

ADVERTISEMENT

Faeleen Smyth  
Creative Designer

Love for sharing kitten memes...  
could take down your server  
in an instant.

mimecast

mimecast.com/this-is-personal

What puts you @risk isn't always what you think.

What's  
News

Business & Finance

◆ **A group of employees** in the artificial-intelligence industry said they can't voice concerns about AI's threat to humanity because of confidentiality agreements, a lack of whistleblower protections and the fear of retaliation. **B1**

◆ **Hitachi and Microsoft** announced a three-year, multibillion-dollar collaboration to accelerate the adoption of generative artificial intelligence, in their latest venture. **B4**

◆ **U.S. stocks rose** modestly, with the S&P 500 overcoming an early deficit to close 0.2% higher and the Dow and Nasdaq gaining 0.4% and 0.2%, respectively. **B11**

◆ **BlackRock and Citadel** backed a group that plans to start a new national stock exchange in Texas to counter what it sees as onerous regulation at the NYSE and Nasdaq. **B1**

◆ **Cannabis producer** Green Thumb Industries expressed interest in merging with Boston Beer, the maker of Sam Adams lager. **B3**

◆ **Tesla's sales in China** rose 17% in May, as the country's demand for electric vehicles picked up, spurred by government trade-in programs. **B3**

What puts  
you @risk  
isn't always  
what you think.

mimecast

World-Wide

◆ **Modi was poised** to keep power for a third term even after Indian voters dealt the Hindu nationalist prime minister a stunning setback by denying him an outright majority following an election dominated by high unemployment and inflation. **A1**

◆ **U.S. prosecutors sought** to extradite an Israeli private investigator from London as part of an investigation into an alleged globe-spanning hacking-for-hire operation, according to court documents and people familiar with the matter. **A1**

◆ **Declaring that "no one** is above the law," a federal prosecutor kicked off the Justice Department's case against Hunter Biden on firearms charges. **A3**

◆ **Garland's appearance** before a congressional panel devolved into a partisan brawl, with the attorney general accusing his Republican critics of peddling falsehoods that undermine the justice system. **A10**

◆ **Israel and Hezbollah** moved closer to a full-scale war after months of hostilities, adding pressure on Israel's government to secure its northern border. **A8**

CONTENTS

Opinion..... A15-17

Arts in Review..... A13

Business News..... B3-5

Crossword..... A14

Equities..... B10

Heard on Street..... B12

Markets & Finance B11

Personal Journal A11-12

Property Report. B6

Sports..... B4

Technology..... A4

U.S. News..... A2-4,6

World News..... A8-9

23339>

0 78908 16314 1

© 2024 Dow Jones & Company, Inc.  
All Rights Reserved



Expected to cruise to a third term, India's Narendra Modi instead will be forced to build a coalition government to keep power.

## Modi Declares Win but Faces Setback

India's leader set for third term, yet his Hindu nationalist party loses majority

Prime Minister Narendra Modi of India is poised to keep power for a third term even after voters dealt the Hindu nationalist a stunning setback by denying him an outright majority following an election dominated by high unemployment and inflation.

Modi and his ruling Bharatiya Janata Party will now have to rely on allies in his coalition to cross the 272-seat threshold for a majority in the lower house of Parliament to form a government. It is the first election since 2014, when Modi won his first term as prime minister, that the BJP hasn't scored an absolute majority on its own.

Modi would be only the second leader after Jawaharlal Nehru, the country's first prime minister, to return to

By Vibhuti Agarwal,  
Krishna Pokharel  
and Shan Li

power for a third straight term. Official results show the BJP winning around 240 seats. It won 303 seats in 2019.

Modi didn't acknowledge the upset and claimed a historic victory. "In our third term, the country will write a new chapter of big decisions," he said. "This is Modi's guarantee."

The opposition hasn't con-

ceded defeat. The Indian National Congress party, which ruled India for decades but had seen its popularity plunge in recent years, was set to nearly double its seat count compared with the last general election. Its opposition alliance gained well over 200 seats, far surpassing the performance of the opposition bloc it led five years ago.

Rahul Gandhi, the face of the Congress party, said the opposition alliance would

Please turn to page A8

## Probe Targets Alleged Hacker For Hire

Private investigator is accused of going after foes of Exxon, hedge fund Elliott

U.S. prosecutors are seeking to extradite an Israeli private investigator from London as part of a probe into an alleged globe-spanning hacking-for-hire operation that targeted opponents of

By Christopher  
M. Matthews,  
Bradley Hope  
and Jenny Strasburg

hedge-fund firm Elliott Management and oil giant Exxon Mobil, according to court documents and people familiar with the matter.

The probe is focused on the investigator's work with a prominent Washington, D.C., lobbying and public relations firm, DCI Group, which has counted Elliott and Exxon as clients, the people said.

The Elliott component of the investigation relates to the firm's yearslong effort to make Argentina pay billions of dollars it owed on defaulted sovereign debt, some of the people said. Elliott's campaign was ultimately successful, yielding more

Please turn to page A2

## Airbnb Gets Help From Hosts To Fight Lawmakers

By KONRAD PUTZIER  
AND ALLISON POHLE

Julie Marks rents out her Jericho, Vt., basement and a guest unit on Airbnb. When state officials proposed a bill in 2021 to restrict short-term rentals, she wrote an opinion piece against it in a local paper.

Soon, she got a message from Rent Responsibly, the national network for short-term rental host groups that is partly funded by Expedia Group, which owns the vacation rental-listing site Vrbo. Rent Responsibly encouraged her to form her own state group to oppose the bill.

"One night after a couple of glasses of wine at 1 a.m. I made a website and then boom—there it was," Marks said. Within three weeks, 600 supporters had signed on.

At the suggestion of another state's host group, she hired a lobbyist. Marks and other group leaders met lawmakers for coffee. They testified at hearings and hosted happy hours at local breweries. Within a few months, the Vermont bill was dead.

Airbnb hosts are emerging as a potent political force, often with the financial backing and organizational support of the industry that prefers to let the individual hosts be the face of the movement while the companies help behind the scenes.

Hosts have formed countless advocacy groups across the U.S. under Rent Responsi-

Please turn to page A2

INSIDE

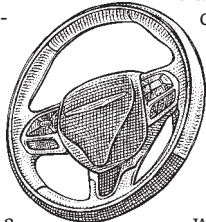
SPORTS

The best college athlete in America will be chasing Olympic gold in Paris. **A14**

PHOENIX—While on vacation, Catherine Brist and her husband rode to breakfast in a driverless car, rolling to the beat of electronic dance music.

They had an escape plan. The couple brought along a hefty marble spoon rest, shaped like a fish and borrowed from their Airbnb. They figured they could bust open a window if the tech taxi went haywire. They didn't need it.

After a couple of driverless rides, Brist said she has become "very pro-robot car." Having no human driver means "nobody is trying to pitch me a weird business," said the 34-year-old Ph.D. stu-



Freewheeling

dent from New York City.

The Phoenix area is home to the largest autonomous-vehicle operation in the world, and Phoenix Mayor Kate Gallego is a proud booster. Driverless vehicles are great for traveling incognito, especially on dates, said Gallego, who is single.

"When you're mayor you never know if someone may recognize you or not," she said. The mayor learned who was in charge during a driverless trip to a news conference.

"I unbuckled early to make sure people weren't waiting, and the vehicle stopped," Gallego said. "A voice came in to be like telling me that you have to remain buckled to be in a Waymo."

Please turn to page A6

## Garland's Justice Department Takes Fire on All Sides

Few are happy with three special counsels on Trump, Bidens

By SADIE GURMAN AND ARUNA VISWANATHA

WASHINGTON—Last summer, a group gathered around the mahogany table in Attorney General Merrick Garland's conference room. The table can seat 20, but only a few were there, given the sensitivity of the meeting.

Special counsel Robert Hur, sitting across from Garland, pulled papers out of a folder and read aloud. They were excerpts of a transcript of a recording his team had found, of President Biden speaking to his ghostwriter in 2017, shortly after he was no longer vice president.

"I just found all the classified stuff downstairs," Hur said without inflection, repeating Biden's words, according to people briefed on the meeting.

As the group sat stunned at the prospect that the president knew he had classified information and was on tape discussing it with someone not authorized to receive it, Garland asked more questions. Did the ghostwriter have a lawyer? What comes next?

Please turn to page A10

◆ Hearing devolves into partisan brawl.... A10

Believes everything she  
sees on the internet...  
just bought an air guitar  
with free shipping.

Debby Higgins  
Exec. Assistant

What puts you @risk  
isn't always what you think.

WORK PROTECTED.

mimecast

mimecast.com/this-is-personal



U.S. NEWS



Julie Marks, at top, is an Airbnb host in Vermont who formed a state group to oppose a bill proposed by state officials to restrict short-term rentals. Above, people in New York City protested outside of City Hall last year against short-term-rental laws. The city has made it harder to turn homes into Airbnbs by strictly enforcing registration rules.

Airbnb Hosts Help Fight Laws

Continued from Page One bly. They are swarming state-houses, flooding cities and towns with letters and showing up at community meetings by the hundreds.

And, in states such as Vermont, they are starting to tip the political balance of power. “The professionalization of host advocacy efforts is really leading to a turning of the tides in a lot of communities,” said Noah Stewart, head of U.S. advocacy at Expedia Group.

Airbnb also helps leaders craft messages and keeps hosts in the loop about coming legislative hearings through its platform.

“That’s huge, because otherwise we have no way to reach all those folks,” Marks said.

Hosts’ rising political clout comes at a crucial time for the U.S. short-term rental industry, which is facing a wave of bills and rules designed to make it harder to turn homes into Airbnbs.

New York City last year took the most aggressive step yet, eliminating nearly all short-term rentals when it began strictly enforcing registration rules. Other states and cities may follow suit.

“The snowball effect is the risk,” said Robert Mollins, a stock analyst at Gordon Haskett Research Advisors who tracks Airbnb and Expedia.

Hosts and short-term rental companies face a formidable coalition of hotel companies and unions and neighborhood groups worried about traffic and party houses. Housing advocates have also been critical, saying that renting homes on Airbnb shrinks the housing supply and raises rents.

Host groups say their industry promotes tourism, creating jobs and tax revenue, and helps middle-class homeowners pay their bills.

Upsurge in hosts

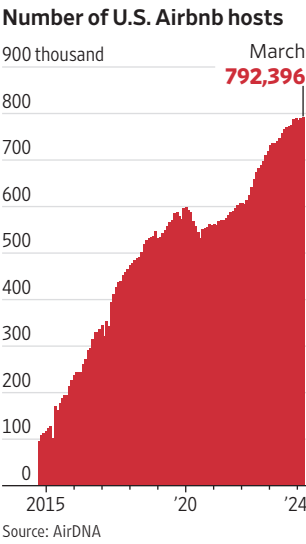
Until recently, hosts struggled to match the political clout of their opponents. One big reason that is starting to change: There are way more hosts now. Their number in

the U.S. has grown to more than 790,000, according to data company AirDNA, an eightfold increase since 2014 and up 35% since the start of the pandemic.

Host revenues have also surged as people spend more on travel. That means there are now lots of people with lots more money to lose if Airbnb restrictions pass.

Colorado’s advocacy group, the Colorado Lodging and Resort Alliance, or Clara, launched in 2019. At first, members mainly used the host group to share information on bills. By 2023, the focus shifted to advocacy. Clara later used funding from the industry group Vacation Rental Management Association to hire its own lobbyist to help defeat proposed short-term rental regulations, said Toby Babich, a Clara founder.

The Colorado Senate intro-



duced a bill this year that would quadruple property taxes on short-term rentals. But by then, “the wagons were circled,” Babich said. The group formed a coalition of stakeholder groups, held meetings with lawmakers and solicited economic impact studies.

In April, the bill died in committee.

Not all groups have been successful. Surging rents during the pandemic led to more calls to restrict short-term rentals, which can shrink the housing supply as homes get turned into de facto hotels.

In Hawaii, short-term rental owners last year formed a statewide group and lawmakers later introduced a bill that would leave counties free to set limits on Airbnbs. Hawaii has faced surging rents and the Lahaina fires, which de-

stroyed hundreds of homes on Maui, worsened the matter.

“The fires provided a lot more fuel for this fight,” said Jennifer Wilkinson, vice president of the state host group Hawai’i Mid and Short-Term Rental Alliance. The bill became law in May, and the mayor of Maui has proposed a county law that would remove thousands of short-term rental listings on the island.

In New York, hosts last year staged protests outside City Hall and filed a lawsuit alongside Airbnb, but failed to stop the de facto short-term rental ban.

‘Community leader’

Aside from independent, politically active host groups such as Clara, there are also more informal groups set up by Airbnb. Andrea Henderson, a short-term rental host in Denver, received an Airbnb email soliciting applications to be a host “community leader” and run one of these groups. She was selected in 2022.

She isn’t on the company’s payroll, but said she does get funding to put on local meet-ups. The Denver group grew from 10 members in 2022 to more than 1,000 in 2024, she said.

Many hosts hadn’t heard of the Colorado Senate bill. Henderson corresponded with a member of Airbnb’s advocacy team, shared information about the legislation with hosts and encouraged those interested to testify at hearings.

Some independent groups also get support from Airbnb and Expedia. “They speak authentically because they’re not hired consultants, they’re not PR agencies,” said Jay Carney, global head of policy and communications at Airbnb.

In Pennsylvania, the Pocosin Association of Vacation Rental Owners has biweekly calls with members of the two companies’ policy teams who help draft letters to homeowners associations and community boards, said the group’s executive director Ricky Cortez.

Still, for the most part the companies stay in the background, and hosts said they are happy with that.

“If Airbnb walks in the door, no one is going to support them,” Marks said. “But if Julie Marks and her three friends, who are also Vermonters, walk through the door, they’ll listen.”

U.S. Seeks Hacking Suspect

Continued from Page One than \$2 billion, or more than 10 times Elliott’s original investment, when Argentina settled in 2016.

It is one of the most celebrated and infamous trades in recent Wall Street history.

A separate thread of the investigation concerns hacking efforts that were aimed at Exxon’s climate critics, including the Rockefeller family.

Elliott, Exxon and DCI haven’t been accused of wrongdoing. Exxon has said it hasn’t been involved in any hacking activities. An Elliott spokesman said, “Elliott is not aware of this alleged investigation and has not been contacted by any government officials about this matter.”

A DCI spokesman said the firm doesn’t discuss details related to clients.

“But we want to be unequivocal that we direct all of our employees and consultants to comply with the law,” he said.

The investigation spilled into public view after Israeli private detective Amit Forlit was arrested on April 30 at London’s Heathrow Airport on behalf of U.S. authorities.

Prosecutors are exploring allegations that Forlit hacked Argentine officials in an effort to uncover damaging information that could be used by Elliott as leverage in the long and contentious negotiations over the country’s debt, the people said.

During a May 2 court hearing in London related to his potential extradition, a U.K. government lawyer representing the U.S. said Forlit had been arrested in connection with an investigation into a Washington-based lobbying and PR firm that had paid about \$20 million to a company controlled by the private investigator. Their assignment had been to gather information related to the Argentine debt crisis, she said.

The U.K. lawyer didn’t identify the Washington firm, but prosecutors in the U.S. attorney’s office in Manhattan have

probed DCI Group as part of their investigation into the hacking-for-hire operation, the people familiar with the matter said.

Initially, Forlit, 56 years old, was released due to what U.K. officials described as a procedural matter related to how much time passed before he was brought to court. Several weeks later he was rearrested on charges of conspiracy to commit computer hacking and wire fraud. He was released on bail after surrendering his passport and paying a 200,000-pound security deposit, equivalent to \$256,160, and is permitted to stay in an apartment in northwest London, where he is on a nightly curfew, according to British court records. Forlit has another U.K. hearing scheduled for July 26, according to the National Crime Agency.

Forlit, who has previously denied being involved in hacking activities, declined to comment.

Forlit has told associates he previously met with the Federal Bureau of Investigation in London and that agents asked him about DCI, according to two people familiar with the discussion.

Forlit, who told associates that his assignment with DCI primarily concerned work done on behalf of Elliott Management, also said he thought the case was winding down and he was safe to travel.

DCI Group played a crucial role in Elliott’s battle against Argentina through a campaign that included full-page newspaper ads and lobbying for legislative and regulatory changes that would prevent Argentina from using sovereign protections.

One of Wall Street’s most powerful hedge funds, Elliott controlled more than \$65 billion in assets at the end of 2023, roughly triple what it managed a decade ago.

Founded in 1977, the firm is known for taking stakes in companies and pressing for changes ranging from replacing executives to selling assets. Elliott is also known for its willingness to sue companies and governments to get what it wants—

and for its patience as cases drag on.

Elliott’s interest in bonds from the Argentine Republic kicked off before late 2001 when the country defaulted on more than \$80 billion of sovereign debt. The hedge fund built its position as other investors fled, allowing it to buy at steep discounts.

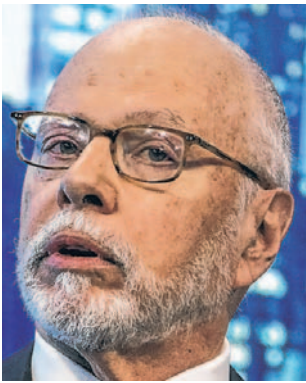
Most holders of the defaulted bonds accepted a fraction of their original value, but Elliott and a small minority of others held out for more, demanding accrued interest as the battle waged on.

Beyond PR and lobbying, Elliott’s methods in the battle with Argentina were diverse and relentless. In 2012, the firm managed to have an Argentine naval vessel detained in Ghana, arguing it wasn’t protected by sovereign immunity. Elliott also successfully argued that it should have access to certain payments routed through the U.S. financial system, circumventing Argentine sovereign immunity defenses.

Finally, in 2016, Argentina agreed to pay Elliott Management and other holdout creditors a total of \$4.65 billion to settle the claims, with Elliott itself receiving approximately \$2.4 billion. It was one of the most lucrative trades in the hedge fund’s already-successful history, with key team members earning millions of dollars in bonuses.

Axel Kicillof, Argentina’s former economy minister who often derided the holdout creditors as “vultures,” told The Wall Street Journal that he wasn’t aware of alleged hacking. But Kicillof, who led negotiations with the creditors while he was minister from 2013 to 2015, said Argentina faced pressure to pay up through what he called “damaging publicity” in the media.

“I don’t have concrete information about hacking, but there



Paul Singer, the founder of Elliott Management

was a dirty campaign,” said Kicillof, now governor of the influential Buenos Aires province. “It’s repugnant what they did during that trial to win against Argentina.”

Paul Singer, Elliott’s founder, said in 2016 that Argentina’s government had passed up many chances to settle, but then a new administration rapidly managed to resolve the dispute, sending a positive message about the country to global markets.

In another wrinkle, Forlit also told associates that he was asked by FBI agents about more than \$1.2 million in payments that he made in 2018 to private-intelligence firm Fusion GPS, the people said.

“While we don’t discuss client work, we can state that any payments received by Fusion GPS were wholly unrelated to the matters referenced in your story,” a Fusion GPS representative said.

Fusion is best-known for its role in the Christopher Steele dossier. Singer helped fund a conservative publication that hired Fusion GPS to conduct opposition research about Donald Trump and other Republican candidates ahead of the 2016 election.

After Trump became the GOP nominee, the Democratic National Committee and Hillary

Clinton’s campaign took over funding Fusion GPS’s work through a law firm. The Steele dossier, which alleged that Russia had been cultivating Trump for years with financial enticements and leverage over him in the form of sex tapes, was mostly discredited by special counsel Robert Mueller’s report on 2016 election interference, which was released in 2019.

U.S. prosecutors have also examined work DCI performed while working for Exxon Mobil, according to people familiar with the matter. DCI worked for Exxon for years, including on the oil giant’s response to a campaign against it led by environmentalists and members of the Rockefeller family, Exxon no longer employs the firm, according to people familiar with the matter.

In a criminal case against a separate Israeli private investigator, Aviram Azari, prosecutors said that he helped steal private documents that were later leaked to the media and “appeared designed to undermine the integrity” of investigations into Exxon.

Exxon’s lawyers and PR representatives have cited the documents repeatedly as evidence of an improper conspiracy between the Rockefellers and environmentalists to boost politically motivated investigations into the company over its alleged deceit about climate change.

Prosecutors haven’t identified who hired Azari, but disclosed in a filing that his clients included Israeli, European and U.S. companies.

Azari pleaded guilty in federal court in New York in April 2022 to conspiring to hack the Rockefeller Family Fund and other environmental groups.

Forlit said in a July 2022 deposition that Azari had previously performed investigative work for him.

“You don’t know everything,” Azari said in court last November after being sentenced to 80 months in prison.

—Ryan Dube, James Fanelli and Aruna Viswanatha contributed to this article.

**THE WALL STREET JOURNAL**  
(USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax: 212-416-2891; email: wsjltrs@wsj.com

Need assistance with your subscription? By web: customercenter.wsj.com; By email: support@wsj.com; By phone: 1-800-JOURNAL (1-800-568-7625)

Reprints & licensing: By email: customreprints@dowjones.com; By phone: 1-800-843-0008

WSJ back issues and framed pages: wsjshop.com

Our newspapers are 100% sourced from sustainably certified mills.

**GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS**

**CORRECTIONS & AMPLIFICATIONS**

**Intel has received \$8.5 billion in Chips Act incentive grants since December, and Micron Technology more than \$6 billion.** In some editions Monday, a map of Chips Act grants with a Business & Finance article about the industry incorrectly repeated the grants given to Intel and Micron. Separately, Japan held a 17% share of global semiconductor fabrication capacity in 1990, and South Korea's share was negligible. In some editions, a graphic incorrectly swapped Japan's and South Korea's 1990 shares.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.



U.S. NEWS

Drugs, Gun in Focus as Hunter Biden Trial Opens

By C. RYAN BARBER  
AND JAN WOLFE

WILMINGTON, Del.—Declaring “no one is above the law,” a federal prosecutor kicked off the Justice Department’s case Tuesday against Hunter Biden on gun charges, telling a jury that President Biden’s son chose to illegally own a firearm while using drugs in 2018.

“It doesn’t matter who you are or what your name is,” prosecutor Derek Hines told a jury in Wilmington, with first lady Jill Biden and other members of the president’s family looking on from the front row.

When the younger Biden bought a revolver in October 2018, Hines said, he lied on a federal form by checking a box to say he wasn’t addicted to or using drugs at the time. By checking that box, Hines said, the younger Biden had broken through the “only safeguard” for ensuring that drug users don’t unlawfully purchase firearms.

Hunter Biden’s lawyer, Abbe Lowell, said the evidence would show his client had recently come out of rehab and wasn’t using drugs at the time of the gun purchase—or in the preceding weeks. It made sense, Lowell said, to fill out the forms the way Biden did during that visit to a gun shop.

Biden was indicted on the gun charges last year following the collapse of an agreement in which he had been set to plead guilty to a pair of misdemeanor tax charges and avoid prosecution on a gun charge. He pleaded not guilty to the gun charges and separate tax charges brought in Los Angeles by special counsel David Weiss.

Hunter Biden’s trial, prosecuted by the Justice Department of his father’s administration, comes just weeks before President Biden’s first debate with former President Donald Trump.

The prosecutor previewed testimony from Hunter Biden’s ex-wife, Kathleen Buhle, and Hallie Biden, the widow of his late brother, Beau Biden, that is

expected to thrust into public view some of the inner dynamics of the president’s family during a turbulent period.

Prosecutors have said Buhle checked Hunter Biden’s car periodically because she didn’t want their children in a vehicle with drugs. On about a dozen occasions, prosecutors said, she found drugs or drug paraphernalia.

Following Beau Biden’s death, Hallie and Hunter Biden had a romantic relationship. Hines said the testimony of Buhle and Hallie Biden, along with another woman who was also romantically involved with Hunter Biden, would provide an “inside look” at his addiction.

Drawing from text messages and Hunter Biden’s memoir, Hines set the stage for a prosecution that would wield Hunter Biden’s own words against him. Prosecutors, he said, would show the president’s son was acknowledging an addiction and using drugs around the time of the October 2018 gun purchase.

At one point, Hines played Hunter Biden’s narration of his 2021 memoir, centering on an excerpt about his return to Delaware in 2018. It was later that month, Hines said, that Hunter Biden walked into a Wilmington gun store, surveyed the large inventory and selected a gun known for its reliability: a .38-caliber Colt Cobra revolver.

He said Biden also bought five cartridges of hollow-point bullets—a type of ammunition designed to expand on impact—and a speed loader. Hines said the salesman who helped with the purchase would testify that he saw Biden check a box on the federal form indicating he wasn’t using drugs.

“We would not be here today if he was just a drug addict,” Hines said.

“The defendant’s choice to buy a gun,” he said, “is why we’re here.”

Hunter Biden unlawfully owned the gun for 11 days—until Hallie Biden found it in a car, drove to a grocery store and discarded it in a trash can, Hines said.



Hunter Biden and his wife, Melissa Cohen Biden, arrived at the courthouse in Wilmington, Del., for his gun-charges trial Tuesday.

When Hunter Biden found out Hallie tossed the gun, he angrily told her to retrieve it, the prosecutor said. But the gun had already been found by a man who picked through trash to find items to recycle, Hines said. It was only because Hallie Biden took the gun, and not any steps by Hunter Biden, that he ceased to illegally own the revolver, Hines said.

Lowell acknowledged his client “bought a small handgun,” but said it “was never loaded” and he “never used it.”

He told jurors to look closely at the form his client filled out when he bought the gun. Its wording is unclear and key terms aren’t defined, he said, but it would have been reasonable to interpret it as asking about recent drug use.

Lowell said much of the Justice Department’s evidence of

Biden’s drug use comes from other times of his life and has little relevance to the period at issue in the indictment.

“They have to prove beyond a reasonable doubt that Hunter knowingly violated the law,” Lowell reminded jurors.

Prosecutors called Federal Bureau of Investigation agent Erika Jensen as their first witness. She testified on what prosecutors portrayed as coded references to crack cocaine in Biden’s text messages, including “baby powder” and “the really soft stuff,” and his making more than \$150,000 in cash withdrawals between September and November 2018.

Hines displayed one message from Oct. 13, 2018, the day after the gun purchase, in which Hunter Biden texted Hallie Biden that he was “waiting for a dealer.”

Pickleball Ambassador Hit by Scandal

By JOE BARRETT

Teri Siewert tried for years to recoup thousands of dollars she and her husband had lent to a fellow pickleball enthusiast. Then, at a tournament in Florida this past December, she had a terrible thought: What if they weren’t alone?

The couple would eventually uncover a scandal that has ensnared hundreds of people and tarnished the name of a man Pickleball News dubbed the burgeoning sport’s “ultimate ambassador”: Rodney “Rocket” Grubbs, 68, of Brookville, Ind.

Grubbs was well-known and well-liked in Brookville—a town northwest of Cincinnati—where he coached tennis and opened a pickleball shop. He traveled to dozens of tournaments a year, playing and selling merchandise through a company, Pickleball Rocks, that he touted as “the world’s most recognized pickleball apparel brand.”

But authorities say he was also issuing promissory notes—usually for \$25,000 at 12% interest over 18 months—to people across the country, telling them they were part of a small group of investors and seldom making good. In court filings, Grubbs said he owes a total of \$47.5 million, including interest. The money has largely vanished.

Bob Zitnick, a 64-year-old engineer from Brookville, said he and his wife lent Grubbs about \$300,000 for real-estate deals starting in 2007. Zitnick said the couple was initially able to get some of the money back, but the payouts stopped in 2018 and they now hold promissory notes worth more than \$3 million.

“You just never would think he would do this,” Zitnick said.

Grubbs’s creditors lament that they were vulnerable to manipulation by someone they knew and trusted. The affair has entangled the reigning senior national pickleball champion, droves of retirees and a priest. Grubbs owes money to more than 500 creditors spanning more than 30 states and several countries for pickleball



Pickleball players hit the courts in Brookville, Ind., the home of Rodney ‘Rocket’ Grubbs.

and other ventures, according to court filings.

“He was like Barney Fife,” said Siewert, 67, of White Springs, Fla. “He’s just this affable, you know, bumbling kind of character. And you wanted to help him.”

Grubbs hasn’t been charged with a crime. The securities division of Indiana’s secretary of state issued a cease-and-desist order forbidding him from issuing further notes.

A group of creditors this year forced Grubbs into involuntary bankruptcy after confronting him during a 2½-hour hearing in federal bankruptcy court in Indianapolis. He closed his Pickleball Rocks store and stopped going to tournaments. In court filings, Grubbs claimed assets of \$1.6 million.

Grubbs has said he never issued a loan he didn’t intend to repay. In April, he greeted a visitor cordially on the porch of his home in Brookville, declining to comment for this article at that time. He later answered questions by email, denying that he had any hidden assets and saying he had hoped to revive his business.

Fellow tennis player Marilyn Hedrick, an 87-year-old retired insurance-company customer representative,

introduced Grubbs to pickleball in 2008.

