one colleague put it: "You are teaching a chemistry or physics course. Your lectures describe concepts and present equations. 'Suppose a magnet is moving relative to a loop of wire.' You barely know any of your students. You give tests and grade them. You have no idea, nor care about, the 'sexual orientation' of any of your students. . . . What career barriers are there?"

Identity divisions make the world more divisive, not less. Some of my colleagues and students have been gay. Unless they made a point of discussing it, it wasn't important. If someone publishes a report claiming that gays are underrepresented in STEM, will diversity offices require that job candidates add information about their sexual preferences to applications, as they now require them to pledge to promote racial "diversity" and describe past activities that demonstrate such a commitment?

Asking respondents if they're "transgender," "gender non-conforming," "nonbinary," "gender-fluid" or "genderqueer" is patently ridiculous. These are subjective categories, unobservable by others unless the person in question makes it a point to label himself publicly. Most scientists, like ordinary people, couldn't even define most of these terms, let alone use them as a basis for discrimination.

What's the purpose of all this? Nature magazine paraphrases a statement from the NSF's chief diversity and inclusion officer, Charles Barber: "Collecting these data will help the NSF and other agencies to analyse employers' policies and procedures for addressing unintended barriers to employment, advancement and inclusion." The magazine then quotes Mr. Barber: "This gives us an opportunity to create more opportunities and broaden participation to yield equitable outcomes for the LGBTQIA+ community and others."

Does that mean quotas? If so, how would one even go about determining the "correct" proportion of "queer" or "genderqueer" scientists? The percentage of the population that espouses these labels is so small that any data the NSF gathers will be statistically useless. Australia's National Medical and Health Research Council recently announced plans to award half of its research grants for researchers at the midcareer and senior level to women and "nonbinary" applicants. That sounds like a loophole: Men could get special treatment by declaring themselves nonbinary.

If the NSF is going to ask doctoral candidates about sexual orientation or gender identification, why not ask them about other private matters, such as religion or politics? Those would likely yield demographically skewed results as well. Atheists and Jews are surely overrepresented among scientists; conservatives and evangelical Christians underrepresented. I wonder what the DEI officers would make of that.

By pandering to the loudest new minorities so that DEI bureaucrats can expand their definitions of inclusion, the NSF is erecting yet another barrier to scientific collegiality and integrity.

Mr. Krauss, a theoretical physicist, is president of the Origins Project Foundation and author of "The Edge of Knowledge: Unsolved Mysteries of the Cosmos."

The Bigotry That Proudly Speaks Its Name

FREE EXPRESSION
By Gerard Baker

When John F. Kennedy ran for president in 1960, he felt compelled, memorably, to make a declaration of political independence from the authorities of his Catholic faith.

His opponents had notoriously exploited anti-Catholic sentiment in key states to suggest that somehow a papist in the Oval Office would owe principal loyalty to the Vatican and would take instruction from the pope on critical questions of the presidency.

The issue had dogged him through Democratic primaries and threatened him in a close general election, so in remarks to the Greater Houston Ministerial Association in September, Mr. Kennedy sought to lay the calumny to rest: "I am not the Catholic candidate for president. I am the Democratic Party's candidate for president, who happens also to be a Catholic. I do not speak for my church on public matters, and the church does not speak for me."

Sixty years on, Joe Biden, the second Catholic president, hasn't had to make a similar declaration. It would be nice to think that is because America is a more tolerant place than it was in 1960. But with each day of his presidency it seems the opposite is true. Anti-Catholic bigotry is entrenched among the left-wing elites who control the Democratic Party, and they have no fear that Mr. Biden in office would lift a finger to restrain it. Far from being a secret agent for the Vatican, the president seems content to be a very public agent for the continuous denigration of those who hold to traditional Catholic doctrine.

The grip this bigotry holds on our cultural life was on display last week in a revealing surrender by the Los Angeles Dodgers. As they planned for their annual Pride Night festivities next month, the Dodgers, the leading baseball franchise in a city that is one-third Catholic, initially thought it prudent to withdraw a plan to give an award to a famously ribald group whose signature is the mockery and vilification of traditional Catholic teaching on sexual mores.

From Dodger Stadium to Washington, indulging anti-Catholic sentiment is an elite pastime.

The Sisters of Perpetual Indulgence describe themselves facetiously as a "leading-edge Order of queer and trans nuns." They do community-service work but are most visible for their performative acts—frequently involving lewd depictions of sacred Catholic rituals that crudely lampoon the church's precepts on homosexuality and transgenderism.

After an outcry over the disinvitation, the Dodgers reversed course and reinvited them last Monday. There is a wider political and cultural significance to the Dodgers' craven genuflection to the powerful crowd who dominate our cultural conversation. The White House declined to comment on the matter, its press spokeswoman saying she wasn't "going to get in the middle of who a sports team is going to honor or should honor or should not honor." You don't need a vivid imagination to ponder what the administration might have said if a sports team had invited an anti-trans or pro-life group to receive plaudits at a game.

And you don't have to have any kind of imagination at all to recall that the administration of Barack Obama, with Joe Biden as its Catholic cheerleader, threw the book at the Little Sisters of the Poor, attempting to force them to offer contraceptive services mandated under an ObamaCare regulation. Nor to recall the Federal Bureau of Investigation memo earlier this year that called for the investigation of "radical-traditionalist" Catholics as a potential terrorist threat (a memo the bureau's director disowned after a whistleblower made it public). Nor to remember the moment when Sen. Dianne Feinstein told Catholic Supreme Court nominee Amy Coney Barrett, "The dogma lives loudly in you."

The irony is that the traditions embodied in Catholic dogma have much less authority over the lives of Americans today than they did in 1960. The *Dobbs* decision, which Justice Barrett joined, didn't impose religious doctrine, but handed decisions on abortion policy to the political authorities, where they belong. The church's voice is often at least as loud these days on issues of social justice, immigration and climate change as it is on sex and marriage.

This is an age when political leaders, cultural elites and corporate leaders bleat endlessly about respect for the rights of all Americans. Catholics, however, are fair game—in a country whose president is a member of the church—for the mockery and derision of their most sacred beliefs.

Wasteful Government Doesn't Have to Keep Growing

By Kevin McCarthy

In Washington, wasteful government spending almost always goes up. "When a business or an individual spends more than it makes, it goes bankrupt," Ronald Reagan observed. "When government does it, it sends you the bill."

As a result, the growth of government and wasteful spending often seem inevitable. But House Republicans' Fiscal Responsibility Act proves they aren't. Last year Republicans made a common-sense commitment to America: Entrust us with the majority and we will stop the out-of-control inflationary spending that is harming our country.

The American people know that Democrats' spending addiction has caused significant problems, including the inflation that has broken family budgets. Rapid interest-rate hikes in response to inflationary spending caused three of the largest bank failures in history in the past several months.

All of this has made America more dependent on foreign debt-holders. The total debt we now owe to other countries is $7.4 trillion. Countries like China are buying more of our farmland, more of our businesses and more of our debt.

Everyone knows this is unsustainable and irresponsible. But to change course, we need to change how Washington operates. That is what House Republicans have fought for since Jan. 12, when I called on President Biden to negotiate a responsible debt-limit increase. For 97 days, Mr. Biden dragged his feet and instead promoted a far-left wish list that included more reckless spending, more taxes and more debt. Apparently he thought he could ignore the national debt crisis like he ignores the crisis at the southern border.

House Republicans never gave up. While the president ducked negotiations and Senate Democrats were missing in action, Republicans passed a bill that forced Mr. Biden to the table and changed the paradigm. With the introduction of the Fiscal Responsibility Act, we are changing the direction in Washington through a responsible debt-limit increase that cuts spending, saves taxpayers money and restores economic growth.

Perhaps the most historic and foundational change is cutting spending year over year for the first time in more than a decade. Taking aside veterans' healthcare, which will be fully funded, we will return to 2022 spending levels for nondefense accounts and set top-line spending at 1% growth for the next six years.

In other words, we will spend less money next year than we did this year—stopping inflationary spending while fully funding national defense, meeting our obligations to veterans, and preserving and protecting Social Security and Medicare. No other debt-limit increase in the past decade has reduced overall spending, reduced nondefense spending and reduced the deficit. The Fiscal Responsibility Act is true, transformative spending reform.

Another transformative change to how the government operates is the first-ever administrative pay-as-you-go rules, which require the executive branch to find dollar-for-dollar savings in government for costly new rules and regulations. In the first two years of the Biden administration, the president unilaterally spent $1.5 trillion by executive fiat. With new paygo rules in place, we will hold Mr. Biden accountable, rein in executive overreach and save taxpayers trillions.

We also cut unnecessary spending. We slash $400 million from the Centers for Disease Control and Prevention's Global Health Fund, which during the pandemic directed funds to countries like China. We claw back tens of billions of dollars in unspent Covid funds, making this the largest spending rescission in American history.

The Fiscal Responsibility Act is an important first step in relieving America of its crushing debt.

We rejected White House demands for $5 trillion in new taxes and instead eliminated funding that would be wasted this year to hire Mr. Biden's new army of Internal Revenue Service agents. Washington has a spending problem—not a revenue problem—and government should exist to serve you, not go after you.

We also unleash policies to encourage economic growth. We add new work requirements for adults without dependents who receive money from SNAP and TANF welfare programs. That will help beneficiaries contribute to society, develop their talents, lift themselves out of poverty and achieve financial freedom and personal success. Another vital step is to streamline permitting. Our agreement achieves the first significant reforms to the environmental-review process in more than 40 years and will let us build more infrastructure, produce more energy in America, compete more effectively with China, and lower costs for families. After two years in which Democrats created a culture of paying people not to work and attacking U.S. energy production, these consequential reforms will turn our broken society into a productive one.

All in all, the Fiscal Responsibility Act is truly worthy of the American people. It does what is responsible for our children, what is possible in divided government, and what is required by our principles and promises. Only because of Republicans' resolve did we achieve this transformative change to how Washington operates. We are 141 days into this Republican majority, and we're only getting started.

Mr. McCarthy is speaker of the House.

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Notable & Quotable: Rosett at Tiananmen

Claudia Rosett, who died May 27 at 67, reporting from Beijing for the Journal, June 5, 1989. The full article is available on the Journal's website:

From behind a burning bus barricade Saturday night [June 3] comes the gunfire of soldiers advancing toward Tiananmen Square. The shots are answered by the angry yells of thousands of citizens defending Chang An Road about two miles west of the square. People snatch up bricks and bottles, their only weapons against the guns of their country's own army. Then, faces grim, they start to fall back. The soldiers overrun the flaming roadblock, and under the midnight sky can be seen as a dark line of helmets moving fast toward the crowd. Panicked, people turn and run back a few hundred yards to rally by the next bus barricade. Bullets ricochet off the stone walls that line the road. A young man, blood running from his forehead, stumbles toward the sidewalk.

The crowd sets fire to a bus and a truck at this next barricade. When the truck's gas tank explodes, a man's pants catch fire. He runs screaming down the street, people beating at his clothes with their hands to put out the flames. Nearby, a woman climbs up on a pylon to watch the troops. Three men pull her down to safety as bullets crack into the walls just ahead. The soldiers keep coming, and behind them now shine the headlights of armored personnel carriers—their treads shaking the pavement. As the crowd falls back again, a man in thick spectacles stops a Western reporter to volunteer in English a comment that will be heard many times before dawn Sunday. "Terrible," he says. "Very terrible." . . .

With this slaughter, China's communist government has uncloaked itself before the world.

Russia Steps Up Attacks Against Ukraine

Moscow uses missiles, drones across country after overnight strikes that targeted Kyiv

By Isabel Coles

KYIV, Ukraine—Russia unleashed two waves of missiles and drones across Ukraine, in an escalating campaign to degrade the country's air defenses and disrupt preparations for an offensive Kyiv has signaled could be imminent.

Monday's barrage came a day after Russia launched what authorities described as the largest attack using Iranian-supplied drones since the start of the war.

The commander in chief of Ukraine's armed forces, Gen. Valeriy Zaluzhniy, said 11 cruise and ballistic missiles had been shot down over the Kyiv region on Monday, following an overnight attack that targeted military facilities and infrastructure across the country.

Ukrainian officials said Russia launched about 40 cruise missiles and 35 drones overnight, of which 67 were intercepted in total. In the western Khmelnytskyi region, however, a strike on a military facility damaged five aircraft, the local administration said.

Hours later, Russia fired a salvo of cruise missiles at the capital, in its 16th attack on Kyiv this month, said the head of the city's regional military administration, Serhiy Popko.

"This attack marks a change in the enemy's tactics," Popko said. "Following a series of overnight attacks, this strike on the peaceful city was carried out during the day, when most of its residents would have been at work or out on the streets."

Residents scrambled to take cover in subway stations as explosions were heard in the city center. Missile fragments were later found on roads and parks in three districts, the city administration said. In the earlier attack overnight, some 40 drones and missiles were downed over the capital.

Ukrainian Foreign Minister Dmytro Kuleba said the international community shouldn't become inured to the frequent attacks: "They are all war crimes and must be stopped by further strengthening Ukraine's air defense, including with F-16s, and defeating Russian aggression as such."

Kyiv has been lobbying Western allies for extra weapons, especially F-16 jet fighters that could go toe-to-toe with Russian planes launching bombs, missiles and rockets from Russian-held parts of eastern Ukraine. The U.S. and its European allies that fly F-16s have agreed to train Ukrainian pilots on the jets, and are discussing how to supply aircraft to Kyiv, but the Western countries must establish maintenance and support networks to keep the complex aircraft operating in Ukraine.

Russia has intensified strikes in recent weeks as it braces for a possible Ukrainian offensive aimed at retaking land occupied by Moscow since the start of its invasion in February 2022. A video released by Gen. Zaluzhniy over the weekend showed Ukrainian forces preparing for battle under the banner "the time has come to take back what's ours."

Visiting troops on the front line near the city of Lyman, the commander of Ukraine's ground forces, Oleksandr Syrskiy, said: "The time will soon come, and we will launch active offensive actions."

Ukraine has also been ramping up strikes deep inside Russian-occupied territory using drones and longer-range missiles to hit fuel-storage and other military-logistics sites. Kyiv's reach was recently extended with Storm Shadow air-to-ground cruise missiles supplied by the U.K.

Ukrainian officials said late Sunday that there had been strikes in and around the Russian-occupied cities of Berdyansk and Mariupol, which were previously out of range. The Berdyansk city military administration said there had been at least five strikes on Russian positions in the district.

Ukrainian Defense Minister Oleksiy Reznikov said the Storm Shadow missiles had been deployed on a number of occasions and proved highly accurate.

The Iranian-supplied drones used by Moscow are inexpensive and easy to procure but costly for Ukraine to shoot down.

—Georgi Kantchev contributed to this article.

JUSTYNA MIELNIKIEWICZ/MAPS FOR THE WALL STREET JOURNAL

People in Kyiv sought shelter in a subway station on Monday during rare daytime shelling of the capital by Russian forces.

Moscow Hits Dead End in Bakhmut

By Isabel Coles
And Daniel Michaels

KRAMATORSK, Ukraine—Russian forces have taken control of the small eastern Ukrainian city of Bakhmut, but their costly 10-month assault has left them exhausted and hemmed in with little chance of advancing.

Since the battle for Bakhmut began last summer, observers have puzzled over why Moscow expended lives and equipment to destroy and capture a city with limited strategic value.

Ukraine also drew criticism for devoting resources to defense, but its leaders have said bogging down Russian forces there was worth the cost.

The protracted battle, in which thousands of Russian soldiers have died, has drawn parallels to past sieges, such as the World War II fight over Stalingrad, in part because of its apparent futility.

"Bakhmut is like Stalingrad because it has attained a symbolic importance far beyond its strategic significance," said Mark Cancian, a senior adviser at the Center for Strategic and International Studies in Washington.

Whether the price either side paid for the city was worth it will be determined by the next phase of the war.

Victory in Bakhmut has given Russia something to show for its efforts after months without any meaningful gain, but its forces appear unable to capitalize on it.

Ukraine, meanwhile, is poised to strike back in a widely anticipated offensive, as it strives to recapture almost one-fifth of its territory from Russia.

While defending Bakhmut for so long cost Ukraine heavily, Kyiv didn't deploy to the city any of the brigades trained and equipped by Western allies in preparation for the offensive.

Russia now finds itself bracing for attacks when its forces have been severely depleted in Bakhmut, and by their own winter offensive that failed to make significant progress. The battle for Bakhmut has also widened divisions within Russia's military establishment.

"Yes, they've got almost the whole of the city, but at what price?" said Dmytro Kukharchuk, a battalion commander in Ukraine's 3rd Assault Brigade.

Rather than pushing on toward other population centers west of Bakhmut, Russia must now hold a shattered prize against Ukrainian forces dug into nearby hills. If Russian paramilitary group Wagner fully pulls out of the city as promised by its founder, Yevgeny Prigozhin, other forces will be needed to hold it.

With the capture of Bakhmut, Prigozhin said he had created an opportunity for the regular Russian army to launch offensives to the west.

However, Ukrainian forces have launched a series of localized counterattacks north and south of the city, regaining ground that took the Russians weeks to seize.

"The aim is to tactically encircle Bakhmut," said a platoon commander from Ukraine's 3rd Assault Brigade, which is leading the counterattack south of the city.

Whether or not that goal is attainable, the counterattacks are preventing Russian forces from regrouping or deploying elsewhere. The counterattacks are part of moves by Ukraine to prepare for a broader effort to recapture territory seized by Russia.

While Russia and Ukraine battled for control of the last few blocks of Bakhmut, drones were striking targets on Russian soil, culminating in an attack on the Kremlin this month. Armed groups backed by Ukraine staged an incursion into Russia last week in a major breach that will force Moscow to look at the security of its own borders. At the same time, Ukraine has been intensifying strikes on Russian fuel-storage depots and other logistics sites using drones and long-range missiles supplied by the U.K.

After ramming up against Ukrainian defenses in Bakhmut, Russian forces attempted to surround it, squeezing Kyiv's last supply route into the city. While Ukrainian forces mounted a desperate defense, the 3rd Assault Brigade was preparing to strike back to the south.

As the 3rd Assault Brigade overran Russian positions south of Bakhmut, Prigozhin railed against Russia's 72nd Separate Motorized Rifle Brigade for losing 1.1 square miles he said had cost him 500 men to capture.

Russia is still mounting stiff resistance, soldiers involved in the counterattack say, and retains the advantage in terms of men and munitions.

"The enemy is not weak," said Yuriy Fedorenko, the commander of a drone unit with the 92nd Mechanized Brigade, which has regained territory north of Bakhmut.

"At first, the enemy was leading the game," said a deputy brigade commander from the 3rd Assault Brigade. "Now the ball is in our hands."

—Ievgeniia Sivorka contributed to this article.

SASHA MASLOV FOR THE WALL STREET JOURNAL

The 3rd Assault Brigade's Dmytro Kukharchuk, with weapon, and another member of the Ukrainian force posed in Donetsk last week.

Private Fighters Widen Role in War

By Benoit Faucon
And Thomas Grove

Security firms created by Russia's biggest state corporations, former military officers and businessmen have sent troops to the front lines in Ukraine in a bid to prove loyalty to the Kremlin as Moscow struggles to keep forces flowing to the conflict.

Russian energy giant Gazprom has created private-security companies in recent months, while existing ones controlled by former Russian army officers have recruited new members. Most of them have sent men to fight in Ukraine in recent months, often as auxiliary forces under the command of the Defense Ministry, soldiers, analysts and former Russian officials said.

The companies partly emulate Wagner, a mercenary group owned by Yevgeny Prigozhin, a confidant of Russian President Vladimir Putin whose influence has risen during the war. Prigozhin has recruited about 50,000 soldiers, largely drawn from Russian prisons, and has sought to show his forces are superior to the regular army.

This month, Wagner fighters took the eastern city of Bakhmut after months of bitter fighting, the only meaningful advance by Russian forces in the Ukraine conflict in months.

The new private-security companies are smaller than Wagner, with just thousands of recruits collectively. However, in sending men to the front lines, they are demonstrating loyalty to Putin, some analysts said, when Russia needs fresh forces to respond to a coming Ukrainian offensive.

Neither the Defense Ministry nor the Kremlin responded to requests for comment.

Lack of manpower caused Russia's defensive lines to crumble late last year as Kyiv's troops took back swaths of northwest Ukraine. But Putin appears reluctant to launch a fresh large-scale mobilization at home after a call-up of 300,000 men last autumn. Instead, the Kremlin has partly outsourced the recruitment to the private sector and companies reliant on continued government contracts.

"Russia has become a mobilized state at every level now," said Mark Galeotti, longtime Russia watcher and founder of London-based consulting company Mayak Intelligence. "When it comes down to it, there is a desperate need to raise fighting men and Putin wants to do it without conscripts or another mobilization round."

While the number of recruits couldn't be determined, new companies have contracted former professional soldiers and their own regular security guards to fight on the 600 mile-long active front line in Ukraine.

"Since everything hasn't gone according to plan, Russians are looking for ways of improvising and if Wagner works, why not increase the number of private military companies," said Ruslan Pukhov, head of Moscow-based defense think tank Center for Analysis of Strategies and Technologies.

Extradition Fight Over Spy Tests Brazil's Government

Brazil's leftist government is torn between dueling extradition demands from the U.S. and Russia for an alleged spy, whose ultimate destination could shape negotiations to free Wall Street Journal reporter Evan Gershkovich.

*By **Luciana Magalhaes** in São Paulo and **Louise Radnofsky** in Washington*

Brazilian and U.S. authorities say Sergey Cherkasov posed as a Brazilian student under the name of Victor Muller Ferreira in Washington to conduct espionage against the West on behalf of Russia.

A 37-year-old native of the Russian exclave of Kaliningrad, Cherkasov was arrested last year in São Paulo and sentenced to 15 years in Brazilian prison for faking Brazilian identity documents. Brazil's ruling has been appealed by prosecutors, who want him to serve longer, and by Cherkasov, whose lawyers seek to cut his sentence in half.

Russia has sought the extradition of Cherkasov, saying he is wanted on drug-trafficking charges. Brazil's Supreme Court conditionally agreed March 17 to send Cherkasov to Russia, after all Brazilian investigations into his alleged espionage activities are completed.

But on March 24, the U.S. unveiled its charges against Cherkasov, and on March 29 Russian security forces detained Gershkovich while he was on a reporting assignment in the Russian city of Yekaterinburg. Gershkovich, who is 31 and an American citizen, is being held on an allegation of espionage that he, the Journal and the U.S. government vehemently deny. Gershkovich was accredited to work as a journalist in Russia by the country's Foreign Ministry at the time of his detention.

Now, Cherkasov is seen by some hostage-case watchers including former U.S. officials as a potential candidate for a prisoner-exchange deal brokered between the U.S. and Russia—as long as he remains in custody outside of Russia.

Brazilian authorities are open to reconsidering their decision to extradite Cherkasov to Russia, people familiar with the matter said.

The opposing extradition requests, and their implications for any swap, come as Brazil's leftist government, led by President Luiz Inácio Lula da Silva, has worked to develop warm relations with Russia. In April, Russian foreign minister Sergei Lavrov was received with open arms during a stop in Brazil—to U.S. displeasure.

At the same time, Brazil is working through its own legal processes around crimes that may have been committed in Brazil by potential Russian spies.

In an interview with the Journal in mid-April, Carlos Frederico Santos, a high-ranking lawyer in Brazil's government, said that he reviewed the documents sent by Russia and that they fulfilled the requirements for the extradition of Cherkasov once the Brazilian investigations are finished.

Authorities have said it is unclear how long that process may take. And at the end of April came the U.S. extradition request. Under Brazilian legal processes, the U.S. demand will first fall to Brazil's government to consider, before it is sent to the Supreme Court.

The U.S. filing is a new factor Brazil's Supreme Court will have to consider in reaching a conclusion over Cherkasov's destination, a person familiar with the court said.

Brazil's first investigation into Cherkasov, focused on the false documents, has been wrapped up, but a second investigation, examining possible acts of espionage, money laundering and corruption, is still being conducted by prosecutors in São Paulo.

Paulo Ferreira, a lawyer representing Cherkasov in São Paulo, said his client admitted the use of fake documents but not other accusations, including having acted as a Russian spy. Ferreira said his goal is to cut the sentence to seven or eight years.

Cherkasov, who is in jail in Brazil's capital, Brasília, declined a request for an interview.

DEPARTMENT OF JUSTICE

Sergey Cherkasov in 2012

OIL OUTPUT CUTS DIVIDE RUSSIA AND SAUDI ARABIA B3

BUSINESS & FINANCE

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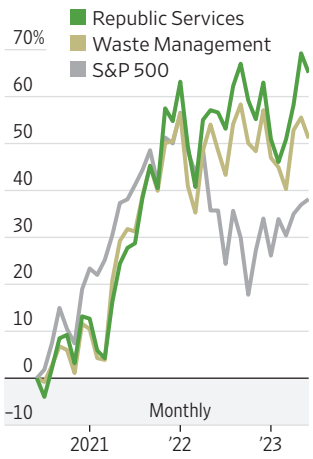
Share-price and index performance, past three years



Source: FactSet

Wall Street's Big Play Is Garbage

By Ryan Dezember And Will Feuer

The green push by the U.S. and state governments is turning trash into treasure and boosting the firms that handle America's garbage.

Shares of the biggest players in the U.S. trash business, **Waste Management** and **Republic Services**, have traded at highs since President Biden signed the climate, tax and healthcare bill in August. A recent decline notwithstanding, the stocks are popular picks on Wall Street to ride the sustainability boom higher.

"They're sitting in this extraordinary position," said Michael Hoffman, an analyst at investment bank Stifel. "Garbage will be on the forefront."

Efforts to reduce greenhouse-gas emissions and reuse materials are making it more profitable to mine landfills for energy and sift through refuse for the hot commodities of the green economy, such as detergent bottles and cardboard boxes.

WM and Republic are building plants to isolate methane from the fumes emitted by rotting garbage and pipe it into the natural-gas grid to be burned in power plants, furnaces and kitchens. They are also equipping recycling facilities with the latest in automation to better sort and process materials for the consumer-goods companies that are under pressure to keep their packaging out of landfills and the ocean.

Landfill owners are forecasting hundreds of millions of dollars in additional profit from rising demand for recycled materials and tax incentives for making energy from emissions that would otherwise seep into the atmosphere.

"We're blessed to be sitting right in the middle of a megatrend," Republic Chief Executive Jon Vander Ark said. "We used to think about getting 5% top-line growth a year; now we're in double-digit top-line growth mode."

Republic, which has 206 active landfills, has a joint venture with a unit of **BP** to install gasworks at 43 of its dumps. The Phoenix firm has 65 landfill-gas plants. Some feed utility pipelines. Others generate electricity on site.

Republic is also spending about $275 million to build four polymer-processing facil-

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Tech Stock Rally Leaves Small-Caps Behind

By Hardika Singh And Brenda León

Shares of large companies are racing past their smaller counterparts again.

The Russell 1000 index of large companies has gained 9.2% this year, beating the 0.7% advance of the small-cap-concentrated Russell 2000. That is the widest outperformance since 1997, when looking at years in which the Russell 1000 has been in positive territory through May 26, Dow Jones Market Data show.

The gains in the large-cap index have been driven largely by a handful of big technology stocks. Among the biggest winners are Facebook parent **Meta Platforms** and graphics chip maker **Nvidia**, which have both more than doubled in 2023. **Tesla** has added 57%, and **Apple** has climbed 35%.

The small-cap index has been pressured in part by big declines in regional-bank stocks. **Valley National Bancorp** has fallen 32%, while Independent Bank (Massachusetts) has dropped 46%. Elsewhere, the academic learning platform **Chegg**, which warned that ChatGPT is eating into its growth, has declined 64%, and the oil-and-gas-drilling company **Helmerich & Payne** has fallen 34%.

Anxieties over the debt ceiling, a potential recession and lingering inflation have encouraged investors to turn to a trade that has worked for much of the past decade: large-cap tech stocks. Some investors, though, are wary that the stock market's rally is too narrow underneath the surface, leading to doubts about its sustainability if one or more of the market's behemoths were to falter.

"Trees don't grow to the sky. It's hard to imagine how they grow from here," George Patterson, chief investment officer at PGIM Quantitative Solutions, said of large-cap tech stocks. "Yes, they have a lot of cash, but what do you do with it is the question."