“Their instructions to me were, ‘OK, you know everybody in town. So it’s your job now to get people to play,’” Grubbs said in a 2021 YouTube interview.

Siewert and her husband, Scott, met Grubbs at a tournament in 2017. About a year later, she said, Grubbs started hitting them with his pitch: One of six investors backing Pickleball Rocks had decided to cash out and he needed to fill the slot. Grubbs swore the couple to secrecy, Teri Siewert said, so his competitors wouldn’t know the source of his funding.

The couple agreed to invest \$25,000 in 2019, Siewert said. Eighteen months later, they asked for their money back, but Grubbs said the pandemic had cut off his access to tournaments. They gave him until September 2022, when Grubbs again said he couldn’t pay.

“That’s when we started getting nervous,” Siewert said.

At the December tournament in Holly Hill, Fla., Siewert began to suspect that Grubbs wasn’t selling paddles so much as investments and began asking other players about him. The first person

she asked, Siewert said, told her Grubbs had taken her money and she couldn’t get it back.

“She’s about to cry, and that’s when I got my dander up,” Siewert said.

Siewert began contacting others in the pickleball world, eventually starting a Facebook group called “From Pickleball Rocks to Prison Rocks.” Days after their efforts began, their daughter—who had been acting as their lawyer—got a wire transfer of more than \$50,000 from Grubbs, representing their \$25,000 note plus accrued penalties and interest. The couple hasn’t touched the money, according to Siewert.

Matt Foster, an Indianapolis attorney, now represents more than 300 clients with claims against Grubbs going back to the early 2000s. Scott Siewert, meanwhile, spoke with an official with Indiana’s secretary of state office.

Hedrick, during a recent morning of play at a Brookville gym, was wearing a Pickleball Rocks T-shirt with the word “Rocks” covered up. She invested \$115,000 with Grubbs between November 2022 and October 2023. He paid back one \$15,000 note with interest and made other payments totaling about \$4,500, she said.

“He knew he was going down,” she said. “And why would he take advantage of an 87-year-old friend when he did that?”

SCAN FOR A  
CLOSER LOOK

Fluttering

PAUL MORELLI

725 MADISON AVENUE (NYC)  
1118 WALNUT ST (PHL)  
917.227.9039

TERRANEA

PALOS VERDES, CA

LUXURY  
ON THE  
SOUTHERN  
CALIFORNIA  
COAST

Ocean Views | Spa | Golf | Villas  
4 Pools | 5 Restaurants

844.981.0835 | TERRANEA.COM



U.S. NEWS

A Family of Democrats Splinters Over Biden

U.S. backing of Israel in war, humanitarian crisis in Gaza weigh heavily in election

By Sabrina Siddiqui

PITTSBURGH—Abe Taleb and Jane Olszewski and their parents, all longtime Democrats in this battleground state, didn't think twice about voting for Joe Biden in 2020. And they were all ready to do so again this year.

But the married couple and their extended families say everything changed when Israel launched its war in Gaza following the Oct. 7 attack by Hamas militants on southern Israel. Biden's support for Israel during its military offensive has left the couple on the fence about voting for the man they helped elect four years ago. And it has left their broader family splintered. Some members argue voting for Biden is still the only way to prevent Donald Trump from returning to the White House.

"I have a very hard time imagining myself being able to pull that lever for him seeing what [Biden] has endorsed and allowed to happen" in Gaza, said Abe Taleb, 37 years old, a nonprofit recruiter. "It'd be very hard to say yes, because voting is still a tacit endorsement of that individual."

As they gathered on a recent evening on the back patio of Taleb's parents' home in Pittsburgh's Highland Park neighborhood, the couple and their parents' discussion over dinner offered a glimpse at how many Democrats are weighing the Israel-Hamas war among other voting considerations, such as the economy and preventing a second Trump term.

Biden's decision to continue sending weapons and other military aid to Israel, despite the high civilian death toll in Gaza and dire conditions on the ground including widespread starvation, has triggered nationwide protests and angered several key Democratic constituencies. More than a third of Democratic women and almost half of Democratic men disapprove of Biden's handling of the war, according to a Wall Street Journal national poll in February. About half of Democratic voters under the age of 30 disapprove of his handling of the war.

Biden's peril

For this family, though, there is one point of unanimity: supporting Biden wouldn't even be a question but for the war. The discontent with Biden's handling of the war shows the political risks for the president, who narrowly carried Pennsylvania in 2020.

Taleb's and Olszewski's fa-



Above, Jane Olszewski and her father, Edmund Olszewski. Left, Jane's husband, Abe Taleb, and his father, Lutfi Taleb. The sign below sits in front of Lutfi's Pittsburgh home. Family gatherings have become contentious over whether to vote for President Biden again.



thers have adopted opposing views: Lutfi Taleb, a 66-year-old retired educator who immigrated to the U.S. from Libya in 1978, called Biden's handling of the war disqualifying. He plans to skip the presidential ticket and vote only in down-ballot races. Edmund Olszewski, a 72-year-old lawyer who resides in the northern suburbs of Pittsburgh, believes there is no other option but to vote for Biden to stave off another Trump presidency.

"That's why these guys are making me nuts," Edmund Olszewski said of his family's weakening support for Biden. "The very top issue is Trump. It's simple. He frightens me."

Abe Taleb and his wife say they are typically driven by issues such as economic inequality, but the graphic images and videos coming out of Gaza have consumed their everyday lives, particularly as parents to a 5-year-old daughter.

"Witnessing the ongoing suffering of children and fellow parents makes it even more difficult for us to simply overlook the administration's ac-

tions here," said Jane Olszewski, 36, who works in procurement and rejects the notion that she is aiding Trump by potentially withholding her vote from Biden.

"The idea that Democrats are the only bulwark against authoritarianism and fascism is day-by-day proven less legitimate by Biden and his administration ignoring clear evidence of Israel's war crimes and their refusal to end their unconditional support and take meaningful action to stop Israel," she said.

Israel has denied allegations of war crimes and has said it is taking steps to minimize civilian casualties.

The grandson of Polish immigrants, the elder Olszewski's father was a captain in the U.S. Army who served with the troops that liberated Dachau concentration camp in 1945. In March, Edmund Olszewski in-

voked his family history while speaking at a county government meeting in support of a local cease-fire resolution that ultimately failed.

At dinner, he said that though he wishes Biden would do more to rein in Israel, he views the president as "a pretty good guy, surrounded by good people who are doing the best they can to figure this out."

His daughter was quick to counter. "I find it hard to believe in the face of like, 15,000 dead kids, that there is still some greater plan at work. If there were, it has failed," Jane Olszewski said.

The Oct. 7 attack by Hamas killed roughly 1,200 people, mostly civilians, according to Israeli officials, and saw the militant group take roughly 240 people hostage. The resulting Israeli offensive in Gaza has killed more than 36,000

Graphic images and videos from Gaza have consumed the young parents.

Palestinians, according to Palestinian authorities. Those figures don't specify how many were combatants but Palestinian officials and the United Nations say civilians account for most of the dead.

'A broken record'

The Biden administration has voiced frustration with Israel's conduct in the war but declined to back away from supporting the longtime U.S. ally. Pressure from within his party has mounted following a deadly Israeli airstrike on Rafah that Palestinian authorities said killed dozens of civilians.

Biden had said a major Israeli attack on Rafah, where roughly 1.4 million Palestinians had been sheltering, would cross a "red line" and open the door to the U.S. withholding certain types of aid. But while the White House declared the loss of lives in the Rafah strike as tragic, the administration said it didn't merit a withdrawal of support for Israel.

"It's like a broken record," Lutfi Taleb said. "We're concerned, we're going to investigate. But it's the same result. It's the same action, which is none. Zero."

Lutfi Taleb became a U.S. citizen in 1989 and save for his first presidential election in 1992, which saw him vote for independent candidate Ross Perot, has backed Democratic presidential candidates ever since. "I used to think a lot of Biden, because he's a statesman. He's been around," he said. "But the words that I heard from this man in the last six months made me go 180."

Biden has repeatedly criticized Israel for the civilian casualties in Gaza. But the Talebs and Jane Olszewski believe the president's comments about Palestinians have lacked the kind of raw emotion he displayed when talking about the victims of Oct. 7. "He values Israeli lives more than Palestinian lives," said Abe Taleb.

"I don't believe that," Edmund Olszewski interjected. He added that Trump's comments on the war—which have included threats to deport pro-Palestinian protesters and ban Palestinian refugees from the U.S., as well as general support for Israel's offensive—suggest the former president would be far worse than Biden on the issue.

On Friday, Biden outlined a previously nonpublic Israeli proposal for a cease-fire and exchange of Israeli hostages and Palestinian prisoners and called for an end to the fighting. Both Abe Taleb and Jane Olszewski agree a fundamental shift in Biden's policy toward Israel could persuade them to back him once more in November. They are doubtful such a change will come to pass before the election.

U.S. WATCH

WISCONSIN

Three Charged Over Fake Electors Plan

Wisconsin Attorney General Josh Kaul filed felony forgery charges Tuesday against two attorneys and an aide who helped submit paperwork falsely saying former President Donald Trump had won the battleground state in 2020.

The state charges are the first to come in Wisconsin and follow separate charges brought in Arizona, Michigan, Nevada and Georgia related to the fake electors scheme.

The Wisconsin charges were filed against Trump's attorney in the state, Jim Troupis, 62, attorney Kenneth Chesebro, 62, who was advising the campaign, and Mike Roman, 51, who was Trump's director of Election Day operations. Roman allegedly delivered Wisconsin's fake elector paperwork to a Pennsylvania congressman's staffer in order to get them to then-Vice President Mike Pence on Jan. 6, 2021.

All three are due in Dane County Circuit Court on Sept. 19, according to court records. They each face one felony count punishable by up to six years in prison and fines of up to \$10,000.

Troupis and Chesebro didn't return voicemail messages left Tuesday. Roman's attorney, Kurt Altman, said he just learned of the charges and was in the process of reviewing them.

—Associated Press

BASKETBALL

Gambler Accused Of Plot With Player

A New York man was charged Tuesday in a sports betting scandal that spurred the NBA to ban Jontay Porter for life.

Porter isn't named in the court complaint, but its specifics about "Player 1" match the details of the former Toronto Raptors player's downfall this spring. Brooklyn federal prosecutors declined to comment on whether Porter himself is under investigation.

The court complaint against Long Phi Pham says the player communicated directly with defendant Pham and other conspirators.

Contact information for Porter couldn't be found. A message seeking comment was left for Pham's lawyer.

According to the complaint, the player told Pham and others, via encrypted messages, that he planned to take himself out of Jan. 26 and March 20 games early, claiming injury or illness.

Pham and other conspirators used that advance knowledge to place bets on Porter underperforming, prosecutors allege. The bets paid off to the tune of more than \$1 million for the group, according to prosecutors.

—Associated Press



Experience a city full of flavors and cultures. A city where you can be yourself and belong to something bigger.

**When you're in Houston, you're one of us.**

**VisitHouston.com**





# United Airlines is advancing its Technical Operations with Palantir

With 4,500+ flights per day across five continents, United uses Palantir’s AI software to gain real-time awareness of aircraft performance and keep planes flying safely and efficiently.





U.S. NEWS

Anti-Trump Republicanism Gets New Face

Hogan, in bid to flip Maryland Senate seat, won't back former president

By Kristina Peterson  
And Anthony DeBarros

OCEAN CITY, Md.—Is there room in Donald Trump's Republican Party for one moderate, blue-state GOP governor trying to win a Senate seat?

Larry Hogan is about to find out.

Hogan, widely seen as the GOP's best shot at winning its first Senate seat in Maryland in nearly 40 years, is now the highest-profile Republican on the ballot this fall who has refused to back Trump. It is a political temperament that helped fuel his ascent in deep blue Maryland—but also positioned him in the crosshairs of the MAGA movement and its demands for unwavering fealty to Trump.

The most recent example came on Thursday, shortly before a jury in New York delivered its guilty verdict on Trump, when Hogan issued a statement urging Americans to respect the legal process regardless of the outcome.

"You just ended your campaign," Chris LaCivita, a senior adviser to Trump, said to Hogan on social media. When asked to elaborate on Friday, LaCivita said in a text: "He needs every Republican vote he can get. You don't get them by poking them in the eye."

Lara Trump, the co-chair of the Republican National Committee, declined to say Sunday whether the organization would back Hogan financially. In an interview last week as

he campaigned on Maryland's Eastern Shore, Hogan said he wouldn't vote for either Trump or Biden in November but will write in a name as a "symbolic vote that states my dissatisfaction with where the party is."

"I'm trying to get us back to what I think the GOP is and always has been and that we've strayed away from," Hogan said, adding that he wasn't bothered by criticism from Trump. "It doesn't matter to me what he says about me—I'm just going to do whatever I think is right."

Hogan, a two-term former governor of Maryland who publicly battled cancer while in office, is now running against Democrat Angela Alsobrooks, the county executive of Prince George's County, who won the hard-fought Democratic primary in May. Democrats currently control the Senate 51-49, and Republicans see the race to fill the seat being vacated by retiring Sen. Ben Cardin as an opportunity to help them wrest back the majority.

Hogan is ahead of Alsobrooks by almost 7 percentage points in the Real Clear Politics average of polls, but Democrats have said they expect his lead to dissipate as the race becomes more of a referendum on which party should control the Senate.

Democrats said Hogan, if elected, would help advance a GOP agenda and potentially a second Trump administration.

"Mitch McConnell recruited Republican Larry Hogan to give them a Senate majority and Hogan's been clear and consistent that he will caucus with Republicans," said Maryland Democratic Party spokes-



Republican Larry Hogan greeted supporters before voting in Maryland's primary election in Davidsonville last month.

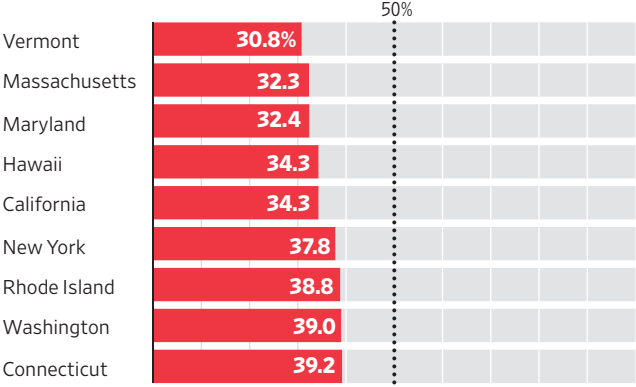
woman Lindsay Reilly.

For years, Hogan has been among a small band of Republicans willing to break with Trump. Other critics including Reps. Liz Cheney of Wyoming and Adam Kinzinger of Illinois have retired, and soon, Sen. Mitt Romney of Utah will join them. Former GOP presidential candidate Nikki Haley has said she would vote for Trump, leaving Hogan as the highest profile GOP candidate who is willing to criticize the party's standard-bearer.

"The pressure on Hogan is immense," Kinzinger said in an interview, noting that it would make more political sense for Trump and his team to let Hogan maneuver freely. "The Senate majority probably runs through Maryland."

Some Haley donors in Maryland and elsewhere are now backing Hogan. He has nearly 200 people who gave more than \$200—the level at which campaigns must identify donors—to both his campaign apparatus and to Haley's, according to Federal Election Commission filings. So far, Hogan hasn't reported

States where Donald Trump received the smallest share of the 2020 vote



Note: Trump received 5.5% of the vote in the District of Columbia.  
Source: Associated Press

any contributions from donors disclosed in the Trump camp's filings.

Even some Republicans who have bucked party leadership in the past, such as Sen. Susan Collins of Maine, were critical of Trump's conviction.

Trump has punished other Republicans who have declined to endorse him. In Virginia, Trump endorsed the GOP challenger to Rep. Bob Good, the chairman of the

House Freedom Caucus—who initially backed Florida Gov. Ron DeSantis before aligning himself with Trump—in a tight contest that will be decided in the state's June 18 primary.

Still, Hogan has some political insulation other Trump critics can't always boast: a long history in a blue state where the former president is far from popular.

President Biden won nearly

66% of the vote in Maryland in 2020. Even after Haley dropped out of the presidential race, she still got almost 23% of Maryland GOP votes in the state's May presidential primary.

Hogan said he has talked with Republicans who would like to speak out against Trump and want him in the Senate "because I can help be a voice of reason and sanity and give people cover," he said. "If you're in a red state, it's more threatening."

Previously a co-chairman of the No Labels movement, Hogan declined to run as a third-party candidate with the centrist group, saying he didn't want to be a spoiler who handed the election to either Biden or Trump, and opted instead to run for Senate. The group ultimately abandoned its efforts to field a "unity ticket" this year.

"Maybe I can be that kind of person, even though it's not in an executive capacity; having that voice and that attitude in the Senate may help things from going off the rails," he said.

Driverless Cars Roam Phoenix

Continued from Page One

Waymo One is an app-based ride service similar to Uber—except nobody's behind the wheel. The app logs tens of thousands of rides every week in the Phoenix metropolitan region, the company said. The company also operates in San Francisco and Los Angeles.

Waymo, a subsidiary of Google's parent-company Alphabet, says its driverless cars are safer. There is no risk of getting a lead-footed flesh-and-blood driver or one who has been drinking between calls. Yet, as with all man-made machinery, the risk isn't zero. This year, a Waymo vehicle collided with a cyclist in San Francisco, causing minor injuries. The National Highway Traffic Safety Administration is investigating the company's safety record. Waymo said the cyclist was initially obscured, and the car didn't have enough time to avoid the collision. The company said it was cooperating in the investigation.

Prime Minister Mark Rutte of the Netherlands wanted to try the driverless experience during a visit to Arizona last year. His security team wasn't going to take any chances and

went on a test drive first. When it was the prime minister's turn, one agent rode in the front seat. A car followed with another agent behind the wheel.

Dirk Janssen, the Dutch Consul General in San Francisco, helped organize the ride and acknowledged feeling only a little nervous when the car began to drive away with the prime minister. He had already entrusted Waymo with VIPs in San Francisco.

"If I put my kids in it," Janssen said, "we can put the prime minister in it as well." The prime minister appeared to enjoy the ride. "Wow, it's driving," Rutte said in a video from the trip. "It's totally crazy."

Phoenix officials pitch Waymo's driverless transportation as a boon for businesses interested in locating operations in the area. During visits to potential sites by out-of-towners, members of the Greater Phoenix Economic Council ask if they want to ride on a Waymo from the airport.

For many people, the Waymo ride is the first thing they chat about, said Chris Camacho, head of the economic council. People love not having to make small talk, he said.

Christine Bustamante, a site consultant for companies seeking to expand, visited Phoenix this year and said she enjoyed riding in a Waymo so much she plans to use them for every ride when she visits. "I was just mesmerized,"

she said. "The wheel was turning, and nobody was there."

Even so, Bustamante said, her clients make their decisions based on affordable real-estate prices, a suitable labor force and a business friendly environment—not who or what is behind the wheel.

Meghan Alfonso, the CEO of events-planning company Girl About Town, said her staff typically recommend Waymo travel for small bachelor and bachelorette parties.

Women tend to appreciate not having an unknown person ferrying them late at night, especially after a night of drinking, she said, and men like the freedom to be loud or curse in the car.

One group was scolded for trying to squeeze too many riders into their Waymo. A voice came through the speaker, yelled and left without them, Alfonso said. Riders also complain about the cars sticking to the speed limits, she said.

Chris Bonelli, a spokesman for Waymo, said company vehicles adhere to speed limits, require seat belts and don't allow overcrowding.

Paul Cronin, a 60-year-old Scottsdale, Ariz., resident, said that seeing driverless Waymo vehicles driving around the area makes him feel as if the future has arrived.

Yet, Cronin doesn't see himself riding in one. "I don't even like to get in airplanes," he said. "I don't like to not have control."



MAJESTIC MEADOW  
ANDRÉ BRASILIER

Renowned artist. Signature subject. Vibrant palette.



in his lifetime, and his works are owned by major institutions including the Metropolitan Museum of Art. Dated 1982. Signed "André Brasilier" (lower right). Canvas: 25 5/8" h x 36 1/4" w. Frame: 31" h x 41 3/4" w. #31-8250



Learn more about  
this painting

M.S. Rau  
FINE ART • ANTIQUES • JEWELS

NEW ORLEANS 622 Royal Street | ASPEN POP-UP 228 S. Mill Street • Now-September

Join us in Aspen for our opening celebration, June 6th-9th

ws@msrau.com • msrau.com • 877-677-2801

Since 1912, M.S. Rau has specialized in the world's finest art, antiques and jewelry. Backed by our unprecedented 125% Guarantee, we stand behind each and every piece.



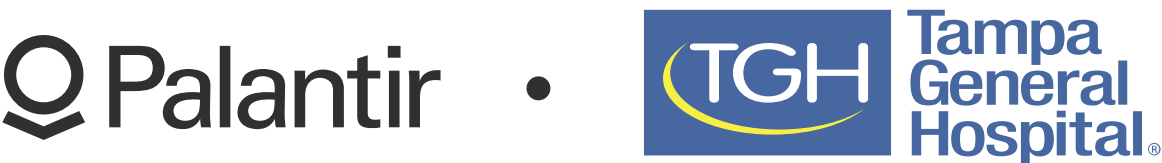
Phoenix Mayor Kate Gallego arrives in a Waymo self-driving vehicle at the airport in 2022.





# Tampa General Hospital partners with Palantir on AI software to improve bed placement, patient scheduling, staffing allocation, and more.

Tampa General Hospital is expanding its partnership to improve patient care – having already reduced PACU hold time by 28%, and length of stay for sepsis patients by 30%.





WORLD NEWS

Israelis, Hezbollah Move Closer to War

Despite efforts to keep hostilities in check, both sides are sounding alarms

Israel and Hezbollah are moving closer to a full-scale war after months of escalating hostilities with the Lebanese militant group, adding pressure on Israel's government to secure its northern border.

By Dov Lieber, Adam Chamseddine and Carrie Keller-Lynn

Hezbollah opened a battle front with Israel on Oct. 8, the day after Hamas's deadly raid inside Israel that sparked the war in Gaza. Hezbollah says its attacks are in support of the Palestinians, and it won't stop until Israel halts its war in Gaza. Reluctant to open a second front, Israel initially responded to Hezbollah with tit-for-tat attacks, trying to calibrate their actions to avoid sparking a full-scale conflict. But in recent weeks, both sides say there has been a sharp rise in hostilities. Hezbollah has increased its drone and rocket attacks, hitting important Israeli military installations. Israel, too, has stepped up attacks, targeting Hezbollah sites deep into southern Lebanon's Bekaa Valley and senior military officials in the group. Without a cease-fire in Gaza and subsequent deal with Hezbollah that meets Israel's



Wildfires sparked by Hezbollah drone and rocket attacks that raged through northern Israel were contained by Tuesday.

requirements, Israeli officials say an offensive is inevitable. Benny Gantz, a minister in Israel's war cabinet, said Israel would return residents to northern Israel by Sept. 1—when schools restart—either “through a deal or through an escalation.” Wildfires sparked by Hezbollah drone and rocket attacks raged through northern Israel beginning on Sunday. The blaze largely was contained by Tuesday morning and caused few injuries. But the images

spurred demands in Israel that after eight months of low-intensity warfare with Hezbollah, which has left more than 60,000 Israelis displaced from their homes, the government needs to go on the offensive. “They are burning here, we need to burn all of Hezbollah's strongholds and destroy them. War!” said Israel's far right national-security minister Itamar Ben-Gvir during a visit Tuesday to Kiryat Shmona, an Israeli city affected by the

blaze, largely depopulated because of the war and under constant bombardment from Hezbollah in Lebanon. The U.S. and France have been working on creating the outlines of a diplomatic solution, shuttling between Israel and Lebanon for months. The talks aim to move Hezbollah's forces more than 6 miles north of Israel, and the influx of either the Lebanese military or other international troops into the area could re-

move the militants, say diplomats briefed on the talks. Israel and Lebanon also would negotiate pre-existing border disputes. Lebanese officials didn't respond to a request for comment. Pulling back forces would keep Hezbollah out of anti-tank-missile range of Israeli communities and prevent the threat that it could carry out its long-held threat to invade and conquer northern Israel. Many Israelis from northern Israel say that a cease-fire

isn't enough to bring them back to their homes. Giora Zaltz, head of the Israeli regional district bordering with Lebanon, said the main two threats his constituents fear are a Hamas-style invasion by Hezbollah's elite Radwan forces and shoulder-launched missiles that Israel can't easily intercept. Alleviating their fears requires pushing Hezbollah forces and armaments several miles into Lebanese territory, which Zaltz says requires either an enforceable diplomatic solution or military action. Without this, he said, citizens won't return to their homes. “The border will move farther and farther south.” Hezbollah, which also is a powerful political party in Lebanon, says it won't agree to any diplomatic deal with Israel until the war in Gaza is halted. Despite a fresh push from President Biden for a cease-fire in Gaza, there are significant challenges left for getting there, and Israel says it will keep fighting in Gaza at some level until the end of the year. Hassan Fadlallah, a member of Hezbollah's parliamentary bloc, said the main message behind Hezbollah's operations is that it is ready for a full-scale war with Israel and will fight without rules or limits. “We have called for a cease-fire in Gaza and we don't intend to widen the war, but if [Israeli Prime Minister Benjamin] Netanyahu decides to expand the war, it won't be a walk in the park,” he said.

Hamas, Israel Appear Lukewarm on Truce Plan

By ALAN CULLISON

WASHINGTON—By publicly airing a peace plan to settle the war in Gaza, President Biden is hoping to box both the Israeli government and Hamas into talks on stopping a conflict neither side seems in any rush to end. The question now, though, is whether they will stay in the box. Both of the warring parties appeared lukewarm toward Biden's peace plan, though for different reasons. Israeli Prime Minister Benjamin Netanyahu's government hasn't achieved its goal of destroying Hamas militarily, and far-right members are threatening to quit the governing coalition rather than accept an end to the war. Asked in a recent interview with Time magazine if he believes Netanyahu is prolonging the war to preserve his political position, Biden said: “There is every reason for people to draw that conclusion.” Hamas seems to be in no rush to end the war either, believing it is drawing Israel into a quagmire that is turning the country into an international pariah while reviving the Palestinian national cause. For Biden, the continuing

The U.S. seems more interested in a deal than the two warring parties are.

war in Gaza is a political liability as he pursues re-election in November. The issue divides his base, which has criticized him for supporting Israel too much or too little. His peace plan appeared to be a gambit to end the dilemma. It closely parallels Israel's own cease-fire proposal—making it harder for Netanyahu to reject. The indirect talks between Israel and Hamas via mediators from Arab states have been stalled for weeks, mainly over whether an initial, temporary cease-fire and hostage release would lead to a permanent end to the war. To bridge the divide, Biden is seeking to recast Israel's goal in the conflict, arguing that it should be to degrade Hamas so it can no longer carry out large-scale attacks, rather than to destroy the militant group. Netanyahu recently told the Israeli parliament in private remarks that the cease-fire would be temporary. If later-stage talks break down, Israel would have the freedom to resume its military operation in Gaza. U.S. officials indicated that Hamas could be the more difficult of the two parties to bring to talks. The U.S. informed Hamas of the plan Thursday night, via intermediaries in Qatar. They, in turn, have purveyed

it to Hamas leader Yahya Sinwar, who is in hiding in Gaza. On Monday, White House officials put the onus for accepting the plan on Hamas, crediting Israel with forging the blueprint Biden described. Biden “felt it was important to lay out the details publicly so the whole world can see what's in here, and the whole world can see how seriously the Israelis are taking this and to make it clear that Hamas absolutely needs to accept this proposal,” John Kirby, a spokesman for the National Security Council, said Monday. State Department spokesman Matthew Miller said the plan would mean “an end to the daily death toll in Gaza, an end to the destruction that has torn so many families apart and robbed children, women, men of their lives and their futures.” Miller said Israel could celebrate the return of hostages, and look forward to further agreements that would solve security threats to the country's north and allow the resumption of talks to normalize relations with Arab neighbors. There had been no official reaction yet from Hamas's Sinwar, Miller said, but Osama Hamdan, a Hamas spokesman, expressed skepticism that Israel would agree to a deal that would satisfy the group's desire for an end to fighting and an Israeli withdrawal from Gaza. Some caution that the longer the war drags on, the more Hamas might see a benefit in



This week at a U.S. Embassy branch in Tel Aviv, protesters called for a hostage agreement.

prolonging it, as outrage over the carnage builds and Israel's international isolation deepens, raising the possibility of a rift with its chief ally, the U.S. In a sign of regional support for Biden's push, the foreign ministers of Jordan, the U.A.E. and Saudi Arabia backed the cease-fire efforts in a virtual meeting on Monday with their counterparts from Qatar and Egypt, which also has been mediating talks. The Group of Seven advanced democracies said Monday they “fully endorse and will stand behind the comprehensive” cease-fire and hostage-re-

lease deal outlined by Biden. So far, Hamas's October attack on Israel, which left about 1,200 people dead, most of them civilians, has had a positive effect on the image of the militant group among students on U.S. college campuses, said Bruce Hoffman, a specialist in terrorism and insurgency at Georgetown University. Students, reacting to what they believe to be an excessive Israeli response against Palestinians in Gaza, often use Hamas-inspired imagery and slogans, he said. Health officials in Gaza say more than 36,000 people,

most of them women and children, have been killed there since the start of the war. The figure doesn't distinguish between civilians and militants. Meanwhile, Netanyahu's hard-line government is under strain and at risk of collapse. Hamas might choose to continue the fight in Gaza and benefit from more outrage, Hoffman said, but it might also sign on to the peace deal and take credit for bringing a more moderate government to Israel. —Gordon Lubold, Stephen Kalin and Saleh al-Batati contributed to this article.