Apple and **Microsoft** continue to dominate the major stock indexes. Their combined weighting in the Russell 1000 has risen to about 13%, the highest level on record, according to Strategas Securities data going back to 1995.

This holiday-shortened trading week, investors are looking to Friday's jobs report to gauge the health of the economy. On Wednesday, they will parse the Federal Reserve's latest compilation of economic anecdotes from around the country, known as the beige book.

Tech stocks emerged as a haven play during the March banking crisis, with investors betting that the collapse of three regional banks would force the Fed to pause its bid to raise interest rates. Lower rates boost the appeal of growth companies, such as tech stocks, which have the potential to generate windfall profits many years in the future.

Investors say the healthy balance sheets of many tech companies leave them better equipped to withstand any downturn in the economy. They worry the same generally

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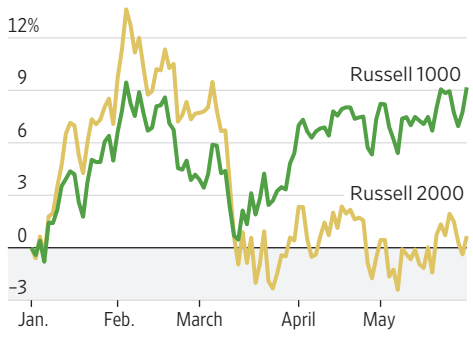
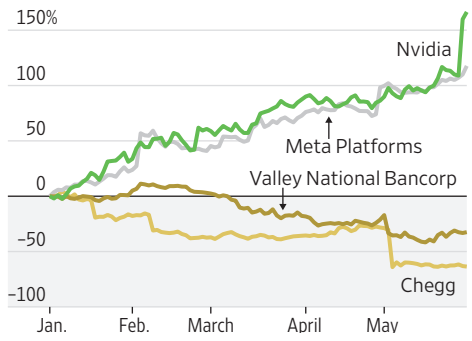
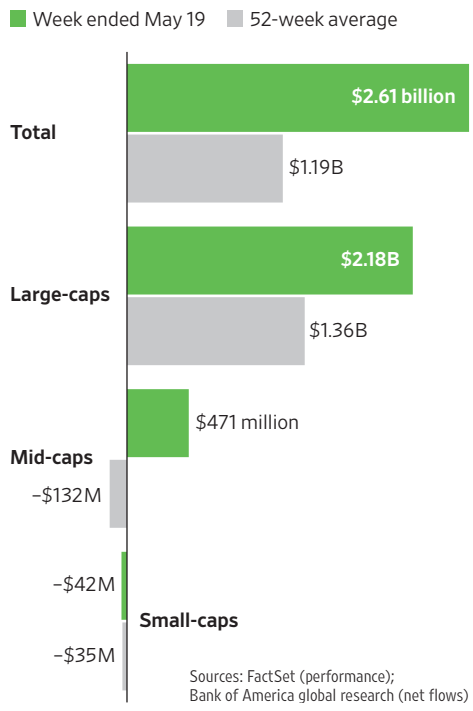
Index performance, year to date



Share-price performance, year to date



Weekly net flows into stocks by size compared with 52-week averages



Sources: FactSet (performance); Bank of America global research (net flows)

Temasek Cuts Some Pay After FTX Loss

By Weilun Soon

Singapore state-investment company **Temasek Holdings** said it has cut the compensation of its senior management and a team that led it to invest $275 million in crypto exchange FTX, as the country tries to move past an embarrassing loss that drew much local criticism.

Temasek, which is owned by the city-state's government, last year engaged an independent team to conduct an internal review of its FTX investment, which was made across two funding rounds from October 2021 to January 2022.

The review found no misconduct by an investment team that had recommended Temasek buy a stake in FTX, Temasek Chairman Lim Boon Heng said in a statement Monday. He added that the team and senior management, which ultimately made the decision to invest, "took collective ac-

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AI Boom Needs More Chips Than It Can Get

By Deepa Seetharaman And Tom Dotan

The artificial-intelligence revolution is being likened by Google's chief executive to humanity's harnessing of fire. Now if only the industry could secure the digital kindling to fuel it.

A shortage of the kind of advanced chips that are the lifeblood of new generative AI systems has set off a race to lock down computing power and find workarounds. The graphics chips, or GPUs, used for AI are almost all made by **Nvidia**. But the boom in demand for them has far outpaced supply with the viral success of ChatGPT, a chatbot that is able to respond to questions in humanlike ways.

"Because there is a shortage, it's about who you know," said Sharon Zhou, co-founder and CEO of Lamini, a startup that helps companies build AI

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'Call of Duty' Key to Microsoft's Bid

By Sarah E. Needleman

The buttoned-up regulators behind competition policy around the world share something in common with millions of the world's most hard-core gamers: an obsession with "Call of Duty."

The videogame franchise, arguably the most successful ever, is at the center of the debate over whether **Microsoft**'s planned $75 billion acquisition of "Call of Duty" owner **Activision Blizzard** could give it an unfair edge to dominate the videogaming industry.

The U.K.'s Competition and Markets Authority mentioned "Call of Duty" 41 times in the 20-page summary of its decision to reject the deal last month. The U.S. Federal Trade Commission cited the game 18 times in its 23-page complaint to quash the deal in December. The European Union approved the deal this month but only after Microsoft pledged to allow competitors to stream "Call of Duty" and other Activision games over the cloud.

Regulators' fixation with the franchise isn't only about its immense and lasting popularity but also whether it could give Microsoft an unfair advantage in cloud gaming, a new and more affordable way of accessing games, if it were to decide in the future to withhold the series from rivals.

The franchise's "loyal fanbase and enduring appeal have made it particularly valuable, influencing gamer engagement and gaming product adoption," the FTC said in its complaint.

The companies say the deal won't hurt competition and that they have committed to licensing "Call of Duty" games to rivals and to enabling people to stream current and future Activision titles through the cloud-gaming platform of their choice.

Two-decades-old "Call of Duty" is one of the most successful entertainment properties ever, with over $30 billion in lifetime revenue, more than any other shooter series and many movie franchises. "Call of Duty"'s annual installments have ranked No. 1 in U.S. videogame franchise sales for the past 14 years in a row, according to research firm Circana.

Microsoft wants to buy Activision to add the developer's blockbuster games to its subscription service called Xbox Game Pass, which offers cloud gaming, the Netflix-like streaming of games, and what some executives and analysts say will drive growth for the industry for years.

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ACTIVISION

An Activision press site screenshot from the game 'Call of Duty: Modern Warfare II'.

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BUSINESS & FINANCE

DISNEY/EVERETT COLLECTION

Family groups made up 59% of audiences for 'The Little Mermaid.' The film is a remake of an animated feature released in 1989.

Disney's 'Little Mermaid' Tops U.S. Holiday Weekend Box Office

By Robbie Whelan

Walt Disney's "The Little Mermaid" sold $95.5 million in domestic tickets in its first three days, leading the weekend box office with a performance that puts it in the middle of the studio's live-action remakes of animated classics.

Overall, for the four-day holiday weekend, "The Little Mermaid" had an estimated $117.5 million in domestic sales, marking the fifth-highest total for the Memorial Day weekend, according to movie industry tracker Comscore.

Ariel, the mermaid who longs to live on land among bipedal humans, outperformed "Aladdin," whose 2019 remake opened to $91.5 million in its first three days in North America. The mermaid also beat out both installments of the "Maleficent" franchise—a live-action "Sleeping Beauty" spinoff—from 2014 and 2019, which opened to $69.4 million and $36.9 million, respectively.

The mermaid also beat out both installments of the "Maleficent" franchise—a live-action "Sleeping Beauty" spinoff—from 2014 and 2019, which opened to $69.4 million and $36.9 million, respectively.

But the remake of "The Little Mermaid," originally released as an animated feature in 1989, fell far short of the remakes of "The Lion King" and "Beauty and the Beast," two titles whose original versions came out around the same time, during what is widely regarded as Disney's modern golden age of animation.

Estimated Box-Office Figures, Through Monday

Film	Distributor	Sales, In Millions: Weekend*	Cumulative	% Change
1. **The Little Mermaid**	Walt Disney	$117.5	—	—
2. **Fast X**	Universal	$28.6	$113.5	-57
3. **Guardians of the Galaxy Vol. 3**	Walt Disney	$26.1	$305.6	-19
4. **The Super Mario Bros. Movie**	Universal	$8.4	$561	-13
5. **The Machine**	Sony	$6.0	—	—

*Friday, Saturday, Sunday and Monday in North American theaters

Source: Comscore

In 2019, "The Lion King" grossed nearly $192 million in its three-day debut and went on to earn $1.6 billion worldwide, while the 2017 version of "Beauty and the Beast" opened to nearly $175 million in domestic ticket sales and eventually grossed $1.26 billion. Another recent Disney live-action remake, 2016's "The Jungle Book," sold $103 million in domestic tickets during its opening weekend.

"The Little Mermaid" is a key test for Disney as it seeks to regain the mantle of the world's leader in theatrical family entertainment. The studio earned widespread praise but also some backlash from fans for casting Halle Bailey, a rising star actress and R&B singer who is Black, in the title role of Ariel, who in the original—which is based on a Scandinavian fairy tale—is depicted as white with vibrant red hair.

Over the past two years, a series of box-office flops—including "Lightyear" and "Strange World"—and the decision to send three recent Pixar Animation Studios films directly to streaming without a cinematic release, have created an opening for competitors like DreamWorks Animation and Illumination to challenge Disney at the family box office.

Illumination and Universal Pictures' "The Super Mario Bros. Movie" this past weekend surpassed $1.27 billion at the global box office to become the third-highest-grossing animated movie of all time, overtaking "Incredibles 2."

9.2M

Estimated number of people to see film over holiday weekend

Family groups made up roughly 59% of audiences for "The Little Mermaid" in its opening weekend, according to movie-industry consulting firm EntTelligence. The company projected that by the end of the Memorial Day weekend, 9.2 million people will have seen the mermaid movie in North America.

That figure is comparable with "Top Gun: Maverick," last year's highest-grossing film, which also made its debut on Memorial Day weekend to around 9.5 million domestic viewers, earning $126.7 million domestically. The difference in ticket sales is explained by the fact that more children under 13 saw "The Little Mermaid," and the Tom Cruise action film did better in premium format theaters, which have higher ticket prices.

"The 'Mermaid' result is pretty decent for what it is. As a family film it seems to be hitting all the right marks," said Steve Buck, EntTelligence's chief strategy officer. "With 'Mermaid,' you see a bit lower performance at the box office, but that's because 28% of its viewers are kids, and they're paying a discounted price for tickets."

Universal's "Fast X" came in second at the box office this weekend, according to movie industry tracker Comscore, followed by "Guardians of the Galaxy Vol. 3" from Disney's Marvel Studios and "Super Mario Bros."

Domestic ticket sales for "Fast X" dropped by two-thirds between its opening weekend and this latest weekend, its second in theaters, a steep decline. The movie has shown weak performance in China, a key market for the "Fast & Furious" franchise, with box-office gross falling 63% between week 1 and week 2.

Temasek Reduces Pay Levels

Continued from page B1

countability and had their compensation reduced." Temasek didn't say how much their remuneration was reduced by.

Temasek was one of FTX's largest external investors with 1% in FTX's international arm and 1.5% in its U.S. entity as of January 2022. In April last year, Antony Lewis, a director in Temasek's blockchain team, spoke at a crypto conference in the Bahamas—where FTX is based—and said the company was very proud to invest in the exchange. Lewis also said Temasek had invested in the industry via crypto venture funds before making direct investments in companies.

After FTX's collapse last November, Temasek said it would write down its entire investment. It also said it had conducted extensive due diligence on FTX over approximately eight months and had interacted with the exchange's founder, Sam Bankman-Fried.

The loss drew public scrutiny and was questioned by several Singapore lawmakers during a parliamentary session that same month. Deputy Prime Minister Lawrence Wong, who is also finance minister, said at the time that the FTX loss was disappointing and was being taken seriously.

In December, Bankman-Fried was arrested in the Bahamas and charged with eight counts of fraud by U.S. prosecutors. Five more charges were brought against him in March. Bankman-Fried has pleaded not guilty to the charges and asked a New York federal judge to dismiss most of them.

Temasek's Lim said on Monday that prosecutors and FTX's key executives have noted that there was fraudulent conduct that was intentionally kept hidden from investors. "Nevertheless, we are disappointed with the outcome of our investment, and the negative impact on our reputation," Lim said.

Singapore once welcomed crypto companies to apply for licenses in the country, but it tightened its grip on the sector last year after the crash of algorithmic stablecoin TerraUSD and the implosion of crypto hedge fund Three Arrows Capital. TerraUSD was run on a blockchain platform managed by Singapore-based Terraform Labs, while Three Arrows was registered in the country. Several other crypto lenders and platforms based in the country also failed and filed for bankruptcy.

Major crypto exchange Crypto.com received in-principle approval from Singapore's financial regulator last June to offer payment services in the country but has yet to receive a license, according to the Monetary Authority of Singapore's database. The regulator hasn't issued licenses for digital-payment token services for months.

Temasek had roughly $300 billion in net portfolio assets—including stakes in listed and private companies—at the end of March 2022, the most recent data available. More than a third of its portfolio was invested outside of Asia.

Large-Cap Stocks Beat Small-Caps

Continued from page B1

can't be said for small-caps, which often fall in economically sensitive sectors, such as energy, materials and financials. Those companies are facing more pressure as regional banks tighten their lending standards.

Bigger companies "have no problem raising capital in an environment like this, but when you get a smaller company, they're going to struggle," said Jack Ablin, chief investment officer and founding partner at Cresset Capital. Within the large-cap space, Ablin said he is focusing on quality companies with high dividends.

Other investors also appear to be favoring large-caps of late. Investors poured more than $2.6 billion into U.S. stocks on a net basis during the week ended May 19, the largest net inflow since October, Bank of America global research data show. About $2.2 billion of that sum went to large-caps, while small-caps logged net outflows of $42 million.

Adam Hetts, global head of portfolio construction and strategy at Janus Henderson Investors, suggests that investors have small-caps and large-caps in their portfolios because the former are often first to rally in the early stages of an economic recovery. He points to the period after the 2008 financial crisis, when small-caps initially outperformed large-caps.

Plus, small-caps look less expensive than other corners of the market. The Russell 2000 is trading at 12.8 times expected earnings over the next 12 months, below its historical average of 15.8, based on FTSE Russell data going back to 1979, when the index was created.

In comparison, the Russell 1000 trades at about 18 times earnings, above its historical average of 15.8. Meta's multiple is about 20, while Tesla's and Nvidia's are both around 47.

"That's where you'd see the biggest bounce, as we work through the bottom of a potential recession or bear market into a recovery environment," Hetts said of small-caps.

Street Bets on Garbage

Continued from page B1

ities that will sort the plastic it collects curbside and turn it into flakes for new bottles and jugs.

Vander Ark said consumer-product companies face minimum postconsumer-content mandates in California, Washington and other states, as well as their own sustainability goals. Republic's first plastics plant is scheduled to open later this year in Las Vegas. Customers lined up.

"There's fighting among customers about who gets what," Vander Ark said.

Analysts say one risk is that adding exposure to volatile markets for commodities and renewable-fuel credits might spook investors interested in the steady and predictable profits involved in dumping garbage into landfills. Executives say the sustainability businesses are supplementary and moneymakers even when commodity prices are low, like now.

"Yes, there's a year-over-year impact, but recycling is still profitable," said Tara Hemmer, WM's chief sustainability officer. "It still is one of our highest return-on-capital investments."

WM, which operates more than 250 landfills, is in the second year of a four-year plan to spend $1.2 billion adding 20 trash-gas plants as well as $1 billion expanding and automating its recycling business.

WASTE MANAGEMENT

WM plans to spend $1.2 billion on trash-gas plants and $1 billion on its recycling business.

The Houston company expects new and upgraded facilities to increase its recovery of reusable materials 25% by 2025. Having machines do the dirty work also cuts labor costs, executives say.

A lot of hard-to-fill jobs will be replaced by optical sorters, which use infrared cameras to spot valuable materials in the jumble and blow the desirable bits into separate bins with pinpoint puffs of air, Hemmer said.

"In the past we might have had mixed-paper bales that had cardboard embedded in them," she said. "Now we're able to pull more of that cardboard out, it goes in the cardboard bale, and the price point on cardboard is much higher than mixed paper."

WM said the blended commodity value from its automated material recovery facilities is about 15% higher per ton. Not only do the machines amass more of the valuable stuff, the company says the material emerges cleaner and can fetch more than messy bales.

The recycling investments will add $240 million to its bottom line over the next four years, WM says. It has higher expectations for its gas business.

WM said it will boost landfill-gas output eightfold and generate more than $500 million in additional earnings before interest, taxes, depreciation and amortization through 2026.

That profit forecast assumes two prices associated with every million British thermal units of gas. WM is counting on the actual fuel selling for $2.50, which is lately about the price of gas from geologic wells. An additional $23.50 is anticipated from renewable-fuel credits, which is in line with recent trading, according to energy-information firm Platts.

The outlook doesn't count the $250 million or more of tax credits WM expects for building new gas plants.

Last year's climate bill sweetened the economics of trash gas. A federal proposal to offer additional credits for biogas projects that produce power for electric vehicles could make the incentives even stronger.

Waste-company executives and analysts say that many are worth building anyway and that the incentives make it economical to install gas-works at smaller, less-gassy landfills.

"Landfill gas is essentially the only scalable biofuel that doesn't have a food-for-fuel trade-off," said Goldman Sachs analyst Jerry Revich. "These projects don't need any subsidies, but they will take the free money."

Oil Output Cuts Divide Russia, Saudis

Moscow is exporting cheaper crude, hurting Riyadh's efforts to boost energy prices

By Summer Said
And Benoit Faucon

MAYA SIDDIQUI/BLOOMBERG NEWS

Tensions are brewing ahead of a June 4 meeting of OPEC and allies. Saudi Arabia's Khurais oil field.

Tensions are rising between Saudi Arabia and Russia as Moscow keeps pumping huge volumes of cheaper crude into the market that is undermining Riyadh's efforts to bolster energy prices, people familiar with the matter say.

Saudi Arabia, the de facto leader of the Organization of the Petroleum Exporting Countries, has expressed its anger to Russia for not following through fully on its pledge to throttle production in response to Western sanctions, the people said.

Saudi officials have complained to senior Russian officials and asked them to respect the agreed cuts, the people said.

The friction is very apparent between two of the world's biggest oil producers ahead of a crucial meeting between members of OPEC and a group of Russia-led oil producers, collectively known as OPEC+, in Vienna on June 4, the people said. The cartel is set to decide on a production plan for the second half of the year amid growing concerns about a slowing global economy crimping energy demand.

Last week, the Saudi energy minister issued a warning to oil speculators, signaling to the market that a further production cut was on the table amid worries over the latest buildup in short positions and Russia's failure to meet its promised voluntary cuts. Meanwhile, Russian President Vladimir Putin said oil prices were approaching "economically justified" levels, indicating that there might not be a need for an immediate change to the group's production policy.

The OPEC+ meeting comes after Saudi Arabia, Russia and other OPEC+ members in early April said they would reduce output in a move that was expected to prop up oil prices. Riyadh started cutting production this month. Moscow at the time said it would extend unilateral curbs that took effect in March to the end of the year.

Now, the latest available data indicates that Russia continues to pump large volumes of oil into the market, which has helped maximize income for its beleaguered economy but added to a global surplus, industry officials and traders say.

Oil prices are down about 10% from where they stood in early April despite the Saudi-led intervention and sharply down from the highs they hit following Russia's invasion of Ukraine early last year. On Monday, Brent, the international oil contract, rose 0.2% to $77.07.

It remains unclear if Saudi Arabia will take any immediate action that would affect the energy alliance with Russia. Frictions between Riyadh and Moscow aren't new to OPEC+. In March 2020, oil prices collapsed after Saudi Arabia and Russia failed to agree on an emergency plan to address a supply glut. After the disagreement, Saudi Arabia embarked on a price war in an attempt to grab market share from Russia.

The energy ministries of Saudi Arabia and Russia didn't respond to requests for comment.

Russian Deputy Prime Minister Alexander Novak issued a statement earlier this month saying Moscow was abiding by its voluntary pledge to cut oil output by 500,000 barrels a day from March until the end of the year. Moscow has said it would cut its oil output by around 5% after the Group of Seven imposed price caps on Russian oil and oil products.

"Taking into account the unfounded speculation in the press regarding oil production levels, Russia reaffirms its full commitment to and implementation of voluntary oil production cut levels," Novak said.

Russia's Energy Ministry in recent weeks also has reached out to trade publications to explain it had to delay shutting down some oil wells due to exceptionally freezing weather in parts of the country. The ministry said the country had still managed to cut 400,000 barrels a day in early May—close to the level it had pledged to curb, say people familiar with the matter.

Last week, it also pressed secondary sources to alter their estimates of its oil production, but the agencies rebuffed the requests, these people said.

There is no specific requirement that Russia accurately report its production but the discrepancy adds to tensions within OPEC+ over whether to cut output further.

Western sanctions on Russian fossil fuels are accelerating the shift in global energy flows, with China and India increasingly taking advantage of Russian oil discounts and Middle Eastern suppliers redirecting their crude to Europe.

In March, Russia surpassed Saudi Arabia as China's top oil supplier, while last month India's imports of Russian oil exceeded combined flows from Saudi Arabia and Iraq for the first time ever, according to data from Vortexa, a data-commodity company.

China's C919 Takes Its Maiden Commercial Flight

By Rachel Liang

SINGAPORE—After a 16-year development program plagued by delays, China's homegrown C919 passenger jet made its long-awaited maiden commercial flight on Sunday, marking a small but symbolic first challenge to **Boeing** and **Airbus** in one of their most important markets.

The **China Eastern Airlines** flight left Shanghai for Beijing about 10 minutes early. More than 10,000 people vied for the 30 seats on sale to the public, with officials and journalists taking up the rest, state media reported. Video footage showed passengers holding a small celebration on the flight, singing "Ode to the Motherland," one of China's best-known patriotic songs.

A water-cannon ceremony greeted the plane on arrival in Beijing, where it touched down 40 minutes before schedule.

With a maximum range of about 3,500 miles and seating up to 192 passengers, **Commercial Aircraft Corp. of China**'s jet will compete with the single-aisle Boeing 737 and Airbus A320 families that are the workhorses of global aviation.

The challenge for Comac, as the state-owned plane maker is also known, will be to raise production quickly enough to take a meaningful share of the more-than-6,000 new single-aisle jets China will likely need in the next two decades.

Air-passenger traffic in China is forecast to more than double by 2041, according to the most recent long-term forecast by Boeing, driving demand that is expected to account for one-fifth of all the new commercial aircraft bought worldwide.

Single-aisle models will probably account for three-quarters of China's new planes, Boeing says.

China Eastern, one of the three big state-owned carriers, took delivery of the first of its five C919s in December, just as Beijing abandoned Covid-19 controls that drove a 40% slump in domestic air travel last year and all but snuffed out international flights. Since then, airlines have raced to re-establish routes and return mothballed jets to service. As of May, domestic air travel had recovered to prepandemic levels, according to Chinese aviation-data provider Flight Master.

Analysts will be closely watching the C919's performance metrics, including safety, fuel efficiency and dispatch reliability—a gauge of delays and cancellations, which is key to any operator's profitability. It takes time to build a track record and, more importantly, to improve, experts said.

The C919 is up against the latest models from Boeing and Airbus, with both companies driving technological gains in areas such as efficiency, noise and sustainability and with decades of experience in integrating these into their manufacturing and regulatory approval processes.

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EV-Charging Firms Flock to California

State's emissions mandate means thousands of new sites will be needed

By Paul Berger

Electric-vehicle-charging startups are racing to cash in on California's drive to electrify truck fleets in the state.

A clutch of companies are spending hundreds of millions of dollars to lease or buy land, install charging infrastructure and in some cases even order dozens of heavy-duty electric trucks to jump-start the nascent industry.

The competition is heating up because of recent California regulations that force some trucking companies and owner-operators to begin buying electric vehicles starting Jan. 1, 2024. California aims to replace more than 30,000 heavily polluting trucks with clean-energy vehicles by 2035.

The state's rules targeting truck emissions are the toughest in the country calling for electric fleets, and they mean California will need thousands of charging stations. Experts say such sites will have to be clustered close to the state's big ports and warehousing hubs, critical connections for the U.S. economy, as well as spread across the state to deliver energy to tractors.

First the state must solve the chicken-and-egg problems that plague emerging technologies. Charging providers won't install infrastructure if they don't have a large enough pool of potential customers. Truckers, meanwhile, say they won't buy electric vehicles if there is nowhere to charge.

"It is a huge amount of infrastructure required," said Neha Palmer, co-founder and chief executive of startup TeraWatt Infrastructure. The company has raised $1 billion in backing, which she said "will go in a heartbeat" as the business expands across the country.

The questions are particularly pressing for commercial trucking, with fleet operators saying the downtime needed to recharge vehicle batteries along with limitations on the range of electric heavy-duty trucks raise big economic hurdles.

Paul Gioupis, founder and CEO of startup Zeem Solutions, based in Inglewood, Calif., said his company's bundle includes charging, maintenance and parking for about $7,500 a month. The goal is to get the monthly running costs for electric trucks as close as possible to those that run on diesel. "That's what everybody has been running for," Gioupis said.

Heavy-duty trucks are among the most challenging electric vehicles to operate. The trucks cost about three times as much as diesel vehicles. The trucks require more charging power than passenger vehicles, but industry executives say there are hardly any publicly accessible charging stations for heavy-duty trucks in California.

John O'Leary, CEO of Daimler Truck North America, said this month that to support California's electric-truck requirements would require an average 30 DC chargers a day to go online in the state between now and 2026. But he said lead times for DC charging depot projects are currently running more than two years and that "infrastructure build-outs are flailing."

Daimler Truck is working with a unit of Florida-based renewable company **NextEra Energy** and with BlackRock Alternatives to develop a national network of public charging for commercial electric trucks that will take many years to roll out but could support long-distance trucking.

For now, companies deploying heavy-duty trucks are focused on local routes shuttling freight between ports or rail ramps and nearby warehouses. The shorter distances allow drivers to work a full shift between charges.

Some companies, such as warehousing and distribution specialist Performance Team, have developed on-site charging at facilities with industrial property giant **Prologis**.

Startups such as TeraWatt, Forum Mobility and Long Beach, Calif.-based WattEV also are looking at developing off-site charging where trucks can charge or park overnight.

LISA BAERTLEIN/REUTERS

A newly installed Prologis Mobility charger at a trucking company yard in Los Angeles.

AI Boom Needs More Chips

Continued from page B1

models like chatbots. "It's like toilet paper during the pandemic."

That situation has restricted the processing power that cloud-service providers like **Amazon.com** and **Microsoft** can offer to clients such as OpenAI, the company behind ChatGPT. AI developers need the server capacity to develop and operate their increasingly complex models and help other companies build AI services.

Even the most connected tech entrepreneurs in the world are struggling to secure capacity. During a May 16 congressional hearing on AI, OpenAI CEO Sam Altman said it would be better if fewer people used ChatGPT because of the processor bottleneck.

"GPUs at this point are considerably harder to get than drugs," Elon Musk told The Wall Street Journal CEO Council Summit on May 23.

Being Musk has its perks, though. Earlier this year, startups clamoring for **Oracle** computing capacity were abruptly told that a buyer had snapped up much of Oracle's spare server space, people familiar with the matter said. The buyer, the startups were told, was Musk, who is building his own OpenAI rival called X.AI, the people said.

Access to tens of thousands of advanced graphics chips is crucial for companies training large AI models that can generate original text and analysis. Without them, work on the large language models that are behind the AI runs much slower, founders say. Nvidia's advanced graphic chips excel at doing lots of computations simultaneously, which is crucial for AI work.

UBS analysts estimate an earlier version of ChatGPT required about 10,000 graphic chips. Musk estimates that an updated version requires three to five times as many of Nvidia's advanced processors.

Some investors are combing their networks for spare computing power while others are orchestrating bulk orders of processors and server capacity that can be shared across their AI startups. Startups are shrinking their AI models to make them more efficient, buying their own physical servers with relevant graphics chips or switching to less popular cloud providers such as Oracle until the shortage is resolved, according to AI investors and startups.

Other founders are simply begging salespeople at Amazon and Microsoft for more power.

Zhou said Lamini, which she co-founded with a former Nvidia engineer, has the chips it needs. She and many other founders interviewed by the Journal declined to say precisely how they secured them.

"The industry is seeing strong demand for GPUs," an OpenAI spokesman said, adding the company is dedicated to ensuring its customers have the capacity they need.

Oracle and Musk didn't respond to requests for comment. Microsoft and Amazon declined to comment.

Nvidia said recently that it is expanding its supplies to meet rising demand, but many AI founders expect the shortage to persist until at least next year. The demand for Nvidia's products has driven the company's stock up roughly 167%. Chip costs vary, but Nvidia's advanced AI chips are sold by some retailers for around $33,000, though they can command higher prices in secondary markets amid the high demand.

Some companies are blocking off cloud capacity for fear they won't be able to access them later. "People are now just continuing to pay for them even if they don't need them," said Adam Wenchel, CEO of Arthur, which builds tools to protect companies from AI risks such as data leaks.

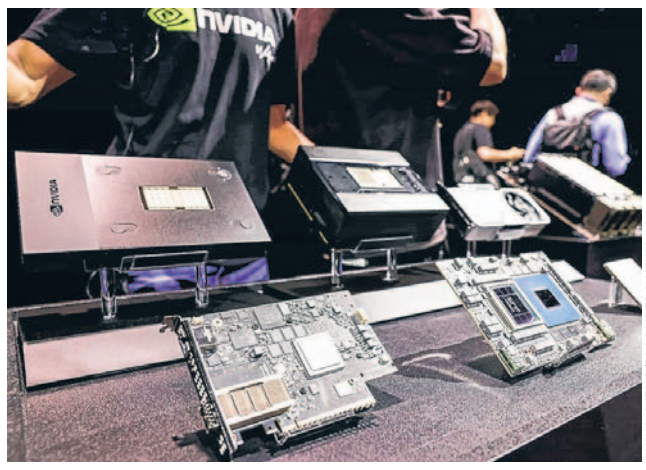
Companies that are able to secure computing power can still wait weeks to be able to use it, founders and investors say. "Even if you've already paid upfront, it doesn't mean the GPUs come to you in the next day or week," said Aravind Srinivas, CEO of Perplexity AI, which builds an AI-driven conversational search tool. "You've just got to wait."

Server manufacturers and their direct customers say they are facing waits of more than six months to get Nvidia's latest graphics chips. The CEO of **Supermicro**, one of the largest server makers, said the company's back orders of systems featuring graphic chips was at its highest level ever and that the company was rushing to add manufacturing capacity.

All that has created a secondary market for these advanced chips, partly involving large crypto companies that bought chips during the boom to do mining and now don't need amid a downturn in the digital-currency market.

Kanjun Qiu, the CEO of Generally Intelligent, an AI research company, has been buying advanced graphic chips since last year for her own servers, allowing her to ride out the current shortage. A venture capitalist recently messaged her asking if she had spare capacity that she could rent to other startups. Qiu hasn't decided whether to part with her chips.

—Asa Fitch contributed to this article.



I-HWA CHENG/BLOOMBERG NEWS

Chips, especially by manufacturer Nvidia, are in very high demand.

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'Call of Duty' Key To Deal

Continued from page B1

While Activision has many popular games, "Call of Duty" is its most important because of its loyal following. The franchise is so dominant with and beloved by hard-core gamers that regulators worry that Microsoft could doom competition in the nascent cloud-gaming industry if it were to decide to withhold access to the franchise from other game distributors.

Unlike console gaming, which is essentially a two-horse race where Microsoft's Xbox system trails Sony Group's PlayStation, cloud gaming has many potential competitors. Some regulators argue that not having access to "Call of Duty" would render any cloud rival unable to vie for users.

The landmark deal—potentially one of the tech industry's biggest acquisitions ever—is now in peril because of the U.K.'s rejection. While Microsoft has vowed to file an appeal, antitrust lawyers say it will be a hard battle to win and trying to do a deal without the country would be prohibitively costly and complex.

"Call of Duty" made its debut in 2003, as multiplayer online gaming was taking off in popularity. It stood apart from other first-person shooters on the market by offering superior graphics and for being easy to learn yet difficult to master, said Cowen analyst Doug Creutz.

"Call of Duty" has remained hot because of Activision's constant investment, which the company doesn't disclose but is likely hundreds of millions of dollars a year and hard for competitors to match, Creutz said.

Another factor is inertia. The series has been popular for so long that for many people, it is the one game that all of their friends play.

The franchise has remained hot due to Activision's constant investment.

"Most people I meet who play videogames play 'Call of Duty,'" said 22-year-old logistics worker Daven Shealy of Thomson, Ga., who buys every new issue of the series when it comes out in the fall.

The franchise's annual release schedule also makes it stand out from other shooters, said Wedbush Securities analyst Michael Pachter. Few other groups of gaming studios have the talent, infrastructure or money to produce such ambitious sequels every year.

"It's what makes 'Call of Duty' sticky," he said. "There's always something to look forward to."

Every year the latest version is set in the middle of a new war, historical or imagined. While the overall look and war theme is consistent year after year, each version is set in a different period and location, with new story lines, maps and weapons. Three Activision studios alternate taking a lead role in making it, which helps keep it fresh, gamers say.

Unlike most franchises, "Call of Duty" offers a range of ways to play, including single- and multiplayer; on smartphones, consoles and PCs; and there are both free and paid versions with different objectives.

"Everyone has their taste in games," said Chris Perednia, a New York City middle-school teacher and videogame live streamer. " 'Call of Duty' has it all."

When another multiplayer shooter, Epic Games' "Fortnite," exploded in popularity in recent years, Activision responded with "Blackout," a game within "Call of Duty: Black Ops 4," featuring the same "battle royale" style of play, in which a large group of players fights until only one is left standing. The company then released a stand-alone version called "Call of Duty: Warzone" with the same free-to-play business model as "Fortnite."

Watch a Video

Scan this code for a video on EU regulators' approval of the Activision deal.

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Stock Futures Rise as U.S. Nears Reprieve

Risk of default falls after weekend agreement between Biden, McCarthy

By Frances Yoon And Chelsey Dulaney

U.S. stock futures rose Monday and early Tuesday after major progress on negotiations to raise the government's debt ceiling over the weekend.

MONDAY'S MARKETS

Nasdaq 100 futures rose 2.2%, S&P 500 futures rose 1.3% and Dow Jones futures gained 1%.

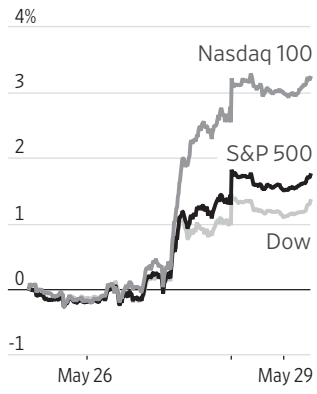
Global stock indexes were mixed. U.S. and U.K. markets were closed Monday for public holidays.

President Biden and House Speaker Kevin McCarthy (R., Calif.) reached a tentative deal on Sunday to raise the country's debt limit, heading off the risk that the U.S. will default on its debt. Treasury Secretary Janet Yellen had said last week that the failure to reach a deal could lead to the government being unable to pay its bills by as early as June 5.

U.S. stocks rallied on Friday on hopes that the two sides were nearing an agreement, sending the S&P 500 and Nasdaq to their highest closes since last August. But there is still work to be done to push the deal over the finish line, including votes in both chambers of Congress. That may explain why the market response Monday was somewhat muted, said Tai Hui, chief market strategist for Asia Pacific at J.P. Morgan Asset Management.

"There's still a chance that hard-line Republicans could vote against it, so we're moving in the right direction but it's not a done deal," said Hui. "The market is still taking a wait-and-see tone."

U.S. index futures, two-day performance



Note: Chart shows U.S. E-Mini futures, using most actively traded contracts. Stock markets were closed for Memorial Day weekend.
Source: FactSet

The fear of a U.S. debt default led to a spike last week in the yields offered by short-term Treasury bills, which are typically considered among the safest securities in the world. The yield on bills that matured June 1 rose to 7.1% last Wednesday from less than 6% the day before, although the yield moved lower at the end of last week.

Trading in futures linked to U.S. government bonds was thin on Monday, a result of the U.S. public holiday. But there was a mild rise in the prices of futures linked to two-, five- and 10-year U.S. government bonds. European government-bond prices rose on relief about a debt deal, sending yields lower. Bond yields fall when prices rise.

The Turkish lira slipped 0.3% to near a new record low of 20 to the dollar after President Recep Tayyip Erdogan won reelection in this weekend's runoff vote. Turkey's central bank closely manages the lira, which has steadily declined against the dollar since a currency crisis in late 2021. The Borsa Istanbul 100 Index rose 4.5%.

The pan-continental Stoxx Europe 600 was down modestly. Japan's Nikkei 225 closed the day 1% higher at 31233.54 points, its highest level in 33 years and the latest in a series of record closes for the index. China's benchmark CSI 300 index fell 0.4%. Hong Kong's Hang Seng lost more than 1%. Early Tuesday, the Nikkei was down 0.4%, the Hang Seng was down 0.7% and the CSI 300 was down 0.8%.

The drop in Chinese share prices came after economic data this weekend showed that China's industrial profit in April fell 18.2% from a year earlier, increasing skepticism about the country's economic recovery.

David Chao, Invesco's global macro strategist for Asia Pacific ex-Japan, said that Chinese stocks are undervalued, and that there was a good chance the country's central bank would loosen the reserve requirement, freeing up capital that Chinese banks could then use to lend.

In commodity markets, futures for Brent crude, the global oil benchmark, rose around 0.2% to about $77.07 a barrel. The group of Russia-led oil producers known as OPEC+ is set to meet in Vienna on June 4 to decide on a production plan for the second half of the year.

VW Taps Into Americana In Bid to Win Over Market

By William Boston

BERLIN—After decades of trying to sell German engineering to Americans only to end up with a tiny slice of the world's most profitable car market, **Volkswagen** has a new strategy: Pretend it is American.

Inspired by electric-truck startups like Rivian and the buzz around Tesla's planned pickup, the European car giant is about to relaunch the defunct Scout brand as an off-road electric vehicle made to Americans' tastes.

VW is hoping that the combination of a U.S. brand, a marketing message heavy on Americana, and a foray into SUVs and pickup trucks—the biggest and most profitable segment of the U.S. car market—can finally boost its presence in the country.

The stakes couldn't be higher for VW, which has become reliant on China for almost half its sales. As it loses ground there to nimbler homegrown EV startups, it is under pressure to increase its presence in other markets, and the U.S. is where it has the most headroom.

The carmaker is planning to launch more than two dozen electric models in the U.S. across its stable of brands, but executives hope that Scout can create the buzz they need to challenge General Motors and Ford on their home ground.

"Made in America by Americans, an American brand is a powerful thing, and we're excited about it," Scout Chief Executive Officer Scott Keogh told The Wall Street Journal this year after closing the deal to locate Scout's first manufacturing plant in South Carolina.

"This is going to put us right into the heart of the action," he added.

Born in Old Brookville, N.Y., the second-generation Irish-American spent 11 years at the U.S. division of Mercedes-Benz, rising to general manager for the Smart nameplate, before joining VW's luxury brand Audi in 2006, becoming CEO in 2012.

During his time at Audi, Keogh built relationships with the brand's U.S. dealers and oversaw a rise in sales from just over 90,000 in 2006 to 223,323 vehicles 12 years later, when he left Audi to become president and CEO of Volkswagen of America.

Around the time that VW put Keogh in charge of its North American business, the company was beginning to invest heavily in EVs. Keogh and his bosses back in Germany were also taking note of the rise of electric-pickup startups in the U.S. such as Rivian and the slow approach that rivals GM, Ford, and Toyota were taking. But VW remained cautious in the face of the highly competitive U.S. truck market.

SCOUT MOTORS

The Scout, a precursor to the SUV introduced in 1960, will be revived as a Volkswagen electric vehicle.

Then, in 2020, VW acquired Navistar, an ailing truck maker and successor to the defunct International Harvester. With it came a once-beloved brand that hadn't produced any vehicle since 1980: Scout.

With few exceptions such as the niche but popular Atlas SUV, VW has largely marketed European designs to Americans, going essentially nowhere: Though VW is the world's second-largest carmaker by sales, its brands—Volkswagen, Audi, Porsche, etc.—represented a combined 4.1% of the U.S. car market in 2022, down slightly from the previous year. That is far behind Toyota, which has about 15% of the U.S. market.

A few months after the Navistar acquisition, in March 2021, VW's management board held a strategy conference at the company's headquarters in Wolfsburg, Germany, and laid the groundwork to resurrect the Scout brand as a rugged all-electric SUV and pickup truck, according to company officials. Then, last year, VW announced its plan to revive the brand as a fully owned independent American subsidiary with local management centered around an iconic American vehicle—a first for VW.

Scout dates back to the late 1950s, when Ted Ornas, an auto designer for International Harvester, designed the company's first Scout, a four-wheel-drive recreational vehicle, something that didn't exist at the time.

Frustrated after his designs generated little interest from his superiors, Ornas, who died in 2009, once said he dashed off a rough sketch at his kitchen table one evening. That became the basis for the first Scout, a box-shaped mashup of a World War II-era Willys Jeep and a pickup truck. The vehicle launched in 1960 and half a million Scouts sold over the next 20 years, creating a passionate fan base.

"The Jeep was for the military, but the Scout was the first civilian SUV," said John Gunnell, a 75-year-old former editor of Old Cars Weekly.

Keogh has made it a point to seek out the Scout fans, according to VW officials, visiting clubs, and having his picture taken in refurbished models that he posts on social media. The first rough illustrations of what the new Scout might look like show VW's intention to stay as close to the original as possible.

Scout was one of the main projects launched under VW CEO Herbert Diess. So when Diess was ousted and replaced by Oliver Blume, the chief of VW's sports-car brand Porsche, last September, Keogh's plan was thrown into question.

Blume has said he wants to strengthen VW's U.S. business, and as a VW board member he had been part of the discussions about Scout. But as the new CEO, he had already begun to scrap some of his predecessor's projects.

Last November, Keogh said, he and his team met Blume in an old warehouse on the sidelines of the LA Auto Show. Keogh showed Blume the promotional video, called "America's Next Shot," created by San Francisco ad agency Venables Bell & Partners.

It opens with images of wheat fields, a cowboy riding a horse on the plains, steelmaking, American flags and archival footage of Scout vehicles scrambling up hills and dirt roads. The narrator talks about the revival of American manufacturing and the Scout, saying: "It is America's next shot. And we do not intend to miss."

Keogh said: "We spent four to five hours with him in Los Angeles at the motor show and gave him a deep dive on everything as to where we are. And...he has been a powerful supporter."

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CLASS ACTION

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

MARTIN HOWARD, Individually and on Behalf of All Others Similarly Situated,
Plaintiff,
vs.
ARCONIC INC., et al.,
Defendants.

Civ. Action No. 2:17-cv-01057-MRH
(Consolidated)
CLASS ACTION

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED (i) ARCONIC INC. ("ARCONIC" OR THE "COMPANY") SECURITIES BETWEEN NOVEMBER 4, 2013 AND JUNE 27, 2017, INCLUSIVE, INCLUDING FOR THE AVOIDANCE OF DOUBT, ARCONIC DEPOSITARY SHARES, AND (ii) ARCONIC DEPOSITARY SHARES, EACH REPRESENTING A 1/10TH INTEREST IN A SHARE OF 5.375% CLASS B MANDATORY CONVERTIBLE PREFERRED STOCK, SERIES 1, PAR VALUE $1 PER SHARE, LIQUIDATING PREFERENCE $500 PER SHARE PURSUANT TO AND/OR TRACEABLE TO THE REGISTRATION STATEMENT AND PROSPECTUS ISSUED IN CONNECTION WITH ARCONIC'S SEPTEMBER 18, 2014 INITIAL PUBLIC PREFERRED STOCK OFFERING, AND ARE NOT OTHERWISE EXCLUDED FROM THE SETTLEMENT CLASS.

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on August 9, 2023, at 9:30 a.m., before Judge Mark R. Hornak, via videoconference, to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action as set forth in the Stipulation of Settlement ("Stipulation")[1] for $74,000,000 in cash should be approved by the Court as fair, reasonable, and adequate; (2) for purposes of the proposed Settlement only, the Litigation should be certified as a class action on behalf of the Settlement Class; (3) the Judgment, as provided under the Stipulation, should be entered, among other things, dismissing the Litigation with prejudice; (4) to award Lead Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Stipulation and referred to in the Notice of Pendency and Proposed Settlement of Class Action ("Notice"), which is discussed below) and to award Lead Plaintiffs reimbursement of their time and expenses in connection with their representation of the Settlement Class, and, if so, in what amounts; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable, and adequate.

The Court has decided to conduct the Settlement Hearing via videoconference. In order to determine whether the date and time of the Settlement Hearing have changed, it is important that you monitor the Court's docket and the Settlement website, www.ArconicSecuritiesSettlement.com. Updates regarding the Settlement Hearing, including any changes to the date or time of the hearing, will be posted to the Settlement website, www.ArconicSecuritiesSettlement.com.

IF YOU PURCHASED OR OTHERWISE ACQUIRED ARCONIC SECURITIES, INCLUDING ARCONIC DEPOSITARY SHARES BETWEEN NOVEMBER 4, 2013 AND JUNE 27, 2017, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

To seek to share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (postmarked no later than August 21, 2023) or electronically (no later than August 21, 2023). Your failure to submit your Proof of Claim by August 21, 2023 will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement. If you are a Settlement Class Member and do not validly and timely request exclusion from the Settlement Class in accordance with the requirements set by the Court, you will be bound by the Settlement and any judgment and release entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

The Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), the Proof of Claim, the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice and the Notice), and other Settlement documents, may be accessed online at www.ArconicSecuritiesSettlement.com, or by writing to:

Arconic Securities Settlement
c/o A.B. Data, Ltd.
P.O. Box 173091
Milwaukee, WI 53217
Telephone: 866-963-9979
info@ArconicSecuritiesSettlement.com

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Lead Counsel:

POMERANTZ LLP
Jeremy Lieberman
600 Third Avenue, 20th Floor
New York, NY 10016
Telephone: 212-661-1100
jalieberman@pomlaw.com

ROBBINS GELLER RUDMAN & DOWD LLP
Ellen Gusikoff Stewart
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 800-449-4900
settlementinfo@rgrdlaw.com

IF YOU DESIRE TO BE EXCLUDED FROM THE SETTLEMENT CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS RECEIVED BY JULY 19, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL SETTLEMENT CLASS MEMBERS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE REQUEST BY LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 33 1/3% OF THE $74,000,000 SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED $975,000 AND AWARDS TO LEAD PLAINTIFFS NOT TO EXCEED $75,000 IN THE AGGREGATE IN CONNECTION WITH THEIR REPRESENTATION OF THE SETTLEMENT CLASS. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL SO THAT THEY ARE RECEIVED BY JULY 19, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: MAY 30, 2023

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

[1] This Summary Notice incorporates by reference the definitions in the Stipulation of Settlement dated April 21, 2023 ("Stipulation"), which can be viewed and/or obtained at www.ArconicSecuritiesSettlement.com. In the event any defined term herein or in the Notice conflicts with the defined term as used in the Stipulation, the Stipulation controls.

PUBLIC NOTICES

SOUTHLAND NATIONAL INSURANCE CORPORATION

NOTICE OF LIQUIDATION

NOTICE TO THE POLICYHOLDERS, DEBTORS, OBLIGEES, CLAIMANTS, CREDITORS AND ALL OTHER PERSONS INTERESTED IN THE AFFAIRS OF SOUTHLAND NATIONAL INSURANCE CORPORATION OF LIQUIDATION AND CLAIM FILING DEADLINE:

The Superior Court of Wake County, North Carolina ordered Southland National Insurance Corporation ("SNIC") into liquidation on May 2, 2023 ("Order of Liquidation") and appointed the North Carolina Insurance Commissioner as liquidator of SNIC ("Liquidator"). The Order of Liquidation enjoins all persons from instituting or prosecuting any suit or other action against the Liquidator, SNIC, or SNIC's property or assets, in accordance with the automatic, nondiscretionary statutory prohibition in N.C.G.S. § 58-30-130.

All persons indebted to or having any property of SNIC in their possession are hereby notified to tender an account of the indebtedness and to pay the same and deliver such property to the Liquidator.

You can obtain information about the liquidation proceeding and how to file a proof of claim at the North Carolina Department of Insurance website: https://www.ncdoi.gov/insurance-industry/regulatory-actions-receiverships. Additional information about the status of the liquidation will be posted on the SNIC website on an ongoing basis. If you believe you have a claim to pursue against SNIC, other than a claim for policy benefits under a policy of insurance, you must file a completed proof of claim form with the liquidator by May 2, 2025.

Pursuant to N.C.G.S.§ 58-30-125 (b) the Liquidator is NOT requiring policyholders claiming cash surrender values or other investment values in life insurance and annuities to file a proof of claim. Health insurance and Death benefit claims will be paid in the normal course to the extent covered by a state life and health insurance guaranty association.

If you do not have access to the Internet and would like a proof of claim form mailed to you, you may request one from the Special Deputy Liquidator at:

Southland National Insurance Corporation, in Liquidation
ATTN: Claim Form Request
555 Fayetteville Street, Suite 201
Raleigh, NC 27601

YOUR PROOF OF CLAIM STATING YOUR POTENTIAL CLAIM MUST BE POST-MARKED OR RECEIVED BY THE LIQUIDATOR NO LATER THAN MAY 2, 2025 OR YOUR CLAIM WILL BE BARRED. THE BAR DATE DOES NOT TOLL OR EXTEND ANY PERIOD OF LIMITATION, OR STATUTE OF LIMITATION OR OF REPOSE, OR CONTRACTUAL TIME LIMIT, FOR FILING ANY CLAIM.

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THE TICKER | MARKET EVENTS COMING THIS WEEK

Tuesday

Consumer Confidence
April, previous 101.3
May, expected 99.0

Earnings expected
Estimate/Year Ago
Ambarella **(0.20)**/0.44
Canopy Growth **(0.15)**/(1.14)
Elbit Systems **1.36**/1.19
Hewlett Packard Enterprise **0.49**/0.44
HP **0.76**/1.08

Wednesday

Chicago PMI
April, previous 48.6
May, expected 47.3

EIA status report
Previous change in stocks in millions of barrels
Crude oil down 12.5
Gasoline down 2.1
Distillates down 0.6

Mort. bankers indexes
Purch., prev. down 4.0%
Refinan., prev. down 5.0%

Earnings expected
Estimate/Year Ago
CrowdStrike **0.51**/0.31
NetApp **1.35**/1.42
Okta **0.12**/(0.27)
Pure Storage **0.04**/0.25
Salesforce **1.61**/0.98
Veeva Systems **0.79**/0.99

Thursday

Construction spending
March, previous 0.3%
April, expected 0.1%

EIA report: natural gas
Previous change in stocks in billions of cubic feet
up 96

Initial jobless claims
Previous 229,000
Expected 235,000

ISM mfg. index
April, previous 47.1
May, expected 47.0

Productivity
4th qtr., previous down 2.7%
1st qtr. prelim., exp. down 2.7%

Unit labor costs
4th qtr., prev. up 6.3%
1st qtr. prelim., exp. up 6.3%

Earnings expected
Estimate/Year Ago
Broadcom **10.12**/9.07
Dollar General **2.39**/2.41
Hormel Foods **0.39**/0.48
Lululemon Athletica **1.96**/1.48
VMware **1.55**/1.28
Zscaler **0.42**/0.17

Friday

Nonfarm payrolls
April, previous 253,000
May, expected 188,000

Unemployment rate
April, previous 3.4%
May, expected 3.5%

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

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MARKETS DIGEST

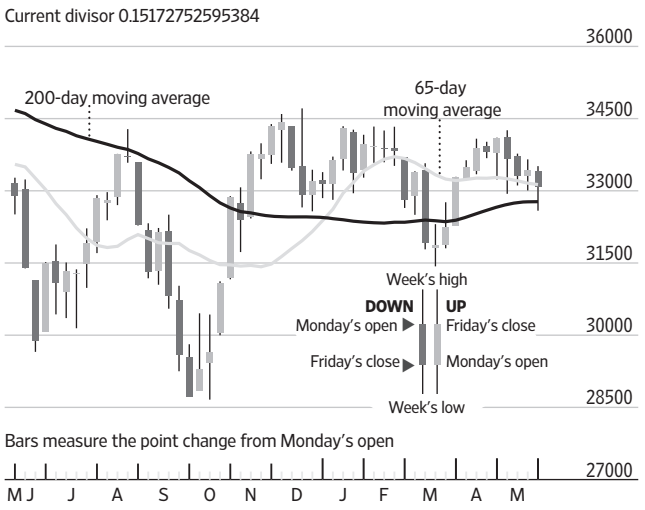
Dow Jones Industrial Average

33093.34 ▼333.29, or 1.00% last week

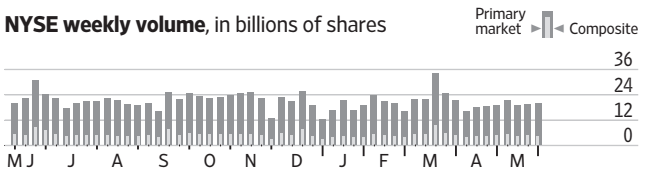
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	22.05	18.89
P/E estimate *	17.35	17.13
Dividend yield	2.13	2.14
All-time high	36799.65, 01/04/22	

Current divisor 0.15172752595384



NYSE weekly volume, in billions of shares



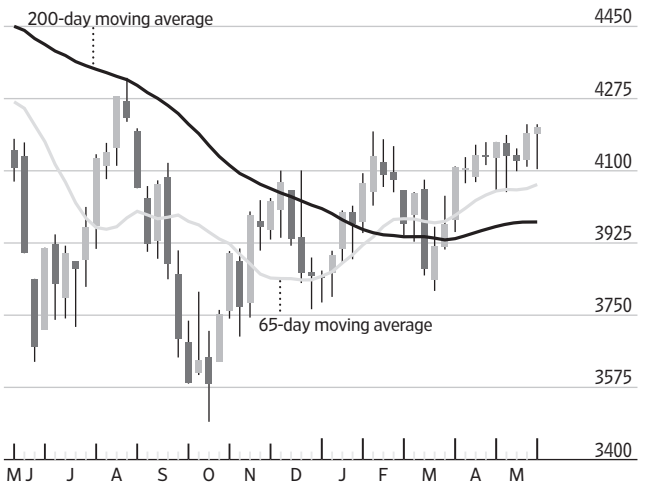
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc; †Based on Nasdaq-100 Index

S&P 500 Index

4205.45 ▲13.47, or 0.32% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	18.37	21.09
P/E estimate *	18.55	17.63
Dividend yield *	1.67	1.54
All-time high	4796.56, 01/03/22	



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Major U.S. Stock-Market Indexes