Modi Set to Keep Power, Loses Seats

Continued from Page One meet on Wednesday to discuss their options. He said the result was a victory for democracy. “The deprived and poor population of the country stood with India to protect their rights,” Gandhi wrote on the social-media platform X. Political analysts said the election results punctured Modi's aura of invincibility. The 73-year-old leader has long relied on his personal charisma to woo voters, and he campaigned extensively up and down the country in the months leading up to the election season. “The results show that Brand Modi has diluted,” said Rasheed Kidwai, a political analyst affiliated with the Observer Research Foundation, a New Delhi think tank. “It's a big setback.”

India's stock markets plunged on Tuesday, after closing at record highs on Monday due to exit polls that predicted a landslide win for Modi, who had pledged to make India the world's third-largest economy in his third term. Modi has sought to boost manufacturing in India, and convinced Apple suppliers to invest in the country. These efforts aren't creating enough jobs for India's young people. There were early hints that the BJP was worried about low voter turnout amid a record-setting heat wave searing much of India. Modi began his campaign touting his economic record, but quickly pivoted to attacking Muslims and painting the opposition Congress party as pro-Muslim. In an April speech, he called Muslims “infiltrators” and “those who have too many children.” During Modi's time in power, he has foregrounded the country's Hindu identity. India's Muslims, the country's largest religious minority, said they have been politically marginalized and at times targeted with violence as



Supporters in the Indian city of Varanasi carry images of Prime Minister Narendra Modi as they cheer the vote results.

Hindu nationalist ideas became more prominent. But attempts to fire up his Hindu nationalist base flopped in Uttar Pradesh, India's most populous state and a political bellwether, where the opposition combined to come out ahead of the BJP, which saw its seat count plunge to the low 30s, down from 62 in 2019. Modi's party lost even in the constituency that includes Ayodhya, the site of a contro-

versial Hindu temple inaugurated by the prime minister in January that fulfilled one of his key election promises. That was expected to help him clinch another majority. Political analysts said that many people appear to have cast their ballots over unhappiness with economic issues. Some voters have questioned the disconnect between two images of India: one of a global economic powerhouse

populated by glitzy billionaire moguls, and the second where hundreds of millions of people face bleak job prospects and soaring costs, leaving them reliant on the government's free food grains program. Mohammad Ahmed, a 42-year-old laborer from Uttar Pradesh, said he stands at the main traffic intersection in his village, along with hundreds of others, hoping to pick up daily work as a farm laborer. Over the last six years, he said, the number of people waiting at that traffic signal has increased 10-fold. “Modi distributed free food, but gave no jobs,” said Ahmed. “In the 10 years of Modi's rule, the rich have become more powerful and the poor more helpless.” This time, Ahmed switched his vote to Congress. “I used to think of Modi as my father. But he let us down,” Ahmed said. The results in Uttar Pradesh were particularly telling because the state has been the home of the Hindu nationalist experiment, said Yamini Aiyar, a public policy expert. “The everyday lives of the

people, the issues around unemployment, the issues around inflation, they mattered,” said Aiyar. In Delhi, Khemchand Sharma, a BJP spokesperson, noted that the party had won the largest share of seats, but would analyze the results. He said the party might be facing anti-incumbency against local candidates, rather than a rejection of the national leadership's vision for the country. Political experts credited the opposition gains in large part to grassroots campaigning by Gandhi, who in recent years has gone on monthslong cross-country walking tours to connect with the public. In speeches across India, he has called for more job creation and less social division. —Tripti Lahiri and Rajesh Roy contributed to this article.

Watch a Video

Scan this code for a video on the setback voters dealt Modi's party.



WORLD NEWS

China Grapples With Overcapacity

Surging investment in high-tech goods fuels trade tension with U.S., Europe

By Nathaniel Taplin

Cheap Chinese high-tech goods have flooded the global economy this year, raising alarms in Washington and Brussels as Western businesses complain about what they see as a new round of unfair competition.

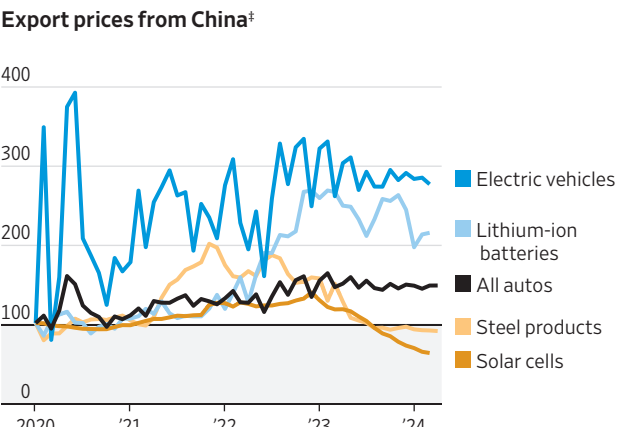
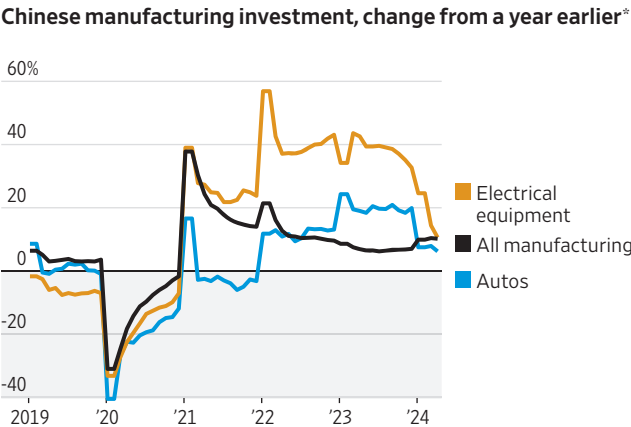
Chinese leader Xi Jinping has dismissed the charges, saying “there is no so-called problem of Chinese overcapacity.” Instead, Chinese officials say the country’s electric vehicles, solar panels and other products are simply better and more competitive than Western versions.

But a look at China’s industrial sector shows clear signs of overcapacity, especially in industries such as solar panels, automobiles and steel. In some sectors, the situation looks poised to get worse, as China keeps expanding capacity even as domestic demand stays weak.

It isn’t easy to define “overcapacity,” because it is unclear to what the “over” is in comparison. What is clear is that since 2021, Chinese companies have invested more in manufacturing than usual, even though domestic demand and exports have often been weak. The trend has been especially stark for certain sectors that are favored by Beijing and often benefit from subsidies, such as EVs.

Auto-sector investment growth hit nearly 25% year-over-year in early 2023. The investment surge in solar panels, chips and batteries has been even more impressive.

As investment has surged,



\*All figures year to date. †First-quarter data excluded because of the Lunar New Year. ‡Index, Jan 2020=100  
Source: CEIC

profit margins for Chinese producers have plummeted, especially for autos and steel.

Net-profit margins for China’s manufacturing sector as a whole were under 4% in early 2024, well below average levels of around 6% in the late 2010s.

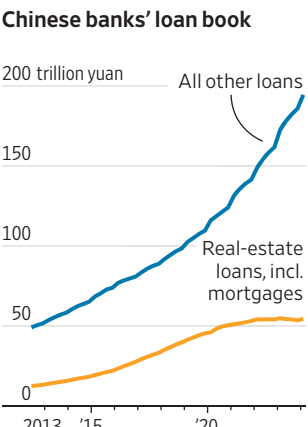
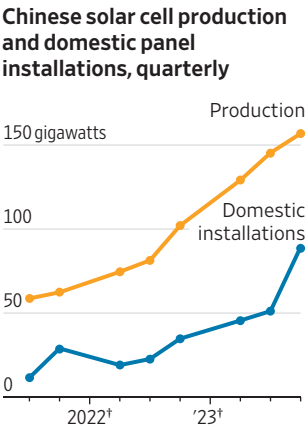
Enormous capacity paired with weak demand and lower margins at home has pushed more Chinese goods into global markets. That excess supply has driven prices for some Chinese goods lower and undercut competitors abroad.

But the impact has been

different for different products. While Western politicians have focused on the threat from Chinese autos, falling prices have been much worse in steel and solar panels. Prices for lithium-ion batteries have been sharply higher since 2020—although recently they have been falling rapidly.

China’s latest excess-capacity problem emerged in earnest around the same time as the nation’s epic property crash. That is no coincidence.

The property crash curbed demand for steel and other



building materials. As mortgage borrowing dried up, the bust also freed up excess savings for investment in things such as autos, chips and solar-cell factories—something actively encouraged by Beijing, which prefers a manufacturing-driven, rather than property- and consumption-driven, growth model.

As long as China’s property market remains in the doldrums, Chinese households keep saving, and Beijing remains determined to manufacture its way out of economic trouble, China’s overcapacity

problem is unlikely to substantially improve.

China’s excess capacity looks worst in solar-cell manufacturing, which, along with other clean-energy applications, is one of the so-called new productive forces Beijing has highlighted as central to its growth strategy.

China in 2023 produced over 450 gigawatts of solar cells, according to official data. It installed less than 220 gigawatts at home—a massive figure but still less than half of what it produces.

Capital Economics estimates that China will manufacture around 750 gigawatts this year. If installations stay at the same level, that would mean China producing about 500 gigawatts of “excess” solar cells in 2024. That is nearly four times the total number of panels installed in 2023 in the rest of the world.

China is the world’s largest steel producer and consumer. Its exports tend to surge when the property market runs into trouble. But the nation is still using a higher percentage of its steel production domestically than it did at the height of the latest big real-estate downturn in 2015, and during the global financial crisis in 2009. Profit margins for steel look much worse than in 2015, though, in part because of pricey iron ore. That means steelmakers have a strong incentive to find higher prices abroad.

For batteries, the global supply-and-demand balance looked better until recently. But there are now clear warning signs.

While overcapacity remains severe, it may no longer be rapidly worsening. An auto-price war in China and slower EV adoption abroad seem to finally be curbing the investment mania at home.

Economists Expect Canada To Lower Key Rate

By Paul Vieira

OTTAWA—Most economists expect the Bank of Canada on Wednesday to cut its main interest rate for the first time in four years, as data point to a monthslong slowdown in inflation, a cooling in labor-market activity and lackluster growth.

Eleven of 15 economists surveyed by The Wall Street Journal predict the Bank of Canada will cut its target for the overnight rate by a quarter point, to 4.75%. The other four said central-bank officials might wait to cut until its late July decision, to ensure additional data provide comfort that inflation is heading toward its target. Canada’s central bank sets interest-rate policy to achieve and maintain 2% inflation.

The Bank of Canada could become the first central bank among Group of Seven economies to reduce borrowing costs after a concerted and aggressive campaign by global policymakers to lift rates in hopes of wresting inflation down from historically elevated levels. A day after the Bank of Canada decision, the European Central Bank is widely expected to deliver its own rate reduction. Switzerland was the first rich country to cut interest rates, in March.

In the first four months of the year, inflation in Canada has stayed below 3%, or the upper end of the central bank’s target range. The average of the Bank of Canada’s preferred measures of core inflation, which strips out volatile items like food and energy, cooled in May to 2.75%, the lowest level in nearly three years. The unemployment rate sits at a 27-month high, and job vacancies have fallen to their lowest level in over three years. First-quarter gross domestic product climbed by a meager 0.5% from a year earlier, and per capita GDP has declined in six of the past seven quarters.

“There’s less need to constrain economic growth, and more risk that keeping rates unchanged would do more harm than necessary to achieve the inflation target,” said Avery Shenfeld, chief economist at CIBC Capital Markets, who is among the majority predicting a rate cut. “One rate cut isn’t going to set off an uncontrollable inflation firestorm, so the bank can get the ball rolling.”

Bank of Canada Gov. Tiff Macklem in May told senators that the central bank was “getting closer” to rate cuts. “We are seeing what we need to see, but we need to see it for longer to be confident that progress toward price stability will be sustained,” he said.

Over a 16-month period ended in July 2023, the Bank of Canada delivered 4.75 percentage points of rate increases to pull inflation down from a June 2022 peak of 8.1%. The sharp rise in interest rates has hit harder in Canada than in the U.S., in part because of the country’s elevated household and corporate debt levels, and the need of households to renew their mortgages at higher rates.

Brexit Champion Is Shaking Up U.K. Election

By Max Colchester and David Luhnow

LONDON—A staid British election campaign has been energized by the arrival of a now familiar troublemaker: Nigel Farage, a Trump ally who pushed Britain to leave the European Union and is now on a mission to destroy the ruling Conservative Party and rebuild it in his own populist image.

On Tuesday, Farage was in Clacton-on-Sea being mobbed by supporters. The day before, the 60-year-old said he would become the leader of a small anti-immigration party called Reform UK and stand for July’s election with a pitch to, once again, shake things up.

“Send me to Parliament to be a bloody nuisance,” he told the crowd, vowing to lead a political revolt against the status quo.

Not everyone in Clacton was pleased. A protester threw a milkshake in Farage’s face and was later arrested.

No one expects Farage—who has made a career out of railing against the establishment—

to affect the outcome of a race where the opposition Labour Party holds a 20- to 25-point lead over the Conservatives, who have been in power since 2010. The former commodities trader turned politician turned reality-TV star might even struggle to win his own seat.

But the point is to play spoiler for the Conservatives by drawing away just enough support to ensure they lose even more seats to Labour and have a postelection reckoning that turns the remaining rump of the party in a more populist direction, possibly even led by Farage himself.

Farage’s late arrival is a nightmare for Prime Minister Rishi Sunak, who is lagging behind in the polls and has watched the party’s right-wing supporters trickle away to Reform. The Tories have lost one in five of their voters since the national election in 2019 to Reform, slightly more than the one in six who have switched to backing Labour, said John Curtice, a professor of politics at the University of Strathclyde in Glasgow.



A protester threw a milkshake at Nigel Farage as he campaigned Tuesday in Clacton-on-Sea.

The Conservatives’ best hope to narrow the gap with Labour is Reform supporters, who might block Labour by backing the Conservatives as a practical matter. But Farage’s turn in the spotlight could prevent that and could raise Reform’s vote another 2% or 3%, pollsters say.

During a 30-year career, Farage has reshaped Britain’s relations with Europe without ever being elected to Westminster. He has stood seven times to be a lawmaker in Parliament and has lost by a significant margin each time. Instead, he has perfected the art of being a pitchman for a brand of disaffected conservative who feels ignored by the mainstream.

For years, this manifested itself in his successful cam-

paigning to get Britain out of the EU. This time, Farage wants to engineer a reverse-takeover of the Conservative Party. If it gets hammered in the election, the Conservative Party “will have their long dark night of the soul and one of the voice on the sidelines will be Farage but unless the arithmetic dramatically changes he won’t be parachuted in as leader,” says Anthony Wells, head of U.K. politics at YouGov.

Since helping engineer Brexit, Farage has been casting around for a new role. His biggest blow to the establishment was getting the boss of NatWest Bank fired after Farage’s account was shut, in part because of his outspoken views.

Farage initially had said he

didn’t want to stand in this election and would to focus on helping Trump get re-elected. But on Monday he said he had changed his mind. “This general election campaign has got off to the dulllest start I can ever remember in my entire life, two men with the appearance and enthusiasm of middle managers vying to become our national leader,” he said.

Farage’s main pitch to the British electorate is on the need to clamp down on immigration and rekindle a belief in traditional conservative British values. “My political principle for 30 years has been to fight the political establishment from without,” he said on Tuesday. “That hasn’t changed.”

GERMANY  
Joblessness Stayed Steady Last Month

Germany’s unemployment rate was stable at a low rate for a sixth straight month, reflecting a resilient jobs market in Europe’s largest economy, ahead of a European Central Bank interest-rate cut later this week.

The adjusted jobless rate in May was 5.9%, government data showed on Tuesday, the same as expected by economists polled by The Wall Street Journal. Seasonally adjusted jobless claims rose by 25,000, exceeding both the 10,000 forecast and April’s 8,000. Registered job vacancies stood at 702,000, down 65,000 from a year earlier.

The low unemployment rate is a significant factor behind economists’ expectation that Germany’s economy will rebound mildly this year, after contracting slightly in 2023.

—Ed Frankl

UNITED KINGDOM  
Retail Sales Rise From Year Earlier

Retail sales in the U.K. last month were 0.7% higher than a year earlier, according to the BRC-KPMG report published on Tuesday. Food sales boosted the headline improvement, while nonfood sales were lower.

Warmer weather, summer holidays and the European soccer championship are all bright spots for retail over the coming months, KPMG retail chief Linda Ellett said. Government figures published at the end of May showed sales in April down sharply, hurt by wet weather and unfavorable timing of the Easter holiday. U.K. consumers have struggled to regain confidence since shock waves from Russia’s full-scale invasion of Ukraine in early 2022 sent markets into turmoil and prices soaring.

—Joshua Kirby

MOLDOVA  
FBI and Interpol Break Up Scheme

A multinational operation by Interpol and the FBI cracked down on attempts in Moldova to sabotage the international police agency’s Red Notice system, which flags people deemed fugitives to law enforcement worldwide, officials said Tuesday. Four people were detained in the Eastern European country.

The sting uncovered an international criminal organization with ties to individuals in Russia, Ukraine and Belarus suspected of cybercrime, Moldova’s anticorruption chief said. The suspected individuals paid intermediaries in Moldova to inform wanted criminals of their Red Notice status. The scheme sought to have people subject to Red Notices obtain asylum or refugee status in Moldova and other countries.

—Associated Press

WORLD WATCH



VIGILANCE: Police detained activist Alexandra Wong on Tuesday near Hong Kong’s Victoria Park, the site—until the imposition of a national-security law by China in 2020—of an annual June 4 vigil marking the deadly 1989 crackdown on protesters in Beijing’s Tiananmen Square.



FROM PAGE ONE

# Garland Hearing Devolves Into Partisan Brawl

By Sadie Gurman

WASHINGTON—Attorney General Merrick Garland expected fireworks Tuesday when he appeared before a congressional committee packed with Republicans seeking to hold him in contempt. Within 10 minutes, both sides delivered.

“Many Americans believe there is now a double standard in our justice system, and they believe that because there is,” Rep. Jim Jordan (R., Ohio) said in opening the hearing before the House Judiciary Committee that he leads, accusing Garland of targeting former President Donald Trump while protecting

his boss, President Biden.

“This committee has become little more than a field office for the Trump campaign,” the ranking member, Rep. Jerrold Nadler (D., N.Y.), shot back, calling the hearing an attempt to flog Garland and “create an outlet to spew more ridiculous conspiracies.”

The hearing continued to devolve, with Republicans accusing Garland of conspiring to go after Trump with local prosecutors over whom he has no control, and Democrats accusing Republicans of squandering their oversight authority to boost Trump’s campaign.

Garland laced into his Republican critics, blaming them

for peddling “extremely dangerous falsehoods” that undermine the justice system and put law-enforcement officials in harm’s way. “I will not be intimidated,” he said. “These repeated attacks on the Justice Department are unprecedented and unfounded.”

Garland is a former federal judge who has tried to stay above the political fray while presiding over special counsel investigations into Biden, his son Hunter Biden and Trump. But his approach to the probes has pleased almost no one and has had the effect of pushing the Justice Department into the center of November’s election cycle. The hearing came

on the same day that one of the special counsels opened his case against Hunter Biden on gun charges.

Republicans have moved to hold Garland in contempt over his refusal to turn over audio of President Biden’s interview with another special counsel, Robert Hur, who investigated the president’s handling of classified documents while out of office.

Garland released a transcript of Biden’s interview with Hur, but he said that sharing the audio would chill witness cooperation in future investigations. At Garland’s request, Biden last month asserted executive privilege over the records, further blocking

their release.

Garland said Tuesday he hadn’t listened to the audio, saying people involved in the probe had confirmed the transcript’s accuracy.

“I don’t understand how you can kind of sit before the committee and arbitrate what’s indistinguishable from the transcripts if you’re not even sure what’s on the tapes themselves,” Rep. Scott Fitzgerald (R., Wis.) said.

Garland called the effort to get the audio illegitimate and spent much of the hearing trying to dispel falsehoods and defend his decision-making in the probes.

He and other Democrats on the committee criticized Re-

publican allegations that the Justice Department was somehow behind a New York jury’s conviction of Trump in a hush-money case last week, a prosecution that was brought by Manhattan District Attorney Alvin Bragg. While a former Justice Department official was one of the prosecutors at trial, Garland confirmed that he had no role in that case, saying “that conspiracy theory is an attack on the judicial process itself.”

“That’s the problem of all my Republican colleagues right now, they’re about to nominate a convicted felon, and they don’t know how to cope with that,” said Rep. Adam Schiff (D., Calif.).

## Special Counsels Take Fire

Continued from Page One

Let us know what else you need, Garland said, repeating words he used in nearly every meeting about complicated investigations.

That briefing came at a perilous moment for the 71-year-old attorney general, who has somewhat reluctantly presided over three special counsel investigations—of Biden, his son Hunter and former President Donald Trump. In each instance, Garland’s by-the-book, play-no-favorites approach has pleased almost no one.

That has left him with few allies in either political party and working for a White House that distrusts him so much that some aides have tried to dodge him in the West Wing, though officials say the relationship has rebounded from its low point.

Garland’s decisions have also raised doubts about whether his earnest approach to law is any match for the bare-knuckle state of U.S. politics.

The stakes couldn’t be higher, as Garland risks putting his fingerprints on an election that many in both parties have cast as a test of American democracy. Local prosecutors in Manhattan last week won an unprecedented conviction of Trump in a separate case, a verdict that has hardened political positions and fueled more Republican distrust in the U.S. justice system.

Hur closed the probe into Biden in February, saying a case related to classified documents wasn’t warranted, but not without igniting controversy over Biden’s mental fitness, and prompting House Republicans to consider holding Garland in contempt for refusing to turn over audio of the president’s interview with Hur.

The issue quickly produced fireworks when Garland appeared Tuesday before the House Judiciary Committee, one of two that voted to hold him in contempt. The panel’s chairman, Rep. Jim Jordan (R., Ohio), who subpoenaed the audio, has promised to investigate what he calls Garland’s politicization of the department.

“I will not be intimidated,” Garland told the committee in his opening remarks, describing the contempt effort as the latest in a long line of attacks on the Justice Department.

The special counsel investigating Trump, meanwhile, has seen his two cases bogged down in court. And even though he has charged Trump with 44 counts related to efforts to overturn the 2020 election and hanging on to his own classified documents, the former president might not face trial before the election in these cases because of lengthy delays driven by Trump’s defense strategy.

Hunter Biden’s legal travails, on gun and tax charges, are playing out in slow motion in two courtrooms on opposite sides of the country after his initial plea deal blew up. A jury was selected in one on Monday.

### Blistering critiques

The targets of the probes have given blistering critiques. Trump has assailed Jack Smith, the special counsel prosecuting him, as “deranged” and “mad dog psycho.” Biden’s lawyers slammed Hur for making what they described as denigrating and out of bounds statements about his memory. And Hunter Biden’s attorney has accused that special counsel, David



Attorney General Merrick Garland, right, has presided over three special counsels, including Robert Hur, top, and Jack Smith, bottom.

Weiss, of caving to pressure from fellow Republicans to prosecute the president’s son.

Garland has also become the subject of ridicule on talk shows, including by comedian Bill Maher, who in May echoed the grievances of many on the left when he referred to Garland as “a purse dog” rather than a pit bull. He criticized Garland for moving too slowly to prosecute Trump while undermining Biden by naming an outside prosecutor who depicted him as a dithering old man.

Garland’s critics on the right have accused him of a “two-tiered system of justice” that has targeted Trump while protecting Biden, with some Republicans hoping, improbably, to strip Smith’s investigations of funding.

But as investigators unearthed facts about Biden and Trump that only a few knew, it reinforced for Garland that he had made the right calls, people close to him said.

For months, only a handful of senior U.S. officials knew the parallels between investigations into both Biden and Trump—the former president, for example, was also on tape appearing to share classified documents with a writer. Prosecutors ultimately decided to charge only Trump, after amassing evidence that he allegedly held on to hundreds of documents and obstructed their probe. Hur, meanwhile, said at the end of his probe that some jurors could view Biden’s errors as innocent mistakes.

Garland, who made clear he believed the Justice Department could handle all investigations with integrity, still felt like the extraordinary circumstances warranted special counsels for Trump, Biden and Biden’s son. The outside prosecutors would be free of day-to-day oversight from Garland, which he hoped would shield the department from allegations that he interfered in the sensitive probes.

“Being attorney general is an extremely difficult job even in a nonpolitical climate. There are going to be winners and losers in every decision you make,” said Alberto Gonzales, who served as White House counsel and later attorney

general under President George W. Bush, before resigning amid his own political scandal. “When you combine it with someone who is involved in a campaign and in the middle of a campaign season, it becomes even more difficult. You’re in the middle of a storm,” he said.

The Justice Department declined to make Garland and other senior officials available for interviews.

This account of the decisions made by the attorney general in the early days of the special counsels’ investigations is based on interviews with more than a

dozen current and former U.S. officials and others familiar with the investigations, court records and other documents.

Garland accepted the job of attorney general under President-elect Biden in the first week of January 2021, planning to draw on his nearly five decades of experience in Washington to lead the department.

Then, on Jan. 6, as Garland sat in the attic office of his Bethesda, Md., home writing a speech he planned to give when Biden announced his nomination, a mob of Trump supporters stormed the Capitol in an attempt to stop lawmakers from certifying Biden’s win.

Garland revised his speech, finishing edits the following day as his wife drove him to Biden’s announcement in Wilmington.

In the late 1970s, as a young Justice Department lawyer, Garland had helped codify rules

that established the department’s independence from the White House on criminal investigations after the Watergate scandal roiled the agency.

Since then, Garland has been driven by one mantra: Follow the facts and the law.

Biden has supported the approach. The day after the Capitol attack, he said the attorney general’s job was to stay loyal to the law, not to the president. “As we stand here today, we do so in the wake of yesterday’s events,” he said, with Garland by his side. “More than anything, we need to restore the

honor, the integrity, the independence of the Department of Justice in this nation that has been so badly damaged.”

Garland had spent more than 20 years as a federal judge. Blocked by Republicans for a seat on the Supreme Court in 2016, he remained on the bench, where he watched with alarm as Trump tried to marshal the Justice Department to his personal and political agenda. A low point, Garland told confidantes at the time, came in March 2019, when then-Attorney General William Barr depicted the results of a special counsel probe into Trump campaign ties to Russia in a way that many saw as misleading and overly favorable to the president. This action, Garland worried, seemed overtly political and contrary to the type of independence he worked to fortify after Watergate.

A few weeks after Biden beat

Garland’s by-the-book approach has pleased almost no one.



President Donald Trump spoke to supporters at the Ellipse on Jan. 6, 2021.



lations designed to avoid conflicts of interest. Trump would be running against Biden, Garland’s boss.

The only option, Garland believed, was to appoint a special counsel.

Garland had plenty of experience with them and knew the arrangements could be fraught. He had been an assistant independent counsel decades earlier, overseeing the prosecution of a Reagan White House aide on charges of illegal lobbying. Garland’s boss in the Clinton administration, Attorney General Janet Reno, held the job while more than a half-dozen independent prosecutors were at work, including investigating the president.

While the Jan. 6 investigation proceeded, prosecutors had separately been talking to Trump’s lawyers about classified documents he was supposed to have returned to the National Archives. The issue would eventually be added to special counsel Smith’s brief.

In January 2023, reports of classified documents found in Biden’s office began to emerge. Garland appointed Hur as a special counsel.

Another inquiry was moving so slowly that agents working on it were suspicious that someone was interfering.

David Weiss, the top federal prosecutor in Delaware, who had been named to the post by Trump, had been investigating the finances of the president’s son, Hunter Biden, since at least 2018. The Biden White House said before Garland took office that it would keep Weiss in the post to finish his probe.

By 2022, prosecutors and agents had already believed that Hunter Biden committed tax crimes, but Weiss still seemed no closer to charging him or resolving the case. After complaints on the pace from the FBI and the failure of a tentative plea deal, Weiss asked Garland to make him a special counsel. Garland agreed.

Meanwhile, President Biden’s lawyers were in the middle of tense negotiations with Hur.