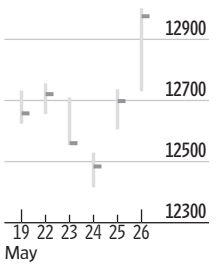
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg YTD	3-yr. ann.
Dow Jones											
Industrial Average	33512.30	32586.56	**33093.34**	-333.29	**-1.00**	28725.51		34589.77	**-0.4**	-0.2	**9.8**
Transportation Avg	14035.18	13611.79	**13903.42**	-6.12	**-0.04**	11999.40		15640.7	**-3.7**	3.8	**16.1**
Utility Average	921.78	885.37	**893.80**	-21.03	**-2.30**	838.99		1061.77	**-13.7**	-7.6	**5.1**
Total Stock Market	41964.23	40939.29	**41876.59**	131.17	**0.31**	36056.21		43441.8	**0.1**	8.7	**11.3**
Barron's 400	922.86	900.25	**914.52**	-1.04	**-0.11**	825.73		1023.2	**-6.5**	-0.6	**12.0**
Nasdaq Stock Market											
Nasdaq Composite	13001.91	12415.85	**12975.69**	317.79	**2.51**	10213.29		13128.05	**7.0**	24.0	**11.6**
Nasdaq-100	14329.49	13520.92	**14298.41**	494.92	**3.59**	10679.34		14298.41	**12.8**	30.7	**15.0**
S&P											
500 Index	4212.87	4103.98	**4205.45**	13.47	**0.32**	3577.03		4305.2	**1.1**	9.5	**12.0**
MidCap 400	2478.38	2400.00	**2442.85**	-13.04	**-0.53**	2200.75		2726.61	**-3.8**	0.5	**11.7**
SmallCap 600	1169.44	1123.16	**1146.48**	1.69	**0.15**	1064.45		1315.82	**-8.2**	-1.0	**12.4**
Other Indexes											
Russell 2000	1816.41	1741.24	**1773.02**	-0.70	**-0.04**	1649.84		2021.35	**-6.1**	0.7	**8.4**
NYSE Composite	15387.76	14898.71	**15078.69**	-245.63	**-1.60**	13472.18		16122.58	**-5.4**	-0.7	**9.1**
Value Line	547.36	528.75	**537.35**	-4.99	**-0.92**	491.56		606.49	**-8.7**	0.2	**7.6**
NYSE Arca Biotech	5517.04	5249.08	**5291.77**	-125.31	**-2.31**	4208.43		5644.5	**11.9**	0.2	**-1.6**
NYSE Arca Pharma	885.03	845.75	**848.40**	-29.31	**-3.34**	737.84		892.45	**-0.7**	-2.2	**10.0**
KBW Bank	80.28	76.39	**77.85**	0.99	**1.29**	71.96		116.53	**-33.0**	-22.8	**1.8**
PHLX§ Gold/Silver	128.44	120.76	**121.71**	-6.13	**-4.80**	91.40		144.37	**-7.9**	0.7	**0.8**
PHLX§ Oil Service	75.60	72.37	**72.98**	-0.447	**-0.61**	56.08		93.94	**-12.3**	-13.0	**31.7**
PHLX§ Semiconductor	3563.33	3091.29	**3545.67**	342.18	**10.68**	2162.32		3545.67	**13.8**	40.0	**24.9**
Cboe Volatility	20.81	16.82	**17.95**	1.14	**6.78**	15.78		34.02	**-30.2**	-17.2	**-13.8**

§Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

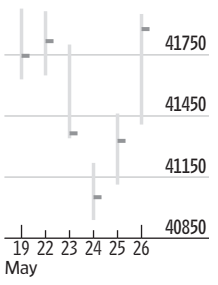
Nasdaq Composite

▲ 317.79, or 2.51% last week



DJ US TSM

▲ 131.17, or 0.31% last week



International Stock Indexes

Region/Country	Index	Latest Close	Net chg	% chg	YTD % chg
World	**MSCI ACWI**	**653.48**	0.43	**0.07**	7.9
	MSCI ACWI ex-USA	**296.31**	0.51	**0.17**	5.3
	MSCI World	**2830.43**	2.50	**0.09**	8.8
	MSCI Emerging Markets	**971.75**	−1.11	**−0.11**	1.6
Americas	**MSCI AC Americas**	**1592.82**	0.43	**0.03**	9.3
Canada	**S&P/TSX Comp**	**19967.95**	47.64	**0.24**	3.0
Latin Amer.	**MSCI EM Latin America**	**2292.61**	1.59	**0.07**	7.7
Brazil	**BOVESPA**	**110333.40**	−572.11	**−0.52**	0.5
Chile	**S&P IPSA**	**3164.78**	−6.01	**−0.19**	−0.2
Mexico	**S&P/BMV IPC**	**54212.67**	187.22	**0.35**	11.9
EMEA	**STOXX Europe 600**	**460.87**	−0.54	**−0.12**	8.5
Eurozone	**Euro STOXX**	**454.87**	−1.31	**−0.29**	11.0
Belgium	**Bel-20**	**3641.37**	−10.79	**−0.30**	−1.6
Denmark	**OMX Copenhagen 20**	**2079.86**	...	**Closed**	13.3
France	**CAC 40**	**7303.81**	−15.37	**−0.21**	12.8
Germany	**DAX**	**15952.73**	−31.24	**−0.20**	14.6
Israel	**Tel Aviv**	**1776.45**	−4.81	**−0.27**	−1.1
Italy	**FTSE MIB**	**26617.35**	−96.05	**−0.36**	12.3
Netherlands	**AEX**	**764.10**	−3.76	**−0.49**	10.9
Norway	**Oslo Bors All-Share**	**1376.77**	...	**Closed**	1.0
South Africa	**FTSE/JSE All-Share**	**76613.35**	23.81	**0.03**	4.9
Spain	**IBEX 35**	**9180.12**	−10.98	**−0.12**	11.6
Sweden	**OMX Stockholm**	**838.06**	−4.89	**−0.58**	7.2
Switzerland	**Swiss Market**	**11434.24**	...	**Closed**	6.6
Turkey	**BIST 100**	**4768.56**	187.89	**4.10**	−13.4
U.K.	**FTSE 100**	**7627.20**	...	**Closed**	2.4
U.K.	**FTSE 250**	**18794.09**	...	**Closed**	−0.3
Asia-Pacific	**MSCI AC Asia Pacific**	**160.38**	0.62	**0.39**	3.0
Australia	**S&P/ASX 200**	**7217.40**	62.64	**0.88**	2.5
China	**Shanghai Composite**	**3221.45**	8.94	**0.28**	4.3
Hong Kong	**Hang Seng**	**18551.11**	−195.81	**−1.04**	−6.2
India	**S&P BSE Sensex**	**62846.38**	344.69	**0.55**	3.3
Japan	**NIKKEI 225**	**31233.54**	317.23	**1.03**	19.7
Singapore	**Straits Times**	**3195.22**	−12.17	**−0.38**	−1.7
South Korea	**KOSPI**	**2558.81**	...	**Closed**	14.4
Taiwan	**TAIEX**	**16636.30**	131.25	**0.80**	17.7
Thailand	**SET**	**1540.97**	10.13	**0.66**	−7.7

Sources: FactSet; Dow Jones Market Data

Commodities and Currencies

	Monday Close	Net chg	% Chg	YTD % chg
WSJ Dollar Index	**98.06**	0.0004	**0.0004**	1.56
Euro, per dollar	**0.9339**	0.0018	**0.20**	-0.05
Yen, per dollar	**140.45**	-0.19	**-0.14**	7.12
U.K. pound, in dollars	**1.24**	0.001	**0.05**	2.13

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	**956.27**	-4.90	**-0.51**	-8.81
Refinitiv/CC CRB Index	**260.70**	-1.43	**-0.55**	-6.14
Crude oil, $ per barrel	**72.67**	0.98	**1.37**	-9.46
Natural gas, $/MMBtu	**2.181**	-0.404	**-15.63**	-51.26
Gold, $ per troy oz.	**1944.10**	-34.60	**-1.75**	6.84
U.S. Dollar Index	**104.23**	1.03	**1.00**	0.68
WSJ Dollar Index	**98.06**	1.00	**1.03**	1.56
Euro, per dollar	**0.9321**	0.0066	**0.72**	-0.24
Yen, per dollar	**140.64**	2.75	**1.99**	7.26
U.K. pound, in dollars	**1.24**	-0.010	**-0.77**	2.08

	52-Week Low	Close(●)	High	% Chg
DJ Commodity	948.22		1251.61	**-22.60**
Refinitiv/CC CRB Index	254.03		329.59	**-18.66**
Crude oil, $ per barrel	66.74		122.11	**-36.85**
Natural gas, $/MMBtu	1.99		9.68	**-75.01**
Gold, $ per troy oz.	1623.30		2048.00	**5.01**
U.S. Dollar Index	101.01		114.10	**2.52**
WSJ Dollar Index	94.09		105.14	**3.98**
Euro, per dollar	0.90		1.04	**0.07**
Yen, per dollar	127.11		150.15	**10.65**
U.K. pound, in dollars	1.07		1.27	**-2.23**

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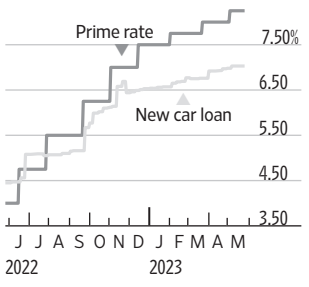
Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

New car loan

Bankrate.com avg†:	**7.03%**
Colonial Savings, FA	**5.49%**
Garland, TX	972-495-4032
First Command Bank	**5.74%**
Fort Worth, TX	888-763-7600
First Savings Bank of Hegewisch	**5.75%**
Chicago, IL	773-646-4200
Firstrust Bank	**5.99%**
Philadelphia, PA	800-220-2265
Frost Bank	**5.99%**
Houston, TX	800-513-7678

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**5.00-5.25**	5.00-5.25	0.75	5.25	**5.00**
Prime rate*	**8.25**	8.25	4.00	8.25	**5.00**
Libor, 3-month	**5.48**	5.39	1.58	5.48	**5.10**
Money market, annual yield	**0.54**	0.53	0.08	0.54	**0.25**
Five-year CD, annual yield	**2.83**	2.83	0.94	2.83	**2.03**
30-year mortgage, fixed†	**7.26**	7.12	5.26	7.41	**3.70**
15-year mortgage, fixed†	**6.64**	6.39	4.60	6.64	**3.73**
Jumbo mortgages, $726,200-plus†	**7.31**	7.21	5.19	7.44	**3.67**
Five-year adj mortgage (ARM)†	**5.96**	5.79	3.89	5.96	**2.72**
New-car loan, 48-month	**7.03**	7.03	4.45	7.03	**2.76**

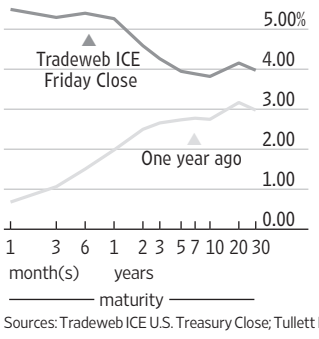
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

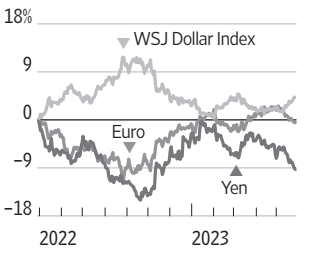
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

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



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

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
U.S. Treasury, Bloomberg	**4.250**	4.040				-3.89	-4.80
U.S. Treasury Long, Bloomberg	**4.100**	4.040				-11.82	-12.59
Aggregate, Bloomberg	**4.790**	4.620	57	44	69	-3.76	-3.94
Fixed-Rate MBS, Bloomberg	**4.850**	4.710	64	26	88	-4.65	-4.12
High Yield 100, ICE BofA	**8.249**	8.117	396	321	552	-0.074	2.754
Muni Master, ICE BofA	**3.522**	3.411	-7	-17	11	-0.084	-1.014
EMBI Global, J.P. Morgan	**8.013**	7.924	401	353	496	-2.148	-2.740

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

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
Week of 05/29	6/3 2022	**BioLife4D** Biotech company focused on leveraging advances in life sciences and tissue engineering to 3D bioprint a viable human heart suitable for transplant.	**SAVU** Nq	**1.3**	5.20/ 7.20	Aegis Cptl
Week of 05/29	7/18 2022	**Solarmax Technology** Provider of installation and maintenance services of household and commercial solar panels.	**SMXT** Nq	**7.5**	4.00/ 4.00	EF Hutton
Week of 05/29	6/17 2020	**ALE Group Holding** Provider of accounting and corporate consulting services to small and medium-sized businesses.	**ALEH** Nq	**1.3**	4.00/ 6.00	Prime Number Capital

Lockup Expirations

None expected this week

IPO Scorecard

Performance of IPOs, most-recent listed first

Company **SYMBOL** IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Atmus Filtration Tech **ATMU** May 26/$19.50	21.65	**11.0**	...
Inflection Point Acquisition II **IPXXU** May 25/$10.00	10.06	**0.6**	−0.1
CaliberCos **CWD** May 17/$4.00	3.06	**−23.5**	−49.0
Strong Global Entertainment **SGE** May 16/$4.00	3.31	**−17.3**	−10.8
Acelryn **SLRN** May 5/$18.00	19.27	**7.1**	−18.0
Alchemy Investments Acquisition **ALCYU** May 5/$10.00	10.15	**1.5**	0.4
Kenvue **KVUE** May 4/$22.00	26.30	**19.5**	−2.2
Golden Star Acquisition **GODNU** May 2/$10.00	10.29	**2.9**	1.4
Interactive Strength **TRNR** April 28/$8.00	6.00	**−25.0**	−9.2
Ares Acquisition II **AACT.UT** April 21/$10.00	10.16	**1.6**	0.9
Jayud Global Logistics **JYD** April 21/$4.00	2.95	**−26.3**	−41.5
U Power **UCAR** April 20/$6.00	3.45	**−42.5**	−92.0
U.S. Gold Mining **USGO** April 20/$10.00	15.70	**57.0**	71.6
Wang & Lee Grp **WLGS** April 20/$5.00	1.46	**−70.8**	−52.9
Top KingWin **TCJH** April 18/$4.00	9.06	**126.5**	115.7
Trio Petroleum **TPET** April 18/$3.00	1.47	**−51.0**	−35.2
CytoMed Thera **GDTC** April 14/$4.00	2.68	**−33.0**	−33.0
VCI Global **VCIG** April 13/$4.00	2.47	**−38.3**	−41.9
Golden Heaven Grp Hldgs **GDHG** April 12/$4.00	4.36	**9.0**	8.7
ARB IOT Grp **ARBB** April 5/$4.00	3.57	**−10.8**	−7.3

Sources: Dow Jones Market Data; FactSet

Public and Private Borrowing

Treasurys

Tuesday, May 30

Auction of 13 and 26 week bills; announced on May 25; settles on June 1

Wednesday, May 31

Auction of 17 week bill; announced on May 30; settles on June 6

Thursday, June 1

Auction of 4 and 8 week bills; announced on May 30; settles on June 6

Cash Prices

Monday, May 29, 2023

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

	Monday
Metals	
Gold, per troy oz	
LBMA Gold Price AM	*1953.50
LBMA Gold Price PM	*1947.90
Silver, troy oz.	
LBMA spot price	*£18.7000
(U.S.$ equivalent)	*23.1450
Other metals	
LBMA Platinum Price PM	*1025.0
Aluminum, LME, $ per metric ton	*2242.0
Fibers and Textiles	
Cotlook 'A' Index-t	*90.65
Food	
Coffee,Brazilian,Comp-y	1.8789
Coffee,Colombian, NY-y	2.2833

Friday, May 26, 2023

	Friday
Energy	
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	75.750
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	15.250
Metals	
Gold, per troy oz	
Engelhard industrial	1948.00
Handy & Harman base	1947.90
Handy & Harman fabricated	2162.17
LBMA Gold Price AM	*1962.30
LBMA Gold Price PM	*1948.25
Krugerrand,wholesale-e	2031.64
Maple Leaf-e	2080.24
American Eagle-e	2080.24
Mexican peso-e	2508.15
Austria crown-e	1908.66
Austria phil-e	2041.36
Silver, troy oz.	
Engelhard industrial	23.2500
Handy & Harman base	23.2200
Handy & Harman fabricated	29.0250
LBMA spot price	*£18.6100
(U.S.$ equivalent)	*23.0050
Coins,wholesale $1,000 face-a	21814
Other metals	
LBMA Platinum Price PM	*1023.0
Platinum,Engelhard industrial	1030.0
Palladium,Engelhard industrial	1450.0
Aluminum, LME, $ per metric ton	*2236.0
Copper,Comex spot	3.6735
Iron Ore, 62% Fe CFR China-s	n.a.
Shredded Scrap, US Midwest-s,m	n.a.
Steel, HRC USA, FOB Midwest Mill-s	n.a.
Battery/EV metals	
BMI Lithium Carbonate, EXW China, =99.2%-v,w	39975
BMI Lithium Hydroxide, EXW China, =56.5% -v,w	38825
BMI Cobalt sulphate, EXW China, >20.5% -v,m	5148
BMI Nickel Sulphate, EXW China, >22%-v,m	4966
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	705

	Friday
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.7400
Cotton,11/16 std lw-mdMphs-u	0.8160
Cotlook 'A' Index-t	*91.95
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u,w	133
Corn,No. 2 yellow,Cent IL-bp,u	6.2100
Corn gluten feed,Midwest-u,w	164.4
Corn gluten meal,Midwest-u,w	545.7
Cottonseed meal-u,w	363
Hominy feed,Cent IL-u,w	185
Meat-bonemeal,50% pro Mnpls-u,w	455
Oats,No.2 milling,Mnpls-u	3.9350
Rice, Long Grain Milled, No. 2 AR-u,w	37.25
Sorghum,(Milo) No.2 Gulf-u	n.a.
SoybeanMeal,Cent IL,rail,ton48%-u,w	408.20
Soybeans,No.1 yllw IL-bp,u	13.4500
Wheat,Spring14%-pro Mnpls-u	9.9800
Wheat,No.2 soft red,St.Louis-u	6.1450
Wheat - Hard - KC (USDA) $ per bu-u	8.8425
Wheat,No.1soft white,Portld,OR-u	7.1000
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	280.21
select 1-3,600-900 lbs.-u	261.66
Broilers, National comp wtd. avg.-u,w	1.4304
Butter,AA Chicago-d	2.4300
Cheddar cheese,bbl,Chicago-d	149.00
Cheddar cheese,blk,Chicago-d	147.75
Milk,Nonfat dry,Chicago lb.-d	117.00
Coffee,Brazilian,Comp-y	1.8238
Coffee,Colombian, NY-y	2.2217
Eggs,large white,Chicago-u	0.8850
Flour,hard winter KC-p	22.10
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	78.59
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	1.1049
Steers,Tex.-Okla. Choice-u	171.00
Steers,feeder,Okla. City-u,w	253.25
Fats and Oils	
Degummed corn oil, crude wtd. avg.-u,w	n.a.
Grease,choice white,Chicago-h	0.5400
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u,w	0.5157
Tallow,bleach;Chicago-h	0.5675
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 5/25

Source: Dow Jones Market Data

Currencies

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

Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0042	236.1717	**33.6**
Brazil real	.1993	5.0178	**−5.1**
Canada dollar	.7358	1.3591	**0.3**
Chile peso	.001248	801.15	**−5.6**
Colombia peso	.000225	4439.53	**−8.4**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0569	17.5894	**−9.7**
Uruguay peso	.02579	38.7750	**−3.0**
Asia-Pacific			
Australia dollar	.6538	1.5295	**4.2**
China yuan	.1414	7.0731	**2.5**
Hong Kong dollar	.1277	7.8284	**0.3**
India rupee	.01211	82.585	**−0.2**
Indonesia rupiah	.0000668	14960	**−3.9**
Japan yen	.007120	140.45	**7.1**
Kazakhstan tenge	.002251	444.28	**−4.0**
Macau pataca	.1240	8.0670	**0.2**
Malaysia ringgit	.2172	4.6050	**4.5**
New Zealand dollar	.6054	1.6518	**4.9**
Pakistan rupee	.00351	285.264	**25.8**
Philippines peso	.0178	56.076	**0.7**
Singapore dollar	.7387	1.3537	**1.0**
South Korea won	.0007547	1324.96	**5.0**
Sri Lanka rupee	.0033677	296.94	**−19.2**
Taiwan dollar	.03266	30.616	**−0.1**
Thailand baht	.02882	34.700	**0.2**
Vietnam dong	.00004260	23473	**−0.7**
Europe			
Czech Rep. koruna	.04522	22.116	**−2.0**
Denmark krone	.1438	6.9564	**0.1**
Euro area euro	1.0708	.9339	**−0.05**
Hungary forint	.002883	346.91	**−7.1**
Iceland krona	.007172	139.43	**−1.5**
Norway krone	.0901	11.1042	**13.2**
Poland zloty	.2370	4.2199	**−3.6**
Russia ruble	.01241	80.589	**9.3**
Sweden krona	.0924	10.8175	**3.6**
Switzerland franc	1.1057	.9044	**−2.2**
Turkey lira	.0497	20.1038	**7.6**
Ukraine hryvnia	.0272	36.7500	**−0.3**
UK pound	1.2356	.8093	**−2.1**
Middle East/Africa			
Bahrain dinar	2.6532	.3769	**−0.04**
Egypt pound	.0324	30.9029	**24.8**
Israel shekel	.2681	3.7296	**5.8**
Kuwait dinar	3.2495	.3077	**0.6**
Oman sul rial	2.5974	.3850	**unch**
Qatar rial	.2743	3.645	**−0.6**
Saudi Arabia riyal	.2667	3.7501	**−0.2**
South Africa rand	.0509	19.6653	**15.5**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	98.06	0.0004	0.0004	**1.56**

Sources: Tullett Prebon, Dow Jones Market Data

CLOSED-END FUNDS

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

Source: Lipper

Friday, May 26, 2023

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Diversified Eq Inc **ADX**	18.95	15.83	-16.5	1.3
Central Secs **CET**	42.58	34.60	-18.7	-3.5
CohenStrsCEOppFd **FOF**	10.44	10.41	-0.3	-1.4
EVTxAdvDivIncm **EVT**	NA	21.60	NA	-8.7
GabelliDiv&IncTr **GDV**	NA	20.01	NA	-5.3
Gabelli Equity Tr **GAB**	NA	5.35	NA	-11.8
GeneralAmer **GAM**	48.38	39.67	-18.0	6.7
JHancockTaxAdvDiv **HTD**	NA	19.57	NA	-18.1
Liberty All-Star Equity **USA**	6.09	6.00	-1.5	-4.6
Liberty All-Star Growth **ASG**	5.36	5.17	-3.5	-7.3
Royce Micro-Cap Tr **RMT**	9.53	8.26	-13.3	-4.0
Royce Value Trust **RVT**	14.94	12.78	-14.5	-10.7
Source Capital **SOR**	41.64	37.33	-10.4	-0.4
Sprott Focus Trust **FUND**	8.17	7.63	-6.6	-6.8
SRH Total Return **STEW**	15.36	12.45	-18.9	-3.7
Tri-Continental **TY**	29.99	26.19	-12.7	-3.7
Specialized Equity Funds				
abrdn Glb Prem Prop **AWP**	4.05	3.68	-9.1	-25.9
Adams Natural Resources **PEO**	23.73	19.81	-16.5	-8.1
ASA Gold & Prec Met Ltd **ASA**	17.89	15.29	-14.5	-18.4
BR Enh C&I **CII**	18.68	17.67	-5.4	3.3
BlackRock Energy & Res **BGR**	13.28	11.59	-12.7	-5.5
BlackRock Eq Enh Div **BDJ**	8.55	8.10	-5.3	-4.9
BlackRock Enh Glbl Div **BOE**	11.34	9.78	-13.8	-1.2
BlackRock Enh Intl Div **BGY**	6.16	5.42	-12.0	7.4
BlackRock ESG Cap All T **ECAT**	17.60	15.43	-12.3	12.6
BlackRock Hlth Sci Term **BMEZ**	18.55	15.83	-14.7	5.2
BlackRock Hlth Sciences **BME**	41.50	39.78	-4.1	-4.4
BlackRock Innov&Gro Term **BIGZ**	8.94	7.51	-16.0	-4.3
BlackRock Res & Comm **BCX**	10.31	8.95	-13.2	-11.3
BlackRock Sci&Tech Term **BSTZ**	21.00	17.68	-15.8	-12.0
BlackRock Sci&Tech Trust **BST**	32.99	33.28	+0.9	-3.0
BlackRock Utl Inf & Pwr **BUI**	22.27	21.85	-1.9	3.0
CLEARBRIDGE ENGY MDS OPP **EMO**	32.53	27.76	-14.7	-1.1
CLEARBRIDGE MLP&MDSTM TR **CTR**	35.14	28.34	-19.4	-3.3
ClearBridge MLP & Midstm **CEM**	38.24	31.94	-16.5	-4.4
ChnStrInfr **UTF**	22.52	21.19	-5.9	-17.6
Cohen&SteersQualInc **RQI**	11.78	10.95	-7.0	-19.1
CohenStrs Real Est and I **RLTY**	15.00	12.81	-14.6	-22.7
Cohen&Steers TotRet **RFI**	11.20	11.01	-1.7	-16.5
CohenStrsREITPrefInc **RNP**	19.06	17.75	-6.9	-14.3
Columbia Sel Prm Tech Gr **STK**	26.82	29.21	+8.9	10.5
DNP Select Income **DNP**	8.24	10.19	+23.6	-3.6
Duff&Ph Uti&Infra Inc Fd **DPG**	NA	12.05	NA	-13.7
EtnVncEqtyInc **EOI**	NA	15.59	NA	5.6
EtnVncEqtyIncoII **EOS**	NA	16.69	NA	1.5
EVRskMnDvsEqInc **ETJ**	NA	7.85	NA	-5.2
ETnVncTxMgdBuyWrtInc **ETB**	NA	12.99	NA	-8.6
EtnVncTxMgdBuyWrtOpp **ETV**	NA	12.22	NA	-6.1
EvTxMnDvsEqInc **ETY**	NA	11.63	NA	2.0
EtnVncTxMgdGlbB **ETW**	NA	8.09	NA	-0.3
EVTxMnGblDvEqInc **EXG**	NA	7.77	NA	-1.7
Ecofin S&S Impact Term **TEAF**	NA	12.93	NA	-4.8
First Trust Energy Inc G **FEN**	14.80	12.63	-14.7	-16.5
First Tr Enhanced Eq **FFA**	17.84	16.67	-6.6	-1.7
FirstTrEnergyInfra **FIF**	16.40	14.18	-13.5	-5.0
FirstTrMLPEner&Inc **FEI**	8.86	7.40	-16.5	-6.7
Gabelli Healthcare **GRX**	NA	9.61	NA	-11.8
Gab Utility **GUT**	NA	6.74	NA	10.4
GAMCOGlGold&NatRes **GGN**	NA	3.68	NA	1.4
J Han Finl Opptys **BTO**	NA	27.13	NA	-24.5
Neuberger Brmn MLP & EI **NML**	NA	6.29	NA	-3.0
Neuberger Nxt Gen Conn **NBXG**	NA	10.23	NA	4.2
Nuv Dow 30 Dyn Overwrite **DIAX**	NA	14.26	NA	-5.7
NuvCorEqAlpha **JCE**	NA	12.30	NA	0.0
Nuveen Nasdaq 100 Dyn Ov **QQQX**	NA	25.23	NA	12.6
Nuv Real Est **JRS**	NA	6.94	NA	-28.6
Nuveen RI Asst Inc & Gro **JRI**	NA	11.04	NA	-16.4
NuvS&P500DynOvFd **SPXX**	NA	15.27	NA	-0.3
NuvSP500BuyIncFd **BXMX**	NA	13.32	NA	4.0
ReavesUtilityIncome **UTG**	26.52	26.76	+0.9	-14.8
Tortoise Enrgy Infra Crp **TYG**	NA	27.27	NA	-12.1
Tortoise Midstream Enrgy **NTG**	NA	31.95	NA	-9.3
VDivInt&PremStr **NFJ**	NA	11.64	NA	-2.0
V Art Int&Tech Opps **AIO**	NA	16.71	NA	1.6
Income & Preferred Stock Funds				
CalamosStratTot **CSQ**	14.10	13.66	-3.1	-0.2
CohenStrsLtdDurPref&Inc **LDP**	19.11	17.26	-9.7	-11.3
CohenStrsSelPref&Income **PSF**	18.88	17.20	-8.9	-14.2
CohenStrsTaxAvPreSecs&I **PTA**	18.75	16.32	-13.0	-11.5
Dividend and Income **DNI**	NA	NA	NA	NA
FirstTrIntDurPref&Inc **FPF**	17.08	15.21	-10.9	-17.4
JHanPrefInc **HPI**	NA	14.21	NA	-16.9
JHPrefIncII **HPF**	NA	14.31	NA	-17.3
HnckJPfdInco III **HPS**	NA	13.50	NA	-15.1
J Han Prm **PDT**	NA	11.11	NA	-22.5
LMP CapInco **SCD**	14.20	12.17	-14.3	-4.2
Nuveen Multi-Asset Inc **NMAI**	NA	11.44	NA	-10.2
Nuveen Pref & Inc Opp **JPC**	NA	6.27	NA	-17.2
Nuveen Fd **JPS**	NA	6.25	NA	-13.9
Nuveen Pref & Inc Term **JPI**	NA	16.60	NA	-14.4
Nuveen Var Rate P&I **NPFD**	NA	15.18	NA	-17.1
TCW Strat Income **TSI**	5.01	4.66	-7.0	0.1
Convertible Sec's. Funds				
AdvntCnvrtbl&IncFd **AVK**	12.03	11.08	-7.9	-10.8
CalamosConvHi **CHY**	10.34	10.03	-3.0	-8.6
CalmosConvOp **CHI**	9.79	9.94	+1.5	-5.6
Ellsworth G&I Fund Ltd **ECF**	NA	7.90	NA	-8.1
V Conv & Inc **NCV**	NA	3.19	NA	-10.4
V Conv & Inc II **NCZ**	NA	2.84	NA	-6.1
V Div Inc & Conv **ACV**	NA	18.43	NA	-4.3
V Eqty & Conv Inc **NIE**	NA	20.00	NA	4.4
World Equity Funds				
abrdn Emg Mkts Eq Inc **AEF**	5.98	5.15	-13.9	-2.9
abrdn Tot Dyn Div **AOD**	9.31	8.03	-13.7	0.6
Allspring Gl Div Oppty **EOD**	4.75	4.17	-12.2	-6.1
BlackRock Cap Alloc Term **BCAT**	17.04	15.16	-11.0	4.4
Calamos GloDynInc **CHW**	6.56	5.75	-12.4	-14.4
EV TxAdvGlbDivInc **ETG**	NA	16.03	NA	-1.2
EtnVncTxAdvOpp **ETO**	NA	22.11	NA	-3.7
FirstTr Dyn Euro Eq Inc **FDEU**	13.45	12.81	-4.8	11.4
Gabelli Multimedia **GGT**	NA	5.94	NA	-8.8
GDL Fund **GDL**	NA	7.86	NA	0.6
Highland Global Alloc **HGLB**	NA	8.74	NA	-7.5
India Fund **IFN**	15.89	15.39	-3.1	6.6
Japan Smaller Cap **JOF**	8.37	7.26	-13.3	11.9
LazardGlbTotRetInc **LGI**	16.80	14.59	-13.2	-1.2
Mexico **MXF**	NA	16.49	NA	7.9
Miller/Howard High Inc E **HIE**	NA	9.64	NA	-5.5
MS ChinaShrFd **CAF**	16.32	13.11	-19.7	-12.7
MS India **IIF**	25.12	20.51	-18.4	6.8
MS CBRE Gl In Mg **MEGI**	NA	13.55	NA	-20.9
Templeton Dragon **TDF**	NA	9.16	NA	-16.0
Templeton Em Mkt **EMF**	NA	11.56	NA	1.8

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlckRk Income **BKT**	12.79	12.25	-4.2	8.5
Invesco HI 2023 Tgt Term **IHIT**	7.97	7.48	-6.1	5.6
Investment Grade Bond Funds				
Angel Oak FS Inc Trm **FINS**	NA	11.68	NA	9.8
BIRck Core Bond **BHK**	10.79	10.25	-5.0	8.1
BR Credit Alloc Inc **BTZ**	11.08	10.10	-8.8	9.6
InvescoBond **VBF**	15.83	14.85	-6.2	4.8
J Han Income **JHS**	NA	10.78	NA	4.7
MFS Intmdt **MIN**	2.95	2.79	-5.4	0.0
Western Asset Inf-Lk Inc **WIA**	9.73	8.32	-14.5	14.7
Western Asset Inf-Lk O&I **WIW**	10.41	8.90	-14.5	12.1
Westn Asst IG Def Opp Tr **IGI**	17.00	16.18	-4.8	4.7
Loan Participation Funds				
Apollo Senior Floating **AFT**	14.47	12.38	-14.4	9.6
BR Debt Strategy **DSU**	10.51	9.30	-11.5	8.5
BR F/R Inc Str **FRA**	12.87	11.57	-10.1	8.0
BlackRock Floatng Rt Inc **BGT**	12.49	11.03	-11.7	8.2
Blackstone Sr Fl Rt Tm **BSL**	NA	12.25	NA	8.3
Blackstone Strat Cr **BGB**	NA	10.48	NA	8.6
Eagle Point Credit **ECC**	NA	10.26	NA	21.3
EtnVncFltRteInc **EFT**	NA	11.19	NA	8.7
EV SenFlRtTr **EFR**	NA	11.14	NA	8.9
FT/Sr Fltg Rte Inc 2 **FCT**	10.96	9.56	-12.8	8.7
Highland Income **HFRO**	NA	9.14	NA	10.7
InvDYCrOpp:AX **VTA**	11.01	NA	NA	NA
InvSnrIncTr **VVR**	4.04	3.60	-10.9	13.3
Nuveen Credit Strat Inc **JQC**	NA	4.85	NA	10.4
NuvFloatRateIncFd **JFR**	NA	7.79	NA	10.1
NuvFloatRteIncOppty **JRO**	NA	7.58	NA	10.3
Nuveen Senior Income **NSL**	NA	4.43	NA	10.5
High Yield Bond Funds				
AllianceBernGlHiIncm **AWF**	10.42	9.49	-8.9	8.9
Allspring Income Oppty **EAD**	6.97	6.13	-12.1	10.3
Barings Glb SD HY Bd **BGH**	NA	12.55	NA	9.6
BR Corporate HY **HYT**	9.21	8.49	-7.8	10.6
BlackRock Ltd Dur Inc **BLW**	13.41	12.53	-6.6	9.0
Brookfield Real Asst Inc **RA**	NA	16.18	NA	13.8
CrSuisHighYld **DHY**	2.05	1.89	-7.8	9.8
DoubleLine Inc Sol **DSL**	NA	11.36	NA	12.9
DoubleLine Yld Opps **DLY**	NA	13.55	NA	10.1
First Tr Hi Inc Lng/Shrt **FSD**	12.40	10.99	-11.4	11.0
First Trust HY Opp:2027 **FTHY**	15.36	13.54	-11.8	10.9
Franklin Univ **FT**	NA	6.62	NA	7.3
KKR Income Opportunities **KIO**	NA	11.07	NA	11.6
Nuveen Global High Inc **JGH**	NA	10.77	NA	11.9
PGIM Global High Yield **GHY**	NA	10.80	NA	11.3
PGIM High Yield Bond **ISD**	NA	12.11	NA	10.1
PGIM Sh Dur Hi Yld Opp **SDHY**	NA	14.83	NA	8.6
PioneerHiIncm **PHT**	7.46	6.63	-11.1	10.7
WstAstHIF II **HIX**	4.58	4.47	-2.4	12.2
Western Asset Hi Inc Opp **HIO**	4.15	3.70	-10.8	9.4
Western Asset Hi Yld D O **HYI**	12.09	11.29	-6.7	9.7
Other Domestic Taxable Bond Funds				
Allspring Multi-Sector **ERC**	9.64	8.76	-9.1	10.3
Apollo Tactical Income **AIF**	NA	12.11	NA	10.7
Ares Dynamic Crdt Alloc **ARDC**	13.58	11.68	-14.0	10.2
BlackRock Mlt-Sctr Inc **BIT**	14.33	14.07	-1.8	10.0
BlackRock Tax Muni Bd **BBN**	17.58	16.74	-4.8	7.6
DoubleLine:Oppor Crdt Fd **DBL**	NA	14.63	NA	9.1
EVLmtDurIncm **EVV**	NA	9.03	NA	12.6
Franklin Ltd Dur Income **FTF**	7.01	6.07	-13.4	11.5
J Han Investors **JHI**	NA	12.53	NA	8.1
MFS Charter **MCR**	6.70	6.05	-9.7	0.0
NuvCorePlusImpact **NPCT**	NA	9.73	NA	11.5
Nuveen Taxable Muni Inc **NBB**	NA	15.20	NA	6.7
PIMCO Corp & Inc Oppty **PTY**	10.76	12.46	+15.8	12.0
PIMCO Corp & Inc Strat **PCN**	11.07	12.55	+13.4	11.7
PIMCOHiIncо **PHK**	4.49	4.68	+4.2	12.1
PIMCO IncmStrFd **PFL**	7.73	7.78	+0.7	12.2
PIMCO IncmStrFd II **PFN**	6.82	6.90	+1.1	12.2
Putnam Prem Inc **PPT**	3.81	3.58	-6.0	8.7
Western Asset Dvsfd Inc **WDI**	NA	13.01	NA	11.2
World Income Funds				
abrdn AP IncFd **FAX**	3.08	2.68	-13.0	12.1
MS EmMktDomDebt **EDD**	5.42	4.65	-14.2	6.2
PIMCO Access Income **PAXS**	15.09	13.99	-7.3	15.1
PIMCO Dynamic Income **PDI**	17.30	18.10	+4.6	18.3
PIMCO Dynamic Inc Opp **PDO**	12.84	12.61	-1.8	19.4
PIMCO Stratg Inc **RCS**	4.28	4.93	+15.2	11.5
Templeton Em Inc **TEI**	NA	4.91	NA	11.6
Templtn Glbl Inc **GIM**	4.48	4.04	-9.8	8.8
WstAstEmergDebt **EMD**	9.78	8.38	-14.3	10.9
Western Asset Gl Cr D Op **GDO**	12.60	12.13	-3.7	9.6
National Muni Bond Funds				
AllBerNatlMunInc **AFB**	12.08	10.23	-15.3	4.4
BlckRk Inv Q Mun **BKN**	12.81	11.11	-13.3	5.6
BlackRock Muni 2030 Tgt **BTT**	23.19	20.65	-11.0	3.3
BlackRock Muni **BFK**	11.31	9.69	-14.3	4.8
BlackRock Muni II **BLE**	11.70	10.00	-14.5	4.9
BlckRk Muni Inc Qly **BYM**	12.37	10.72	-13.3	4.9
BR MuniAssets Fd **MUA**	11.15	9.95	-10.8	5.3
BR MH Qly 2 **MUE**	11.15	9.46	-15.2	5.1
BR MuniHoldngs **MHD**	13.21	11.27	-14.7	5.0
BR MuniVest Fd **MVF**	7.67	6.55	-14.6	4.7
BR MuniVest 2 **MVT**	11.92	10.19	-14.5	4.8
BR MuniYield Fd **MYD**	11.75	10.06	-14.4	5.0
BR MuniYield Qlty **MQY**	12.85	11.17	-13.1	5.1
BR MuniYld Qlty2 **MQT**	11.40	9.84	-13.7	5.2
BR MuniYld Qly 3 **MYI**	12.18	10.65	-12.6	4.8
BNY Mellon Muni Bd Infra **DMB**	NA	10.60	NA	5.0
BNY Mellon Str Muni Bond **DSM**	NA	5.52	NA	5.3
BNY Mellon Strat Muni **LEO**	NA	5.96	NA	5.0
DWS Muni Inc **KTF**	NA	8.45	NA	4.2
EVMuniBd **EIM**	NA	9.77	NA	4.4
EVMuniIncm **EVN**	NA	9.70	NA	5.1
EVNatMuniOpp **EOT**	NA	17.63	NA	4.3
InvAdvMuIncTrII **VKI**	9.42	8.21	-12.8	5.4
Invesco MuniOp **OIA**	6.19	6.04	-2.4	5.3
InvescoMuOppTr **VMO**	10.54	9.15	-13.2	5.3
InvescoMuTr **VKQ**	10.58	9.16	-13.4	5.3
InvescoQual Inc **IQI**	10.64	9.17	-13.8	5.2
InvTrInvGrMu **VGM**	10.88	9.48	-12.9	5.3
InvescoValMunInc **IIM**	13.04	11.35	-13.0	5.3
MAINSTAY:MK DEFTR MUN OP **MMD**	NA	16.86	NA	5.7
NeubrgrBrm **NBH**	11.69	10.02	-14.3	5.3
Nuveen AMT-Fr Mu Val **NUW**	NA	13.80	NA	3.3
Nuveen AMT-Fr Qlty Muni I **NEA**	NA	10.54	NA	4.8
Nuveen AMT-Fr Mu CI **NVG**	NA	11.22	NA	5.5
Nuveen Dyn Muni Opp **NDMO**	NA	10.10	NA	8.3
Nuveen Mu Crdt Opps **NMCO**	NA	10.91	NA	6.2
Nuv Muni Credit Income **NZF**	NA	11.21	NA	5.2
NuvMuniHiIncOpp **NMZ**	NA	10.22	NA	6.0
Nuveen Muni Val **NUV**	NA	8.73	NA	3.8
Nuveen Quality Muni Inc **NAD**	NA	10.92	NA	5.0
Nuveen Sel TF **NXP**	NA	14.25	NA	3.8
PIMCO MuniInc **PMF**	9.42	9.75	+3.5	6.0
PIMCOMuniIncII **PML**	8.67	8.87	+2.3	6.8
Pimco Muni III **PMX**	7.96	7.65	-3.9	6.1
PioneerHiIncAdv **MAV**	8.95	7.59	-15.2	6.0
PionrMuniHiIncOppty **MIO**	11.96	10.08	-15.7	6.3
PioneerMunHiIcm **MHI**	9.70	8.24	-15.1	5.9
Putnam Mgd Inc **PMM**	6.35	5.61	-11.7	6.2
Putnam Muni Opp **PMO**	10.86	9.80	-9.8	6.0
RiverNorth Flx Mu Inc II **RFMZ**	NA	13.33	NA	8.1
RiverNorth Mgd Dur Muni I **RMM**	NA	14.90	NA	7.0
Western Asset Mgd Muni **MMU**	11.40	9.71	-14.8	4.5
Single State Muni Bond				
BlackRock CA Mun **BFZ**	12.61	11.45	-9.2	3.9
BR MH CA Qly Fd Inc **MUC**	12.26	10.32	-15.8	5.0
BR MH NJ Qly **MUJ**	12.75	10.90	-14.5	5.5
BR MH NY Qly **MHN**	11.79	10.05	-14.8	4.6
BR MuniYld MI Qly **MIY**	12.61	10.76	-14.7	4.9
BR MuniYld NY Qly **MYN**	11.38	9.68	-14.9	4.5
BlackRock NY Mun **BNY**	11.65	9.83	-15.6	4.7
EVCAMuniBd **EVM**	NA	8.59	NA	4.4
Eaton Vance NY Muni Bd **ENX**	NA	9.15	NA	3.8
InvCaValMuIncTr **VCV**	10.80	9.24	-14.4	4.7
InvPAValMuIncTr **VPV**	11.34	9.70	-14.5	4.8
InvTrInvGrNYMu **VTN**	11.67	9.85	-15.6	4.5
Nuveen CA AMT-F Qual MI **NKX**	NA	10.99	NA	5.0
Nuveen CA Val **NCA**	NA	8.57	NA	3.6
NuveenCAQtyMuInc **NAC**	NA	10.47	NA	4.9
NuvNJ Qual Muni Inc **NXJ**	NA	11.28	NA	4.3
Nuveen NY AMT/Fr Qual MI **NRK**	NA	10.16	NA	4.8
Nuveen NY Qual Muni Inc **NAN**	NA	10.72	NA	4.8
Nuveen PA Qual Muni Inc **NQP**	NA	10.96	NA	4.0
Nuveen VA Qlty Mun Inc **NPV**	NA	10.64	NA	4.5
PIMCO CA **PCQ**	10.10	9.56	-5.3	6.6
PIMCOCAMuniII **PCK**	6.40	5.79	-9.5	5.5

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
ARK Venture	NA	NA	NA	NS
ArrowMark Financial Corp **BANX**	NA	16.27	NA	NA
CBRE GlbRlEst **IGR**	5.71	5.05	-11.6	-24.7
Clarion Partners REI D	12.26	NA	NA	3.6
Clarion Partners REI I	12.28	NA	NA	4.0
Clarion Partners REI S	12.28	NA	NA	3.0
Clarion Partners REI T	12.25	NA	NA	3.1
Forum RE Income;I	NA	NA	NA	NS
NexPointRlEstStrat;A	18.91	NA	NA	-11.6
NexPointRlEstStrat;C	19.12	NA	NA	-12.3
NexPointRlEstStrat;Z	19.15	NA	NA	-11.3
PIMCO Flexible REI;Inst	10.23	NA	NA	NS
Principal Dvs Sel RA A	25.04	NA	NA	-3.4
Principal Dvs Sel RA Ins	25.13	NA	NA	-3.2
Principal Dvs Sel RA Y	25.34	NA	NA	-3.0
SS Priv Venture & Gr:D	NA	NA	NA	NS
SS Priv Venture & Gr:I	NA	NA	NA	NS
SS Priv Venture & Gr:S	NA	NA	NA	NS
SS Priv Venture & Gr;T	NA	NA	NA	NS
Versus Cap MMgr RE Inc:I	NA	NA	NA	NE
Income & Preferred Stock Funds				
Calamos L/S Eqty and DI **CPZ**	17.38	14.82	-14.7	-4.7
Carlyle AlpInv Pvt Mkt:I	NA	NA	NA	NS
Constitution Cap Acs A	NA	NA	NA	NS
Constitution Cap Acs D	NA	NA	NA	NS
Lord Abbett Spec Sit I:A	8.87	NA	NA	NA
Lord Abbett Spec Sit I:I	8.87	NA	NA	NA
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	19.06	22.67	+18.9	-6.5
World Equity Funds				
CalamosGlbTotRet **CGO**	10.08	9.16	-9.1	-3.7
Cantor Fitzgerald SI:A	10.12	NA	NA	NS
Cantor Fitzgerald SI:C	10.09	NA	NA	NS
Cantor Fitzgerald SI:I	10.11	NA	NA	NS
Thornburg Inc Bldr Opps **TBLD.O**	17.32	15.11	-12.8	3.2
VirtusTotalRetFd **ZTR**	NA	6.03	NA	NA

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Arca US Treasury	NA	NA	NA	NE
Ellington Inc Opp:A	NA	NA	NA	7.5
Ellington Inc Opp:M	NA	NA	NA	8.2
Loan Participation Funds				
1WS Credit Income;A2	NA	NA	NA	6.5
1WS Credit Income;Inst	NA	NA	NA	6.4
AlphCntrc Prime Merid In	NA	NA	NA	13.8
Axonic Alternative Inc	NA	NA	NA	9.3
Blackstone FR EI D	NA	NA	NA	8.4
Blackstone FR EI I	NA	NA	NA	8.6
Blackstone FR EI T	NA	NA	NA	8.1
Blackstone FR EI T-I	NA	NA	NA	8.1
Blackstone FR EI U	NA	NA	NA	8.1
Bluerock HI Inst Crd:A	NA	NA	NA	NS
Bluerock HI Inst Crd:C	NA	NA	NA	NS
Bluerock HI Inst Crd:F	NA	NA	NA	NS
Bluerock HI Inst Crd:I	NA	NA	NA	NS
BNYM Alcntr Glb MS Cr Fd	NA	NA	NA	8.3
CliffwaterClFd;I	NA	NA	NA	8.7
CliffwaterElFd;A	NA	NA	NA	9.6
CNR Strategic Credit	7.44	NA	NA	19.5
Eagle Point Instl Income	NA	NA	NA	NS
Equalize Community Dev	9.37	NA	NA	3.5
FedProj&TrFinanceTendr	NA	NA	NA	5.1
Flat Rock Core Income	NA	NA	NA	6.8
Flat Rock Enhanced Inc	20.70	NA	NA	NS
InvDYCrOpp:A	11.02	NA	NA	8.7
InvDYCrOpp:R6	11.02	NA	NA	9.1
InvDYCrOpp:Y	11.02	NA	NA	9.0
Invesco Sr Loan A	5.76	NA	NA	10.0
Invesco Sr Loan C	5.77	NA	NA	9.2
Invesco Sr Loan IB	5.76	NA	NA	10.3
Invesco Sr Loan IC	5.76	NA	NA	10.1
Invesco Sr Loan Y	5.76	NA	NA	10.3
Lord Abbett FR Hi Inc:A	9.88	NA	NA	NS
Lord Abbett FR Hi Inc:I	9.88	NA	NA	NS
Monachil Credit Income:I	10.01	NA	NA	NS
Nomura Alt Inc;I	10.08	NA	NA	NS
OFS Credit Company **OCCI**	NA	9.50	NA	NA
Yieldstreet Prism	NA	NA	NA	8.6
High Yield Bond Funds				
Apollo Diversified Cd:A	NA	NA	NA	7.6
Apollo Diversified Cd:C	NA	NA	NA	7.3
Apollo Diversified Cd:F	NA	NA	NA	9.2
Apollo Diversified Cd:I	NA	NA	NA	7.6
Apollo Diversified Cd:L	NA	NA	NA	7.5
Apollo Diversified Cd:M	NA	NA	NA	7.4
Opprtnstc Crdt Intrvl;I	NA	NA	NA	NS
Peak Income Plus	10.00	NA	NA	NS
PIMCO Flexible Cr I;A-1	6.87	NA	NA	15.5
PIMCO Flexible Cr I;A-2	6.87	NA	NA	15.5
PIMCO Flexible Cr I;A-3	6.87	NA	NA	15.2
PIMCO Flexible Cr I;A-4	6.87	NA	NA	15.2
PIMCO Flexible Cr I;Inst	6.87	NA	NA	16.0
Other Domestic Taxable Bond Funds				
AFA MMC;Fndr	NA	NA	NA	9.3
AFA MMC;Inst	NA	NA	NA	9.3
Alternative Credit Inc:A	NA	NA	NA	7.1
Alternative Credit Inc:C	NA	NA	NA	6.3
Alternative Credit Inc:I	NA	NA	NA	7.4
Alternative Credit Inc:L	NA	NA	NA	6.9
Alternative Credit Inc:W	NA	NA	NA	7.1
Angel Oak Str Crdt:FI	NA	NA	NA	NS
Angel Oak Str Crdt:Inst	NA	NA	NA	8.0
BR Credit Strat;A	8.63	NA	NA	6.7
BR Credit Strat;Inst	8.60	NA	NA	7.6
BR Credit Strat;U	8.63	NA	NA	6.7
BR Credit Strat;W	8.63	NA	NA	6.7
BlackRock Mlt-Sctr Oppty	66.21	NA	NA	9.1
BlackRock Mlt-Sec Opp II	68.78	NA	NA	9.1
CION Ares Dvsfd Crdt;A	NA	NA	NA	6.3
CION Ares Dvsfd Crdt;C	NA	NA	NA	6.0
CION Ares Dvsfd Crdt;I	NA	NA	NA	6.5
CION Ares Dvsfd Crdt;L	NA	NA	NA	6.3
CION Ares Dvsfd Crdt;U	NA	NA	NA	6.0
CION Ares Dvsfd Crdt:U2	NA	NA	NA	6.0
CION Ares Dvsfd Crdt;W	NA	NA	NA	6.2
CNR Select Strategies	12.55	NA	NA	0.0
First Eagle Crdt Opps A	23.43	NA	NA	8.5
First Eagle Crdt Opps A2	23.39	NA	NA	NS
First Eagle Crdt Opps I	23.35	NA	NA	9.1
First Trust Private Cr;I	NA	NA	NA	NS
Franklin BSP Pvt Cr:A	NA	NA	NA	NS
Franklin BSP Pvt Cr:Adv	NA	NA	NA	NS
FS Credit Income;A	NA	NA	NA	6.4
FS Credit Income;I	NA	NA	NA	6.6
FS Credit Income;T	NA	NA	NA	6.1
FS Credit Income;U	NA	NA	NA	5.8
FS Credit Income;U-2	NA	NA	NA	6.5
FS Credit Opportunities	NA	4.43	NA	0.0
GL Beyond Income	0.41	NA	NA	NE
KKR CREDIT OPPTY;D	NA	NA	NA	8.7
KKR CREDIT OPPTY;I	NA	NA	NA	8.9
KKR CREDIT OPPTY;T	NA	NA	NA	8.2
KKR CREDIT OPPTY;U	NA	NA	NA	8.2
Palmer Square Opp Inc	NA	NA	NA	7.9
The Finite Solar Finance	9.95	NA	NA	1.5
World Income Funds				
BlueBay Destra Itl E:A	23.07	NA	NA	15.9
BlueBay Destra Itl E:I	23.10	NA	NA	16.1
BlueBay Destra Itl E:L	23.05	NA	NA	15.7
BlueBay Destra Itl E:T	22.95	NA	NA	15.6
Carlyle Tact Pvt Cred:A	8.30	NA	NA	9.0
Carlyle Tact Pvt Cred:I	8.33	NA	NA	9.5
Carlyle Tact Pvt Cred:L	8.29	NA	NA	8.9
Carlyle Tact Pvt Cred:M	8.34	NA	NA	8.7
Carlyle Tact Pvt Cred:N	8.29	NA	NA	9.7
Carlyle Tact Pvt Cred:U	8.34	NA	NA	NS
Carlyle Tact Pvt Cred:Y	8.30	NA	NA	9.4
Fid MS Cr;A	9.95	NA	NA	NS
Fid MS Cr;C	9.95	NA	NA	NS
Fid MS Cr;I	9.95	NA	NA	NS
Fid MS Cr;L	9.95	NA	NA	NS
Lord Abbett Cred Opps Fd	8.70	NA	NA	8.2
Lord Abbett Cred Opps Fd	8.70	NA	NA	9.0
Lord Abbett Crd Op:U	8.70	NA	NA	8.2
Oaktree Dvsfd Income;D	NA	NA	NA	7.3
PIMCO Flexible EM I;Inst	8.05	NA	NA	9.6
National Muni Bond Funds				
Ecofin Tax-Exempt Prv Cr	NA	NA	NA	5.2
Lind Cap Pt Mun Cred Inc	NA	NA	NA	4.3
Nuveen En HY Muni Bd:A1	NA	NA	NA	5.2
Nuveen En HY Muni Bd:A2	NA	NA	NA	NS
Nuveen En HY Muni Bd:I	NA	NA	NA	6.0
PIMCO Flex Mun Inc;A-3	9.77	NA	NA	3.3
PIMCO Flex Mun Inc:A1	9.77	NA	NA	3.5
PIMCO Flex Mun Inc;A2	9.77	NA	NA	3.6
PIMCO Flex Mun Inc;Inst	9.77	NA	NA	4.0
Single State Muni Bond				
PIMCO CA FMI;A-1	9.90	NA	NA	NS
PIMCO CA FMI;Inst	9.90	NA	NA	NS

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 333.29 points, or 1.00%, on the week. A $1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $30,499, or a gain of 1.66%, on the $30,000 investment, including reinvested dividends.