On Oct. 8, Hur, his deputy, and a pair of FBI agents filed into the White House, where they met with three White House lawyers, two of Biden’s personal lawyers and the president. Biden cracked jokes, reminisced and told meandering stories, with Hur prompting him at times to his initial question.

Hur’s report said he didn’t think prosecutors would win a case against Biden since jurors would likely view him as a “sympathetic, well-meaning, elderly man with a poor memory.”

Biden’s lawyers read it and were aghast, objecting to aspects “that violate Department of Justice policy and practice by pejoratively characterizing uncharged conduct,” they wrote to Garland. They wanted him to take a firmer hand with the special counsel he appointed and whose report they and some former Justice Department officials saw as gratuitous.

Garland didn’t respond, taking the same approach he had with other special counsels. He wasn’t going to step in to protect his boss. Instead, adhering to the Watergate-era policy he helped enshrine, he left it to the agency’s senior career official, Bradley Weinsheimer, who said the language in the report “fell well within the Department’s standards for public release.” Garland, as promised, released it the following day, Feb. 8.

CLOCKWISE FROM TOP LEFT: AL DRAGO/BOLOMBERG NEWS; ANNA MONE/MAKER/GETTY IMAGES; JONATHAN ERNST/REUTERS





# America’s Commute to Work Is Getting Longer and Longer

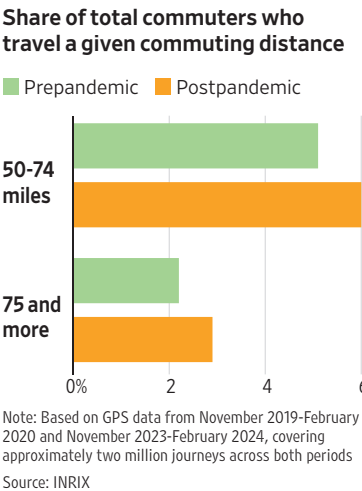
## Drives to the office that take more than an hour are becoming more common—and more palatable

By ANNE MARIE CHAKER

The American worker is making peace with a longer ride. Big shifts in the way people live and work are making commutes of over an hour into the office more common—and even more palatable. Rising housing costs have prompted many to move farther away from city centers, while the staying power of hybrid work means they don’t have to drive into work every day. The share of super commutes—those 75 miles or longer—have grown the most and are up by nearly a third since 2020, according to new research from Stanford University.

Craig Allender’s family of four felt they had outgrown their three-bedroom home in Novato, Calif., and wanted to upgrade. They found a five-bedroom one 30 miles north in Sonoma County where lower housing costs put a 3,000-square-foot house in reach. Allender, managing director of an engineering company in Oakland, says he can tolerate his new 63-mile drive to work since he has to go in only three times a week. “If I had to be in the office five days a week, there’s no way,” he says.

A recent analysis of satellite-navigation data for the 10 largest cities in the U.S. shows he’s not alone in making that calculus. Examining two million morning commutes during the same four-month period in 2023-24 and 2019-20, Stanford University economists Nick Bloom and Alex Finan found the number of longer drives—though still a fraction of total trips—rose the most over the four years: As a share of all morning commutes, those between 50 and 74 miles rose 18%, while those 75 miles and up rose 32%. Com-



muters less than 35 miles, which were the majority of all commutes, declined, according to their analysis of data from transportation research firm INRIX. Bloom says the data points to a shift away from living close to workplaces. He attributes the widespread adoption of hybrid work—allowing employees to do their jobs from home on certain days—as the key driver. A two-hour-long car ride, performed twice a day, would be punishing as a regular commute. The difference now, he adds, is that many of these commuters are doing it once or twice a week.

**A compromise**  
Among the cities with the biggest increases in commutes of more than 75 miles each way were Washington, D.C., New York City, Phoenix and Dallas, according to the Stanford study. But it is happening all over the country. Heather Adams, who commutes most days from her home in Cedar Rapids, Iowa, to her office in Moline, Ill., says she looks forward



▲ Craig Allender says he tolerates his new 63-mile drive to work since it’s only three days a week.

to listening to audio books for the 75-minute drive each way. “It is very calming after work to have someone read to you,” says Adams, a product engineer for a large agricultural company. Research from Gusto, a payroll and benefits software company, shows that younger employees and high earners—defined as those who make more than \$250,000—are choosing to live farther away from their offices. The average distance to work rose to 27 miles at the end of 2023 from 10 miles in 2019, according to

Gusto’s study of 52,000 employees at over 6,800 businesses. Among employees in their late 30s, that distance nearly tripled to 29 miles. “They’re the ones making life transitions and deciding where to live and that can be farther out,” says Liz Wilke, Gusto’s principal economist. Workers in the 35-to-39 age group have also reached a career stage where they have more say in how their work gets done, she adds. The movement away from urban centers has progressed over decades, starting with a postwar economy that drove suburbanization. It has accelerated more recently with technological advances that made work-from-home possible. “Over time, jobs have steadily dispersed all over metro regions, including suburbs” says Bob Pishue, transportation analyst at INRIX. Between 2021 and 2023, the 56 major metro areas in the U.S. lost a net 1.9 million people who moved elsewhere, according to an analysis by Wendell Cox, principal of Demographia, a public-policy firm in St. Louis.

**Pricey parking**  
Stephanie Shui, 37 years old, says she and her husband traded New York City life for a house with a pool in Connecticut—and a 50-mile commute to Manhattan that is three hours round-trip. It is grueling, she says, even though she is in the office three days a week. On Tuesday, Wednesday and Thursday afternoons, Shui, a corporate strategy executive, tries to leave the office by 4 p.m. It takes 90 minutes or more to get back to New Canaan to relieve the nanny at 6 p.m. She will spend an hour or two later in the evening catching up on calls and emails. Shui, a mother of two small children, says she doesn’t regret their decision to move three years ago. Yet it can be stressful. “I tell myself, ‘I should have remembered how awful it is to sit in traffic on the West Side Highway for two hours,’” she says, not to mention \$20 in tolls plus the \$54 a day it can cost to park. Some employers now offer a vanpool to ferry workers in from long distances.

Plastics-manufacturing company Inteplast Group struck a deal with Enterprise, the car rental company, two years ago for a van-commuting service. It helped retain employees at its Texas manufacturing plants that other companies were trying to lure away with work-from-home arrangements. The company’s Commute With Enterprise program charges workers \$20 every two weeks to be part of a vanpool that picks them up between 70 and 110 miles away and takes them to the plants. Plant manager Daniel Montgomery says that since he started taking the van nine months ago, he has saved \$250 a month in gas. “Driving 140 miles a day was really taxing,” he says.

# Wind Storms Disrupt Summer Air Travel

By JACOB PASSY

Thunderstorms and sudden, unpredictable wind storms called derechos are becoming a bigger threat to your summer travel plans. In mid-May, a derecho swept across the Gulf Coast, causing damage in Texas and Louisiana and halting air travel. Over May 16-17, in particular, there were dozens of flight cancellations and nearly 400 delays at Houston’s two main airports, according to data from FlightAware. These storms occur with little notice, surprising passengers who checked the weather report and thought they were all clear. The storms can flip over small planes with their strong winds and halt airport operations entirely. They are most common in May, June and July. The sheer size of most derechos means that multiple hubs could shut down operations at the same time, grounding hundreds of flights, says Renny Vandeweghe, a meteorologist and general manager for weather and climate intelligence at DTN, a global data, analytics and technology company. And derechos aren’t the only heightened risk to your travel plans. This year has brought many strong thunderstorms across the U.S., meteorologists say. A stronger jet stream is developing across the country, thanks to a change in the climate

pattern known as El Niño. That wind helps lift moisture higher into the atmosphere, which can cause more intense storms to develop. States across the central and eastern time zones could bear the brunt of those extra storms. That means more delays and cancellations—and more potential turbulence for the flights that do take off.

**What are derechos?**  
Derechos are a type of straight-line wind storm—their winds don’t rotate like a tornado does. They often pack hurricane-force winds, and unlike other wind storms, derechos stretch for hundreds of miles, moving rapidly. “The thing about derechos that is unique is just how broad and wide an area of wind it creates,” Vandeweghe says. Nearly four years ago, a derecho swept from Nebraska to Ohio, destroying thousands of homes and businesses across the Midwest. A 2012 derecho left millions without power. Jim Szczesniak, aviation director for the Houston Airport System, says the Houston area’s two major airports had only 60 minutes to 90



minutes to prepare for the incoming derecho in May. Those preparations include securing any loose items around the airport that could become airborne in high winds and shutting down the Skyway people mover at George Bush Intercontinental Airport. Air-traffic-control facilities must undergo similar preparations ahead of storms, the Federal Aviation Administration says. The impact to air travel isn’t limited to ground operations. Besides stretching for miles, derechos tend to reach quite high into the atmosphere, says Jennifer Stroozas, the warning coordination meteorologist for the government-run Aviation

Weather Center. “There’s no squeezing through them or going over the top of them,” she says. Consequently, aircraft must circumnavigate them, extending the duration of flights and potentially causing a domino effect of other delays or cancellations. **Busy hurricane season**  
Meteorologists are also forecasting a busier thunderstorm and hurricane season than usual. While the damage from named hurricanes might last for years, the damage from quicker-developing thunderstorms can add up. In 2023, these types of storms accounted for about two-thirds of all insured natural hazard-related losses, according to insurance brokerage Gallagher Re. More severe storms will come, meteorologists say, because El Niño is weakening. This will lead to the

development of derechos and other forms of severe weather. Water temperatures are above normal in the Gulf of Mexico and the Caribbean, Vandeweghe says. As that water evaporates, it rises up into the atmosphere. The National Oceanic and Atmospheric Administration is forecasting a range of 17 to 25 named storms during the 2024 Atlantic hurricane season. The agency expects roughly half of those storms to reach hurricane strength, including between four and seven major hurricanes with wind speeds of 111 miles an hour or higher.

**How can you prepare?**  
Prepping involves more than just checking forecasts. Stroozas suggests using websites that track flights to get a sense of the normal routes flights take to arrive at their destination, as well as where the given aircraft tends to come from. Closer to their flight, fliers can check along those routes on meteorology websites, including those managed by the Aviation Weather Center and the Storm Prediction Center, to gauge the chances of bad weather. The FAA also issues a daily air-traffic report that outlines potential weather impacts. “If you have a big line of thunderstorms throughout the central part of the country, flights can’t go right through that line. They have to find a way around,” Stroozas says.

FROM TOP: SHUTTERSTOCK; CALLIA ALENDER

MARIO TAMAYO/GETTY IMAGES



PERSONAL JOURNAL.

PERSONAL TECHNOLOGY

# Retailers Prefer Buyers on Their Phones

Shoppers like to use their laptops and big screens for pricier purchases—but merchants have more levers to pull on mobile

By ANN-MARIE ALCÁNTARA

Shoppers want to make significant purchases on their laptops. Retailers want them to do more on their phones.

Lately, the retailers are winning more often.

Mobile e-commerce has for years been hailed as the future of shopping. Online shops as well as airlines and hotels have upgraded and pushed apps or mobile-optimized websites as a way to get our attention—and access to our wallets. By using push notifications, mobile-only deals and other levers, vendors can tempt customers to make quick, unplanned purchases.

It's finally working, as this past holiday season was the first time mobile-revenue share surpassed desktop, reaching 61% on Christmas Day, according to data from Adobe.

But that increase masks what shoppers say they want, particularly when it comes to large purchases. They often call these “big-screen purchases”—shopping done on computers. You might not like a retailer’s app or mobile website. You might prefer a web browser with extensions that track coupons or price changes. You might just want a second window open to check a calendar or a map.

And the laptop’s extra friction makes shoppers more careful: Many people say they have moved too fast on a phone, accidentally buying the wrong plane tickets.

As more companies amp up their mobile offerings to lure more shoppers away from their laptops, it’s good to be aware of the differences, especially if it could mean saving money.

### Highflying purchase

Amanda Natividad, a 38-year-old vice president at a Seattle-based marketing startup, says she always opens her laptop before making a purchase.

She uses browser extensions to search for coupons and maximize credit-card benefits. It’s also easier for her to fill in her credit-card information with her computer in front of her and her password manager on hand, she says. And she can more easily double-check her calendar when booking flights.

“It’s just an old ingrained behavior,” says Natividad, who lives in Los Angeles. “It’s a flight, better use my computer for this.”

Many people tend to be on their phones while they’re distracted or in transit, but they use their computers when they’re at home or in the office, making it easier to focus, says Tim Calkins, a professor of marketing at Northwestern’s Kellogg School of Management.



One of Amanda Natividad’s recent big-screen purchases included items from clothing company Quince, left. Logan Medeiros, above, uses her laptop to book vacations, including a recent trip to Arizona.

“If you’re thinking about taking a vacation, early on you might be browsing through lots of different options and thinking generally about all the wonderful places you can go,” he says. “It is a very different mindset when you’re ready to spend thousands of dollars on booking the actual trip.”

### Chasing convenience

Sarah Baicker, a 39-year-old content-marketing and communications manager in Washington Crossing, Pa., feels comfortable using her phone for almost every task or purchase, especially now that she’s chasing around a 2-year-old daughter. She booked a flight on the JetBlue app on New Year’s Day when she realized some credits were expiring.

“Sometimes it’s more annoying to make a purchase on a phone—

that doesn’t bother me,” Baicker says. “I’m not bothered by a little bit of extra work for the sake of the convenience of not having to track down a secondary piece of technology.”

Companies have worked to make mobile purchases even easier. Services such as Apple Pay, Google Pay or Shop Pay automatically add in our billing and ship-

ping information to our orders. If we’re shopping in an app, we’re usually already logged in and don’t have to dig up our credentials. (These are also available on laptop browsers, but they function smoothly within many mobile apps and shopping websites.)

Mobile shopping also scratches an itch for consumers who are scrolling their social-media feeds, with endless posts and stories shilling products to buy. When it comes to impulse shopping, 48% of people are likely to do so on a phone, compared with 19% on a laptop and 10% on a

desktop, says Slickdeals, a website that tracks sales and coupons.

The convenience factor seems to be working for many companies. In 2023, people shopped for flights on the United Airlines app 123 million times, a 23% increase from the year before, a United spokeswoman says. On Airbnb, 54% of total nights booked last quarter were done on the app, up from 49% during the same period a year ago, the company reported in its most recent quarterly earnings.

HotelTonight, which is owned by Airbnb, has long been a mobile-first company, with more than 90% of bookings happening on the app, and with some deals only available

on mobile, says Ron Sandel, general manager of HotelTonight.

“At the end of the day, we’re a last-minute booking app. If you’re booking on the go—like so many of our users often are—you’re not pulling your laptop out to do that,” Sandel says.

### A wider view

Though mobile shopping is becoming more popular, it still can’t make up for a bigger screen.

Logan Medeiros, a 23-year-old lifestyle and beauty content creator in Montreal, always pulls up her laptop to make a large purchase—such as her latest trip to Vancouver, Canada. The bigger screen makes it easier to open multiple tabs to compare hotels and flights.

That extra-display real estate also prompts her to use her laptop for other purchases, such as buying clothes.

And more-mindful shoppers use their laptops to prevent impulse buys.

Alexander Lewis, a 31-year-old ghostwriter for tech companies and executives in Austin, Texas, set rules for himself to follow before buying anything online, such as mostly purchasing on a laptop and waiting at least a day before making the final call. He says when he gets back to his cart, he often wonders whether he actually wants to read a book or own an article of clothing he saved.

“Having the internet always around us is an easy way to mindlessly spend our attention and also spend our money,” Lewis says.

## How Aritzia Pants Swept Into Young Women’s Closets

By HANNAH MIAO

A pair of simple pleated slacks have become a closet staple with a cult following among 20-something women in corporate America. Devotees swear by them, and are inspired to buy in multiples. Men have their Lululemon ABC pants. Women have Aritzia’s \$148 “The Effortless Pant.”

The wide-leg trousers come in more than a dozen colors, six types of fabric and four different lengths. Aritzia calls them “the original goes-with-everything trouser.”

Word about the Effortless Pant spread during the past few years in group chats and on TikTok, where a stream of try-on and outfit-of-the-day videos hype up the slacks. Users have described the trousers as “unmatched” and “the best pair of pants I’ve ever bought in my life.” The pants appeal to Aritzia’s customer base—mostly millennial and Gen-Z women—because they are reasonably priced, and can be worn to work and out to dinner.

“Those are literally the most

worn items in my closet,” Judy Kam, a 26-year-old tech consultant and content creator in New York, said of the Effortless Pant. “I pack them on every single work trip.”

Before the pandemic, Kam often wore a slim-fitting suit jacket and suit pants to business-school networking and recruiting events. “No shade to the clothing that I had back then,” she said, “but I looked like I was going into a board meeting, honestly.”

Now, her personal style and work style have converged. “It’s definitely trending towards more casual but put-together types of looks,” said Kam. She was inspired to try the Effortless Pant after seeing them on her TikTok feed and now owns three pairs.

Aritzia, a 40-year-old retailer with headquarters in Vancouver, introduced the first iteration of the Effortless Pant in the summer of 2019. At the time, skinny jeans and pants were falling out of fashion and wide-leg silhouettes were becoming trendy. Aritzia’s pants were designed to be versatile but not necessarily professional, said CEO Jennifer Wong.

“We were really after finding the



perfect pleated trouser,” Wong said.

The Effortless Pant started taking off around 2021, Wong said. Social-media buzz came from customers, as many were gearing up to return to the office.

“We’ve done pretty much zero digital marketing,” Wong said.

“We’re very proud of the fact that all of that is literally our clients

◀ Aritzia’s \$148 Effortless Pant comes in more than a dozen colors, six types of fabric and four different lengths.

speaking on our behalf.”

Though Aritzia hasn’t marketed the trousers extensively, an entire section on the brand’s website is devoted to the pants. Aritzia declined to share data on how the pants have sold but counts it as one of the brand’s bestsellers, which also include a suite of down puffer jackets dubbed “The Super Puff.”

Overall, sales at Aritzia exploded in growth during the pandemic, with annual revenue jumping from 857 million Canadian dollars in 2021 (equivalent to \$626 million) to more than C\$2 billion by 2023. Since then, revenue growth slowed and profits pulled back in the 2024 fiscal year, ending in early March.

Annie Silkaitis, a 25-year-old public-relations professional in New York, said the Effortless Pant is a go-to dressy option for women in her office. Many of her friends own the Aritzia trousers, too.

“There’s a community aspect to wearing the same thing,” Silkaitis said. “I heard about them from TikTok. I was like, ‘I want to be a part of this, too.’ And they look fabulous.”

Richard Thompson Ford, a Stanford professor and author of “Dress Codes: How the Laws of Fashion Made History,” said it’s not surprising that young women are wearing the same type of pants, or even the same brand, to work.

“In workplaces,” he said, “there’s a tendency to gravitate toward a

uniform. It’s safe.” He pointed to the so-called “Midtown uniform” for men, consisting of slacks, button-downs and fleece vests. “What’s the female equivalent of that? Well, there isn’t one, really. You can see how this might fill that gap.”

Aritzia isn’t the only brand selling affordable, easy-wearing slacks. Abercrombie & Fitch, for example, sells trousers dubbed the “Sloane Tailored Pant” for \$90. Uniqlo’s pleated pants go for around \$50.

Wong said Aritzia is investing more in digital marketing to stay on top of competitors’ online advertisements. “You kind of have to pay to play,” Wong said. “It’s table stakes to make sure you remain top of mind.”

According to Wong, the Effortless Pant stands out from other trousers due to its tailoring: The pants are designed to sit on the waist at just the right spot, with purposefully placed pleats and deep pockets that lie flat. They’re meant to look good on many body types, including shorter women like Wong, who is 5-foot-2. (The pants come in “tall,” “regular,” “short” and “shorter” lengths.)

Material also plays a role. The signature version of the Effortless Pant is made of a crepe fabric sourced in Japan that doesn’t wrinkle, is machine washable and drapes on the body nicely, Wong said.

Effortless Pant devotees swear Aritzia makes the best pair of slacks. Shayla Forbes-Luong, a 25-year-old in Jersey City, N.J., who works in marketing, owns three pairs.

“There are more affordable options out there,” she said, “but the fit doesn’t look as flattering on me.”

CLOCKWISE FROM TOP: THE WALL STREET JOURNAL; ISTOCK; LOGAN MEDEIROS; AMANDA NATIVIDAD

ARITZIA



ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

A Soul Duo’s Infectious Celebration

Anderson .Paak and producer Knxwledge draw on vintage R&B to create a fresh sound

Los Angeles singer and rapper Anderson .Paak had a moment as a pop star in 2021 when Silk Sonic, his duo with singer Bruno Mars, released the chart-topping single “Leave the Door Open.” Both the song and its parent album, “An Evening With Silk Sonic,” which hit No. 2 on the Billboard 200, were lushly produced homages to the airy soul hits of the ’70s. This was music that both artists, though born in the ’80s, grew up listening to, and their timing was perfect, offering a record that was all about escape when that’s exactly what people needed. Mr. Paak, who has been releasing solo work since 2012, was the ideal partner for Mr. Mars on that project because he’s a strong vocalist and songwriter and a keen student of the era channeled by Silk Sonic, but he’s not really a celebrity type. He’s as much a listener as a performer, taking in a wide range of styles from across decades and figuring out how to make them his own.

On Friday, Mr. Paak, now 38 years old, returns on record with “Why Lawd?” (Stones Throw), his second LP with L.A. producer Knxwledge under the name NxWorries. Once again Mr. Paak and his collaborator draw heavily from the music of yesteryear, but this project has a wider range and a more contemporary sound than Silk Sonic. In the broadest sense, Knxwledge, born Glen Boothe, is in the mold of crate-digging beatmakers like Madlib and J Dilla (both recorded for this label, an imprint for adventurous hip-hop that builds on the sounds of the past). He’s a voracious vinyl collector and DJ who bases his work heavily on samples, particularly from soul, jazz and R&B from the ’60s through the ’90s. On his own, Mr. Boothe has released dozens of solo albums and EPs. With “Why Lawd?,” it’s as if he and Mr. Paak are putting together a funky and eclectic 44-minute mixtape of favorite tracks, only the songs are their own creations.

Throughout “Why Lawd?,” Mr. Boothe favors arrangements that lean toward slinky R&B—bits of processed wah-wah guitar, shimmering keyboards, and ethereal backing vocals are found throughout—augmented with original instrumentation and drum program-

ming. It’s a fine frame for Mr. Paak’s gruff and pleading vocals, which range from gritty soul in the vein of Al Green to the smoother, more synthetic sounds from the ’80s.

Several features sprinkled throughout are from outside vocalists who share the duo’s reverence for black music. Comedian Dave Chappelle, friend to many rappers from hip-hop’s golden age, cracks a



The pair, known as NxWorries, right; their second studio album together is out Friday.

couple of jokes on the brief opener “ThankU,” while singer and bassist Thundercat lends a ghostly support vocal to the pillow-soft ballad “KeepHer.” Singer H.E.R. duets on the rock-inflected soul cut “Where-IGo,” and on “FromHere” Snoop Dogg adds a few laidback verses to a swooning ballad that conjures the elegant harmonies of some of his favorite acts, such as the Stylistics and the Dramatics.

The presence of these guests reinforces the feeling that “Why Lawd?” is above all a celebration of music, one open to anyone who shares NxWorries’ enthusiasm and broad interests. But the album isn’t all blissed-out odes to classic soul. “86Sentra” finds Mr. Paak rapping over a crisp slab of Dr. Dre-style G-funk that sounds beamed in from the early ’90s, while “Daydreaming” features one of several blistering guitar solos on the record that bring to mind the paisley psychedelia of Prince.



Subsonic bass and highly compressed drums on tracks like “FallThru” evoke neo-soul from the turn of the millennium as practiced by D’Angelo and Erykah Badu, the sheer force of the rhythm underscoring the music’s connection to hip-hop.

The production and melodies on “Why Lawd?” leave a more lasting impression than the lyrics, which move among lusty come-ons, declarations of love and more abstract concerns. And sometimes

the album coasts on vibe, luxuriating in the pleasure of a perfectly constructed beat rather than challenging its audience. Late in the set, for example, a handful of winning verses from visionary rapper Earl Sweatshirt on “WalkOnBy” might make you wish the collection had just a bit more variety.

But these shortcomings are easy to overlook when the execution is this strong. Maybe it’s the warmer weather, maybe it’s the plethora of latter-day records

about self-doubt and trauma, but at this moment the collection sounds just right—the kind of album you throw on when hanging out with friends or doing some work outside and never feel you’ve made a wrong choice. And much of that goes back to Mr. Paak’s consistency and dedication to the whole sweep of music history.

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

TELEVISION REVIEW | JOHN ANDERSON

The Man Behind ‘The Metamorphosis’

Was Max Brod the Judas Iscariot of 20th-century literature? The wily, six-part “Kafka” suggests as much, though one can regard both figures as paradoxical: If Judas hadn’t sinned, a mission wouldn’t have been fulfilled. If Brod hadn’t ignored his friend Franz’s request—that he burn the author’s unpublished manuscripts after his death—we would never have had “The Trial,” “The Castle” or “Amerika.”

The loss to readers would have been enormous, certainly. But the act of betrayal was also good for the brand: One can imagine Franz Kafka, detached and double-crossed, declaring from the grave that he expected no less.

It is a devoted Brod (David Kross) whom we see cradling Kafka’s papers aboard the last train across the Czech border in 1939, a sequence out of a wartime thriller yet a bit anomalous to the rest of “Kafka.” Co-written by author Daniel Kehlmann (“Measuring the World”) and David Schalko, directed by Mr. Schalko and airing on ChaiFlicks (the “Jewish Netflix”), the series creates a portrait of the artist—who died 100 years ago this week—with a palette of insecurities, perfectionism, hobbled sexuality and tuberculosis. It finds sources of dry comedy in the domestic life of the bourgeois Kafka family in Prague and in Franz’s romantic catastrophes. It reduces complex psychology to amus-

ing tableaux and incorporates references to Kafka’s novels—the thuggish interrogators of “The Trial,” or the castle from “The Castle”—into Kafka’s oft-represented dreamlife.

But it is Brod who provides the necessary setup to this surreal treatment of a problematic subject, a frame for the picture. A successful and prolific writer of the time (among other things, he translated the libretti of Leoš Janáček into German), he is besotted by the idea of the artistic life—he constantly refers to his literary friends as “the Prague Circle,” though there is no circle, only Kafka (Joel Basman). As a failed artist himself, Brod reveres Franz for his purity and standards and acts as a champion and coach. “Write more!” he urges Franz, who answers that his writing isn’t good. “It

will be good enough,” Brod responds, and Franz seizes on the thought, that something only “good enough” could enter the realm of his possibilities.

In what one supposes is reverence to the Kafka aesthetic, the filmmakers—with whom Kafka biographer Reiner Stach acted as consultant—combine the fantastical with the incongruously sober, the fictional with fact: Franz, browbeaten by his brutish father, Hermann (Nicholas Ofczarek), signs a contract to be part owner of his brother-in-law’s asbestos factory



with no idea of his duties or authority and finds himself in a situation that might be described as, alas, Kafkaesque, an adjective that remains among Kafka’s more popular contributions to language.

The series, aside from the Brod-dominated episode 1, is focused on various aspects of Kafka’s life, which was short—he was only 40 when he died, in obscurity, of tuberculosis in 1924. The approach is wry, the production design is theatrical, the situations are rendered with absurdity front and center: Franz’s on-again, off-again engagement to Felice Bauer (Lia von Blarer), their relationship based almost entirely on correspondence, is a protracted disaster; Franz is quite comfortable in the brothels of Prague, but inca-

▲ Liv Lisa Fries and Joel Basman in the six-part historical drama about the visionary author.

pable of consummating beyond their walls, or with someone he cares for. This becomes more painfully apparent during episode 5, which involves Milena Jesenská (Liv Lisa Fries of “Babylon Berlin”), who has translated the Bohemian Kafka’s writing to Czech from German. Per the series (not all of which is to be taken as gospel), she is ready to leave her husband for “Frank,” as she calls him, before he talks her out of it by overthinking passion. (Ms. Fries steals the scene by visibly withering as he speaks; Mr. Basman’s Frank is insistently odd throughout.) This sets up the

most electric moment in the entire show, Milena’s excoriation of Kafka for his cultivated alienation, which she interprets, quite convincingly, as narcissism.

ChaiFlicks, per its mission, is interested in Kafka’s Jewishness and his oft-debated devotion to Zionism—he and Felice discuss a trip to Palestine, which like many of Kafka’s promises never comes true. More biting and even haunting, given the pre- and post-World War I era “Kafka” occupies, is episode 3. In it, Kafka attends a performance by a visiting Yiddish theater troupe and is utterly delighted, even as his friends mock what they see as vulgar kitsch. In a gesture of utter blindness (or bile), Franz brings home one of the actors, Jizchak Löwy (Konstantin Frank), to the Kafka dinner table, where Jizchak regales the family in Yiddish and Hermann is disgusted by the “vermin” his son has allowed to enter his home. It is an affront to Hermann’s assimilated self to have a reminder of his roots come into his house. And how ironic, given that three of Franz’s sisters would die in the Holocaust, no distinction having been made between one Jew or the other.