The Week's Action: Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '22)
4.57	14.55	95.90	**Microsoft**	MSFT	$332.89	$1,395
2.80	4.29	28.27	**American Express**	AXP	157.24	1,072
2.41	5.08	33.48	**salesforce.com**	CRM	215.44	1,625
1.80	5.86	38.62	**Goldman Sachs**	GS	332.01	974
1.49	0.73	4.81	**Cisco**	CSCO	49.86	1,063
1.28	1.63	10.74	**IBM**	IBM	128.89	939
0.67	1.95	12.85	**Home Depot**	HD	292.83	934
0.56	2.70	17.80	**UnitedHealth Group**	UNH	481.52	911
0.15	0.27	1.78	**Apple**	AAPL	175.43	1,354
−0.74	−1.15	−7.58	**Chevron**	CVX	154.08	875
−0.91	−1.86	−12.26	**Boeing**	BA	203.63	1,069
−1.39	−2.98	−19.64	**Caterpillar**	CAT	211.80	893
−1.61	−2.24	−14.76	**JPMorgan Chase**	JPM	136.94	1,037
−1.82	−3.60	−23.73	**Honeywell**	HON	193.75	914
−2.11	−2.09	−13.77	**3M**	MMM	96.94	832
−2.33	−3.49	−23.00	**Walmart**	WMT	146.42	1,041
−2.87	−4.56	−30.05	**Johnson & Johnson**	JNJ	154.35	887
−2.90	−6.49	−42.77	**Amgen**	AMGN	216.93	841
−2.91	−1.05	−6.92	**Verizon**	VZ	35.00	917
−3.10	−1.61	−10.61	**Dow**	DOW	50.34	1,011
−3.11	−0.93	−6.13	**Intel**	INTC	29.00	1,116
−3.22	−9.51	−62.68	**McDonald's**	MCD	286.04	1,092
−3.35	−3.06	−20.17	**Walt Disney**	DIS	88.29	1,016
−3.56	−8.30	−54.70	**Visa**	V	225.01	1,087
−3.83	−4.42	−29.13	**Merck**	MRK	111.07	1,008
−4.06	−1.27	−8.37	**Walgreens**	WBA	30.01	826
−4.09	−2.57	−16.94	**Coca-Cola**	KO	60.26	955
−5.07	−7.77	−51.21	**Procter & Gamble**	PG	145.40	972
−6.22	−11.43	−75.33	**Travelers**	TRV	172.29	924
−6.32	−7.25	−47.78	**Nike**	NKE	107.51	921

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

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on May 26, and year-to-date stock performance of the company

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

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
May. 22	EVgo	EVGO	D. Nanus	DI	5,882	4.25	25,000	3.70	-17.2
May. 22	Energy Transfer	ET	K. Warren	OD	750	12.79	9,593	12.65	6.6
May. 23			K. Warren	OD	400	12.78	5,112		
May. 24			K. Warren	OD	350	12.76	4,466		
May. 22-24	Southwest Gas Holdings	SWX	C. Icahn	BI	90	57.91-57.99	5,191	58.33	-5.7
May. 22	Prelude Therapeutics	PRLD	D. Bonita	DOI	870	5.75	5,000	5.53	-8.4
May. 8	Kinnate Biopharma	KNTE	J. Tananbaum	DOI	1,780	2.80	4,984	3.73	-38.9
May. 24	Royalty Pharma	RPRX	P. Legorreta	CEOI	150	32.25	4,837	32.38	-18.1
May. 17	Gen Digital	GEN	O. Vlcek	P	300	15.79	4,737	17.11	-20.2
May. 17-19	Standard BioTools	LAB	E. Casdin	DOI	1,200	1.89-2.29	2,631	2.49	112.8
May. 19-22	Bioventus	BVS	J. Bartholdson	DI	1,316	1.94-2.08	2,573	2.86	9.6
May. 17	Alimera Sciences	ALIM	A. Morgan	DOI	1,402	1.70	2,383	2.64	-2.6
May. 25	Axon Enterprise	AXON	H. Partovi	D	10	190.75	1,907	194.95	17.5
May. 18-19	American Vanguard	AVD	K. Rosenbloom	DI	63	16.97-17.77	1,119	17.28	-20.4
May. 22-23	National Vision Holdings	EYE	D. Peeler	DI	40	25.59-25.73	1,038	25.76	-33.5
May. 19	General Motors	GM	P. Jacobson	CFO	31	32.60	1,011	33.29	-1.0
May. 23	Insulet	PODD	M. Minogue	DI	3	304.75	1,006	272.63	-7.4
May. 18	RB Global	RBA	A. Fandozzi	CEO	19	54.06	1,001	53.38	-7.7
Sellers									
May. 17-19	Sovos Brands	SOVO	J. Case	DI	11,150	17.30	192,895	18.42	28.2
May. 17-19			N. Mathur	DI	11,150	17.30	192,895		
May. 19-22	Walmart	WMT	J. Walton	BI	456	149.82-151.32	68,340	146.42	3.3
May. 19-22			S. Walton	DOI	456	149.82-151.32	68,340		
May. 19-22			A. Walton	BI	456	149.82-151.32	68,340		
May. 18	First Watch Restaurant Group	FWRG	D. Paresky	DI	4,025	15.47	62,267	17.92	32.4
May. 18			T. Patrick	DI	4,025	15.47	62,267		
May. 22	Royalty Pharma	RPRX	R. Riggs	D	1,750	32.82	57,435	32.38	-18.1
May. 22-23	Royal Caribbean	RCL	A. Wilhelmsen	DI	579	80.15-80.74	46,610	79.00	59.8
May. 19-22	Roblox	RBLX	D. Baszucki	CEO	900*	39.67-40.50	35,849	40.12	41.0
May. 18	Flywire	FLYW	M. Harris	DI	1,000	30.60	30,600	29.51	20.6
May. 22	Ryan Specialty Holdings	RYAN	T. Turner	P	690	43.45	29,977	40.22	-3.1
May. 17-18	NVR	NVR	P. Saville	O	4	5827.50-5877.00	23,409	5617.56	21.8
May. 22-23	Apollo Global Management	APO	J. Harris	BI	343	64.80-66.20	22,503	65.42	2.6
May. 18-19	Toast	TOST	R. Bennett	DI	1,000	20.68-20.93	20,805	21.42	18.8
May. 17-18	JFrog	FROG	J. Horing	DI	871	22.17-22.47	19,417	23.42	9.8
May. 22	Intapp	INTA	J. Hall	CEO	554	35.04	19,399	38.94	56.1
May. 18	Cadence Design Systems	CDNS	T. Beckley	O	76	206.30-213.33	15,910	228.33	42.1

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

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	3,059,892	8,777,757	**Finance**	7,907,768	129,055,474
Capital Goods	4,241,481	35,667,255	**Health care**	26,457,461	68,722,359
Consumer durables	2,184,553	94,852,542	**Public Utilities**	5,745,401	161,968
Consumer non-durables	915,558	24,373,544	**Technology**	7,422,212	308,232,451
Consumer services	4,776,178	190,142,394	**Transportation**	81,718	625,488
Energy	1,344,647	8,932,481			

Sources: Refinitiv; Dow Jones Market Data

Bonds

Global Government Bonds: Mapping Yields

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

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points: Latest	Prev	Year ago
4.250	**U.S.** 2	4.587 ▲	4.508	3.924	2.486			
3.375	10	3.820 ▲	3.814	3.429	2.756			
3.250	**Australia** 2	3.608 ▲	3.607	3.059	2.425	-95.6	-95.7	-4.3
4.500	10	3.712 ▼	3.741	3.353	3.252	-9.4	-6.5	50.7
0.000	**France** 2	3.049 ▼	3.103	2.892	0.232	-151.5	-146.1	-223.6
3.000	10	3.017 ▼	3.116	2.895	1.477	-78.9	-69.0	-126.8
2.800	**Germany** 2	2.871 ▼	2.924	2.703	0.343	-169	-164.0	-212.5
2.300	10	2.443 ▼	2.543	2.313	0.964	-136.3	-126.3	-178.1
2.500	**Italy** 2	3.471 ▼	3.532	3.340	0.840	-109.3	-103.2	-162.8
4.400	10	4.292 ▼	4.395	4.182	2.904	48.6	58.9	15.9
0.005	**Japan** 2	-0.066 ▼	-0.064	-0.050	-0.066	-463.0	-462.8	-253.4
0.500	10	0.436 ▲	0.422	0.389	0.230	-337.0	-338.4	-251.5
0.000	**Spain** 2	3.195 ▼	3.255	3.007	0.558	-136.9	-130.9	-191.0
3.150	10	3.506 ▼	3.603	3.370	2.034	-30.0	-20.3	-71.1
0.625	**U.K.** 2	4.483	4.483	3.782	1.437	-8.1	-8.1	-103.1
4.250	10	4.336	4.336	3.718	1.919	53.0	53.0	-82.6

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

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

Money Rates

May 29, 2023

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

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	8.25	8.25	8.25	4.00
Canada	6.70	6.70	6.70	3.20
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	3.75	3.75	3.75	0.00
Switzerland	2.00	2.00	2.00	0.00
Britain	4.50	4.50	4.50	1.00
Australia	3.85	3.85	3.85	0.35

May 26, 2023

Inflation

	April index level	Chg From (%) March '23	April '22
U.S. consumer price index			
All items	303.363	0.51	4.9
Core	306.899	0.47	5.5

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	8.25	8.25	8.25	4.00
Canada	6.70	6.70	6.70	3.20
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	3.75	3.75	3.75	0.00
Switzerland	2.00	2.00	2.00	0.00

	Latest	Week ago	52-WEEK High	52-WEEK Low
Britain	4.50	4.50	4.50	1.00
Australia	3.85	3.85	3.85	0.35
Overnight repurchase				
U.S.	5.12	5.07	5.12	0.71

U.S. government rates

	Latest	Week ago	52-WEEK High	52-WEEK Low
Discount	5.25	5.25	5.25	1.00
Federal funds				
Effective rate	5.0900	5.0900	5.1000	0.8300
High	5.4000	5.4000	5.4000	0.9500
Low	5.0500	5.0600	5.0800	0.8000
Bid	5.0800	5.0700	5.0800	0.8300
Offer	5.1000	5.0900	5.1200	0.8400
Treasury bill auction				
4 weeks	5.750	5.370	5.840	0.740
13 weeks	5.250	5.060	5.250	1.060
26 weeks	5.170	4.980	5.170	1.530

Secondary market

	Latest	Week ago	52-WEEK High	52-WEEK Low
Fannie Mae 30-year mortgage yields				
30 days	6.459	6.167	6.812	4.321
60 days	6.477	6.175	6.988	4.390

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	7.00	7.00	7.00	2.75
Commercial paper (AA financial)				
90 days	n.a.	n.a.	5.23	1.33
Libor				
One month	5.15371	5.13971	5.16000	1.06157
Three month	5.47571	5.39271	5.47571	1.58043
Six month	5.58100	5.46657	5.58100	2.06886
One year	5.66029	5.44457	5.88071	2.69571
Secured Overnight Financing Rate	5.06	5.05	5.06	0.69

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	5.103	9.600	5.151	0.700
MBS	5.170	34.720	5.170	0.770

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective May 4, 2023. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective May 4, 2023. **Secured Overnight Financing Rate** is as of May 25, 2023. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET.

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

Key Interest Rates

Data are delayed due to holiday.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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.

CFOTO/DDP/ZUMA PRESS

State-owned BYD is among the top electric-vehicle exporters from China.

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 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

These Bank Alternatives Can Bring in Cash

Like banks, nonbank investment giants are also subject to funding worries—just in different forms, and not to the same degree. That is a big reason these firms might continue to outperform their deposit-taking peers.

Alternative-asset managers of private-equity and private-debt funds such as **Apollo Global Management**, **Blackstone** and **KKR** & Co. appear poised to capitalize on recent disruptions in banking. Private credit-backed buyouts jumped last year, and some managers have recently said they are looking at picking up the lending slack from regional banks.

Yet while asset managers don't have the deposit headaches that banks do, they still need their own raw materials. Partly that is their "dry powder," or uninvested money, they have previously raised. But they also need continual fundraising and capital inflows, especially to keep increasing the management-fee-related earnings prized by shareholders in these firms. At the moment, fundraising growth is slowing: Across eight publicly traded alternative managers, capital raising slowed to $114 billion in the first quarter compared with $135 billion in the prior quarter and $155 billion a year earlier, according to figures compiled by analysts at Goldman Sachs.

Worries about a slowdown have likely been reflected in valuations. Major "alt" managers have recently traded below their median price-to-fee-related-earnings forward multiples since 2019, according to Goldman analysts. Share-price performance has also turned negative during earnings season, with only the shares of Apollo rising so far in the month of May.

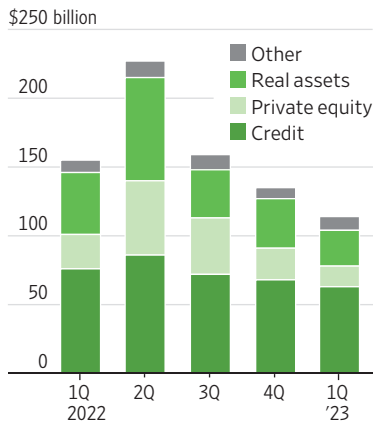
But these firms' issues with fundraising aren't as intractable as banks' issues with deposits. For example, traditional private-equity buyout funds raised from big institutions have in part been affected by a slowdown in the realization of past investments due to seized-up public-offering and merger markets. Some of that pressure should abate as those markets start to normalize and older positions are sold off.

Firms have diversified how they take in money in recent years, but there are concerns in those areas, too. Some investors recently have sought to redeem money from nontraded real-estate or private-credit vehicles, such as Blackstone's Breit, designed for wealthy individuals. The exit gates built into these structures are limiting outflows, yet there is still some money coming in, but more slowly than in past years. Fundraising for alternative investments in retail channels was more than $20 billion through the end of April, according to investment bank Robert A. Stanger & Co. By contrast, it was more than $100 billion in full-year 2022.

Managers are also getting capital inflows via insurance and retirement services such as annuity policies. Here, rising interest rates can motivate customers to "surrender" annuities, or withdraw money early. But a recent surge in new annuity sales is more than making up for those surrenders. Net inflows are continuing for Apollo's Athene unit, for example. There are also far more hurdles that annuity holders face shopping around for higher rates than bank depositors who want to do so, such as tax issues. Many annuities also carry surrender fees. Some holders just switch to a new policy. Apollo said in May that Athene was on track for record inflows this year.

It is also possible that acquisitions can supplant any slowdowns in organic inflows. Deals and consolidation among firms—such as **TPG**'s acquisition of Angelo Gordon—are set to become a major avenue for continued growth. For example, Apollo boosted its first-quarter inflows by $37 billion, to $57 billion, related to its acquisition of Credit Suisse's securitized products group. The benefit of some deals is also that, over time, more of the acquired assets can be invested in firms' own funds and originations, boosting fees.

Capital raised by large, publicly traded alternative asset management firms, by asset class, quarterly



Source: Goldman Sachs

Still, the future path of inflows might largely depend on things outside of firms' control, such as market conditions for exits or individual investors' risk perceptions. But if discounts on these managers continue to grow because of bank-sector worries, they might be viewed as a buying opportunity.

—Telis Demos

BUSINESS & FINANCE

Combative Consumers Dent Marketing Plans

By Katie Deighton And Patrick Coffee

Many brands have long shrugged off criticism of their stands on social issues, but **Target** and Bud Light just proved that even huge corporations can be made to bend.

Target last week stopped selling certain items from its Pride Month collection after a backlash from some customers that included in-store incidents, and Bud Light last month put on leave two marketing executives who oversaw a collaboration with a transgender influencer that drew criticism and real-life confrontations.

Both brands, along with many other large consumer goods companies, have long supported LGBT rights. And their opponents in each case stirred outrage through social media, where previous corporate pressure campaigns have typically produced a lot of noise without significant results.

But critics this time were focused on transgender issues, which have climbed into the top ranks of conservative social agendas. And they combined their social-media messaging with tense in-person encounters. That proved enough to disrupt the usual patterns of purpose-driven marketing, in which brands position themselves as forces for good. The strategy's biggest risks before this year were usually complaints by opponents of a given cause or, conversely, accusations of insufficient commitment to that cause.

Critics focused on transgender issues struck out at Target and Bud Light.

The growing number of brands that ran ads, sold rainbow products or changed their logos to support LGBT causes every June, for example, spawned the term "rainbow-washing" to describe a superficial act of Pride marketing.

Then consumers knocked down Target displays, threatened employees and used social media to share angry videos from inside stores. Bud Light's delivery drivers, sales representatives and independent distributors last month were confronted by people on the streets, in bars and in stores.

Target Chief Executive Brian Cornell told staff in an email that the company was trying to address worker-safety concerns while continuing to support the LGBT community.

He thanked store and customer-service workers for dealing with backlash from customers and "high volumes of angry, abusive and threatening calls.

"What you've seen in recent days went well beyond discomfort, and it has been gut-wrenching to see what you've confronted in our aisles," Cornell wrote.

Anheuser-Busch CEO Michel Doukeris this month similarly expressed support for LGBT rights and a desire to protect workers. "Our No. 1 priority during this entire situation was the safety of our people," he said.

Social media still plays a key role in brand protests.

While some criticized Pride-themed children's clothing in Target's collection as a general matter, others objected to a transgender-friendly swimsuit they said was being marketed to children. Though Target sells the swimsuit only in adult sizes, the misconception spread on social media.

GEORGE WALKER IV/ASSOCIATED PRESS

Target last week stopped selling some items from its Pride Month collection after backlash.

Others called out Target items produced by Abprallen, a brand that sells some products elsewhere with satanic references, such as a "Satan Respects Pronouns" enamel pin. Those items weren't sold by Target.

"Previously you could send a homogeneous message to the country, but there's so much divisiveness and polarization on so many issues that that's become almost impossible," said Allen Adamson, co-founder of brand and marketing consulting firm Metaforce.

Social-media feeds mean a piece of a marketing campaign designed to target a niche group can be amplified out of context, he added.

That is what happened when Bud Light sent a personalized can to transgender influencer Dylan Mulvaney as part of a broader promotion around March Madness. Her sponsored Instagram post about the can on April 1 was shared widely, with many people including bar and store owners wrongly believing that it was a TV commercial, or that the can with her picture was available in stores.

Companies should also prepare to face more aggressive consumers, research suggests.

Forty-three percent of surveyed Americans said they raised their voice to a customer service representative to show displeasure about their most serious problems with a business in 2022, up from 35% in 2017, according to this year's National Customer Rage Survey, a long-running assessment of customer attitudes.

Some 17% of those surveyed said they personally behaved in an uncivil manner with a business or organization, the survey found. Consumers' characterizations of certain behavior also varied, with 12% of overall respondents describing physical and verbal threats as civil behavior.

"The marketplace has become saturated with hostility that seems to break out in any number of places at any time," said Scott Broetzmann, president and chief executive of Customer Care Measurement & Consulting, which conducts the study with the W.P. Carey School of Business at Arizona State University.

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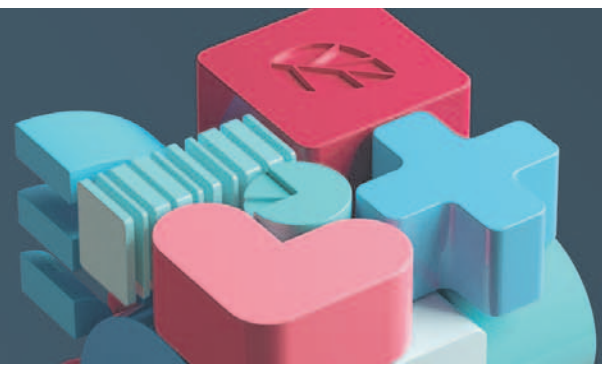

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JOURNAL REPORT

CUSTOMER EXPERIENCE

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ELISA SHEEHAN

THE SECRET TO GIVING GREAT GIFTS

If you follow certain rules, you can make gift giving easier, and your recipients happier

BY JEFF GALAK AND JULIAN GIVI

Society runs on relationships.

Whether it's two spouses, a parent and a child, close friends, or even co-workers, the relationships we have shape not just ourselves, but all of society. They allow us to trust one another and to work collectively to advance common goals.

But those relationships need work. Most of the time, they don't just form or thrive without effort. And one way that every one of us can help support our relationships is through gift giving.

When someone receives a truly great gift, they know that the gift giver cares about them, and this care is what helps a relationship flourish. Unfortunately, the opposite is also true: When someone receives a truly horrible gift, they know that the giver likely doesn't care much about them and a relationship can falter.

Please turn to the next page

Jeff Galak is an associate professor of marketing at Carnegie Mellon University's Tepper School of Business. Julian Givi is an assistant professor of marketing at West Virginia University's John Chambers College of Business and Economics. They can be reached at reports@wsj.com.

How Retailers Can Start Catering to Hybrid-Working Customers

A lot of us no longer work 9 to 5, or commute into the office. Yet retail businesses seem stuck in a different era.

BY ALEXANDRA SAMUEL

IT'S TIME for shops, restaurants and other retail businesses to notice that it's no longer 2019.

Back in the Before Times, it made sense for downtown businesses to operate from 8 until 6, and for local neighborhood shops to stay sleepy and closed until noon. It made sense to organize services around the 9 to 5 workday, and to assume that work was something that happened at an office or factory during the day, and that home was a place where you did nothing except relax and entertain in the evenings.

But it isn't 2019 anymore, and even though many employees have returned to the office, about 40% of the American workforce still works from home part of the time, and many of those people get their work done... whenever.

That's an awful lot of people whose working lives are no longer organized around the rhythms of 9 to 5—and who don't need to organize

Please turn to page R4

Inside

PERSONAL TOUCH

What kind of background makes the best impression for video calls? Probably not the one you think. **R4**

Scan this code to learn why Apple is more likely to replace than repair its popular AirPods.

At the Movies

Theaters are going upscale to win back customers, but there's a downside to the luxury experience. **R5**

HEALTHCARE HELP

Hospitals are prescribing improved services for patients. **R10**

Great Gifts

Continued from the prior page

What, then, makes a good gift?

Each year we are bombarded with "best of" gift lists that purport to tell us what the ideal gift is for any given occasion: "The best gifts for this holiday season," "The best gifts for this year's graduate," or just "The best gifts of the year." But what those lists miss is that the fundamentals of what makes a good gift are quite constant, not something that changes each year. And to understand those constants, we must first understand the psychology of what it means to give a good gift.

For over a decade, we have sought to accomplish just that. We have systematically explored the psychology of gift giving and have uncovered near universal truths about what makes some gifts better than others. If you understand those truths, not only will you make gift giving an easier task for yourself, but you will surely make your recipients happier, which will only help enrich your relationships.

Give gifts on a random Tuesday

Overwhelmingly, most gift giving occurs around special occasions. Indeed, our work shows that about 83% of all gifts received center on some type of special occasion like a birthday, graduation or holiday.

But with special occasions come high expectations—which can be tough to live up to.

But now imagine if a close friend gives you a gift on a random Tuesday. A "just because" gift. Here, you have no expectations about receiving a gift, and just about anything will be considered exceptional. Indeed, in one study, we asked roughly 800 participants to take on the role of either a gift giver or a gift recipient. We then asked the recipients to indicate how happy they would be receiving either a $5 Amazon gift card or a $50 Amazon gift card, and asked the givers to predict how happy they think the recipients would be in those two cases.

We added a twist, though: We asked some participants to do this task imagining that the gift was for a birthday celebration, but we asked others to imagine that it was just because and for no particular reason.

Unsurprisingly, in all cases, givers thought that the $50 Amazon gift card would make recipients happier than the $5 Amazon gift card. What is surprising, however, is that recipients were just as happy with the $5 Amazon gift card when given for no particular reason as they were with a $50 Amazon gift card given as a birthday gift.

In other words, for one-tenth the cost, a gift giver was able to make a gift recipient just as happy, all because they gave the gift on a non-occasion. Generalizing a bit from this study, for a fraction of the cost, by delivering a gift on a random Tuesday, gift givers can fulfill their social obligation of showing others that they care about them and make them extremely happy.

Give sentimentally valuable gifts

Gift giving can be risky. We try to identify gifts that recipients may want; sometimes we get it right, but sometimes we get it wrong. So when picking gifts, givers often err on the side of "safe" gifts, or ones that are likely generally well received, but maybe don't really have a lot of pizazz. On the surface, taking the safe bet makes sense. However, What this safe strategy ignores is that there is a class of gifts that might appear risky but are almost universally well received: gifts that emphasize sentimental value.

These types of gifts can be as simple as a fridge magnet from a vacation taken with a loved one, or a framed ticket stub from the first concert a parent took a child to, or even just a nice photograph of two close friends. None of those gifts are particularly expensive, nor are they what we would typically see on any given year's "best gift" list. And yet, our research shows, these are the gifts that recipients cherish most.

In one study of about 400 Americans, we asked recipients to indicate which they would prefer: a framed high-quality 20-by-30-inch photo of their favorite musician or a framed relatively low-quality 8-by-10 photo of them and their friend. Though the latter option is clearly inferior in terms of its tangible attributes, recipients overwhelmingly preferred the photo with their friend over the photo of their favorite musician.

But what's striking is that we also asked gift givers which gift they would rather give. And here, the result flipped: Givers preferred to give the objectively higher-quality, but not sentimentally valuable, gift. They saw the latter as risky. Maybe the recipient will like it, but maybe not. So why take the risk of a strikeout when you have a sure single? And yet, across a number of studies and a number of gift-giving contexts, we saw the same result: Gift givers were wrong. This wasn't a matter of risking a strikeout vs. a sure single. It was a likely home run vs. a maybe single.

Gift givers make a big mistake here. Giving that sentimentally valuable gift not only makes recipients happier, it's also often easier on the giver's wallet.

83%

of all gifts received are for a special occasion

A $5 Amazon gift card on a random Tuesday = a $50 Amazon gift card for a birthday in recipients' eyes

Source: Jeff Galak and Julian Givi

Give gifts that don't keep up with the Joneses

Social comparisons are inevitable. We look to our neighbors to see if our yard looks as nice as theirs, to our peers to see if our cars are as luxurious, and even to our co-workers to see if our salaries are up to par.

Gift giving is no exception. When we give gifts, we look to see if what we are giving is up to snuff. Not just in general, but rather in comparison to what others are giving.

In a study of nearly 600 individuals, we asked gift givers to imagine giving two bottles of a favorite wine to a close friend as a birthday present. Some of those individuals were further told that a third friend had given a similar gift as well: either one bottle of that same favorite wine, or three bottles. In this way, some individuals believed that their gift was better than what that third friend gave (two bottles vs. one), and some believed that their gift was worse (two bottles vs. three).

As you'd imagine, when people gave fewer bottles, they believed that the recipient would find their gift to be subpar. And when people gave more bottles, they believed the recipient would find their gift to be exceptional.

But what we actually found, across 12 different studies looking at a variety of gift-giving scenarios and a variety of gift types, is that recipients *just don't care*. They liked all the gifts about the same. Gift givers were hypersensitive to gift comparisons, but gift recipients just appreciated the sentiment. It really was the thought that counted.

So when giving gifts, what matters isn't if your gift is better or worse than someone else's. What matters is that you give something at all. Givers are hung up on how good their gift is, but recipients just want to be thought of. So stop worrying if your gift is as good as other people's gifts, and instead focus on simply being a thoughtful person and a thoughtful giver.

•

Gift giving is a critical part of our culture. But it's also hard! We fret over what a great gift will be and whether our friends, colleagues and loved ones will appreciate what we've given them. With a bit of help from the science of psychology of gift giving, we can do this with a lot less stress and a lot better.

We can give gifts on random Tuesdays to show our care not just when it is expected, but regularly. We can save on expenses by giving gifts that are sentimentally valuable, if not monetarily valuable. And we can avoid the trap of social comparisons and just give a thoughtful, if not superior, gift.

RINA JOST

The Best Time for Sellers to Ask Customers To Review Their Product

Research reveals how long to wait to deliver a digital nudge that might elicit a positive critique

BY HEIDI MITCHELL

WHEN SOLICITING customer reviews, timing can make all the difference.

"Let's say you visited a newly opened coffee shop and you really liked it, but as soon as you walk out the door, you get a text asking you to please post a review," says Sang-Pil Han, an associate professor of information systems at the W.P. Carey School of Business at Arizona State University. "Even if you were going to do it, you likely won't."

The problem, Han says, is that asking for something immediately can threaten a customer's sense of agency and turn them off.

So when is the best time?

Han and Miyeon Jung, an assistant professor of business analytics at the Lee Business School at the University of Nevada at Las Vegas, designed a study—in conjunction with two online South Korean marketplaces—that sought to answer that question.

For the first study, the researchers created four distinct time intervals for review requests: the day after the product purchase or experience, the fifth day, ninth day and 13th day.

"This way, the potential interference between early responders and late responders was effectively mitigated, since they couldn't overlap," says Han. Reminders to write a review were randomly sent to half of individuals in each group, while the remaining half served as the control group.

Review rates

In the control group, without any nudging, consumers' review-posting rates decline over time, Han says: One day after an experience the rate is about 12%; after five days, 6%; after nine days, 2%; and at two weeks, 1%. "It basically halves every three to four days," he says.

The results were markedly different for the groups that received nudges.

Those in the first study who received a request one day after completing their experience with the platform posted at a rate of 6%, indicating that a day-after nudge was detrimental. When the request was sent after five days, the review rate was 3%—again indicating it was better in this case not to send out the nudge and let consumers do it on their own. But after nine days, the response rate was 3%; and after 13 days, 2%.

"So, the response rate still decreased, but much more slowly," says Jung. "If you only look at two weeks later, we were able to double the review rate."

The researchers replicated the study with a South Korean online apparel marketplace, and the pattern was the same. In neither study did the timing of the reminders affect the quality or content of the reviews.

Tailoring the timing

Their findings suggest that there is no one-size-fits-all strategy for requesting a review, Jung says, although asking right away does tend to backfire. Rather, companies should look at how long their customers typically take to post a review without a nudge and use that as their starting point. "If you are sending a reminder before that threshold, you are sending it too soon," she says.