Kafka Thursday, ChaiFlicks

Mr. Anderson is the Journal’s TV critic.



SPORTS

By Rachel Bachman

Like most star athletes at the University of Texas, Leo Neugebauer has a pile of trophies, a swelling social-media following, and the chiseled physique of a five-star recruit.

But Neugebauer isn't a power forward or tight end. He's a decathlete—a master of 10 vastly different track and field events. And unlike the highly touted football and basketball players on campus, he's actually won a national championship.

Not only is Neugebauer favored to repeat as winner of the decathlon at the NCAA outdoor track and field championships that start Wednesday, he also holds the NCAA record for an event that's regarded as the toughest in track and field. Which means that even though he's German by nationality, Neugebauer is arguably the best college athlete in America.

At this summer's Paris Olympics, he'll aim to claim the title of best athlete in the world. He finished fifth in the decathlon at last August's world championships—ahead of all U.S. contenders—and now ranks third in the world. If he wins an Olympic decathlon medal, Neugebauer, who measures in at 6-foot-7½ and 240 pounds, would also be the tallest person to ever do it.

"When I first saw him, I was deeply impressed," said Germany's last Olympic decathlon medalist, Frank Busemann, who won silver in 1996. Busemann said he has joked to colleagues, "If you asked an AI: 'Show me a decathlete,' then Leo would be shown!"

Neugebauer was born to a German mother and Cameroonian father and grew up outside Stuttgart. Like every other kid in Germany, he played soccer as a child, but also competed early on in track and field.

"I was always kind of good at everything," he said.

He got curious about going overseas for college and thought U.S. universities were all the same—until he stepped out of the airport in Texas.

"First thing, I got a heat wave in my face," he recalled. "I was like, 'Hoooo-lee...how do people even live here?'"

Neugebauer soon got used to the climate and figured out how to thrive in his new environment.

# The Best College Athlete in America

Leo Neugebauer, the reigning NCAA decathlon champion, is aiming for Olympic gold in Paris



Leo Neugebauer, who measures in at 6-foot-7½ and 240 pounds, is a star decathlete for Texas and Germany.

He rises at 6 a.m. and follows a dawn-to-dusk routine of stretching, foam-rolling, lifting weights, training on the track, winding down and refueling. He used to eat six meals a day, but now eats seven because he was waking up hungry in the middle of the night.

"There's a lot of maintenance to being a big guy," he said.

Although height is an advantage in football and basketball, it doesn't always predict greatness in decathlon, which demands a range of skills from pole vault to long jump to middle-distance running. Neugebauer sometimes struggles in the 110-meter high hurdles.

"For the 1,500, I can feel my weight a little bit, after the first 1½ laps," Neugebauer said.

Ashton Eaton, an American who won Olympic gold in 2012 and

2016, is half a foot shorter than Neugebauer and was a whopping 65 pounds lighter when in his top form. But Eaton said Neugebauer's long limbs can be an advantage.

**Neugebauer didn't rule out trying football at a future date, but it won't be soon.**

"To me, it's clear that Leo's super-strong for being that big," Eaton said. "And he has long levers. So if you have enough power to move those things, you generate a lot of force."

Neugebauer is so organized that a recent list of his daily tasks includes 10 minutes twice a week to "write lists." He just graduated with a degree in economics and a minor in entrepreneurship, and hopes to start a business someday.

Right now, he markets himself. Neugebauer grins easily. He dances in the discus ring. In a recent Instagram video, he joked that the "real reason" he competed in track wasn't winning medals but achieving a well-formed backside—using a peach emoji to underline his point.

"It is fun coaching him," said Jim Garnham, a Texas assistant track coach. "He has a good time but he gets the work done."

When opposing schools' athletic officials saw Neugebauer

sprint 100 meters in 10.6 seconds and throw the javelin the length of two basketball courts, they would hand Texas track coaches business cards and said they'd love to see Neugebauer on their football team when he's done at Texas. A spokesman for Longhorns football acknowledged they would have loved a chance to use Neugebauer on the gridiron.

"I know if he grew up in the United States, he would've never seen track and field," Garnham said. "He would've been a first-round draft pick in the NFL."

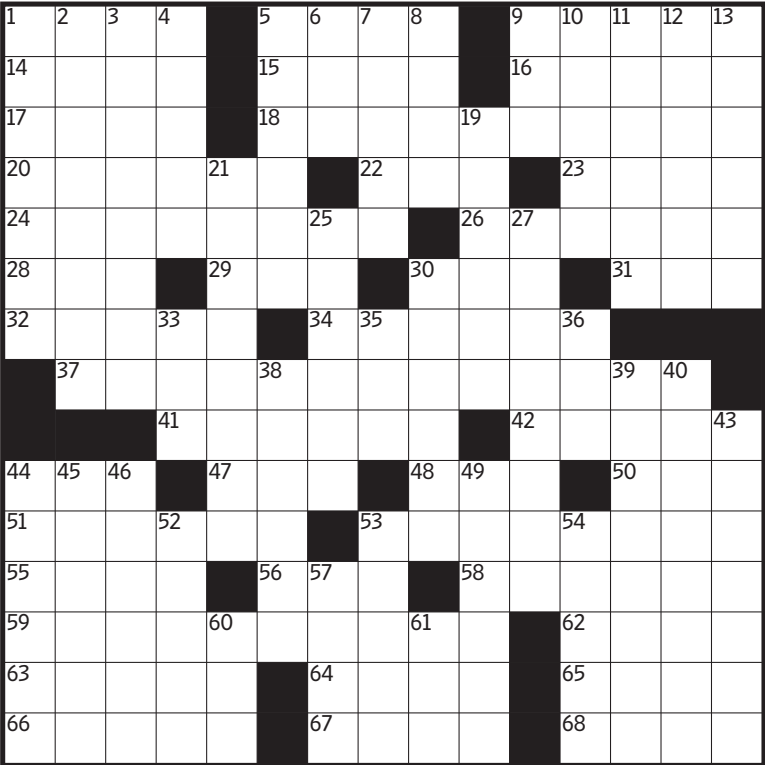
Neugebauer didn't rule out trying America's favorite sport at a future date, but it won't be soon. Reaching the Olympics has been his top goal since childhood. Germany doesn't have track and field trials like in the U.S., but Neugebauer is "on a good way" to meet the criteria for team selection, a spokesman for the German Olympic Sports Federation said.

If he reaches Paris, Neugebauer will likely have to contend with Canadian decathletes Pierce LePage and Damian Warner, Nos. 1 and 2 at last year's world championships, and 2021 Olympic silver medalist and world record holder Kevin Meyer of France. If Neugebauer succeeds, he would join a proud tradition of German decathletes to win Olympic medals.

In fact, the closest decathlon Olympic medalist to Neugebauer's size is Jürgen Hingsen, a 1984 silver medalist from the former West Germany, Olympic historian Bill Mallon said. Hingsen is half an inch shorter than Neugebauer. In Paris, Neugebauer could have competition from Canada's LePage, who is 6-foot-8 but about 45 pounds lighter than him.

Neugebauer's fame is just starting to spread beyond his sport, and an Olympic medal would make him "come into a completely different focus because he is also an exciting, open guy," said Busemann, the 1996 silver medalist. "So far, almost only athletics fans know him because he lives in the USA and plays sports there. A medal will be a game changer for him."

## The WSJ Daily Crossword | Edited by Mike Shenk



- 19 Nanjiani of "The Big Sick"
- 21 Childish comeback, or a playful response to a compliment
- 25 Crooked joints?
- 27 Regular on "The Steve Allen Show"
- 30 Carlile with 10 Grammys
- 33 Decay
- 35 Santa \_\_\_\_
- 36 Fight sport initials
- 38 Cause of off-key karaoke
- 39 Long loaf
- 40 2009 to 2017
- 43 Attacked by force
- 44 Jerks
- 45 One might help you after a crash
- 46 Popular Italian beer
- 49 Deft
- 52 "Victory is ours!"
- 53 Tiny amount
- 54 Drew back
- 57 Confident assertion
- 60 Before, to bards
- 61 Roman goddess of peace

### IN THE OZONE | By Robert Charlton

- Across**
  - 1 Needs a lift?
  - 5 Some work at home
  - 9 Gather
  - 14 Milan's Teatro \_\_\_\_ Scala
  - 15 Dealer's foe
  - 16 Words to a hitcher
  - 17 Arduous trek
  - 18 What you might do underfoot if your kids don't put away their toys?
  - 20 Anthem rival
  - 22 East Africa's most abundant big-game animal
  - 23 First in a 25-film series
  - 24 Seriously tough cookie?
  - 26 Prize taken by the LA Galaxy five times
  - 28 A lot of secs.
- 29 Initials on designer bags
  - 30 Chinese steamed bun
  - 31 Co. with brown vans
  - 32 Epilogue's opposite
  - 34 Element used to make fireworks green
  - 37 Party down?
  - 41 Ang Lee's birthplace
  - 42 Onetime imports from Sweden
  - 44 Speedway sponsor
  - 47 ICU workers
  - 48 Levy of "Schitt's Creek"
  - 50 Heater used to ice someone
  - 51 Reese in the Baseball Hall of Fame
- 53 Orderly wrestling?
  - 55 Realty measure
  - 56 Voice, as grievances
  - 58 Grant an appeal to
  - 59 Mafioso who gets away clean?
  - 62 Article
  - 63 Shirley Temple drinker, perhaps
  - 64 Smoothie berry
  - 65 To be, in Québec
  - 66 View from the Pont Neuf
  - 67 Deli counter call
  - 68 Word before center or certain
- Down**
  - 1 Fish food?
  - 2 Strongly attractive

#### Previous Puzzle's Solution



# The Baseball Player Who Bet \$99—and Cost Himself \$740,000

By Jared Diamond and Lindsey Adler

**LESS THAN THREE YEARS** ago, Michael Kelly made one of the worst bets anybody could possibly make. Over the course of about two weeks in October 2021, he wagered a grand total of \$99.22 on Major League Baseball games. For that, he lost nearly three-quarters of a million dollars.

That's because Kelly was at that time a minor-league pitcher for the Houston Astros, and baseball players are famously prohibited from betting on baseball. He has since reached the majors, where he has established himself as a solid reliever for the Oakland Athletics this season at age 31. His salary, according to Spotrac, was \$740,000.

The problem for Kelly is that MLB recently found out about his previous bets as part of a sweeping gambling probe that resulted in San Diego Padres infielder Tucupita Marcano receiving a lifetime ban from the sport. Now Kelly has been suspended for a year and won't see the majority of the money he was owed—all because he wagered less than a hundred bucks.

Kelly's representatives didn't return requests for comment. In a statement, the Astros said they "will not comment on a matter involving a former member of the organization."

MLB on Tuesday penalized five players for violating the league's gambling policy. Marcano's punishment was the most severe because he was caught betting on Pittsburgh Pirates games while he was a member of that team. Through a representative, Marcano declined to comment.

The other four, including Kelly, were sanctioned for only a year because their bets on MLB contests occurred while they were in the minors. (There is no evidence that any games were manipulated, MLB said.)



Oakland pitcher Michael Kelly was suspended for a year.

Baseball's crusade against its players and employees wagering on MLB games began long before the Supreme Court opened the door to legalized sports betting in 2018. The league's history with players throwing World Series games and Pete Rose betting on his own games have transformed MLB's "Rule 21" into the sport's first commandment.

Each of the suspended players broke that rule, though none of them wagered all that much. Andrew Saalfrank of the Arizona Diamondbacks staked \$444.07 on MLB. Jay Groome of the Padres bet \$453.74. José Rodríguez of the Philadelphia Phillies wagered \$724.09. Representatives for Saalfrank, Groome and Rodríguez didn't respond to requests for comment.

Even those insignificant sums are multitudes more than Kelly, who placed 10 total bets involving nine MLB games. These included wagers on the outcomes, the number of runs scored and an individual pitcher's strike-out total. Three of the nine games involved the Astros, who were on their way to the World Series while Kelly was placing his bets.

The meager amount Kelly bet had no bearing on his punishment. Rule 21, which is posted prominently in every clubhouse, says that any player "who shall bet any sum whatsoever" in a game

he isn't involved with will be declared ineligible for one year. In Kelly's case, that sum was about the cost of one reasonably good seat at a baseball game.

The wagers in question for Kelly came after the 2021 minor-league season, nearly a decade into his professional baseball career. After a long stint in the minors that included stops in Eugene, Ore., Norfolk, Va., and plenty of other places in between, he finally reached the majors with the Philadelphia Phillies on June 16, 2022. He was a few months shy of his 30th birthday, practically ancient for a rookie.

It wasn't until this season that Kelly finally found his footing. He had already appeared in 28 games out of Oakland's bullpen, posting a 2.59 ERA in 31½ innings. For the first time, he was set to earn a significant amount of money.

That won't happen now. In March, MLB learned from a legal sports betting operator that it had identified gambling activity from accounts connected to multiple baseball players. One of them was Kelly. When his suspension ends, he will be 32 years old, making his future uncertain.

If there is any consolation, Kelly can take comfort in the knowledge that his \$99.22 got him somewhere. His 10 bets on MLB games resulted in a net win of \$28.30.

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

STEPH CHAMBERS/GETTY IMAGES

JEFF CHIU/ASSOCIATED PRESS



# OPINION

## America’s Disinfo Wrong Turn



**BUSINESS WORLD**  
*By Holman W. Jenkins, Jr.*

Let’s not succumb to motivated hype about Russian influence in the 2024 election. Not hyperbole, not even a slight exaggeration for effect: A Russian propaganda video is a drop in the ocean compared with tens of millions of videos posted on YouTube, TikTok, Instagram and other sites daily.

Its effect is small and inevitably ephemeral unless and until the New York Times, the Economist and MSNBC make a fuss about it to their news audiences as an example of Russian disinformation activities.

The Russian makers of those videos can figure this out too—they would be stupid not to realize that 99.99% of their impact comes from Americans fretting about their impact. Not stupid also were Obama intelligence officials who testified in 2017 that Russia’s “loudness” was by design.

Not stupid are a succession of Harvard, NYU, George Washington University, University of Copenhagen, Swedish Defense University, etc., studies showing Russian propaganda had no effect on U.S. political outcomes though the hullabaloo about Russian influence certainly did.

In a useful paper and podcast, Gavin Wilde of the Carnegie Endowment for International Peace describes his own “deconversion.”

Our fuss about Russian social-media operations mainly lets foreign trolls claim to their paymasters they are getting something for their money. It follows, then, that Americans who overreact to Russian influence are doing Russia’s work for it.

Stop fanning the “hype cycle,” Mr. Wilde advises. Engage in “strategic ignoring” by recognizing that hostile actor efforts online mostly are a drop in the bucket.

Worry instead about direct foreign lobbying and foreign money in our politics. Worry about “folks tied to the [U.S.] intelligence and security agencies interacting with political campaigns.”

Don’t picture the public as “hapless dupes” whose political behavior is so easily explained by online memes. This “pessimism” about our democratic “resilience,” about its ability to tolerate “misconceptions” and “skulduggery,” makes us sound more like Moscow than ourselves, with the Kremlin’s “simplistic” notions of thought control and manipulation.

Whatever you think of Donald Trump personally, he prospered politically despite canards leveled against him, which ought to have some of America’s own disinformation practitioners rethinking.

Now the action is moving from the likes of the Steele dossier and the Hunter Biden laptop misdirection by the U.S. intelligence community to the judicial realm, where Americans aren’t any more likely to react the way prosecutors expect.

Too far gone, they can’t admit what everyone else now sees, that their efforts have paved the way for Mr. Trump’s peculiar new success and staying power. They may well have helped him back into the White House. For a sense of what’s gone wrong, listen to two prominent GOP Never Trumpers,

**Academics figure out what Never Trumpers haven’t: The truth works better than lies.**

Bill Kristol and Robert Kagan, elaborately evade this thought in a recent interview show, painting (of all people) banker and Democrat Jamie Dimon as a MAGA extremist because he advises not insulting Trump voters or ignoring their concerns.

Which brings me to a point I’ve made before: In a world of deepfakes, if five or six major corporate news outlets with time-honored brands could be counted on to affirm truths because they were truths, it would be a boon to society.

One thing the Factiva database can’t show you is what the Washington Post and New York Times looked like when they were relatively objective deliverers of information—chock full of ads.

To their business managers journalism was an afterthought (up to a point) because the money rolled in regardless. The way to get thrown off this gravy train as a reporter, in turn, was to

write something stupid and dishonest that embarrassed the paper.

Inevitably, a new reward system comes into play, whether publishers acknowledge it or not, in the kind of journalists we hire and promote.

MSNBC is an obvious case in point. Its viewership perhaps doesn’t understand that, between the hours they spend on their hair and clothes, and then the hours they spend on air, MSNBC hosts don’t have additional hours to invest in inquiring deeply, critically into the “news.”

They rely on the equivalent of an intern whose sole job is to attach the day’s headlines to potted, simple-minded narratives with a demonstrated power to keep the target demographic returning for the 100 minutes per weekday the network pitches to advertisers.

Cable news is useful when real news is breaking. The rest of the time their business model is to create a reason for you to come back, and you know what that means.

The post-2016 collusion furor, I liked to think, was inoculation against the deluge to come. Older voters a decade or two ago perhaps assumed anything on a screen had the authority of the evening news. Now they understand that graphically ornate, professional-looking rubbish is still rubbish. Indeed, the big challenge for media outlets, at least those that aspire to be trusted arbiters, is to reverse the impression, not unwarranted, that they have also ventured into delivering rubbish.

## The Populist Right Rises in Portugal



**POLITICS & IDEAS**  
*By William A. Galston*

*Estoril, Portugal*

Portugal is a small country with an outsize influence on modern politics. The 1974 Carnation Revolution against longtime dictator António Salazar culminated in pro-democratic forces’ victory over both fascism and communism. It ushered in what political scientist Samuel Huntington called democracy’s third wave, when dozens of countries made the transition to self-government between the mid-1970s and early 2000s.

At a conference I attended this week, Carl Gershman, founding president of the National Endowment for Democracy, delivered a stirring tribute to the revolutionary Mário Soares, who braved torture and exile to help establish democracy in Portugal and subsequently became prime minister and president. When Portuguese communists sought to replace Salazar’s fascism with a Stalinist regime, Mr. Gershman recounted, Soares said, “There will be no Czechoslovakia here, there will be no Poland here. Socialism, Yes! Dictatorship, No!”

Not all in Portugal wanted socialism, but most supported the norms and institutions of liberal democracy. For more

than four decades following the revolution, the leading center-left and center-right parties alternated as leaders of the government, and Portugal enjoyed remarkable stability. Even as discontent spread across Europe in the 2000s and 2010s and populist parties became vehicles of protest against the status quo, Portugal’s two-party duopoly held firm. This was in part because memories of the dictatorship stood as a firewall against antidemocratic forces.

But Portugal wasn’t immune to the forces that weakened the traditional center-left and center-right institutions throughout the West. Portugal’s fiscal austerity measures after the Great Recession imposed hardship on poor and middle-class households. Wages remained low, while prices—especially for housing—rose substantially, and tax burdens for average families remained high. Guest workers pouring into Portugal from abroad to serve a growing tourism sector created economic and cultural tension. Many in Portugal’s rural regions felt that the central government overlooked their sentiments and needs.

These developments generated public discontent to which the established political parties failed to respond. To fill this void, a new populist party called Chega—meaning “enough” in Portuguese—arrived on the scene in 2019. Its

founder was André Ventura, then 36, who broke away from the center-right Social Democratic Party. Mr. Ventura has criticized the Romani people for living on government handouts, called for a “drastic reduction of the Islamic presence in the European Union,” and advocated chemical castration of pedophiles. He has argued that bureaucratic bloat

**The Chega party is growing fast in a country where the center long held.**

and high taxes are responsible for Portugal’s economic backwardness relative to the rest of Europe. Alarming defenders of the 1974 revolution, Mr. Ventura adopted a slightly modified version of the Salazar regime’s slogan (“God, Fatherland, Family”) as his party’s motto: “God, country, family and work.” Like many other populist parties, the Chega party is also critical of the European Union.

Chega’s growth has been remarkable. It received 1.3% of the popular vote in the 2019 legislative election, 7.2% in 2022, and 18.1% this March. In five years, its representation in Portugal’s 230-seat Assembly has risen from one seat to 50, making it the country’s third-largest party. This spring the center-left So-

cialist Party lost 42 seats and the center-right Democratic Alliance—a three-party coalition that includes the Social Democrats—gained almost nothing, while Chega picked up 38 seats.

Portuguese politics has been thrown into confusion. During elections, the center-right Social Democrats promised that they wouldn’t form a coalition with Chega, citing the new party’s extremism. Meantime the Socialist Party has refused to form a coalition with the Social Democrats, leaving the Democratic Alliance’s 80-seat weak minority government headed by the Social Democrats as the ruling party. It’s hard to imagine this government delivering the policies an increasing share of Portuguese voters are demanding, and minority governments in Portugal tend to collapse.

After decades of exceptionalism, Portugal has a political situation resembling much of the West. Public discontent is high, while voters’ confidence in established center-left and center-right parties is low. Because the appeal of the far left dwindled after the Soviet Union’s collapse, the populist right has emerged as the main vehicle for the expression of public ire. The elections for the European Parliament ending June 9 are likely to extend this shift, clouding the prospects of liberal democracy in a region that once seemed secure.

## Rangers Fans, Don’t Cry Because It’s Over

**By Gerald Eskenazi**

Are only champions happy? Why aren’t fans of the also-rans smiling?

I’ve long thought of this in my years as a sportswriter. The New York Rangers’ exit from the Stanley Cup playoffs last week—after producing this year’s best regular-season record and the team’s finest in its 98-year history—recalled a memory and a lesson, about life and sports.

The team’s loss brought me back to the final day of the 1969-70 regular National Hockey League season. It had been a topsy-turvy year, with the Rangers left with a prayer to make the playoffs. To advance, the team had to pass Montreal, which was 2 points ahead and leading in goals scored. In those days, if teams were tied in victories and points, whoever had more goals prevailed.

Incredibly and improbably, the Rangers scored 9 goals that afternoon to beat Detroit at Madison Square Garden. I have never seen such jubilation. The arena, half-filled when the game began, was at capacity when it ended, as fans watching on television

**Sports fans of all varieties needn’t be happy only when they win a championship.**

and listening on radio streamed in. With each goal the Rangers scored organist Eddie Layton played the song “More.”

But Montreal still had a chance that night against Chicago. If the Canadians won, tied or scored five goals, they could edge out New York. Some of the Rangers went to

a nightclub where they managed to get the broadcast. Coach Emile Francis was at home, as he described to me, reading “Ordeal and Triumph,” a study of Gen. George S. Patton, for inspiration. Every few minutes, he called me for updates. My newspaper’s “radio room” was able to get the broadcast.

In the end, Montreal lost, scoring only twice. It had tied New York in points, but the Rangers had managed more goals. When Francis heard the news, he jubilantly threw the book on Patton across the room.

And yet—after the Rangers lost in the first round of the playoffs, countless fans had already forgotten that game at the Garden.

This brings to mind the fans who haven’t come close. Is there nothing that, say, New York Jets fans have smiled about in the 13 seasons since they made the playoffs? What

about the Buffalo Sabres—also 13 campaigns, lots of victories, no playoffs? Do Atlanta Hawks fans think about games other than their 1958 title? Surely Cleveland Browns fans cherish their team even though it’s never been to the Super Bowl.

Why must sports fans have a championship to be happy? If only they could think back to great moments they shared, the fun, the thrill of being in on something special and noisy. There’s so much to relish—and yet.

My degree isn’t in psychology, but I know what I’ve seen. Rangers fans were never as happy as on that afternoon at Madison Square Garden. Sports fans, losing a playoff series doesn’t make you a loser. Why not remember when you were happy?

*Mr. Eskenazi was a longtime sportswriter for the New York Times and is the author of 16 books.*

**BOOKSHELF** | By Sam Kean

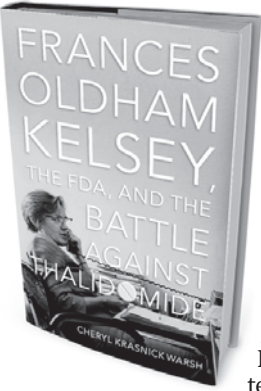
## The Noble Bureaucrat

**Frances Oldham Kelsey, the FDA, and the Battle Against Thalidomide**

**By Cheryl Krasnick Warsh**  
*Oxford, 424 pages, \$34.99*

In 1960, Dr. Frances Oldham Kelsey faced a tough choice between two job offers at different federal agencies in the Washington area. She chose the Food and Drug Administration, she later said, because the FDA offered to pay her moving expenses from South Dakota. Whether she was joking or not, she viewed the job as temporary—a way to get by before she resumed teaching and practicing medicine out East. Kelsey (1914-2015) would stay at the FDA for five decades.

As Cheryl Krasnick Warsh demonstrates in “Frances Oldham Kelsey, the FDA, and the Battle Against Thalidomide,” Kelsey proved one of the most transformative figures in



agency history. By rejecting approval for the drug thalidomide in the United States, Kelsey, as one reporter remarked, “turned back a plague of Old Testament proportions.” She also helped shatter public trust in pharmaceutical companies, and played a leading role in a ballooning FDA bureaucracy—developments whose fallout we’re still dealing with today.

Ms. Warsh, a history professor at Vancouver Island University, begins by chronicling Kelsey’s early life and education. These chapters team with fun stories—Kelsey dissecting whales or hunting beavers to study their glands—as she earned her Ph.D. and M.D. At the FDA, her job involved rejecting or approving applications for new drugs. In September 1960, a file landed on Kelsey’s desk to review thalidomide, a German sleeping pill and anti-nausea medication that was widely prescribed in Europe.

The U.S. company that licensed thalidomide, William S. Merrell Pharmaceuticals, was eager to get the drug approved. It had 10 million tablets sitting in American warehouses, Ms. Warsh notes, and wanted “to get the drug approved and onto the lucrative American market as soon as possible. The company had a target date of December 1960,” a time of year when, it had noticed, sedative use spiked among the lonely. Merrell executives felt certain they had a blockbuster on their hands—until they ran into Kelsey. Ms. Warsh documents the remarkable story that followed through her study of archived papers and memos at the FDA and the Library of Congress, as well as contemporary press coverage.

Kelsey found the Merrell application wholly inadequate. Instead of providing detailed data on the drug’s efficacy and side effects, company scientists mostly just typed up testimonials from doctors. (“I prescribed this drug to two patients and their condition miraculously disappeared,” wrote one. “I even used it on myself.”) A certain finding especially alarmed Kelsey. During one test, scientists had force-fed thalidomide to some horses. But no matter how many sleeping pills the horses swallowed, they never passed out, because their organs couldn’t metabolize the drug. Kelsey had found similar malabsorption problems, Ms. Warsh points out, during her Ph.D. research. She’d investigated a drug that, while benign for most adult rabbits, ended up accumulating somewhat in pregnant rabbits and building up to dangerous levels in rabbit fetuses, whose immature organs and enzymes couldn’t break the drug down. Would the same thing happen to fetuses exposed to thalidomide? Concerned, Kelsey demanded more safety data.

Merrell howled in protest, and, in those days, drug-company representatives could stroll right into the FDA and corner employees. Merrell representatives contacted Kelsey and her bosses 50 different times, according to contemporary news accounts that Ms. Warsh cites, badgering them to approve thalidomide. They called Kelsey “things . . . you wouldn’t print,” she remembered. Ultimately, Kelsey proved right: Thalidomide causes severe birth defects when used by pregnant women. Most famously, it causes phocomelia, a disorder that prevents the growth of arms and legs in utero, leading in extreme cases to “flipper limbs”: hands and feet attach directly to the shoulders and hips. The drug can also damage the fetal heart, brain, liver and lungs.

**Revisiting an FDA scientist’s stand against thalidomide, a drug that was shown to cause birth defects when used by pregnant women.**

Overall, thalidomide led to an estimated 100,000 birth defects and thousands more stillbirths. But virtually all of those cases were abroad: The drug never won approval as a sedative in the U.S. (Today the drug has been approved, with restrictions, to treat leprosy and multiple myeloma.)

As Ms. Warsh makes clear, Kelsey’s stand against thalidomide helped transform the FDA’s regulation process, and the larger world of medicine. After thalidomide, the FDA instituted far more onerous requirements for drug applications. By 1969, Ms. Warsh notes, “submissions comprised an average of four volumes, each the size of a metropolitan area telephone book.” One application was said to be seven feet thick, a claim Kelsey at once laughed off as a “wild rumor.” But by the 1990s, applications often did reach 250 volumes. Not surprisingly, the approval process for new drugs has slowed drastically.

Ms. Warsh fails to discuss the tradeoffs of the glacial approval process—while we’re certainly spared some thalidomide-like tragedies, beneficial new drugs also take years longer to reach sick patients. During her career, Kelsey often quoted a lawyer who shepherded a drug-reform bill through Congress in 1938: “Conservatism in a scientific world may occasionally deprive the public and delay the acceptance of important discoveries. This loss is more than overbalanced by the immense social harm resulting from undisciplined and unsupported . . . curative claims.” I wonder whether AIDS activists in the 1980s—who excoriated the plodding FDA while waiting for potential treatments—would have agreed about what the true “social harm” was. There may not be any simple answers, but Ms. Warsh never broaches the subject.

To be fair, this book is a biography, not an analysis of drug regulation. But after the drama of the thalidomide scandal, Ms. Warsh’s account starts to read like what it is: the life of a bureaucrat. I was hungry for more analysis of Kelsey’s legacy—mostly positive, but not uniformly so. In the 1960s, Kelsey became a national star: President John Kennedy awarded her a medal at the White House in a ceremony attended by astronauts John Glenn and Alan Shepard. Since then, the sun has clearly set on Kelsey’s fame. But sunset is the time we cast the longest shadows.

*Mr. Kean is the author, most recently, of “The Icepick Surgeon: Murder, Fraud, Sabotage, Piracy, and Other Dastardly Deeds Perpetrated in the Name of Science.”*



OPINION

REVIEW & OUTLOOK

Biden’s Border Election Gambit

What do you know? More than three years into his Presidency, Joe Biden has discovered the border mess. On Tuesday he announced executive actions that he claims will stem a tidal wave of migrants. This looks like a tactical political retreat masquerading as a battle cry.

Polls show that the border has moved to the top of voter concerns, and a significant majority believe Donald Trump would do a better job handling it. Perhaps because he did. Encounters along the U.S.-Mexico border have nearly tripled since 2019 and they’ve increased more than six-fold since 2018. See the nearby chart, which makes the point in one lesson.

Even Democrats who run big cities say they’re overwhelmed by migrants. Yet the Administration until Tuesday ignored their pleas for help while picking a fight with Texas Gov. Greg Abbott over his efforts to protect the border. Now with Mr. Trump hammering the issue, Mr. Biden knows he must at least appear to be doing something.

Thus his executive order on Tuesday that would supposedly block migrants seeking asylum at the southern border when the average number of daily encounters between ports of entry hits 2,500 over a week. The border could reopen once the daily average declines to 1,500. Daily encounters this year have averaged about 6,000.

Mr. Biden’s executive actions might help reduce the flow somewhat if they are strictly enforced, and at least he’s admitting the problem. But the press release sounds better than the details. Migrants could still seek asylum at ports of entry using the CBP One mobile app, which would be excluded from the daily triggers.

A White House fact sheet says the order also exempts migrants if they “faced an imminent and extreme threat to life or safety, such as an imminent threat of rape, kidnapping, torture, or murder.” This sounds much like the way the dysfunctional asylum system currently works. Unaccompanied minors aren’t covered by the order, which might encourage more of them to seek asylum.

Mr. Biden’s order is sure to be challenged in court, as the ACLU has already promised. It’s no small irony that the President invokes the same legal authority under the Immigration and Nationality Act that Mr. Trump used to impose his travel ban.

The Supreme Court held in 2018 that the law gives the President broad discretion to suspend entry of aliens if he finds it “would be detrimental to the interests of the United States.” But pro-

gressives point to a Ninth Circuit Court of Appeals decision that blocked a Trump regulation that made migrants who entered between ports of entry ineligible for asylum.

The executive order will also run into practical difficulties. It will require Mexico’s cooperation as well as more resources to detain migrants before their deportation. Even the Administration concedes the order “cannot achieve the same results as Congressional action” and requires more funding.

Mr. Biden on Tuesday accused House Republicans of scuttling a bipartisan compromise negotiated by Oklahoma GOP Sen. James Lankford, which mandated the border close if the average

daily crossings hit 5,000. We supported the bill, which also would have raised the standard for claiming asylum and increased enforcement resources.

But any fair look at the last four years makes clear that the magnitude of this border crisis has been made almost entirely in the Biden White House. During the 2020 campaign, Mr. Biden lambasted Mr. Trump’s Remain in Mexico policy, which required asylum

seekers to wait south of the border. On his first day in office he rescinded the Trump policy and all but ended border enforcement.

His Administration has also eased its scrutiny in reviewing asylum claims. Over the last three years immigration judges have granted nearly 80% of claims, roughly double the share under Mr. Trump. Most migrants caught at the border are released into the U.S. Many never show up for their eventual hearing.

As the New York Post recently reported, the Administration has dismissed more than 350,000 asylum cases since 2022 without a decision on the merits. This means that migrants can stay in a quasi-legal status that may entitle them to some public benefits. Mr. Biden’s message to the world from day one was come one, come all. And they have.

No doubt Mr. Biden will wave his new order as a shield during his debate with Mr. Trump this month. But the transparently political timing of his order invites voter skepticism.

No President in memory has done more harm to political support for legal immigration than Mr. Biden. His border abdication has poisoned the chances for a compromise in Congress, and that would carry into a second term. And if Mr. Biden loses, his failures will have paved the way for Mr. Trump’s border crackdown and perhaps a disruptive mass deportation.

Who’s Really Prolonging the Gaza War?

President Biden’s comments about Israel keep getting worse, as an interview released Tuesday in Time magazine shows. Asked if Israeli Prime Minister Benjamin Netanyahu is “prolonging the war for his own political self-preservation,” Mr. Biden answered, “I’m not going to comment on that.” Then comment he did: “There is every reason for people to draw that conclusion.”

It would be one thing if he meant that Mr. Netanyahu should have kept more troops in Gaza and invaded Rafah months ago to finish the war. That’s what many Israeli critics argue, and they have a good point. But Mr. Biden opposed all that. He means Mr. Netanyahu should have stopped fighting and accepted a U.S.-brokered defeat.

In damage-control mode, the President tried to walk back his comment later on Tuesday. His remark had played poorly because he’s the one who has slowed Israel at every stage. After Oct. 7, he told Israel to scale down its ground invasion. Then he supported Egypt’s decision to trap Gazans in the war zone. When the Israelis defeated Hamas in northern Gaza, he pressured

Israel to “shift to the next phase” by sending most troops home and fighting with less firepower in southern Gaza. Israel did so, and it very slowly won in Khan Younis.

Next, Mr. Biden tried to stop Israel from invading Rafah, insisting wrongly that Israel could never evacuate civilians. He cut off weapons as leverage. Israel eventually invaded Rafah, but with fewer troops to satisfy the President. That means a slower operation.

Mr. Biden’s decision to pressure Israel, while going soft on mediators Egypt and Qatar, has also given Hamas reason to draw out hostage talks and continue the war. As the President acknowledged earlier in his Time interview, Hamas is to blame for the lack of a deal. “Hamas could end this tomorrow,” he said. “The last offer Israel made was very generous,” he added. “Bibi is under enormous pressure on the hostages, and so he’s prepared to do about anything to get the hostages back.”

The latest Israeli hostage offer is evidence of that. Mr. Biden’s criticism of Israel, on the other hand, suggests frustration with his own policy failure.

Lara Trump Denounces Larry Hogan

Is the Republican Party an operation dedicated to smaller government and conservative victories? Or is it now a subsidiary of the Trump Organization? This is worth pondering, given that Lara Trump, the Republican National Committee’s new co-chair, is suggesting she might pull the party’s support for its own Senate nominee in Maryland, Larry Hogan.

When news came last Thursday that a New York jury had reached a verdict in Donald Trump’s hush-money trial, Mr. Hogan called for calm. “Regardless of the result,” he wrote online, minutes before the conviction was announced, “I urge all Americans to respect the verdict and the legal process. At this dangerously divided moment in our history, all leaders—regardless of party—must not pour fuel on the fire with more toxic partisanship.”

Mr. Hogan, who was Maryland’s popular Governor from 2015-23, might be the only man in America who could potentially win this Senate seat for the GOP. His state in 2020 picked President Biden over Mr. Trump by more than 2 to 1. Mr. Hogan is pitching himself as a centrist fed up with “partisan B.S.” If he can deliver an unexpected win in November, that could give Republicans control of the Senate, along with

the power in 2025 and 2026 to either block Mr. Biden’s agenda or pass Mr. Trump’s.

The head of the Republican National Committee ought to understand this. But what Mr. Trump always puts first is blind personal loyalty to himself. He has now made the RNC into a family fief, and his daughter-in-law Lara is of the same mind. Hence her reply when asked about Mr. Hogan’s mild plea not to fuel partisan fires, which was perhaps the minimum he needed to say to satisfy Maryland voters.

“He doesn’t deserve the respect of anyone in the Republican Party at this point, and quite frankly, anybody in America,” Ms. Trump told CNN. Is she willing to expend GOP resources to help Mr. Hogan win? “I’ll get back to you on all the specifics, monetarily, but what I can tell you is that, as the Republican Party co-chair, I think he should never have said something like that. I think that’s ridiculous.”

A national party needs to be a big tent to secure a majority. Ms. Trump, the GOP’s co-chair, sounds as if she’d choose a Democratic Senate over a Republican Senate that includes the likes of Larry Hogan. This kind of thing is one reason that even if Mr. Trump wins this fall, he will find it hard to govern.

LETTERS TO THE EDITOR

Texas Schools and the Future of School Choice

After decades of disappointment in Texas, the school-choice movement appears on the cusp of victory (“A Victory for Children in Texas,” Review & Outlook, May 30). The results of the Texas Republican primary are a vindication of a strategy pursued by conservative education reformers to leverage the culture war to advance school choice.

For decades, the school-choice coalition had pursued a bipartisan strategy that spent inordinate resources trying to win over Democratic legislators while taking Republicans for granted. That meant focusing on how school choice helps the disadvantaged or how competition spurs achievement while remaining silent about cultural issues that might turn off potential supporters on the left.

That strategy failed to win over many elected Democrats or produce significant gains. But the frustration parents felt due to Covid-era union overreach and the “woke” ideological capture of public schools presented an opportunity. School choice empowers families to choose schools that align with their values. Conservative advocates were able to channel parental frustration into making school choice a litmus test in Republican primaries. That has yielded dividends: There are now nearly a dozen states with universal-school-choice policies, all in red states and enacted in the past four years.

Purple and blue states are next. If school choice helps Republicans at the ballot box, eventually Democrats will want to take the issue off the table. Democratic Pennsylvania Gov. Josh Shapiro’s support for

choice is a harbinger, not an anomaly. In the not-too-distant future, school choice will be the rule rather than the exception.

JASON BEDRICK  
Heritage Foundation  
Phoenix

Texas kids who rely on public schools have suffered a massive defeat. For three decades, Texas Republicans have systematically reduced state funding for K-12 public education. Consequently, local school districts have had to increase property taxes (their sole source of other revenue) to fund education. Texas now has some of the highest local property taxes in the country. While the legislature provided an increase in state funding of teacher salaries and pensions last year, it was woefully inadequate.

The right wing of the Republican Party sought to take funds that could have helped shore up our public schools and send them to private schools. The natural consequence of starving public schools is the call to fund private schools because “the public schools are failing.”

Leading the charge for public funding of private K-12 schools are the evangelicals, who promote using these public funds to subsidize the education of children in their sectarian institutions. I have no interest in seeing my taxes used to fund their schools as well as Muslim madrassas, Jewish yeshivas, Roman Catholic parochial schools or any other religiously affiliated K-12. So-called school choice is antidemocratic.

AL KROEMER  
Haslet, Texas

The Smartphone Has No Place in the Classroom

I was not surprised to read Julie Jargon’s “Fed Up With Students Obsessed With Phones, One Teacher Quits” (Personal Journal, May 21). I was a public-school teacher for 25 years until December 2020. I realized early on that phones were a distraction and a tool often used to cheat.

My syllabi contained notice for no phones or Google glasses. If I saw a phone out, I would take it and put it on the whiteboard ledge until the end of class. This was against school policy, but I did it anyway.

Some students would explain that if they didn’t respond to texts, their friends would think they were angry at them. Students face peer pressure to respond immediately. I was giving them an out. If students had a relative who was ill, they had to advise me at the beginning of class, so I could make an exception.

I rarely saw phones after the first days of the semester. The lesson was learned quickly. Incidentally, to its credit, the school administration never chastised me.

JENNIFER HOWLAND  
Austin, Texas

I spent the last seven years of my teaching career teaching mathematics in a juvenile detention facility in Harris County, Texas. Staff and guards, seeing my enthusiasm, would ask me what I liked about teaching there. While there was much that I found fulfilling, my first response would be: “I like the fact that I’ve never once had to tell a kid to put away his cellphone.”

I will never go back to teaching in a public school, or any school, that allows indiscriminate use of phones in class. In 30 years of teaching, I’ve had many students from middle school through university tell me that I’m the best math teacher they have ever had. But I could never compete with cellphones.

KAREN BELL  
Houston

Student refusals to put aside phones aren’t caused by the phones, but rather by a culture of lack of respect and discipline that no teacher alone may be able to overcome.

TIM DREISBACH  
Downingtown, Pa.

Who Needs TV When You Have the Journal?

Reading Joseph Epstein (“A Three-Day Detox Nearly Cured My Cable News Addiction,” op-ed, May 30) is always a pleasure. Like him, I, too, am cured of cable-news addiction because I haven’t owned a television in nearly five years.

Sure, I’ve missed it sometimes, like when a particular sporting event is on, such as the Super Bowl. Otherwise, I can’t say I miss it. Today’s televisions are too large, making the latest dramas more calamitous than they are.

Like Mr. Epstein, and because I’m

an ex-Chicagoan, I spend my mornings listening to the city’s classical-music radio station, WFMT, finding its hosts, Peter van de Graaff and Lisa Flynn, quite soothing. I listen as I do something that is apparently becoming rare but is good for mental, and perhaps even emotional, health: reading printed newspapers, like The Wall Street Journal, and many others, too.

DOUGLAS PAGE  
Fairfield, Conn.

‘Mixed-Breed,’ if You Will

There is no argument here about Kyle Smith’s Phoebe being the cutest puppy with exuberant energy (“My Puppy Is a Local Celebrity,” op-ed, May 29). But calling her a “cavapoochon”—with a genetic pool of poodle, bichon frise and Cavalier King Charles Spaniel—is another way of saying that she’s an adorable “mutt.” My apologies if this terminology offends on the Upper West Side.

ROBIN PIERCE  
Norristown, Pa.

Pepper ... And Salt

THE WALL STREET JOURNAL



“It’s the newest craze. Tiny tombs.”

CORRECTION

“The Art Book for Children” includes introductions to the works of Edgar Degas and Jan van Eyck. The May 25 book review “Sandcastles and Stormy Seas” said that the two artists were excluded from the new edition.

DAVID SCHECHTER  
Los Angeles

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



OPINION

# Trump’s Trial Violated Due Process

By David B. Rivkin Jr.  
And Elizabeth Price Foley

Whether you love, hate or merely tolerate Donald Trump, you should care about due process, which is fundamental to the rule of law. New York’s trial of Mr. Trump violated basic due-process principles.

“No principle of procedural due process is more clearly established than that notice of the specific charge,” the Supreme Court stated in *Cole v. Arkansas* (1948), “and a chance to be heard in a trial of the issues raised by that charge, if desired, [is] among the constitutional rights of every accused in a criminal proceeding in all courts, state or federal.” In *in re Winship* (1970), the justices affirmed that “the Due Process Clause protects the accused against conviction except upon proof beyond a reasonable doubt of every fact necessary to constitute the crime with which he is charged.” These three due-process precepts—notice, meaningful opportunity to defend, and proof of all elements—were absent in Mr. Trump’s trial.

**He was denied notice of the charges, meaningful opportunity to respond, and proof of all elements.**

The state offense with which Mr. Trump was indicted, “falsifying business records,” requires proof of an “intent to defraud.” To elevate this misdemeanor to a felony, the statute requires proof of “intent to commit another crime.” In *People v. Bloomfield* (2006), the state’s highest court observed that “intent to commit another crime” is an indispensable element of the felony offense.

New York courts have concluded that the accused need not be *convicted* of the other crime since an “intent to commit” it is sufficient to satisfy the statute. But because that



Donald Trump in court on May 30.

intent is, in the words of *Winship*, “a fact necessary to constitute the crime,” it is an element of felony falsification. Due process requires that the defendant receive timely notice of the other crime he allegedly intended to commit. It also requires that he have opportunity to defend against that accusation and that prosecutors prove beyond a reasonable doubt his intent to commit it.

Mr. Trump’s indictment didn’t specify the other crime he allegedly intended to commit. Prosecutors didn’t do so during the trial either. Only after the evidentiary phase of the trial did Judge Juan Merchan reveal that the other crime was Section 17-152 of New York’s election law, which makes it a misdemeanor to engage in a conspiracy “to promote or prevent the election of any person to a public office by unlawful means.”

To recap, the prosecution involved (1) a misdemeanor elevated to a felony based on an “intent to commit another crime,” (2) an indictment and trial that failed to specify, or present evidence establishing, another crime the defendant intended to commit, and (3) a jury instruction that the other crime was

one that necessitated further proof of “unlawful means.” It’s a Russian-nesting-doll theory of criminality: The charged crime hinged on the intent to commit another, unspecified crime, which in turn hinged on the actual commission of *yet another* unspecified offense.

To make matters worse, Judge Merchan instructed the jury: “Although you must conclude unanimously that the defendant conspired to promote or prevent the election of any person to a public office by unlawful means, you need not be unanimous as to what those unlawful means were.”

Due process demands that felony verdicts be unanimous, but in *Schad v. Arizona* (1991), a murder case, the high court indicated that there need not be unanimity regarding the means by which a crime is committed. But a plurality opinion by Justice David Souter cautioned that if the available means of committing a crime are so capacious that the accused is not “in a position to understand with some specificity the legal basis of the charge against him,” due process will be violated. “Nothing in our history suggests that the Due Process Clause would permit a State

to convict anyone under a charge of ‘Crime’ so generic that any combination of jury findings of embezzlement, reckless driving, murder, burglary, tax evasion, or littering, for example, would suffice for conviction,” Justice Souter wrote.

Justice Antonin Scalia concurred, observing that “one can conceive of novel ‘umbrella’ crimes (a felony consisting of either robbery or failure to file a tax return) where permitting a 6-to-6 verdict would seem contrary to due process.” Four dissenting justices argued that the *In re Winship* precedent requires unanimity regarding all elements of a crime, including the means by which it’s committed.

All nine justices in *Schad*, then, believed unanimity is required to convict when the means by which a crime can be committed are so broad that the accused doesn’t receive fair notice of the basis of the charge. New York’s election law requires that the violation occur “by unlawful means,” so any “unlawful” act—including, in Scalia’s example, either robbery of failure to file a tax return—can qualify. That’s clearly overbroad. Thus, Judge Merchan’s instruction that the jury

“need not be unanimous as to what those unlawful means were” was unconstitutional.

That isn’t all. Judge Merchan hand-selected three laws—federal election law, falsification of “other” business records and “violation of tax laws”—as the “unlawful means” by which state election law was violated. Mr. Trump received no notice of any of these offenses, and the prosecutor briefly alluded only to federal election law, during the trial. Mr. Trump tried to call former Federal Election Commission Chairman Brad Smith to explain why this law wasn’t violated, but Judge Merchan ruled Mr. Smith couldn’t testify on whether Mr. Trump’s conduct “does or does not constitute a violation” of federal election law, denying him a meaningful opportunity to be heard.

Judge Merchan’s second “unlawful” means, falsification of other business records, is circular: A misdemeanor becomes a felony if one falsifies business records by falsifying business records. Further, the prosecution never alleged or provided evidence that Mr. Trump falsified “other” business records. The prosecutors likewise neither alleged nor offered evidence that Mr. Trump had violated tax laws, Judge Merchan’s third predicate.

Mr. Trump, like all criminal defendants, was entitled to due process. The Constitution demands that higher courts throw out the verdict against him. That takes time, however, and is unlikely to occur before the election. That unfortunate reality will widen America’s political divide and fuel the suspicion that Mr. Trump’s prosecution wasn’t about enforcing the law but wounding a presidential candidate for the benefit of his opponent.

*Mr. Rivkin served at the Justice Department and the White House Counsel’s Office during the Reagan and George H.W. Bush Administrations. Ms. Foley is a professor of constitutional law at Florida International University College of Law. Both practice appellate and constitutional law in Washington.*



**UPWARD MOBILITY**  
By Jason L. Riley

The Supreme Court struck down affirmative action in college admissions a year ago this month, and for further evidence that the court made the right call, please treat yourself to Glenn Loury’s candid new autobiography, “Late Admissions: Confessions of a Black Conservative.”

Mr. Loury, a Brown University economics professor, is best known today as a right-leaning social critic and host of the popular podcast “The Glenn Show.” But he first distinguished himself as a theoretical economist who used sophisticated mathematical techniques—matrix algebra, multivariate calculus—to study how people interact with one another in society. His findings have been published in the discipline’s most prestigious academic journals.

Young Glenn’s math talent was discovered by a geometry teacher in high school on Chicago’s working-class South Side, where he was raised. He later took courses at a ju-

nior college while working full time to support his young family, then attended Northwestern University, where he was a dean’s list regular. “By the time I reach my final year at Northwestern, I’m enrolled in graduate-level lecture courses in both economics and mathematics,” he writes. “I’m one of only two undergraduates in either of these classes—everyone else is a PhD student. And still, I find that I’m able to keep up with the best of them.”

This is the early 1970s, and Mr. Loury isn’t the only black student at Northwestern, but he does notice differences between other blacks and himself. One is that “most of them are the children of doctors, lawyers, and professors, members of the black bourgeoisie whose lives growing up were not as different from those of their white peers as they would have me believe.” He also notices some posturing. “Black radicalism rolls off their tongues, but as far as I’m concerned, it dies in the air,” he writes. “How radical can you be, I’d ask myself, if you show up to campus in a Benz, as I saw more than one of them do?”

When the graduate-school acceptance letters start to arrive, his mentors at Northwestern steer him away from Milton Friedman’s University of Chicago because they “don’t want to see me become a free-market ideologue bent on dismantling government regulation.” He also turns down offers to attend

**Glenn Loury’s memoir is a cautionary tale of the unintended consequences of affirmative action.**

Harvard and the University of California, Berkeley. He settles on the Massachusetts Institute of Technology, where two of his three dissertation advisers, Robert Solow and Peter Diamond, will someday receive Nobel Prizes in economics.

Shortly before Mr. Loury arrived, the MIT economics department, which accepted only a couple of dozen graduate students each year, created three additional slots for black applicants. Mr. Loury received

one of them, “though I suspect that my strong performance at Northwestern would have stood me in good stead in the admissions tournament, regardless.”

He suspects, but he’ll never know. Welcome to the age of affirmative action. It wouldn’t be the last time that Mr. Loury and others would doubt whether his accomplishments were due to merit or to his skin color. Later in his career, he would turn down teaching offers if he suspected that a school was lowering its normal standards to diversify the faculty. He didn’t want to be a charity case or a token, and what self-respecting person would?

At MIT, Mr. Loury once again noticed that most of the other black students came from middle-class backgrounds and that he’s one of the top students in his entire class. His experience with racial preferences isn’t unique. These policies have tended to benefit black people who were already better off. They cause self-doubt and taint black accomplishment. They reinforce negative stereotypes about black capabilities by leading others to assume that every black person at a selective

school or in a high-ranking position is there due to affirmative action.

Racial preferences have tragically mismatched students with schools, funneling them into institutions where they were in over their heads, pooling at the bottom of the class academically, or dropping out. Privately, many of Mr. Loury’s fellow black graduate students began to complain of racism at the school, but he was skeptical. “I doubted very much that racial insensitivity could have accounted for the uncomfortable fact that many of my black peers were not performing that well,” he writes. “They were holding on by their fingernails.”

Reviews of “Late Admissions” have mainly focused on its frank discussions of Mr. Loury’s personal shortcomings—his past drug addiction, serial adultery and run-ins with the police. That’s all fair game. If the author didn’t want the salacious details discussed, they wouldn’t take up so many pages. But the book also has much to say about more than a half-century of public policies aimed at helping the black underclass advance. His story is in many ways a story of how not to help.

## Biden Goes to Extremes to Appease Tehran

By John Bolton

The world has truly turned upside down when a U.S. president begs America’s allies to have a United Nations agency go easy on a terrorist nuclear proliferator. The Biden administration’s reported pleading on behalf of Iran isn’t merely a tactical error about yet another biodegradable U.N. resolution. It’s a persistent strategic blindness that existentially threatens key U.S. partners and endangers our own peace and security.

Iran’s largely successful effort to conceal critical aspects of its nuclear-weapons complex from scrutiny

by the International Atomic Energy Agency and Western intelligence services is nearing culmination. IAEA reports about Iran’s uranium-enrichment program—and Tehran’s disdain for IAEA inspections, extending over two decades—finally have the Europeans worried.

Instead of welcoming this awakening, President Biden is reportedly lobbying European allies to avoid a tough anti-Iran resolution at this week’s quarterly IAEA board of governors meeting. The administration denies it. But limpness on Iran’s nuclear threat fits the Obama-Biden pattern of missing the big picture, before and after Hamas’s Oct. 7 at-

tack on Israel, including cash-for-hostages swaps with Iran as recently as last year.

Mr. Biden has two objectives. The first is to keep gasoline prices low and foreign distractions to a minimum before November’s election. The second is the Obama-Biden obsession with appeasing Iran’s ayatollahs, hoping they will become less medieval and more compliant if treated nicely. Both objectives are misguided, even dangerous.

Election worries about gas prices have also weakened U.S. sanctions against Russia, which are failing because of their contradictory goals. It simply isn’t possible to restrict Russian revenue while keeping U.S. pump prices low. The ayatollahs don’t worry about elections, but they know weakness when they see it, including Mr. Biden’s relaxed enforcement of sanctions on Iranian oil exports.

Mr. Biden’s greater mistake is refusing to acknowledge Iran’s “ring of fire” strategy to intimidate Israel and achieve regional hegemony over the oil-producing monarchies and other inconvenient Arab states. The foundational muscle for achieving these quasi-imperial aspirations is Iran’s nuclear program, precisely the issue at the IAEA. Starting in his 2020 campaign, Mr. Biden repeatedly alienated Gulf Arabs, especially Saudi Arabia, which felt particularly threatened by his zeal to rejoin the failed 2015 nuclear deal. Mr. Biden’s

willingness to exclude Israel and the Arabs from negotiations with Tehran, as Mr. Obama did, convinced Arab governments that Washington was again hopelessly feckless. Israel concurred.

Arab leaders privately see the need to eliminate Tehran’s terrorist proxies. Saying so publicly, however—even quietly—requires political cover, which Washington has failed to provide. The Biden administration could have sought to de-

**He reportedly has gone so soft as to discourage allies in Europe from pressing their case at the IAEA.**

stroy, not merely inhibit, the Iran-backed Houthis’ capacity to close shipping routes in the Suez Canal and Red Sea. Since the U.S. failed to do so, rising prices from higher shipping costs increase the risk of a de facto Iran-Houthi veto over freedom of the seas. Not surprisingly, Iran now threatens to blockade Israel itself.

Mr. Biden decided to concentrate world attention on Gaza rather than on Iran as the puppet-master. Doing so has helped obscure that Gaza is only one component of the larger ring-of-fire threat. Many Israelis, including several members of the war

cabinet, have long focused on the close-to-home threat of Palestinian terrorists rather than the existential threat of a nuclear-armed Iran. This joint failure enabled Tehran’s propaganda to outmatch Jerusalem’s, leaving the false impression of a moral equivalence.

Had the U.S. and Israel explained the barbarity of Oct. 7 in such broader strategic terms, they would necessarily have concentrated attention on Iran’s coming succession crisis. Supreme Leader Ali Khamenei is old and ailing. President Ebrahim Raisi’s still-unexplained demise has already launched a succession struggle that could transform Iran. The U.S. and its allies should help the Iranian opposition fracture the Islamic Revolution at the top. Instead, Mr. Biden, who couldn’t conceive of overthrowing the ayatollahs, has dispatched envoys to beg Iran not to stir things up further before November.

Sending Tehran what diplomats call a “strong message” from the IAEA isn’t much, but treating Iran as if it calls the shots is far worse. Praying that Mr. Biden wakes up to reality may be the world’s only hope.