Han says marketers should also factor in the type of product they offer when considering digital nudges. In the case of long-term benefit products, such as furniture or a television, it typically takes some time for the customer to assess the value of the product, "so an immediate review reminder may be more harmful than for an everyday product, like a detergent," he says.

Additionally, marketers should consider the demographic of their consumers.

"Our results indicate that quick reminders are particularly bad for businesses with young consumers who may feel that these messages are violating their autonomy and freedom" and are used to doing everything online, he says.

In the end, the researchers say, delayed reminders significantly increase the likelihood of review posting as time rolls on.

Typically, if marketers look at the date of purchase and the date of review for each customer, then calculate the average time between the two dates, they'll find the appropriate time to send a reminder.

"Look at your internal data," Jung says, "and you'll find the golden recipe for your company's review-requesting strategy."

Heidi Mitchell is a writer in Chicago. Email her at reports@wsj.com.

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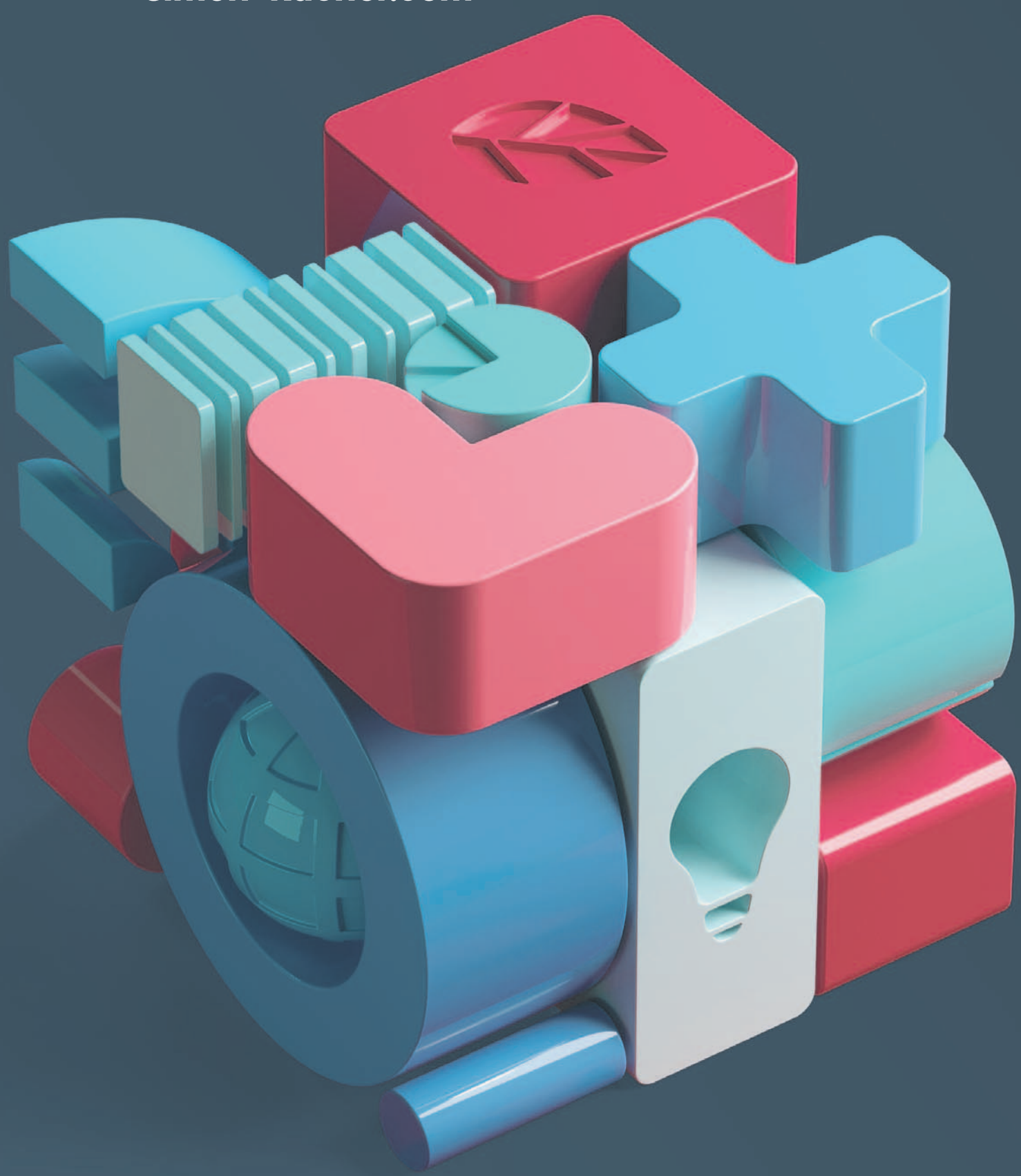

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The Best Background for Video Calls? Most People Get It Wrong

Research says the 'right' background can elevate your image. It also says you are likely choosing poorly.

BY FEYZAN KARABULUT AND PAUL R. MESSINGER

IT'S ONE OF the most hotly debated topics facing workers in the videoconferencing age we live in: What background will make the best impression?

Some people believe the best background is a generic, plain "hostage" wall. No distractions, no chance of giving bosses, colleagues or customers the wrong impression. But then there are the mavericks who prefer to spice things up with a fun, unique background.

So we set out to determine who was right, and which types of videoconference backgrounds were indeed best at creating positive impressions. What we discovered was that most people fear that showing their favorite Star Wars scene will create a negative impression on others, and settle for the plain wall instead. But our findings suggest that people should more often do just the opposite, and that they would be better off showing their true colors (up to a point, of course).

Fewer cues

Decades of research show that other people's judgments of us have a major impact on our lives. Because of this, in person or in videoconferences, we want to put our best foot forward. In person, we are well-practiced at creating positive impressions—for example, by dressing our best, standing up straight and smiling.

In videoconferences, however, creating positive impressions is more challenging. This is because videoconferences lack the richness of in-person interactions; we can only manage impressions using what is visible on screen. This can minimize the impact of in-person cues like clothing and body language.

Fortunately, though, videoconferences offer a new tool for impression management: the background image that is visible behind us, whether it is real (a kitchen) or virtual (Star Wars). Indeed, in a survey we conducted, 83% of the people agreed that controlling their background could maximize their ability to create a positive impression, and 53% indicated that *they* form an impression of the person they are talking to based on their background.

The question, though, is whether their desire to form a good impression is matched by their ability to pick the right background.

A mismatch

To explore how people choose backgrounds—and how people judged others' backgrounds—we used the context of customer service, with employees and customers interacting via videoconferences. What we discovered suggests a mismatch between what employees chose and what customers preferred.

We conducted a series of experiments with over 2,000 participants. We found that when they are in the employee role, people tend to choose nonrevealing backgrounds—those that do not convey much information about themselves, such as plain walls. However, when people became customers, they prefer interacting with employees with revealing backgrounds—those that give a glimpse into their personalities, such as musical instruments or artwork.

How could that be? Why would we believe one type of background makes the best impression for ourselves, while being most impressed by a different type of background for others?

Our research shows that it boils down to employees' and customers' different priorities. In the employee role, people make appearing competent their priority, and they believe that nonrevealing backgrounds convey competence, while revealing backgrounds convey the opposite. But our studies demonstrate that these beliefs are incorrect: Nonrevealing backgrounds don't make employees appear more competent, and revealing backgrounds actually make employees seem friendlier and more sincere. And, as long as customers are sure that employees are sufficiently competent, customers prefer friendly and warm employees—that is, those who use revealing backgrounds.

Indeed, our experiments show that customers are more satisfied with customer-service interactions when employees use revealing backgrounds. They are also more willing to interact with those employees again, and to recommend them to others. And potential customers on social media were more likely to click on an ad for a videoconference with a nutritionist when the ad featured a revealing background.

But beware: Not all revealing backgrounds are the same. When videoconference backgrounds reveal not-so-favorable information—a messy room or an insect collection—then they create a worse impression than a nonrevealing plain wall. So people should make sure that what their background reveals—whether it is real or virtual—is pleasant as well as personal.

Our best selves

The takeaways are clear for anybody who regularly uses videoconferencing these days (which is an awful lot of people, even as people return to the office). If you are in the service industry, for instance, you can use the power of backgrounds to provide better customer service.

But it doesn't end there. We all play many roles in videoconferences, from job interviews to meetings with colleagues. This research can help you pick backgrounds that showcase your best self, as opposed to thinking that no self is the best one. Whether it is a bookshelf full of your favorite books, artwork or cute plants, choose a positive background that reflects your style and personality.

Although it makes impression management more challenging, videoconferencing is here to stay, and this research can help you make better impressions online.

So, if you are a fan, go for that Star Wars image!

Feyzan Karabulut is a Ph.D. candidate at the University of Alberta's Alberta School of Business, where Paul R. Messinger is a professor. Sarah G. Moore, also a professor at the school, contributed to this article. They can be reached at reports@wsj.com.

RYAN JOHNSON

83%
of people surveyed said videoconference backgrounds are important in managing impressions

>Half
of participants in an employee role in a study chose the 'wrong' (impersonal) background

25%
of businesses use videoconferences as part of their customer communication channels

Sources: Feyzan Karabulut, Paul R. Messinger and Sarah G. Moore, Journal of the Association for Consumer Research (83% and >Half); Cavell Group (25%)

Hybrid Customers

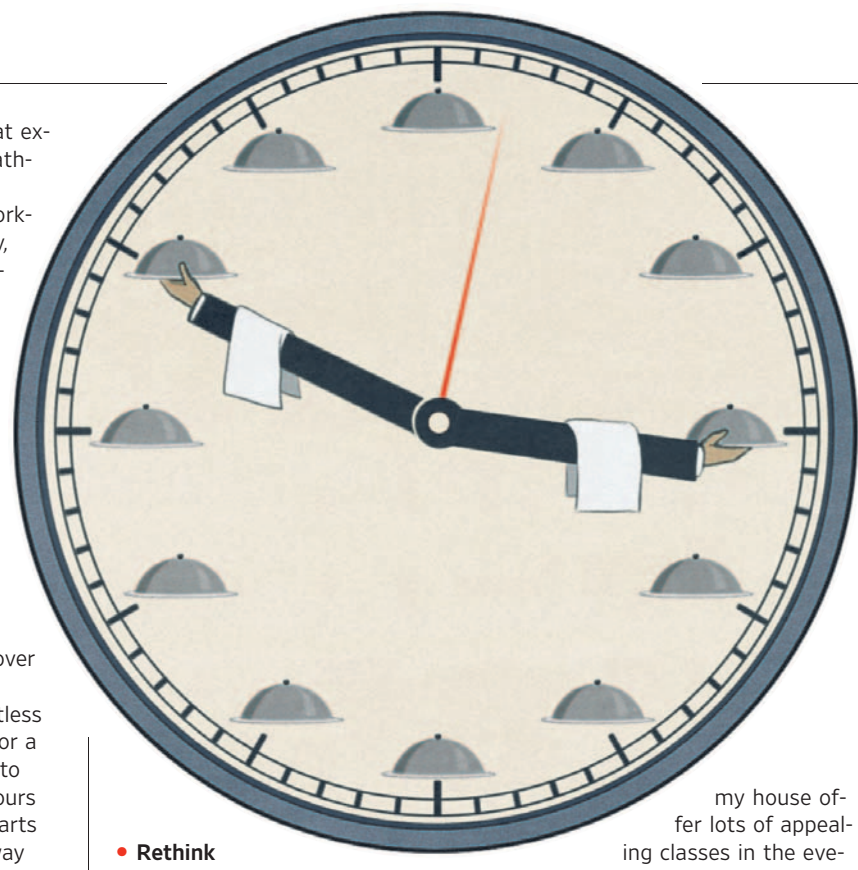
Continued from page R1

their errands or personal lives around that schedule, either.

I'm one of them. As a longtime remote worker, I was used to living my life on everybody else's schedule. But now that my neighborhood is full of fellow work-from-home types, it's time for local retailers to start thinking about hybrid workers' needs, too. Here's how to start:

• **Transit schedules.** Let's begin with the obvious one: Rush hour isn't the old rush hour. I know many people who no longer take an 8 a.m. bus in the morning and 5:30 p.m. bus to return home. They may go into the office or to a meeting downtown for a few hours in the middle of the day. Why do the bus schedules slow down in the middle of the day, when they could be keeping a consistent schedule that makes it easy to use transit during non-rush hours, too?

• **Co-work-ify the coffee shop.** It made sense to separate co-working spaces from coffee shops when working from home was somewhat unusual, but now the world is full of people who need a break from working at home, even on the days they're not going to the office. So I'm out of patience with coffee shops that patrol Wi-Fi access, offer nothing to eat except cookies, or guard the bathroom key like some kind of crown jewel. We nomadic workers need reliable connectivity, nutritious food and the occasional bio break—and many of us are prepared to pay for it! I'd happily "subscribe" to a coffee shop that set itself up for extended work sessions, so that I don't have to pay for my desk-away-from-home by drinking excessive amounts of coffee.



• **Network at noon.** How come most professional networking events still happen over breakfast or cocktail hours? There's a world of lonely, restless hybrid workers just longing for a little midday human contact to pep us up for another few hours of work. As someone who starts my workday very early, I'm way too exhausted to do networking at 7 p.m.—and like a lot of people, I embraced hybrid work precisely so that I'd have those late-afternoon and evening hours available for my kids. Neighborhood restaurants could get in on the action, too, by offering lunchtime specials to lure in the work-from-home gang.

• **Give me Zoom face.** I want a local makeup counter (or better yet, a salon) that focuses on getting me camera ready. Yes, there are lots of makeup tips and tools if I'm planning a night on the town, but who's there to help when I want makeup and eyebrows that are optimized for my webcam? Give me a neighborhood salon that offers quick touch-ups, not fancy makeovers.

• **Rethink your membership model.** My workout routine used to be built around the rhythm of downtown meetings: I swam two or three mornings each week when I had to be downtown. Now, I'm rarely downtown more than once a week—but the gym's membership pricing is still structured around 5-day-a-week commuters, making it too expensive to book a weekly swim. Any membership-based business would do well to offer membership options that make sense for once-a-week customers.

• **Give us daytime classes.** I love a geriatric aquafit class, but I wish there were some daytime aquatics classes that catered to people closer to my own age. Ditto for knitting: The knitting stores near my house offer lots of appealing classes in the evenings, but I'd prefer a weekly knitting class during the day! (It would also be a great way to meet simpatico remote workers in my neighborhood.) While we're at it, how about a WFH volleyball league, a WFH community choir or a WFH hockey league?

• **Make daytime errands fun.** I'm not going to lie: Being able to go to IKEA or Costco in the middle of a weekday, rather than during the weekend crush, is one of the great privileges of a flexible schedule. So why don't these companies lean into that opportunity, and make daytime shopping a fun, social activity for the growing number of people who enjoy worktime flexibility? Offering daytime promotions (or just putting out the sample trays outside of the old notion of "peak" hours) is a great way to encourage remote workers to turn errands into social time by scheduling errand-running dates with friends.

• **Cook the chickens earlier.** You would think that working from home would make it easy to get dinner under way, but I'll confess that I often rely on a precooked rotisserie chicken as the basis for our evening meal. Even if I'm now working on a flexible schedule, however, the chickens remain committed to the 9-to-5 day: If I pop into the grocery store at 3 or 4 in the afternoon, I'm often told that the next batch of chickens won't be ready until...5.

• **A bigger coffeepot.** On the days I don't head to the coffee shop for some co-working time, I sure go through a lot of coffee at home. The creators of the standard 12-cup (realistically, 5- or 6-mug) home coffee maker simply didn't imagine a world where two parents and a caffeine-dependent teenager might be home for more than their first cup of the day. So please, appliance retailers of the world, find me a coffee maker with a coffeepot large enough to last me and my WFH husband for an entire morning. Is it too much to ask for a 20-cup coffeepot? Then again, would I be less overwrought about all these retail shortcomings if I simply cut down on the caffeine?

Alexandra Samuel is a technology researcher and co-author of "Remote, Inc.: How to Thrive at Work...Wherever You Are." Email her at reports@wsj.com.

ANDREA UCINI

Paul McMurtry, owner of the independent Dedham Community Theatre, works the ticket window.

ALLIE LEEPSON + JESSE MCCLARY FOR THE WALL STREET JOURNAL

What We Lose When Movie Theaters Go Upscale

I understand that theaters are desperate to win back customers, but going to the movies isn't just about comfort

BY JAMES S. HIRSCH

EVEN BEFORE the pandemic, movie theaters were going luxe, offering amenities to counteract the emergence of home theaters. Then the pandemic turned many homes into de facto entertainment centers—flat-screen television set, surround-sound systems, wall sconce lighting—while streaming services provided robust viewing options.

Just to stay in business, many cinemas had to upgrade even further, blending creature comforts with the patina of opulence. National chains in particular had the resources to burnish their megaplexes.

In the Boston area, where I live, transformed theaters have been christened with such names as SuperLux, Cinema de Lux and LuxLite. Even theaters without luxury in their name have extravagance in their heart. Before the curtain rises, patrons lounge at a glitzy bar and order a hand-shaken Mojito, sit for a picture in a photo booth or play chess while mingling with friends in a plush lobby. The theater itself has recliners with heated lumbar support, ample space between the seats and ushers who bring you a Caesar salad, lobster tacos and a glass of Joel Gott Red Blend.

The spiffy trappings are understandable for an industry that has seen about 3,000 screens closed since the pandemic and is desperate to bring back its customers, and many movie goers clearly enjoy the pampering.

But I believe something is lost in the cinematic luxe life.

Strangers in the dark

Watching a movie isn't simply about comfort, be it from your home or a theater. It is about the communal experience. It is about connections in a dark setting, sitting with strangers whom you'll never see again. And it is about the movie itself, the escape into a different world, an adventure that has nothing to do with the swanky distractions of a cineplex.

I worked in a movie theater in St. Louis when I was in high school, and I would stand discreetly to one side down front and watch the audience reaction. I knew what scenes evoked what emotions—exuberance in "Grease," tears in "Kramer vs. Kramer," titillation in "10." I soon realized the audience response, its energy, was much stronger in a full house with everyone sitting shoulder to shoulder, as if sorrow and joy could jump rows like a benign contagion, leap onto the balcony and immerse entire sections.

That intimacy permeates the movie experience when the experience is at its best, no matter the age or condition of the theater. In college, I watched "All About Eve" in a lecture hall while sitting in a cramped wooden chair. I was practically touching knees with the stranger next to me, which made Betty Davis's famous line—"Fasten your seat belts. It's going to be a bumpy night."—all the more exhilarating.

But that proximity, both physical and emotional, is missing in deluxe theaters. Patrons are separated by dividers, inclined at different angles, ensconced behind trays and—in some venues—pressing their service buttons to order their next drink.

Comfort has taken priority over connection.

The high-end theaters also diminish the immersive experience of moviegoing. When I was growing up, most theaters were functional in their design and understated in their ambience. Even the remaining theatrical palaces, built between the two world wars and constructed with ornate plasterwork, marble columns and terracotta facades, intended to separate audience members from their homes and heighten the magic of the moment. But today's luxury cinemas, with leather chairs found in living rooms and with menu items stored in kitchens, *replicate* our homes. The magic has been commoditized.

Exit quickly

Also lost in deluxe theaters is the aftermath of the movie. When you see a film as part of a night of sumptuous entertainment, you're more apt to leave when it's over, unless you stop at the theater bar for a nightcap. But when the only reason you see a movie is to see the movie, you're more likely to chat with other fans who share your passion.

Not surprisingly, my favorite cinema shuns the luxe experience but is long on nostalgia. The Dedham Community Theatre is an independent art house in a suburb of Boston. Its scrappy, square-jawed owner, Paul McMurtry, saved the theater once but is unsure whether this neighborhood icon can survive in the crushing shadow of the pandemic. "It's a race against time," says McMurtry, 57 years old.

The theater opened in 1927 and was always the lifeblood for the town square's diners, pubs and shops. The theater currently features a poster of its first film—Buster Keaton's "The General"—and a grainy 1936 street photo of the cinema adorns the lobby wall. Small statues of James Cagney and W.C. Fields stand on a refrigerator behind the concession.

McMurtry grew up in Dedham and worked at the two-screen cinema in high school in the 1980s. Even then it was considered a "second-run theater," he says, showing films after the nearby cineplex was done with them. He learned the theater business in all its grime, picking up trash as the credits rolled.

McMurtry later owned a couple of video stores, but in 2001, he learned that the Dedham Community Theatre was going to close. He was told that it was his if he wanted to buy it, and he has owned it ever since.

The place was in disrepair, but over time, McMurtry bought new seats, carpets, a chandelier and modest cafe tables for the lobby. He also sold beer and wine. Finally, he ignored the action-adventure blockbusters—the superhero films, the Marvel franchise—and brought in smart, literate films for an audience that skewed older, educated and female. "The Pianist," "The King's Speech" and "CODA" all thrived at his theater.

McMurtry says ticket sales increased every year, and his venue routinely outgrossed its competitors who had the same movies.

"This theater is for true cinephiles," he says. "Even if someone were to put in free recliners so people could lounge back, I wouldn't take them. That doesn't fit my customer base. They are here to be moved and enlightened and inspired."

Then came Covid

Unfortunately, the pandemic changed many people's moviegoing habits, and McMurtry's clients are in the demographic that has most resisted returning to its pre-Covid entertainment routines.

Dedham Community Theatre would have shut down months ago if McMurtry didn't own the building, which has several commercial tenants. (He is a member as well of the state House of Representatives for which he receives a base salary of $75,000.) McMurtry used to have about a dozen part-time employees, but now he's often a one-man show. A donation box collects dollar bills from sympathetic customers.

Another favorite theater of mine recently closed in nearby Waltham, and one in Newton is trying to survive as a nonprofit foundation. McMurtry is uncertain how long his theater can hang on, but I know its communal spirit will never be captured by the luxury alternatives.

When I attended a recent show at the Dedham Community Theatre, its marquee touted its feature films and its coming attractions. It also wished a local couple—Mary and Dick Scott—a happy 60th anniversary.

"If we shut down," McMurtry says, "that sense of community, of a stranger coming to a place alone and not feeling like a stranger, will be gone."

James S. Hirsch is an author whose books include "Willie Mays: The Life, the Legend." Email ***reports@wsj.com.***

When Twitter's Watching, Companies Behave Better

A new study suggests that social media can reduce corporate misconduct

BY BART ZIEGLER

FRAN PULIDO

PEOPLE OFTEN turn to social media to complain about shoddy customer service, defective products or mistreatment of employees.

But how much impact do such posts on Twitter, Facebook or other platforms have?

Two researchers at Harvard Business School, Jonas Heese and Joseph Pacelli, looked for a way to measure whether social-media posts have prompted a corporate response or may even prevent bad practices by companies. The goal, says Pacelli, was "to show a link between social media and corporate behavior."

Based on earlier research, the professors surmised that the growth of online complaints was spurred in part by the introduction of third-generation cellular service, or 3G, starting in the 2000s. These higher-speed networks helped propel the use of smartphones and apps that are widely used by consumers to critique companies.

To conduct their study, the researchers obtained commercially available maps showing the expansion of 3G coverage in the U.S. over time. Using this data, they determined the year in which 3G became available in which ZIP Codes.

Violations and penalties

Next, they incorporated information from Violation Tracker, a database of corporate violations of government regulations maintained by Good Jobs First, a nonprofit that promotes corporate and government accountability.

The researchers focused on publicly traded companies in the database, since they are subject to different regulations than closely held ones. The sample they used encompassed 11,508 violations resulting in $8.5 billion in penalties sanctioned against 1,360 companies, including approximately 80% of Fortune 500 corporations, from 2000 to 2017.

The Violation Tracker data is linked to individual company locations, such as a single store or office. It includes fines and other penalties issued by more than 40 agencies for issues such as workplace safety, employee discrimination and labor relations.

Combining the 3G network rollout with the violation data, the professors found that companies "substantially reduce both violations and penalties following the introduction of 3G in a local area." They surmise this is due to a boost in social-media activity under 3G.

On average, the amount of penalties in dollar terms against individual company locations fell 13% in the three years after 3G networks were implemented in an area, while the number of violations declined 1.8%.

Twitter data

To bolster their conclusions, the researchers obtained information from Twitter on the number of overall tweets and detailed "geotags," which allowed the researchers to track the exact location from which each user tweeted. Twitter also provided a software interface to analyze this massive amount of data, the researchers say.

Using this information, the researchers say they found the rollout of 3G in an area drove sharply increased use of Twitter there.

Then they looked at the relationship between Twitter activity and corporate misconduct. The researchers didn't know the contents of the tweets, so they had no idea whether people actually tweeted complaints about companies. The data they obtained from Twitter showed only the number of tweets per ZIP Code.

But the study found links between greater tweet volume and better corporate behavior. Company facilities located in ZIP Codes with a high tweet volume had approximately 20% lower penalties in dollar terms and 1.8% fewer violations as shown on Violation Tracker.

Their study, the researchers write, shows "that social media can help reduce firm misconduct in part because it allows a broader set of viewers to become aware of local misconduct."

Even if people don't tweet about a particular company, the mere possibility of nasty tweets and the fear that they could go viral can have a preventive effect, they surmise.

"If companies believe the presence of social media is enough of a disciplining agent they will change behavior," says Heese.

The researchers say their report comes with a caveat: Much of its evidence is indirect—it doesn't directly prove that tweeting affects corporate behavior. They suggest that future studies could run actual tests to see how companies respond to tweets.

Heese says one motivation behind the research was to see whether Twitter, which has been "hotly debated about its implications for society, can have positive implications."

The answer, they believe, is yes.

Bart Ziegler is a former Wall Street Journal editor. He can be reached at ***reports@wsj.com.***

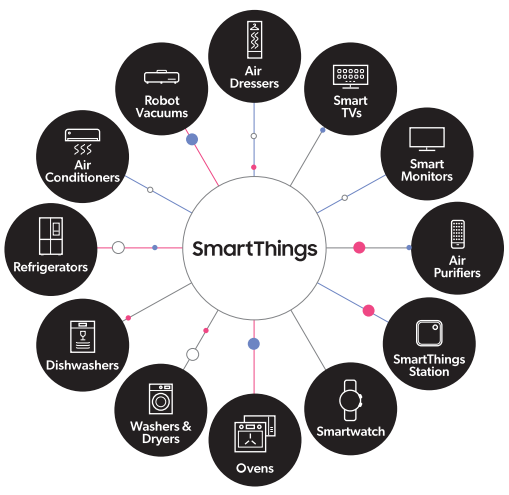
The Simple Life:
Rethinking Connected Devices

What is simplicity? Perhaps it is the freedom to seek the best by living to the fullest with the people who matter most. Welcome to a world of SmartThings technology that connects people to a future of untapped possibility.

Sensing Seamlessness

Smart devices are designed to make life simple—so why can they sometimes become a source of frustration? Research shows that more than a quarter of users of connected devices say they add too much complexity to life. Even getting started can be a hassle: 36% of consumers who set up smart devices by themselves say the process was difficult.

Samsung's SmartThings platform brings calm and simplicity to the proliferating world of connected devices. Its solutions overcome pain points such as interruptions, confusing setups and lack of compatibility. Imagine your home transformed into a connected space, enabling you to seamlessly manage and track the status of your devices wherever you are. That's what Samsung makes possible through interoperable connectivity and Internet of Things (IoT) innovations that achieve the dream of "Calm Technology."



Enhancing Life with SmartThings

SmartThings is a single experience that supports not only your entire home but also your daily life. The intelligent platform, combined with Samsung's Hub Everywhere strategy as well as its connected services and partnerships, harnesses IoT innovation to bring calm connectivity to home appliances such as fridges, air-conditioners and robot vacuums, so you can get on with the important things in life.

Happiness at Home

Home is the heart of daily life. Whether it's cooking for family, entertaining friends or caring for body and mind, SmartThings frees people to be their best selves in the place—and with the people—that matters most.

Unsure what to cook after a hard day's work? SmartThings Cooking lets users get started on dinner with recipe recommendations tailored to health and wellness needs (tracked in the Samsung Health app). As dinner cooks, the Family Hub smart fridge becomes a center for household life. Stream music, watch favorite shows, share pictures, schedule the week, all from one central place.