*Mr. Bolton served as White House national security adviser, 2018-19, and ambassador to the United Nations, 2005-06. He is author of “The Room Where It Happened: A White House Memoir.”*

**THE WALL STREET JOURNAL.**  
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

**Lachlan Murdoch**  
*Executive Chairman, News Corp*

**Rupert Murdoch**  
*Chairman Emeritus, News Corp*

**Emma Tucker**  
*Editor in Chief*

**Liz Harris, Managing Editor**

**Charles Forelle, Deputy Editor in Chief**

**Elena Cherney, Senior Editor; David Crow, Executive Editor; Chip Cummins, Newsweek;**

**Taneth Evans, Associate Editor; Brent Jones, Culture, Training & Outreach; Alex Martin, Print & Writing; Michael W. Miller, Features & Weekend; Prabha Natarajan, Professional Products; Bruce Orwall, Enterprise; Philana Patterson, Audio; Amanda Wills, Video**

**Paul A. Gigot**  
*Editor of the Editorial Page*

**Gerard Baker, Editor at Large**

**Robert Thomson**  
*Chief Executive Officer, News Corp*

**Almar Latour**  
*Chief Executive Officer and Publisher*

**DOW JONES MANAGEMENT:**

**Mae M. Cheng, EVP, General Manager, Leadership; David Cho, Barron's Editor in Chief; Jason P. Contti, General Counsel, Chief Compliance Officer; Dianne DeSevo, Chief People Officer; Jared DiPalma, Chief Financial Officer; Artem Fishman, Chief Technology Officer; David Martin, Chief Revenue Officer, Business Intelligence; Dan Shar, EVP, General Manager, Wealth & Investing; Ashok Sinha, SVP, Head of Communications; Josh Stinchcomb, EVP & Chief Revenue Officer, WSJ | Barron's Group; Sherry Weiss, Chief Marketing Officer**

**EDITORIAL AND CORPORATE HEADQUARTERS:**  
1211 Avenue of the Americas, New York, N.Y., 10036  
Telephone 1-800-DOWJONES

**DOW JONES**

*News Corp*



# THE WALL STREET JOURNAL.



# #ISTANDWITH EVAN

It has been 434 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting **WSJ.com/Evan**. Use the hashtag **#IStandWithEvan** to help keep his story front and center.





**S&P** 5291.34 ▲ 0.15%    **S&P FIN** ▼ 0.44%    **S&PIT** ▲ 0.41%    **DJTRANS** ▼ 0.91%    **WSJ\$IDX** ▲ 0.04%    **2-YR. TREAS.** yield 4.770%    **NIKKEI** (Midday) 38527.60 ▼ 0.80%    **See more at [WSJ.com/Markets](https://www.wsj.com/markets)**

## AI Workers Fear Voicing Concerns

Group says OpenAI, others need to create reporting channels for employees

By **ALYSSA LUKPAT**

A group of employees in the artificial-intelligence industry said they can't voice concerns about AI's threat to humanity because of confi-

dentiality agreements, a lack of whistleblower protections and the fear of retaliation.

In a letter released Tuesday, more than a dozen current and former employees of **OpenAI**, Google's DeepMind and Anthropic said AI companies need to create reporting channels for employees to safely voice concerns within their companies and to the public. They said confidentiality agreements block them

from publicly discussing issues.

"The people with the most knowledge about how frontier AI systems work and the risks related to their deployment are not fully free to speak," said former OpenAI employee William Saunders, who signed the letter.

In addition to Saunders, six other former OpenAI employees signed the letter. Four current OpenAI employees and

one former and one current employee from Google's AI research lab DeepMind also signed their names. Six of the signees were anonymous.

Three leading AI experts endorsed the letter: AI scientist Stuart Russell and Yoshua Bengio and Geoffrey Hinton, who are so-called godfathers of AI because of their early breakthrough research. Hinton left Google last year so he could more freely discuss the

risks of the technology.

Hinton and others have been sounding the alarm in recent years over the ways AI could harm humanity. Some AI researchers believe the technology could grow out of control and become as dangerous as pandemics and nuclear war. Others are more tempered in their concerns but believe AI should be more regulated.

OpenAI said in response to *Please turn to page B2*

## Asia Chip Giants Aim to Keep Edge Over U.S.

In early April, South Korean President Yoon Suk Yeol didn't mince his words when describing why chips are paramount to the country's economic survival.

By **Jiyoung Sohn** in Seoul and **Yang Jie** in Tokyo

"The competition over semiconductors unfolding now is an industrial war," Yoon told government and industry officials. "An all-out war between countries."

South Korea has a massive war chest prepared for future semiconductor manufacturing: roughly \$450 billion in private investment alone. That is roughly the same amount earmarked currently for chip production in the U.S., according to a recent industry estimate. With a plan sketched out to nearly 2050, Yoon's government plans to support the creation of the world's biggest chip-making cluster in South Korea, encompassing 37 factories, spanning eight cities and creating more than three million jobs.

Asia's chip-making champions in South Korea and Taiwan are U.S. allies, often seeing eye-to-eye on security and politics. But on semiconductors, they are increasingly friendly competitors—and Seoul and Taipei, with clear advantages, aren't sitting idle as Washington looks to muscle back into production.

They offer lower costs, faster construction times and the benefits of an established supply chain. While a handful of Taiwanese and Korean companies are expanding their manufacturing footprints into the U.S., the most advanced technology is getting rolled out first back home.

**Taiwan Semiconductor Manufacturing Co.**, commonly known as TSMC, is expected next year to introduce the world's smallest but most *Please turn to page B4*

## Apartment Developers Scuttle New Projects

By **WILL PARKER**

Seattle developer Tyler Carr set out to build apartments in Boise, Idaho, where rents were rising the fastest in the country. In 2021, his company bought land near the growing downtown with plans to develop 104 rental units.

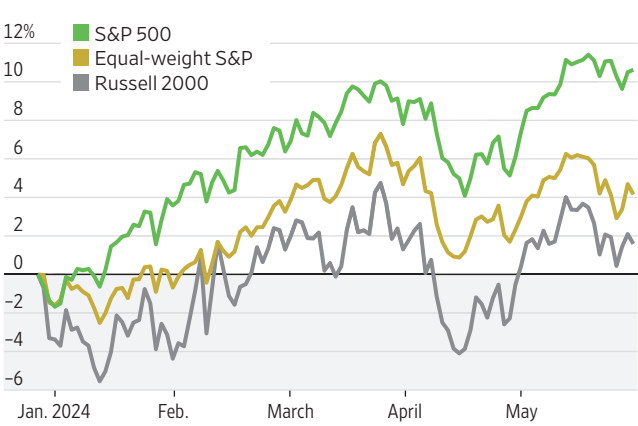
Three years later, his land remains an empty lot. When market conditions deteriorated, his strategy no longer made sense. Interest rates and construction costs rose, Carr said, "and those two things really converged to make the project unviable."

During the biggest apartment-construction boom in decades, more developers can't make the numbers work to get started on projects, or can't get the money to complete them. Higher rates, tighter lending conditions and flattening rents in parts of the country left property companies from California to Florida waiting for financing that might not come soon.

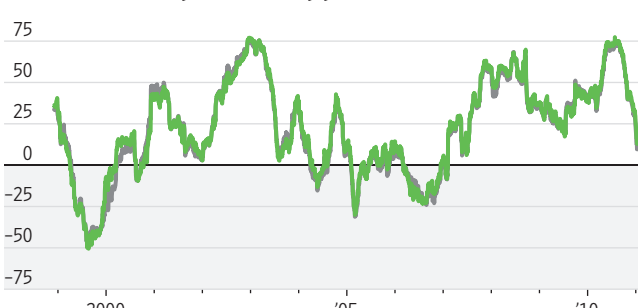
The amount of time the average apartment project takes between construction authorization and when construction begins rose to nearly 500 days, a 45% increase from 2019, according to property-data firm Yardi Matrix.

Developers are launching fewer projects amid the financing crunch. Multifamily building starts fell to an annual rate of *Please turn to page B6*

Index performance, year to date\*

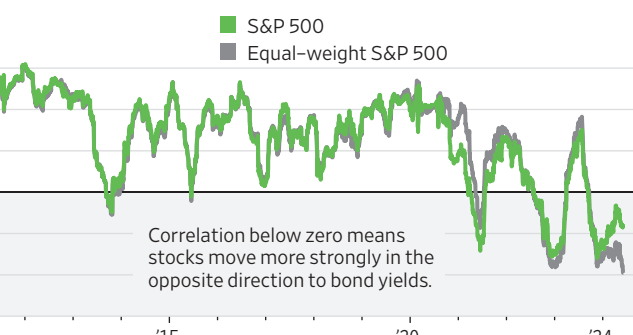
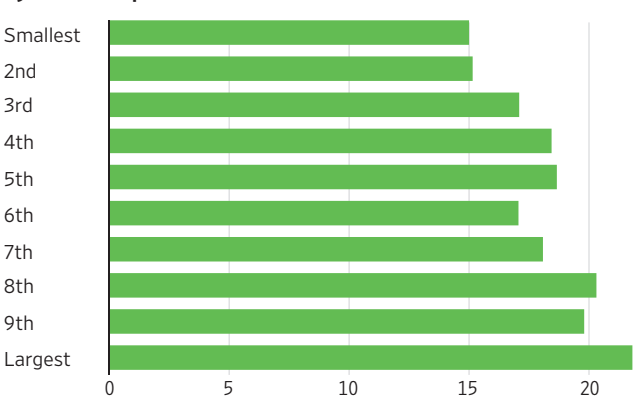


Correlation to 10-year Treasury yield†



\*Through Monday †100-day correlation of daily changes; data as of Monday

Median forward price/earnings ratio for each decile of S&P 500, by market cap



Sources: LSEG (index performance, correlation); FactSet (P/E ratio, Monday's index performance)

**STREETWISE** | By **James Mackintosh**

## Tech Titans Unplug Stock Market From the Reality of Rate Concerns



Big technology stocks aren't just dominating the market. They're hiding just how scared investors are that the Federal Reserve will keep rates higher for longer.

The average stock in the

S&P 500 is hurt more by rising yields—and helped more by falling yields—than any time this century. Yet the S&P itself is far less affected by the outlook for interest rates, because the Big Tech stocks that make up so much of the standard, value-weighted index are insulated from the Fed by their enormous cash piles.

The biggest stocks—**Nvidia**, **Microsoft**, **Apple** and **Alphabet**—have been propelled in part this year by excitement about artificial intelligence, as I discussed last week. But the highly unusual divide in both valuation and sensitivity to interest rates between the S&P and its average constituent shows just how those big stocks are

skewing measures used by "macro" investors who focus on the economy and the Fed.

The valuation split is clear. Divide the market into tenths by size, and the valuation of the groups rises fairly steadily as company value rises. Valuation isn't as vertiginous, either: The median stock in the S&P trades at 18 *Please turn to page B2*

## A New Texas Exchange Pitches Pro-CEO Stance

By **CORRIE DRIEBUSCH**

A group backed by Wall Street heavyweights **BlackRock** and **Citadel Securities** is planning to start a new national stock exchange in Texas, aiming to take on what they see as onerous regulation at the New York Stock Exchange and Nasdaq.

The Texas Stock Exchange, which has raised approximately \$120 million from individuals and large investment firms, plans to file registration documents with the Securities and Exchange Commission later this year, CEO James Lee told The Wall Street Journal. The goal is to begin facilitating trades in 2025 and host its first listing in 2026.

The exchange is aiming to tap into disaffection with increasing compliance costs at Nasdaq and NYSE and newer

rules like one setting targets for board diversity at Nasdaq. Backers of the TXSE, as it is known, pledge it will be more CEO-friendly.

Also behind the move is a shifting U.S. corporate landscape, with dozens of companies moving to states with more favorable regulatory and taxation policies. Texas is now home to more Fortune 500 companies, including Exxon Mobil, AT&T and American Airlines, than any other state. Goldman Sachs broke ground last year on a large Dallas campus that it said could house more than 5,000 employees.

"Dallas has become one of, if not the most, dominant financial centers in the country, if not the world," Lee said.

For months, talk has been swirling in trading communi- *Please turn to page B2*

## INSIDE



**BUSINESS NEWS**  
A cannabis producer seeks a deal with Sam Adams seller Boston Beer. **B3**

**LABOR**  
Online influencers drive unionization efforts among pharmacists. **B6**

## Under Scrutiny, Private Equity Slows Its Healthcare Roll-Ups

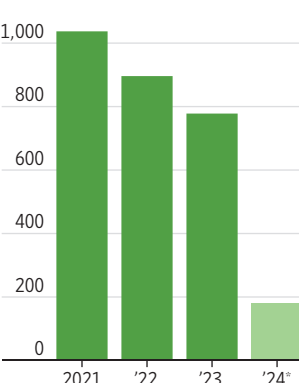
By **CHRIS CUMMING**

Private-equity firms have sharply slowed their serial acquisitions of smaller medical businesses, deals that U.S. antitrust regulators say often unfairly reduce competition and harm patients.

Through May 28, there were 180 private-equity add-on deals—in which a buyout firm acquires a company to combine with one it already owns—in the U.S. healthcare sector, just 23% of 2023's full-year total, according to data-tracking firm PitchBook Data. That compares with 33% for add-on deals in all industries.

Overall private-equity activity as of May 28—by value rather than volume—came to 34% of last year's total, according to the PitchBook data. Biden administration regu-

U.S. private-equity healthcare add-on deals



\*As of May 28  
Source: PitchBook Data

lators have for the past year sought to curtail healthcare roll-ups, arguing that they can lead to less competition, higher medical costs for patients and lower quality of care.

The Federal Trade Commission and Justice Department on May 23 began a formal inquiry to identify harmful effects of roll-ups in the U.S. economy. Other steps the antitrust enforcers have recently taken include launching an investigation into healthcare profiteering, writing new merger guidelines to scrutinize more buyout roll-up deals and suing a buyout firm for allegedly seeking to fix prices through a healthcare roll-up.

These two federal agencies "have been very vocal about their concerns with regard to private equity and private-equity roll-ups," said Tim Cornell, an antitrust partner at law firm Debevoise & Plimpton who advises firms on deals.

This scrutiny has made getting such deals to the finish *Please turn to page B5*



MAXIMIZE  
**WAREHOUSE  
PRODUCTIVITY  
WITH AUTOMATION**

[interlakemecalux.com](https://interlakemecalux.com) | ☎ (877) 632-2589





INDEX TO BUSINESSES

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

|                                     |                                  |   |
|-------------------------------------|----------------------------------|---|
| <b>A</b>                            | Deckers Outdoor.....B12          | Micron Technology.....A2                  |
| Airbnb.....A1                       | Dell Technologies.....B12        | Microsoft.....B1,B4,B12                   |
| Alphabet.....B1                     | Deutsche Telekom.....B3          | <b>N</b>                                  |
| Amazon.com.....B3                   | <b>E</b>                         | Nike.....B12                              |
| Aon.....B11                         | Expedia Group.....A1             | Nvidia.....B1,B4                          |
| Apple.....A8,B1,B4                  | Exxon Mobil.....A1, B12          | <b>Q</b>                                  |
| Asics.....B12                       | <b>F</b>                         | Qualcomm.....B4                           |
| ASML Holding.....B4                 | Frontdoor.....B3                 | <b>R</b>                                  |
| <b>B</b>                            | <b>G</b>                         | Russ Mould.....B3                         |
| Best Buy.....B12                    | GameStop.....B4,B11              | <b>S</b>                                  |
| BlackRock.....B1                    | Geely Automobile Holdings.....B3 | Samsung ElectronicsB4,B12                 |
| Boston Beer.....B3                  | Genstar Capital.....B3           | Seres Group.....B3                        |
| British American Tobacco.....B3     | Green Thumb Industries.B3        | Sinclair.....B3                           |
| Broadridge.....B11                  | <b>H</b>                         | SK Hynix.....B4                           |
| BYD.....B3                          | Hess.....B11                     | Suntory Beverage & Food.....B3            |
| <b>C</b>                            | Hitachi.....B4                   | <b>T</b>                                  |
| Cboe Global Markets.....B2          | HP.....B12                       | Taiwan Semiconductor Manufacturing.....B1 |
| Chongqing Changan Automobile.....B3 | Huawei Technologies.....B3       | Tesla.....B2,B3                           |
| Circular.....B5                     | <b>I</b>                         | <b>V</b>                                  |
| Citadel Securities.....B1           | Intel.....B4                     | Volvo Cars.....B5                         |
| Comcast.....B3                      | <b>L</b>                         | <b>W-X</b>                                |
| Costco.....B12                      | Lenovo Group.....B12             | Walgreens.....B6                          |
| CVS Health.....B6                   | Li Auto.....B3                   | Walmart.....B12                           |
| <b>D</b>                            | <b>M</b>                         | X.....B4                                  |
| Databricks.....B11                  | Marathon Oil.....B11             |   |

INDEX TO PEOPLE

|                         |                           |                             |
|-------------------------|---------------------------|-----------------------------|
| <b>A</b>                | Ghodsí, Ali.....B11       | <b>R</b>                    |
| Amato, Joseph.....B11   | Gill, Keith.....B4        | Ramakrishnan, Ramke.....B11 |
| <b>B</b>                | Graham, Joseph.....B3     | Ray, Nathan.....B5          |
| Baicker, Sarah.....A12  | Grubbs, Rodney.....A3     | Reid, Jason.....B11         |
| Barry, Corie.....B12    | <b>H</b>                  | Ren, Zhiwei.....B11         |
| Benarroch, Joe.....B4   | Hinton, Geoffrey.....B1   | Russell, Stuart.....B1      |
| Bengio, Yoshua.....B1   | <b>J</b>                  | <b>S</b>                    |
| Bloom, Nick.....A11     | Johnson-Poensgen, Doug.B5 | Sandel, Ron.....A12         |
| Blue, Ryan.....B11      | <b>K</b>                  | Saunders, William.....B1    |
| Bromley, James.....B3   | Kam, Judy.....A12         | Shenfeld, Avery.....A9      |
| Bruni, Tom.....B4       | Kokotajlo, Daniel.....B2  | Silkaitis, Annie.....A12    |
| Buffett, Warren.....B3  | <b>L</b>                  | Singer, Paul.....A2         |
| <b>C</b>                | Lee, James.....B1         | Stimmel, Carrie.....B4      |
| Calkins, Tim.....A12    | Lewis, Alexander.....A12  | Szczesniak, Jim.....A11     |
| Cornell, Tim.....B1     | <b>M</b>                  | <b>V</b>                    |
| Costa, Britton.....B5   | Malone, James.....B11     | Vandewege, Renny.....A11    |
| Cox, Wendell.....A11    | Maloney, Drew.....B5      | <b>W</b>                    |
| <b>D</b>                | Medeiros, Logan.....A12   | Weeks, Dan.....B11          |
| Davies, Christa.....B11 | Menninger, David.....B11  | Wilke, Liz.....A11          |
| <b>E</b>                | Musk, Elon.....B2,B4      | Wong, Jennifer.....A12      |
| Ellett, Linda.....A9    | <b>N - P</b>              | <b>Y</b>                    |
| <b>F - G</b>            | Nadella, Satya.....B4     | Yaccarino, Linda.....B4     |
| Finan, Alex.....A11     | Natividad, Amanda.....A12 |                             |
| Ghei, Ashima.....B11    | Pishue, Bob.....A11       |                             |

Market Splits From Rate Worry

Continued from page B1

times forward earnings, against more than 21 times for the big-tech-dominated index. (To be clear, that still isn't cheap by historical standards.)

The sensitivity to rates can be gauged by comparing the ordinary S&P 500, which gives more weight to larger companies, and the equal-weighted version. The ordinary S&P is up over 10% this year through Friday, while the equal-weighted version is up less than 5%.

The link to bond yields is also split, with the average stock more strongly linked to bond yields—rising when they fall, and vice versa—than any time since 1999 over a 100-day period. The gap between this correlation and that of the ordinary S&P, which has a much weaker link to Treasury yields, is unprecedented in data back to 1990.

Aside from artificial intelligence, I think this is best explained by corporate profits and interest rates, and to a lesser extent concern about the economy.

The big tech stocks that dominate the market sit on huge cash piles, while the biggest companies chose to lock in low rates for a long time by refinancing their bonds before the Fed began raising rates in 2022. Smaller companies tend not to have cash piles on which to earn fat savings interest and have more need to issue bonds to raise cash. The smallest don't even have access to the bond market, one reason the Russell 2000 index of smaller companies has lagged so far behind the S&P this year, eking out a gain of 1.6%.

Investors concerned about higher-for-longer interest rates have thus avoided the lower rungs of the S&P, even as the biggest stocks perform well. On days when bond yields fall—as on last Thursday, when they plunged—the rate-sensitive smaller stocks typically do well.

But the S&P is dragged around by the huge weight of its dominant big tech stocks,

so on Thursday the index had a bad day even as only 139 stocks fell. The opposite happened on Friday, when bond yields fell sharply and smaller S&P members rose more than 1.5%, while the index as a whole climbed only half that as its biggest members held it back.

The big-vs.-small-stocks phenomenon reflects the same disconnects we see in the broader economy.

If the Fed is going to wait longer before cutting, as several policy makers have suggested in recent weeks, there will be more pressure on the parts of the economy already struggling with high rates. Poorer and younger borrowers are feeling the pressure of higher rates. This drags on growth: Economic data have come in below forecasts for a month or so, according to Citigroup's economic surprise index.

Big tech sales shouldn't be touched by a slowdown unless it gets really bad, unlike mainstream retailers, financial firms and goods producers.

The oddity about the market's reaction this year is that it is almost exactly the opposite of what happened in 2022. Then, Big Tech stocks plunged as investors marked down their heady valuations, dragging the S&P down

19% over the year. Meanwhile the average stock was down 13%, as smaller, lowly valued companies were regarded as less reliant on future profits that are worth less in a world of higher rates.

Why the difference? The AI excitement offsets the valuation hit. The rate shock this year—from expecting six Fed cuts to just one or two—is a different scale to 2022, when rates soared from zero to 4.5%. And investors have woken up to the long-dated debt and cash hoards that shield so many of the biggest stocks.

Investors outside the big tech sector are right to worry about higher rates. For those looking for bargains, the high valuation of the S&P hides the fact that its smallest 50 members are almost as cheap, at a median 15 times forward earnings, as the index as a whole was at the nadir of the Covid-19 panic in 2020.

If rate cuts do come to pass, the little guys should finally get the chance to put big tech companies in the shade.

BUSINESS & FINANCE



The state has been seeking to lure more financial businesses. Groundbreaking last year for a Goldman Sachs campus in Dallas.

Texas Stock Exchange Makes Pitch

Continued from page B1

ties about an upstart, “ant-woke” exchange launching in Texas. Lee says the exchange is apolitical.

TXSE will be entirely electronic, but it plans to have a physical presence in downtown Dallas, said Lee, a Texan who has worked in finance and trading for around three decades. The exchange plans to compete for both primary and dual listings. The TXSE also hopes to attract listings of exchange-traded products.

Getting the new exchange off the ground would be no

mean feat. NYSE and Nasdaq have an effective duopoly in U.S. corporate stock listings. Other exchanges, including IEX and Cboe Global Markets, have tried to break into the stock-listings business but gained little traction. The Long-Term Stock Exchange, which was approved by the SEC in 2019, has two listings.

Decades ago, there were dozens of regional stock exchanges outside of New York, but they either shut down or were acquired by larger players. The Boston Stock Exchange, the Chicago Stock Exchange and the Philadelphia Stock Exchange are among those that were folded into the parent companies of the NYSE and Nasdaq in the past 20 years.

Attracting trading volumes to a new exchange is also challenging. Traders often direct orders to ex-

changes that have the greatest volumes. TXSE hopes its backers will help.

Citadel Securities is one of the world's biggest electronic-trading firms, and BlackRock is the world's largest asset-management firm. BlackRock and Citadel Securities have a history of backing upstart exchanges, including MEMX, which handles between 2% and 3% of the stock market's volume, according to Cboe data.

Upstarts also benefit from SEC rules that effectively force large brokers to link to every exchange—even ones that have small market share—and pay for connections and market data.

This isn't the first attempt to bring more financial business to the Lone Star State. Texas Gov. Greg Abbott, a Republican, met with exchange officials in 2020 to pitch a

move by their electronic-trading centers to the state from New Jersey, which at the time was considering a tax on financial transactions. The move never materialized.

The newly formed Texas Business Courts, established as an alternative to the Delaware Court of Chancery system, is another sign of the state's growing stature, Lee said.

The courts are center stage right now as Elon Musk's Tesla holds a shareholder vote on whether to move its incorporation to Texas from Delaware.

“Never incorporate your company in the state of Delaware,” Musk tweeted after the Delaware Court of Chancery struck down his multibillion-dollar pay package earlier this year.

—Alexander Osipovich contributed to this article.

AI Workers Hesitate to Speak Up

Continued from page B1

the letter Tuesday that it agrees there should be government regulation.

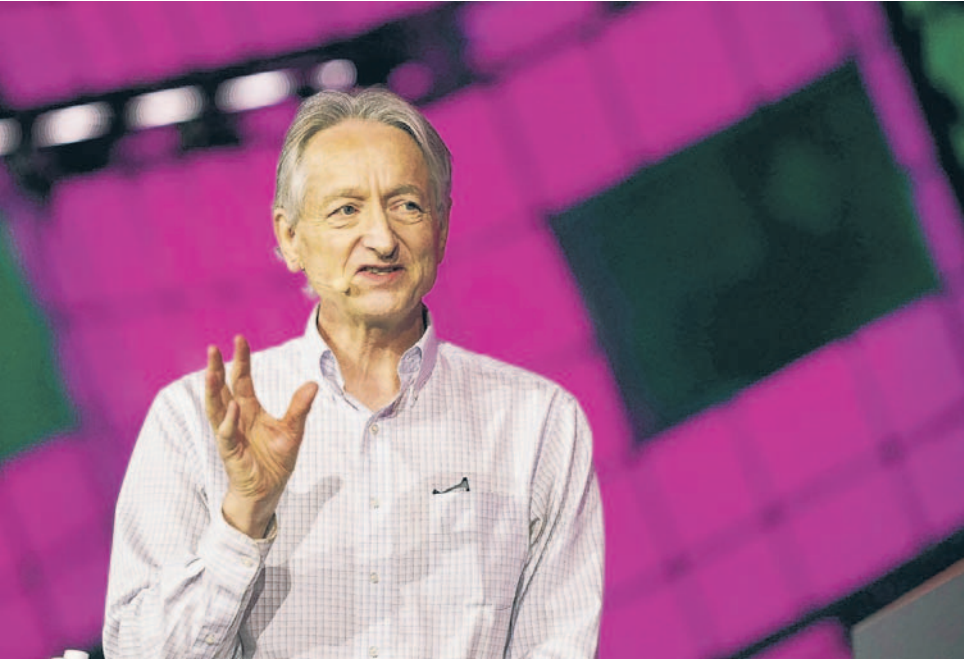
“We're proud of our track record providing the most capable and safest AI systems and believe in our scientific approach to addressing risk,” an OpenAI spokeswoman said. “We agree that rigorous debate is crucial given the significance of this technology and we'll continue to engage with governments, civil society and other communities around the world.”

DeepMind and Anthropic, which is backed by Amazon.com, didn't immediately return requests for comment Tuesday.

OpenAI, a startup founded in 2015, released ChatGPT to the public in 2022. The chatbot became one of the most viral AI products, helping vault OpenAI to a multibillion-dollar company. Sam Altman, OpenAI's leader and one of the architects of the AI revolution, has said he wants the technology to be developed safely.

News Corp, owner of The Wall Street Journal, has a content-licensing partnership with OpenAI.

The letter signees on Tuesday said current and former employees are among the few people who can hold the corporations accountable because there isn't broad government oversight of AI companies. They said one of their concerns is that humans could



Geoffrey Hinton left Google last year so he could more freely discuss the risks of the technology.

lose control of autonomous AI systems that could in turn make people go extinct.

The signees are also asking companies to let employees anonymously report concerns, to not retaliate against whistleblowers and to not make them sign agreements that could silence them. They want AI companies to be more transparent and to focus more on safeguards.

OpenAI said Tuesday it has an anonymous integrity hotline and that it doesn't release technology until it has created necessary safeguards.

Former OpenAI employee Daniel Kokotajlo, who signed the letter, said companies are disregarding the risks of AI in their race to develop the technology.

“I decided to leave OpenAI because I lost hope that they would act responsibly, particularly as they pursue artificial general intelligence,” he said.

### How Google Translate Uses Math To Understand 134 Languages

Scan this code to watch a video about Google Translate's live text translation, which uses a phone camera to interpret its surroundings. We look at the technology, and why it can still botch translations.

“They and others have bought into the ‘move fast and break things’ approach and that is

the opposite of what is needed for technology this powerful and this poorly understood.”

## It's time for “qualified” to mean qualities, not just a bachelor's degree.

Keith, Data Analyst, Google Career Certificate Graduate, STAR

Tear the paper ceiling that is keeping you from discovering over 70 million STARs: workers Skilled Through Alternative Routes that are being held back by degree screens, stereotypes and more. Find out how STARs can meet your talent needs.

TEAR THE PAPER CEILING.ORG

#HireSTARs

STARs\* SKILLED THROUGH ALTERNATIVE ROUTES.