Seeking to improve fitness? Turn the living room into a personalized gym with the Smart Trainer feature of Samsung Health on TV. It beams dozens of interactive workouts directly to your Smart TV, giving feedback on workout form and performance. Fitness stats appear in real time by linking any Samsung Galaxy Watch 5 to your Smart TV.

Convenience on the Go

As people return to office life, it can be hard to leave the pets who gave us love and comfort during the pandemic when isolated at home. Jet Bot AI+ is an AI-powered robot vacuum with object recognition that allows you to check in on pets remotely. Mics on the Samsung Neo QLED Smart TV can also alert you to barking, so you can put on your dog's favorite cartoon to keep him entertained.

SmartThings also brings convenience on the go in countless ways. Say it's the day to clinch a big client deal, one you've worked on for months. You're so excited that when you reach the office, you can't remember if you've turned off the range. Just open the SmartThings app and check the status of your connected appliances.

Whether you're at work, at play or on a business trip, SmartThings can further enhance peace of mind with Home Monitor. Its smart sensors connect to partner devices to alert you to anything unusual at home—such as sounds, smoke, water leaks or motion—that might indicate an intrusion.

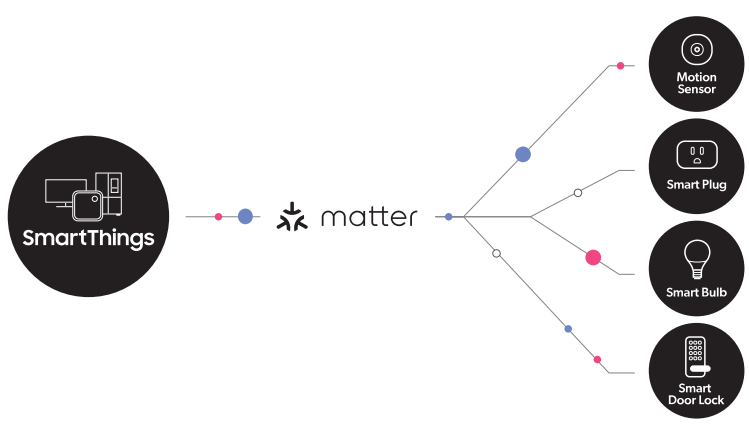
Calm Through Open Collaboration

Have you ever wished that smart devices could work seamlessly together, whatever the maker? The global connectivity standard Matter brings the dream closer to reality. Samsung was one of the first brands to adopt Matter, and is also a founding member of the complementary Home Connectivity Alliance (HCA). SmartThings already supports about 3,000 products from nearly 300 partners. Device choice and interoperability will expand significantly through the intensified open collaboration with Matter and HCA.

Both initiatives enable interoperable simplicity at home, work and play, all through easy control from the SmartThings app. For an atmospheric night in, sync your Samsung 2023 Smart TVs with Philips Hue smart lights to create just the right ambiance.

This vision of a calm, connected life goes beyond freedom and convenience—it drives sustainable lifestyles that are a priority for consumers everywhere. With SmartThings Station, an elegant home hub and wireless phone charger, people can coordinate diverse devices at the touch of a button. And by automating routines with SmartThings Station and monitoring energy usage patterns with SmartThings Energy, people can reduce energy use throughout the day and night.

"At Samsung, we continuously innovate our devices, platforms and services to be simpler and more convenient. As technologies become more complex, we will always search for ways to make life easier, more connected and more flexible, so consumers can focus on what matters most," says Jong-Hee (JH) Han, Vice Chairman, CEO and Head of Device eXperience (DX) Division at Samsung Electronics.



How Matter Works...

An easy smart home begins with SmartThings, the only system that delivers interoperability between Samsung appliances, certified Zigbee devices and Matter, a new smart home protocol that connects compatible devices and systems with one another.

The Wall Street Journal news organization was not involved in the creation of this content. This content was commissioned by Samsung. ***Samsung.com***

Scan here to find out more about **SmartThings**

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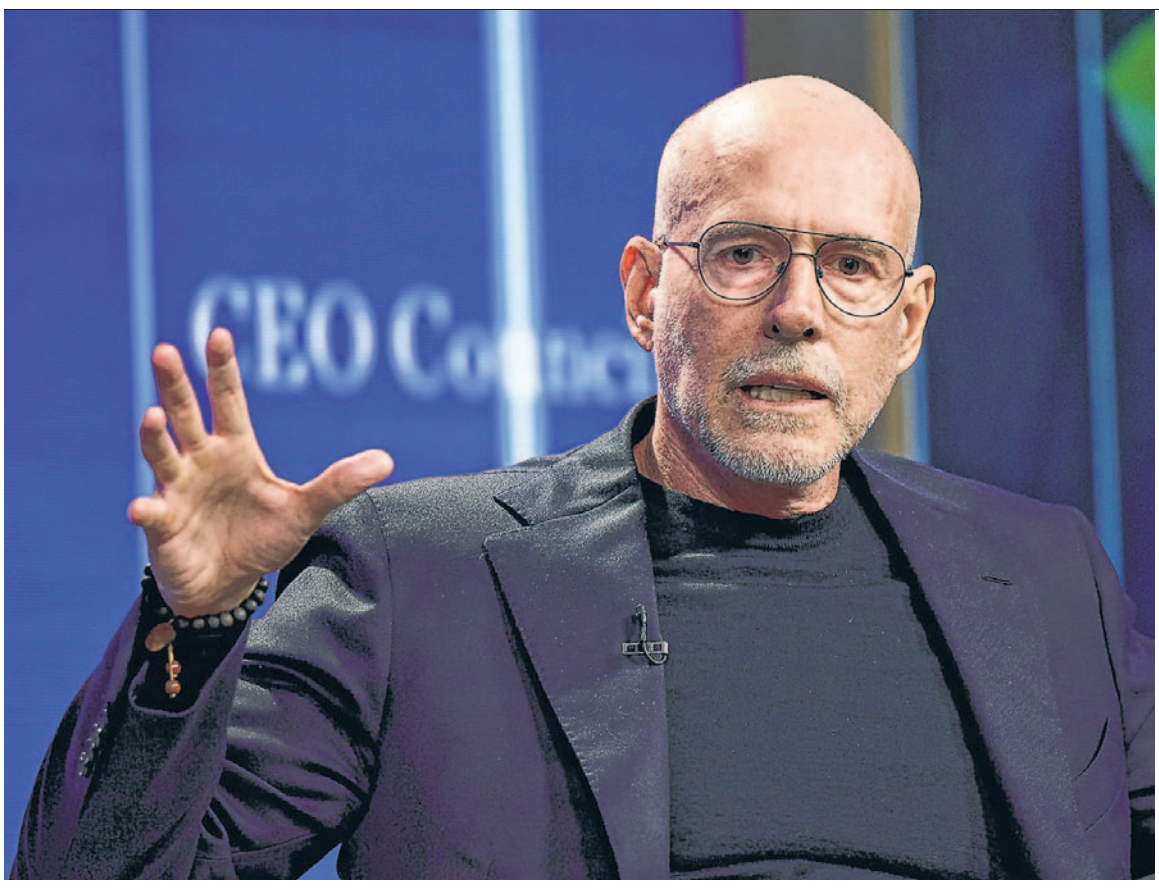

JOHN SCRIVENER FOR THE WALL STREET JOURNAL

Why AI Will Make Our Children More Lonely

The good news, says Scott Galloway, is that AI's economic impact won't be the catastrophe that so many are predicting

SCOTT GALLOWAY, a founder of companies, board member of others, business-school professor and author, is outspoken in his criticism of today's Big Tech-driven society.

At the recent Wall Street Journal CEO Summit in London, he shared some of his views, along with an array of data points, in a wide-ranging, punchy talk with Nikki Waller, coverage chief for life and work at The Wall Street Journal. Edited excerpts follow.

The unreal world

• WSJ: How will AI change the home and family lives of people in this room?

• **GALLOWAY:** You'll get richer, and your kids will get lonelier and more depressed.

Most of the technologies we're coming up with, or a lot of them, are pouring fuel on this flame of loneliness, where we're finding reasonable facsimiles of a relationship.

Social creates this illusion that you have a lot of friends, but you don't experience friendship.

A lot of young men are self-selecting out of the real world. They believe they're learning or investing on a trading app, and that's just gambling. That's just addiction. They think that they are having a relationship when they're on Discord, or sharing information. They feel rejected on dating apps. If you're a young man in the 50th percentile or below in terms of attractiveness, you have to swipe right or select 200 women and say, "I'm interested," to get one match.

If you match, you need five matches for it to turn into one coffee, because four of the five women who have a much finer filter in terms of selectivity, they'll kind of melt away.

So most men have to match 1,000 times to get one coffee. And that validates that they are not attractive and not valued in the mating market. I think they're going to increasingly turn to AI-driven relationships.

We have a series of replacements—fueled by technology—for relationships, mentorships, the workplace, friendships, romantic relationships. And in the short term it sort of fills a void. But it's empty calories, and I think you end up more depressed.

We're mammals, and we're supposed to be around each other. I worry that there's a whole cohort of young people, specifically young men, who will withdraw slowly but surely from the world. And the output of that is they become really sh—y citizens.

They're more prone to misogynistic content. They're less likely to believe in climate change. They don't develop the skills to read a room and be successful at work. They don't engage in romantic relationships, so they don't have kids.

• WSJ: How do you solve for this in the workplace if you're a boss?

• **GALLOWAY:** We need systemic solutions. We've taken away wood shop, auto shop, metal shop from high schools, and basically told young men in high school to be more like women. "Be organized, disciplined, sit in your seat." And the education system is highly biased against men.

I think the labor force is quite biased against women still, especially once they have children. But the educational workforce is biased against men. Boys are twice as likely to be suspended than a woman on a behavior-adjusted basis, the exact same infraction. A Black boy, five times as likely to be suspended.

What you can do as a CEO is, first, drop the fetishization of elite colleges. There's going to be two female graduates from college in the next five years for every male. And create more on ramps into your company for kids who don't have traditional college certification. In terms of the workforce, I'm sort of the person that makes HR uncomfortable, because the No. 1 source of retention at a company is if the employee has a friend.

I'm a big fan of remote work for caregivers. We should have a new classification of worker: For someone who's taking care of young children, aging parents, someone who's struggling with their own health, remote work is a huge unlock.

But for people under the age of 40, I think the office is a feature, not a bug. And that is it's a fantastic place to find friends, mentors and mates. We don't like to talk about this, but one out of three relationships begins in the workplace.

Ninety-nine percent of relationships that began at work are consensual. And we talk about and we publicize some abhorrent behavior, and those people deserve to be in prison. But the people who I find are most righteous about being against workplace relationships are already married. And if you're going to ask a young person to work 12 hours a day in this competitive economy, where are they supposed to find mates?

Work/life balance

• WSJ: Gen Z workers, in their first interviews, are asking about work/life balance. What's the right way to think about that?

• **GALLOWAY:** Work/life balance is a myth. I've taught 5,500 students at NYU, and I do a survey. "Where do you expect to be in five years economically?" And something like 90%-plus of them expect to be in the top 1% economically by the age of 30, right?

I get it, it's great. But it means you're going to have no life other than work, or very little life. I don't remember my 20s and 30s other than work. It cost me my hair, it cost me my first marriage, and it was worth it.

You can have it all. You just can't have it all at once. If you expect to be in the top 10% economically, much less the top 1%, buck up. Two-decades-plus of nothing but work. That's my experience.

The AI future

• WSJ: What career advice would you give a young adult right now regarding AI?

• **GALLOWAY:** I'm an AI optimist. But everything in the media on AI is total catastrophizing. It's, "This is the nuclear bomb."

I'm like, "That's not that helpful." Anytime there's a new technology it goes through the same arc. There's some catastrophizing, there's some job destruction, and then the economy grows and there's more jobs.

Automation destroyed a lot of jobs on the shop floor, the manufacturing floor. But we didn't anticipate heated seats or car stereos, and we created more jobs. I think AI is going to be enormously accretive for society and our economy.

If I were a young person, think about which industry does it disrupt, which industry will have the greatest reshuffling of value? Think about targeting disruption.

I'm not sure people thought processing power would disrupt cable television. But it did, in the form of Netflix.

Netflix's rise is directly correlated to increase in bandwidth and processing power, because your cable bill kept going up faster than inflation such that you could have Food Networks 3 and 4. So for $12 a month I can get a reasonable facsimile of what was costing me $120 a month.

So what's next? What does AI kill or disrupt? And where would I invest my human capital as a young person?

The most disruptable industry in the world—as a function of prices increasing faster than inflation relative to the underlying innovation or lack thereof—is, hands down, U.S. healthcare.

I haven't had health insurance in five years. And when I tell people I don't have health insurance, it's like, "You're a bad citizen. You're not a good dad." No, health insurance is nothing but a transfer of wealth from the poor who can't absorb a big shock to the rich who can.

That is ripe for AI to come in and look at you and say, "You know what? You're better off taking 4% of your salary, putting into the 401(k), using it if you have a healthcare crisis, but not buying insurance."

There's going to be so many little AI-driven healthcare companies that go after the American healthcare complex.

AI for me, if I were 22, 25, 30, and wanted to invest my human capital, I would think, "Where is the real action going to be? A reshuffling of shareholder value?" It's going to be AI-driven startups in the healthcare space.

Try Dictating, Not Typing, Your Search Query

A study finds people get better results when they speak rather than type

BY LISA WARD

DOES IT MAKE a difference if you dictate rather than type your query for an online search?

The answer, according to a recent paper, is yes. The researcher found that when study participants dictated their response into a search engine, they tended to give the query more forethought, and as a consequence the queries were more detailed and people were more satisfied with the search results.

"Interacting with voice technologies is almost like speaking in a second language," says Shiri Melumad, an assistant professor at the University of Pennsylvania's Wharton School, and the study's author. She says people often chose their words carefully when dictating a search because they are concerned voice technology will misconstrue their query. Also, people instinctively think about how an audience will perceive their words when they are said out loud, even if no one is present, she says.

In one part of the study, 2,500 participants were asked to do an online search for wireless headphones. Half the participants conducted the search by typing their query and the other half dictated their query into the search engine. The author found the vocalized queries were more likely to reference a brand name, and mention a specific price and the intended use for the headphones, such as wireless headphones for running or wireless noise-canceling headphones.

When participants were asked to rate their satisfaction with the search results on a seven-point scale, with seven reflecting the highest satisfaction, their collective ranking was 6.12. The collective score for participants who typed their query was 5.94 on the same seven-point scale. Although the difference is small, Melumad says that the large sample size, and the fact that it was replicated in other experiments, make the results meaningful.

In another part of the study, participants were asked to search for a product that would help them be more productive or comfortable at home.

The participants were divided into three groups: one that dictated their queries, a second that typed their queries, and a third that was asked to think about their search for 30 seconds before typing out a query.

ANTONIO SORTINO

Melumad found the group that typed out their search without waiting had less-detailed queries; they were less likely to mention a brand name or a product's purpose. They were also less satisfied with their search result, ranking their overall satisfaction at 5.99 on the seven-point scale compared with 6.08 for the group asked to think about their typed query and 6.14 for the group dictating their query.

"In absolute terms the difference may be small, but applied at scale—the number of daily Google searches—the consequences become quite meaningful," Melumad says.

Melumad also surveyed participants about their actual experiences with voice assistants, search-engine dictation and text searches. A similar pattern emerged: When participants thought about vocalizing queries (either speaking to a voice assistant or dictating to a search engine), they remembered feeling more worried about being misunderstood, giving more forethought to their queries and making more of an effort to be specific in their queries.

"As consumers increasingly gather information through voice-assisted technologies, the shift may alter both the nature of their queries and the types of information they are ultimately exposed to," says Melumad.

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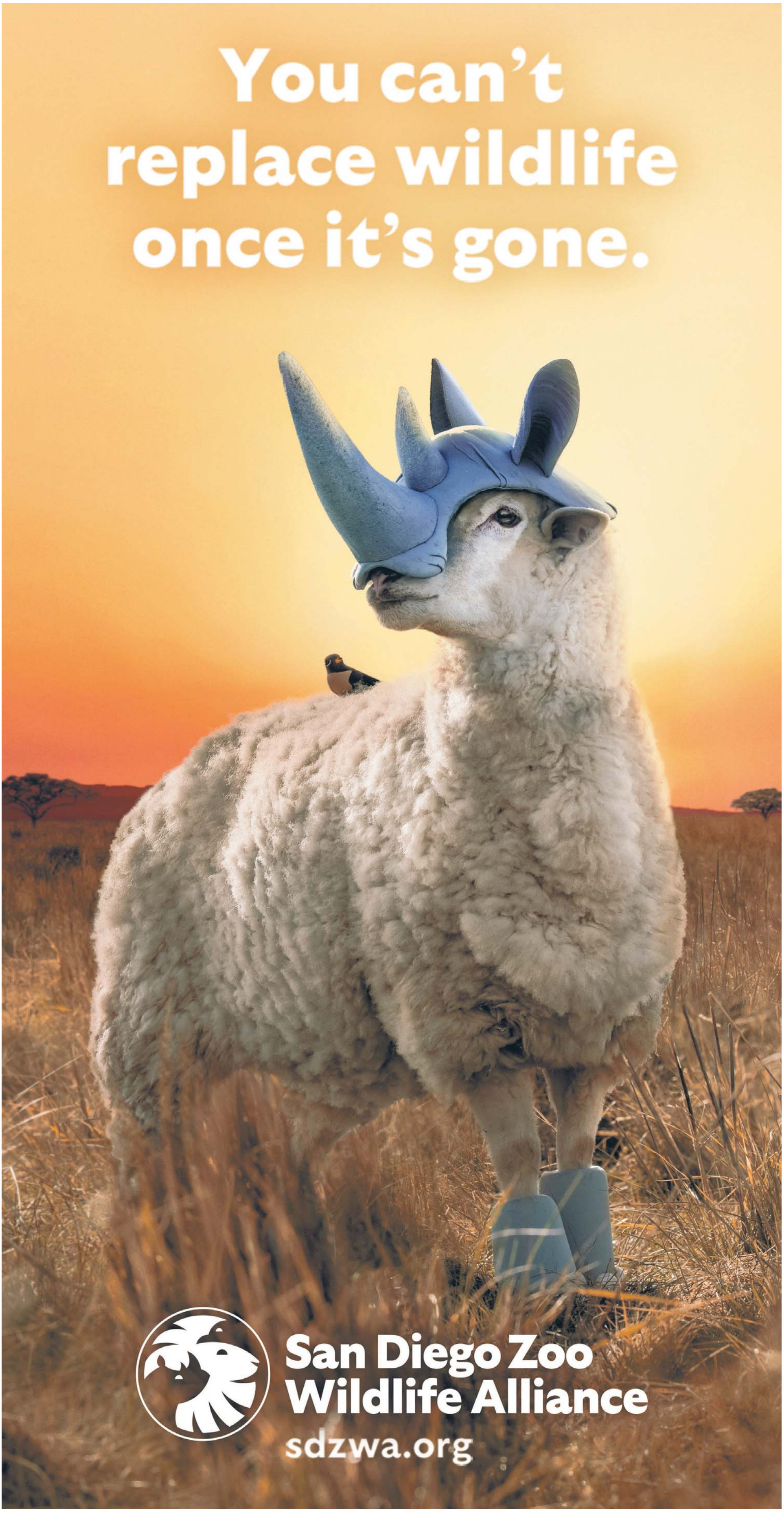
You can't replace wildlife once it's gone.



San Diego Zoo Wildlife Alliance
sdzwa.org

Northwell Health held a competition between chefs from its 21 hospitals as part of an effort to improve its food offerings.

How Hospitals Are Trying to Improve the Patient Experience

During Covid-19, patient complaints soared. Here are some of the biggest gripes, and what hospitals are doing to address them.

BY LAURA LANDRO

AFTER A disastrous couple of years, hospitals are trying to win back patients' trust with better service.

During Covid-19, patient-experience ratings plunged amid staffing shortages, overcrowding and lockdown rules that barred families from the bedside. Now hospitals are adopting new strategies to help address complaints and service failures that can add up to a bad experience even when treatment is successful.

In addition to government-mandated post-discharge satisfaction questionnaires and other patient-experience surveys, hospitals are using new technology to identify issues in real time and fix them before patients go home unhappy. And they are drawing on expertise from the hospitality industry and other consumer companies for lessons on how to transform dissatisfied customers into loyal ones who will recommend the hospital to others.

"Consumer expectations are being set by industries outside healthcare, and the onus is on us to be better about meeting those expectations and finding where we can go above and beyond," says Heather Geisler, a former senior vice president of global brands for Hyatt Hotels who joined Detroit-based Henry Ford Health in 2020 as executive vice president and chief marketing and experience officer.

Hospitals have a strong financial and reputational incentive to improve the patient experience. The Centers for Medicare and Medicaid Services requires hospitals to administer standardized national surveys known as Hospital Consumer Assessment of Healthcare Providers and Systems, or HCAHPS. Results are posted on the agency's Care Compare website, and Medicare rewards hospitals based on either how well they perform or how much they improve their performance.

Survey questions can't show specific complaints, of course, but they often show up in comments patients include in their responses. Hospitals are now using machine-learning technology and artificial intelligence to analyze the narrative comments for patterns of failure—both in the surveys and in the hospital reviews patients post on social-media sites like Yelp and Google.

Here are some of the top issues hospitals are focusing on to improve patient-experience ratings—and the solutions they are finding.

The food factor

Hospital food has long been the butt of many jokes, and it consistently shows up as a bad experience in satisfaction surveys.

"The conventional belief has always been that patients don't go to hospitals because of the food, and we should just do what we have to do to feed them," says Northwell Health Senior Vice President and Chief Experience Officer Sven Gierlinger, who joined the 21-hospital system in 2014 with a résumé that includes eight years opening new hotels for the Ritz-Carlton hotel chain.

In Northwell's patient surveys, some people downgraded what would have been a higher rating and stronger recommendation because of the food. "We could have super-caring nurses and competent doctors and excellent care, and then get dinged because of the food," Gierlinger says.

To counter those dings, more hospitals are hiring chefs, overhauling menus and steering away from overly processed foods.

Northwell has hired other professionals from the hotel and restaurant industries to run food services, including award-winning chef Bruno Tison. The menu was designed as "farm to hospital bed," refocused on fresh ingredients, hormone-free and antibiotic-free meats, line-caught fish and more plant-based items. The new approach also involved reducing salt and sugar, avoiding saturated fats, minimizing frozen and canned ingredients, and baking foods instead of frying them.

According to Gierlinger, Northwell's quality-of-food national percentile rank jumped to the 84th percentile in this year's first quarter from the ninth percentile in the third quarter of 2016.

Keeping it clean

How patients feel about their environment figures prominently on satisfaction surveys, due in part to heightened concern over sanitary practices during Covid and fears of infectious-disease spread.

"There is a fear factor with people's concern about cleanliness, so when they see a bloodstain on the scrubs of a doctor or nurse taking care of them, it makes them feel unsafe," says Dr. Thomas H. Lee, chief medical officer at patient-experience survey and analytics firm Press Ganey and an internist and cardiologist at Brigham and Women's Hospital in Boston.

UC Health's University of Cincinnati Medical Center, a 726-bed hospital in Ohio, in late 2020 overhauled its approach to cleanliness, with a new "culture of clean" program that requires department leaders to go on patient rounds to observe cleanliness protocols—and ties a portion of their bonuses to cleanliness scores from patients.

Housekeeping managers use software to collect information from patients to make quick improvements to the cleaning service, such as immediately removing used linens left in patient rooms. The hospital also cut the ratio of patient rooms to housekeeping staff in half, with first-shift cleaners responsible for 14 rooms instead of 28, and added an evening turndown service. Its latest HCAHPS cleanliness scores are 69.5 out of a possible 100, up from 62.1 in the first quarter of 2020, says Rob Wiehe, executive vice president and chief operating officer for hospital operations.

R-e-s-p-e-c-t

Patient-satisfaction ratings are closely tied to issues such as how people feel they were treated by doctors and nurses.

At AdventHealth, a healthcare system with 51 hospitals in nine states, staffers attend Whole Care Experience training, learning how to engage with patients in difficult situations and convey courtesy, respect and empathy.

Staffers also go through simulations with actors posing as patients to help staff connect with patients, anticipate their needs and respond to concerns. Pam Guler, AdventHealth vice president and chief experience officer, says her team has learned lessons from Walt Disney World, where it provides healthcare services. The team has attended training sessions at the theme park on service excellence and customer care.

The communication barrier

Closely related to courtesy and respect are complaints about communication—whether doctors and nurses explained things in a way patients and families could understand, and explained the reason for new medicines and possible side effects.

Cleveland Clinic, with 18 U.S. hospitals including its main Ohio campus and two overseas, holds daily plan-of-care visits at the patient bedside including doctors, nurses and any other staff involved in care, asking first what matters most to the patient and family.

Dr. Leslie Jurecko, chief safety, quality and patient-experience officer, says the visits "are the most impactful thing we've done in terms of improving the patient experience." Patients get explanatory cards about what to expect with the plan-of-care visit, along with journals and notepads to take notes or write questions. Cleveland Clinic also uses volunteers, including former patients, to help educate patients about the visits.

One of those former patients is Mike Nall, who has been hospitalized at Cleveland Clinic several times, and his wife, Vicki Nall. He tells patients of his own hospitalizations, including for a heart attack, empathizes with their uncertainty and suggests they might want to use their cellphone to include a family member in the visits if no one is there at the time.

"Nothing is worse as a patient lying in bed or a family member than not knowing what is going on," Vicki Nall says. "When you can ask a doctor questions and the team gives you a feeling of empowerment, you can be your own advocate."

Prepping for home care

Patient satisfaction is also closely tied to how well patients understand their care when they leave the hospital. Research has found that patients and their caregivers often feel ill-prepared to provide follow-up care at home, and that patients who don't have enough information about their discharge plans are less likely to be satisfied with their care.

"Patients need to know who to call, what to watch for, when to take their medications, and when people feel like they have a handle on that, it ultimately makes them feel safe and secure," says Susan Grant, executive vice president, chief experience officer and chief nurse executive at Wellstar Health System, which has nine hospitals in Georgia.

In May 2022, Wellstar started a virtual discharge process to improve the experience of patients, drawing on the success of virtual family visits during the pandemic. Once a patient is identified for discharge, a clinician rolls a cart with a video monitor into the patient's room, connecting to a special discharge nurse who goes over the patient's follow-up plan, care at home and medications. Family members can be linked into the video meeting if they aren't in the room, and there is time for them to ask questions.

In a pilot at its Wellstar Paulding Medical Center, 89% of patients reported favorable experiences with the virtual discharge process, according to Assistant Vice President of Patient Experience Dana Caviness, "most often stating they appreciated having all their questions answered and a clear understanding of how to manage their health."

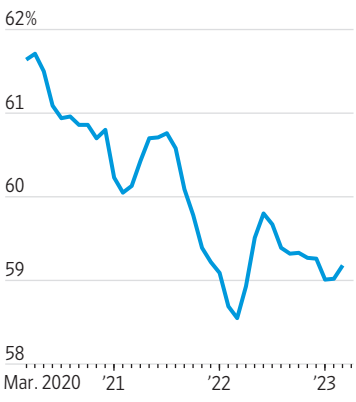
Mike and Vicki Nall help Cleveland Clinic patients understand their care plans.

Laura Landro, a former Wall Street Journal assistant managing editor, is the author of "Survivor: Taking Control of Your Fight Against Cancer." She can be reached at reports@wsj.com.

Patient Satisfaction

The percentage of recently discharged inpatients giving the most positive response for their hospital

Average for 17 aspects of service



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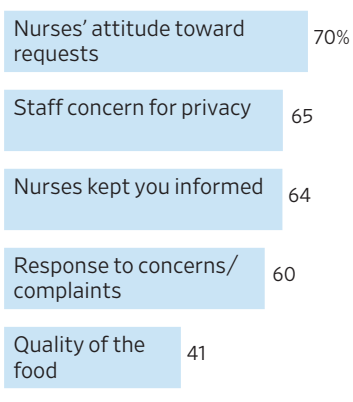

Source: Press Ganey

FROM TOP: NORTHWELL HEALTH; CLEVELAND CLINIC