Opportunity @Work

ad COUNCIL



BUSINESS NEWS

# Cannabis Firm Seeks Boston Beer Tie-Up

Green Thumb CEO pitches merger in letter to founder of Sam Adams seller

By Lauren Thomas

Cannabis producer **Green Thumb Industries** has expressed interest in merging with **Boston Beer**, the maker of Sam Adams lager.

Green Thumb Chief Executive Ben Kovler sent a letter to Boston Beer founder and Chairman Jim Koch on Sunday seeking to discuss a potential combination.

In the letter, seen by The Wall Street Journal, Kovler outlined the potential benefits of a combination, including allowing Green Thumb—currently listed in Canada and over the counter in the U.S.—to be listed on a major U.S. exchange.

It could also allow the beefed-up entity to innovate in

categories including prerolled joints, edibles and drinks, and give it more power to pursue mergers and acquisitions, he said.

The Journal reported late last week that Japanese whisky maker **Suntory** was in early talks for a possible Boston Beer acquisition. Boston Beer said in response that it remains “fully focused on our operations as an independent company and returning to our growth path.” Suntory said it wasn’t in negotiations.

Kovler said he would be able to make a superior offer for Boston Beer, adding that young people are drinking less alcohol, while the U.S. cannabis market—still working its way toward legalization for recreational use in many states—is ballooning.

“As we look at a future where this consumer trend continues to gain traction, I believe we have to be proactive versus reactive,” he said.

Boston Beer has a market



DAVID KASNIC FOR THE WALL STREET JOURNAL

A deal would allow Green Thumb to list on a major U.S. exchange. A Green Thumb dispensary

capitalization of about \$3.6 billion. The company’s shares surged more than 20% on Friday on Suntory’s interest. Green Thumb has a market

capitalization of about \$2.5 billion.

A deal could be difficult to pull off, particularly given that cannabis consumption remains

illegal at the federal level in the U.S. The Biden administration is seeking to reclassify marijuana as a less-dangerous drug.

Boston Beer has its own foothold in cannabis with a brand known as TeaPot, which makes cannabis-infused iced tea. It made its debut in 2022 and is currently available in Canada.

This wouldn’t be the first marriage between cannabis and alcohol companies: Anheuser-Busch InBev last year sold a handful of beer and beverage brands, including Shock Top and Blue Point, to cannabis company Tilray Brands. The year before, Tilray agreed to buy craft brewer and hard-seltzer maker Montauk Brewing.

Boston Beer was founded in 1984 by Koch, whose voting control makes his signoff crucial for any transaction.

Kovler founded Green Thumb, based in Chicago, in 2014. A self-described cross between Jerry Garcia and Warren Buffett, he signed off his letter with a Grateful Dead quote: “Once in a while you get shone the light, in the strangest of places if you look at it right.”

# British American Tobacco Predicts Softer First Half

By Elena Vardon

**British American Tobacco** kept its 2024 outlook unchanged but forecast a softer first-half performance as it continues to cope with macro-economic pressures in its key U.S. market.

The cigarette maker—which houses the Kent, Dunhill and Lucky Strike brands—reiterated that it expects its results to be weighed to the second half due to planned investment phasing and slow recovery in the U.S.

Smokers switching to cheaper, nonpremium brands and a rise in illegal disposable

vapes have hindered the performance of its largest market and led to a large write-down of some of its brands in December. BAT expanded in the country—which made up 44% of its 2023 group revenue—through its takeover of Reynolds American in 2017.

“Our guidance also reflects ongoing macroeconomic pressures, particularly in the U.S. market and continued lack of effective enforcement against the growing illicit vapor segment,” Chief Executive Tadeu Marroco said.

Because of these continuing pressures, BAT expects its

first-half revenue and adjusted profit from operations to be down by low single digits on an organic and constant-currency basis. This leaves the group with a lot to do in the second half, Citi analysts wrote in a note to clients.

BAT and other tobacco giants have been trying in recent years to pivot to cigarette alternatives such as e-cigarettes and heated tobacco devices amid a decline in traditional smoking.

“With the U.S. tobacco and vape industry undergoing a shift in normal buying patterns, it’s only natural for

wholesalers to change their ordering habits and that’s hurt British American Tobacco,” AJ Bell investment director **Russ Mould** said in a market comment.

The group said its U.S. combustibles industry volumes were around 9% lower in the year to date as customers remain stretched. “The U.S. is still one of the most affordable markets for cigarettes in the world....The pricing environment has been very solid,” Marroco told analysts.

For the year, the company forecasts that global tobacco volumes will slump 3%.

“We expect growing momentum in the second half, enabled by the investments we are making today,” Marroco added, pointing to planned product launches in its non-combustibles segment.

BAT maintained its guidance of low-single-digit organic revenue growth for 2024. It also expects low-single-digit growth in adjusted profit from operations, with a 2% hit from transactional foreign-exchange impact, it said on Tuesday.

The FTSE 100 group tweaked its translational foreign-exchange headwind hit, which it now sees at around

4%, compared with 3% previously, it added.

Analysts estimate it will make 27.6 billion pounds, or about \$35.35 billion, in total organic revenue and adjusted operating profit of £12.48 billion for the year, according to the latest company-compiled consensus which dates from late January.

The tobacco group continues to target a return to revenue growth of 3% to 5% and mid-single-digit growth in adjusted profit from operations by 2026.

Shares in London retreated 0.5% to 2,422 pence each in Tuesday’s trading.

# Frontdoor Agrees To Buy Provider of Home Warranties

By Colin Kellaheer

Home-repair and maintenance company **Frontdoor** has struck a deal to buy **2-10 Home Buyers Warranty**, a provider of new-home structural warranty protection plans, from private-equity firm **Genstar Capital** in an all-cash deal valued at \$585 million.

Genstar is exiting its stake after more than five years of ownership. The midmarket private-equity firm acquired 2-10 in 2018, financing the deal out of Genstar Capital Partners VIII LP, a midmarket fund that closed with \$3.1 billion in 2017. The fund also had access to an additional \$650 million pool it could tap for deals that required larger equity checks.

Based in Denver, 2-10 offers insurance-backed warranty

plans that provide home builders’ coverage for structural failures. The company generated around \$198 million in revenue in 2023 and had about \$43 million in adjusted earnings before interest, taxes, depreciation and amortization that same year, according to a news release.

Publicly traded Frontdoor on Tuesday said the deal adds a new business line that complements its existing home-warranty customer base, and that it sees the potential for significant synergies.

The Memphis, Tenn., company said it expects to complete the acquisition by the end of the year, adding that it expects permanent financing for the deal to consist primarily of new debt.

—Laura Kreutzer contributed to this article.

# KfW Sells \$2.72 Billion In Deutsche Telekom Shares

By Helena Smolak

German state-owned KfW sold 110 million of its shares in **Deutsche Telekom** for €2.49 billion, equivalent to \$2.72 billion, to free up funds for investment in state-owned railway operator Deutsche Bahn.

The investment-and-development bank said late Monday that the stake it holds together

with the German government stood at 27.8% following the divestment, and they remain the largest shareholders of the telecommunications company.

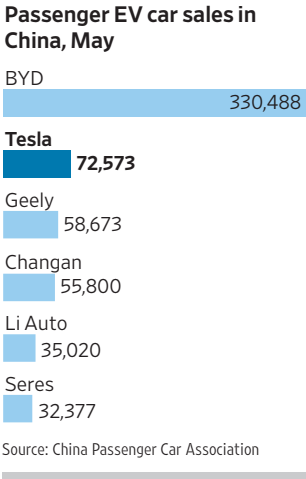
KfW had already sold 22.4 million shares so far in the second quarter before this latest divestment, the lender said.

Deutsche Telekom shares traded down nearly 2% at €22.25 on Tuesday.

# Tesla China’s Sales Climbed in May



WU HAO/EPA SHUTTERSTOCK



Tesla’s sales in China rose in May, as the country’s demand for electric vehicles picked up, thanks to government trade-in programs and consumer interest generated by the Beijing Auto Show.

The U.S. EV maker sold 72,573 China-made cars in the month, up 17% from a year earlier, preliminary data from the China Passenger Car Association showed Tuesday.

The CPCA estimates that total sales of electric passenger cars in China last

month rose 35% from a year earlier to about 910,000 units, increasing 16% from April.

Consumer sentiment toward car purchases was more positive last month after the Chinese government announced a trade-in program late April and after the launch of new models at the Beijing Auto Show, the industry association said.

Tesla remained the second-largest seller of electric vehicles in China. Its rival BYD sold 330,488

units in May, marking the third straight month of more than 300,000 in vehicles sales.

Warren Buffett-backed BYD overtook Tesla as the world’s top seller of electric vehicles in the final quarter of 2023.

Geely Auto and Changan Automobile ranked third and fourth, with 58,673 vehicles and 55,800 vehicles sold in China, respectively.

Li Auto sold 35,020 units in May, while Huawei-backed Seres sold 32,377 units.

—Jiahui Huang

# Diamond Sports Says Comcast Talks Broke Down

By Soma Biswas

Diamond Sports Group’s negotiations with **Comcast** over a new deal to broadcast regional games have reached an “impasse,” leaving the **Sinclair**-owned company to look for alternatives, its lawyer said Tuesday.

Diamond lawyer Joseph Graham said at a hearing in Houston bankruptcy court that while the company is open to further talks, based on Comcast’s “intransigence” it has little choice but to explore alter-

natives. Comcast subscribers lost access to Diamond’s games on its Bally Sports regional networks last month when the companies failed to renew their carriage agreement.

“Bally Sports chose not to exercise a right to extend their contract and they declined multiple offers so we don’t have the rights to their programming,” a spokesman for Comcast said.

The blackout has affected 15 regional sports networks that broadcast local games of baseball teams including the Los

Angeles Angels, St. Louis Cardinals and Texas Rangers. Previously, Diamond’s lawyers had said the company was continuing negotiations with Comcast, one of its three largest cable distributors.

A lawyer for Major League Baseball, which has expressed its displeasure with Diamond Sports for months, raised questions at Tuesday’s hearing about whether the regional sports business can survive.

“We remain disappointed with respect to the Comcast news,” said James Bromley, the

lawyer for the league, adding that he has concerns about the viability of Diamond’s business plan.

Diamond Sports narrowly avoided liquidation early this year by reaching a deal with **Amazon.com** for the media and retail giant to invest in the company’s streaming business. Under the agreement, Amazon would provide Diamond’s local channels through Prime Video. But Diamond must win court approval to emerge from chapter 11 as a going concern and implement the Amazon deal.

# In Memoriam

For more information: [wsj.com/inmemoriam](https://www.wsj.com/inmemoriam)

THE WALL STREET JOURNAL.

IN MEMORIAM

Honor your loved one's life in The Wall Street Journal

Share your loved one's story with an announcement in the pages of The Wall Street Journal, either in our national or regional editions. Our In Memoriam notices provide a dignified way for friends, family and colleagues to pay tribute.

To learn more, visit [WSJ.com/InMemoriam](https://www.wsj.com/inmemoriam)

© 2024 Dow Jones & Company, Inc. All Rights Reserved.

**Michael Pagano**  
May 19, 2024

MESA, ARIZ. - Michael, age 67, passed away on Sunday, May 19, 2024. Michael Angelo Pagano was born to Frank & Ellen Pagano on November 9, 1956, in Kodiak Alaska.

He is survived by his mother, Ellen Pagano, sisters Charlotte (Steve) Stich (WI), Carole Pagano (Lenny Zaiser) (AZ), 2nd cousin Joseph Fadaoff (AK), and his nieces and nephew Tonya Pagano Wagg (AZ), Thomas Helmuth (WI), Jenny Zaiser (AK), Kaitlyn Zaiser (AZ), and Kelley Stich (IA).

To read the full obituary, share fond memories, or express words of sympathy please visit [www.mariposagardens.com](https://www.mariposagardens.com) for the Pagano family.



TECHNOLOGY

# Hitachi, Microsoft in AI Tie-Up

Collaboration is latest venture between the two tech heavyweights

By KIMBERLEY KAO

**Hitachi** and **Microsoft** announced a multibillion-dollar collaboration to accelerate the adoption of generative artificial intelligence, the latest in a series of partnerships and investments the two companies are undertaking.

As part of the three-year partnership, the Japanese conglomerate will integrate Microsoft products including Microsoft Cloud and GitHub Copilot into Lumada, Hitachi’s core digital, software and services business, the companies said. Hitachi aims to hit \$18.9 billion in revenue from its Lumada business in the current financial year that began in April. The business generated revenue of \$15 billion in the prior financial year. Hitachi in late May announced a partnership with

Google that would see the Japanese company establish a business unit focused on helping businesses solve industry problems with Google’s AI technology. For its part, Microsoft has been pursuing billions of dollars in investments in Asia, especially in Southeast Asia, a fast-growing region of more than 670 million people where demand for data centers and cloud-computing businesses is rising. The U.S. tech giant in May announced plans to invest \$2.2

billion in cloud and AI infrastructure in Malaysia after disclosing similar plans in Indonesia and Thailand. “We are entering a new era of AI with the promise to deliver transformative business outcomes across every role and industry,” said Microsoft Chief Executive Satya Nadella. Hitachi also plans to train more than 50,000 generative AI professionals, enabling them to acquire advanced software-development skills using GitHub Copilot and Azure OpenAI Service, and use Azure OpenAI Ser-

vice to enhance its customer service. Microsoft’s cloud-computing business, Azure, has been expanding rapidly amid rising demand for AI computing. Last quarter, Azure’s cloud business grew 31% compared with the same period a year earlier, with seven percentage points of the growth coming from its AI services, helping to fuel the company’s 17% top-line growth. Hitachi plans to invest ¥300 billion, equivalent to \$192 billion, on generative AI in fiscal 2024.

# Yaccarino, CEO of Musk’s X, Loses Top Lieutenant

By JOE FLINT, ALEXA CORSE AND ALEXANDER SAEEDY

X Chief Executive Linda Yaccarino’s right-hand man and head of business operations, Joe Benarroch, is leaving the company, according to people familiar with the matter. Benarroch has been one of Yaccarino’s most trusted advisers for years. The two previously worked together at Comcast’s NBCUniversal, where Yaccarino oversaw the media giant’s ad business. Soon after Yaccarino joined the social-media platform—then known as Twitter—in 2023, she tapped Benarroch to be part of her team.

Benarroch’s title at X was head of business operations. In practice, he held significant sway as an adviser to Yaccarino, including overseeing corporate communications, according to former employees. An email to the company’s account for media requests seeking comment about Benarroch got a reply: “Busy now, please check back later.” X has been grappling with a challenging financial picture. The platform has long depended on advertising revenue, which Elon Musk has said dropped sharply after his takeover. Yaccarino has been trying to rebuild the company’s ad-sales business, among other initiatives.

Musk said in March that X’s advertising and subscription revenue has started rising rapidly, without providing numbers. Benarroch is known as a hard-charging executive who isn’t afraid of confrontation. His style has rubbed colleagues the wrong way at NBCUniversal and X, people who worked with him said. Benarroch this week was involved in the rollout of X’s adult-content policy, according to people familiar with the matter. The platform has allowed adult content for years, but the new policy language triggered a round of headlines this week about the presence of such content on the site. The company said it hadn’t changed the policy but only simplified the wording. Benarroch had taken a public role, at times giving statements to the media. After Musk’s takeover, the company had dismantled its communications department. —Suzanne Vranica contributed to this article.

# GameStop’s Meme Lord Stirs New Intrigue

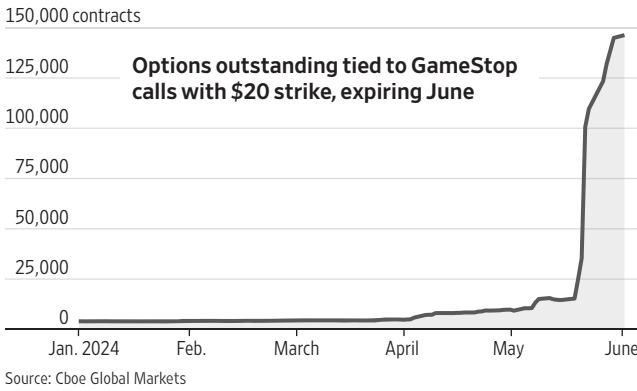
By GUNJAN BANERJI

Posting memes online can make you really, really rich. That is, if you are Keith Gill, the leader of the **GameStop** revolution. After re-emerging on X last month for the first time in three years, Gill finally revealed his hand. He posted a screenshot of his brokerage account on Reddit that showed a \$260 million position in GameStop as of Monday afternoon. “He left everybody wondering what his next move was. Then he comes out and reveals this massive position,” said Tom Bruni, head of market research at Stocktwits, a social-media platform for investors. Gill’s social-media activity helped send GameStop shares soaring Monday: The stock surged 21% to \$28. A screenshot from Gill this week put his one-day paper gains at \$79 million. On Tuesday, shares slipped 5.4%.



Vince Gill’s claim to hold a \$260 million position in GameStop sent the stock up. E\*Trade is considering booting him off the platform.

Options appeal to some investors because of the outside gains they can offer compared with stocks. The prices of options can rapidly multiply if a trader’s bet proves correct. Ahead of a mid-May post on X, Gill started scooping up options tied to GameStop, The Wall Street Journal reported. If Gill purchased call options tied to the shares rising, they likely surged in value—GameStop shares jumped 74% in the trading session after Gill re-emerged on social media. In recent days, Gill revealed holding June options tied to a \$20 strike. Options outstanding in the calls tied to the \$20 strike increased in mid-May and surged dramatically later in the month, Cboe Global Markets data show. As of early May, there were fewer than 10,000 contracts outstanding, a figure that swelled to almost 150,000 as of Friday.



The screenshot shows Gill owns 120,000 of those call options. On Monday, he revealed a \$54 million gain tied to that position in one session alone. Gill could flip the contracts he owns for a large profit, or exercise them to purchase additional shares. The contracts give him the right to buy shares at \$20, well below where they are currently trading. Some of the most popular trades in the options market this week have been tied to the shares jumping to \$40 or even \$128, Cboe Global Markets data show. That suggests individual investors are lining up to follow Gill. David Ritz Jr., a 30-year-old delivery worker in Perry, N.Y., said he bought about \$300 worth of GameStop shares on Monday morning after seeing

the screenshot of Gill’s position in GameStop on Reddit. “I’m just floored and a little bit jealous,” he said of the screenshot. “Anybody can do that and for absolutely free. It’s part of the open market.” Mukesh Oberoi, 33, said he pounced last month when Gill re-emerged. He bought shares for what he considers his speculative account on Robinhood that he keeps separate from his other investments. Oberoi says he has fond memories of going to GameStop to pick up new games, though he mostly buys them online now. He hasn’t sold. The Journal reported Monday that E\*Trade is considering telling Gill that he can no longer use its platform after growing concerned about potential stock manipulation. No decision has been made. Gill couldn’t be reached for comment. —Hannah Miao contributed to this article.

# Asia Chip Giants Aim For Edge

Continued from page B1 powerful chip in Taiwan—the type of breakthrough needed for cutting-edge artificial intelligence and smartphones. **Samsung Electronics** and **SK Hynix** are set to make their next-generation memory chips in South Korea, with the government orchestrating ready access to engineers, natural resources and suppliers. The stakes are high for these chip-dominant economies. Semiconductors represent about one-fifth of South Korea’s exports. Unlike America’s Silicon Valley, Taiwan relies on a so-called Silicon Shield—the belief that its chip sector is so vital to global trade that it can deter a Chinese attack. “They have an advantage because they have a broader ecosystem of suppliers across all facets of the supply chain,” said John VerWey, a nonresident research fellow at Georgetown University’s Center for Security and Emerging Technologies, a think tank. To be sure, American companies such as **Nvidia**, **Qualcomm** and **Apple** design the world’s best chips. But in recent decades, the ability to manufacture them has overwhelmingly resided in Asia. The U.S.’s future gains as a chip maker could be amplified by extra rounds of congressio-



Samsung Electronics is set to make its next-generation memory chips in South Korea.

nal funding or a major leap from **Intel**, the sole American company in the three-way race with TSMC and Samsung to produce advanced logic chips. Asia’s lead could also be imperiled should a military conflict break out in the Taiwan Strait or on the Korean Peninsula. Though the U.S. share of global production of advanced logic chips is expected to grow significantly, the two Asian chip powerhouses will retain strength in key areas, including advanced logic-chip production and memory chips, according to a recent forecast through 2032. Governments in both places are staying aggressive. In May, South Korea’s government announced a \$19 billion support package to bolster its chip in-

dustry—more than double what had been floated just weeks earlier. Last year, Taiwan enacted government incentives, including a 25% tax deduction on research-and-development expenses, and these funds are now open for local companies to apply for. Adding to the competition, China in recent days pledged roughly \$48 billion to its national semiconductor fund, the largest installment ever. But with U.S. curbs in place, China’s ability to quickly compete on the high end with Taiwan and South Korea is likely limited despite the influx of government funds. **Taiwan’s advantage** Five decades ago, Taiwan pivoted toward semiconduc-

tors as part of its industrial transformation. Chips represented roughly two-fifths of the island’s exports last year. Taiwan’s economic affairs ministry, in written remarks to The Wall Street Journal in early May, called the industry the “divine mountain that guards the nation.” Chips made using TSMC’s next-generation 2-nanometer process are on track to be mass-produced in Taiwan first in 2025, with U.S.-based production of such chips expected in 2028. TSMC’s dominance stems from its singular focus on chip-making, substantial investments, and collaboration with top tech companies on their most advanced chip-design blueprints, according to industry experts. Roughly the same geo-

graphic size as Maryland, Taiwan packs together industrial hubs connected by high-speed railroads, science parks and chip factories. Engineers stand ready 24 hours a day to troubleshoot problems at a moment’s notice, according to Taiwan’s Ministry of Economic Affairs. In the U.S., TSMC has pointed to several disadvantages from talent recruitment to work culture. As a result, the company plans to charge more for its chips made at its Arizona facilities. TSMC also dominates in advanced packaging—a key technique in which chips are stacked atop one another, and which is used to produce chips that power chatbots such as OpenAI’s ChatGPT. Currently, all of TSMC’s advanced packaging facilities are situated in Taiwan, and the company hasn’t disclosed any plans to build them anywhere else. “If TSMC has a problem, basically the whole global electronics industry has a problem,” said Handel Jones, chief executive of International Business Strategies, a chip-industry consulting firm. **South Korea’s edge** On top of its \$19 billion support package for the chip industry, South Korea has already attracted research-and-development facilities from top foreign partners for its enormous semiconductor cluster that is under way. That includes the Netherlands’ **ASML Holding**—the only company making advanced lithography machines that can produce cutting-edge chips. The government plans to

inject another roughly \$7 billion toward supporting R&D efforts for AI. That includes further advances in the type of specialized memory chip critical for AI computing called high-bandwidth memory, or HBM, an area dominated currently by SK Hynix, which is currently Nvidia’s main partner for the chips. The R&D efforts could happen anywhere, but such advances would need to be located close to facilities churning out the latest high-end memory, said Yun Doo-hee, who oversees the AI chip initiative at South Korea’s Ministry of Science and ICT. And those factories, he added, “are mostly here.” The South Korean government has promised faster land approval, guaranteed access to electricity and expanded tax credits for infrastructure investments. Support programs are under way for areas perceived as relative weak points, such as logic chips. Top local universities, in partnership with companies and regulators, have created “semiconductor majors” at both the undergraduate and graduate levels. The perk: free tuition and a guaranteed engineering job at Samsung or SK Hynix upon graduation. —Joyu Wang contributed to this article. This is part of a Wall Street Journal series looking inside the escalating global chip battle. At stake: leadership of an industry expected to double in size by the end of the decade to \$1 trillion.



BUSINESS NEWS

Volvo to Provide Source of Metals For EV Batteries

By YUSUF KHAN

Swedish automaker **Volvo Cars** is rolling out a new supply-chain tracker that will allow customers to identify the source of key raw materials in batteries for the company’s electric vehicles. The move comes amid increased scrutiny of the environmental and social impact of commodities used in the energy transition. Volvo worked with British technology firm **Circulor** to create a first-of-its-kind electronic record, or “battery passport,” that contains verified data on raw materials, their origins, weight and size, the chain of custody of components and recycled content inside the battery of its EVs.

In 2027, the European Union will require all EVs to have a battery passport, pushing the urgency for passports such as the one produced by Circulor and Volvo to come to market.

Initially, the passport—which will be available for customers via an app or through a QR code on the inside of the driver’s door—will be rolled out in the European Union and the U.S. with the company’s

Volvo EX90 models, starting this year. The cars will use Circulor’s blockchain technology to act as a digital ledger.

Circulor and Volvo have been developing the battery passport for the past six years, working through the supply chain from “rock to car,” according to Doug Johnson-Poensgen, chief executive of Circulor. He likened the passport to a cake, with each ingredient identified and sourced, along with the cost to the environment.

“The purpose of the battery passport is to source more responsibly and prove you are trying to improve the sustainability of batteries,” Johnson-Poensgen said. “The main driver is to effectively shine a light into the deeper parts of a supply chain that were previously pretty opaque.”

The passport will also include the CO2 footprint of the entire battery pack and the percentage of recycled material used in the battery, as well as life cycle data to eventually show battery health. Doing so should help to improve recyclability of batteries, Volvo said.



The program will start with the company's Volvo EX90 models.

Healthcare Roll-Ups Grow Rarer

*Continued from page B1* line slower and costlier, but not impossible, Cornell said. “I am not sure it has created the uncrossable ravine in the marketplace that the government hopes to create,” he said.

Roll-ups are perhaps the most fundamental strategy in the private-equity playbook. Add-on transactions made up 76% of total U.S. buyouts as of the end of 2022, up from 60% a decade earlier, according to law firm Goodwin Procter.

The business logic is simple. Creating one big company from many small ones can improve profit margins through economies of scale. And larger companies typically command higher prices in the merger market, so buyout firms have an easy arbitrage opportunity when they combine several small companies into a big one, and then sell it.

For many years roll-ups weren’t a priority for antitrust regulators, say attorneys who work with buyout firms. The government focused on large transactions, not ones for relatively small businesses like individual physician practices or medical labs.

But under Lina Khan, who has chaired the FTC since 2021, the agency has become concerned about the cumulative effect of these series of acquisitions even if the individual companies being bought are small.

“By consolidating power gradually and incrementally, through a series of smaller deals, firms have sometimes sidestepped antitrust review,” Khan said in March. “In the aggregate, these roll-up plays can eliminate meaningful competition and allow new owners to jack up prices, degrade quality and neutralize rivals without competitive checks.”

Last September, the FTC



Under Lina Khan, the FTC has become concerned about the cumulative effect of small deals.

sued private-equity firm Welsh, Carson, Anderson & Stowe and an anesthesiology business it backs for allegedly trying to monopolize the Texas market and raise prices. A federal judge last month dismissed the charges against Welsh Carson, but let the case against the anesthesiology provider continue.

In December, antitrust authorities changed merger guidelines to let them review more small roll-up transactions that would have skated through in the past. In March, the FTC and Justice Department announced a probe into private-equity conduct in the medical sector, including the effect of roll-ups.

The private-equity industry and its lobbyists have pushed back against efforts to slow roll-ups, also called “buy-and-build” strategies.

“The ongoing attacks against buy-and-build will make it harder for entrepreneurs across our country to achieve the American dream, create jobs and provide opportunities in their communities for workers and families,” said

Drew Maloney, president and chief executive of private-equity trade group the American Investment Council, in response to the probe started in May by the Justice Department and FTC.

Some people who work on these deals say regulatory pressure has had little effect. Healthcare roll-ups have declined, but so have all buyout deals. Private-equity dealmaking last year was 41% lower by total value than in the peak

Roll-ups are a fundamental strategy in the private-equity playbook.

year of 2021, according to PitchBook data, largely because of higher interest rates and reduced asset values.

Nathan Ray, head of healthcare mergers and acquisitions at consulting firm West Monroe, thinks the decline is entirely due to macroeconomic factors such as high rates, and not government scrutiny.

Private-equity firms “are paying for more advisers to do more market analysis, but I don’t believe that anyone has failed to consummate a [private-equity healthcare transaction] because of this scrutiny,” Ray said.

Britton Costa, head of healthcare and pharma at credit-analysis company Fitch Ratings, says the government crackdown on private-equity roll-ups in the healthcare sector could be a short-term positive for credit quality. Roll-ups often use high leverage levels, and government scrutiny could force firms to moderate their use of debt.

Costa doesn’t see a “dramatic slowdown” in healthcare roll-ups yet but said it could happen if regulators start winning more court challenges to mergers. He notes that the FTC has had a mixed record in these cases so far, with several attempts to block deals on antitrust grounds tossed out by judges.

For others in the industry, the FTC’s mixed record is cold comfort. That healthcare roll-ups have slowed so much despite several FTC court losses demonstrates how much power the regulator has to influence the market.

“Despite the fact the FTC has lost lawsuits, it has cast a pall” on private-equity healthcare roll-ups, said one private-equity adviser.

A few wins for the FTC could turn the healthcare roll-up strategy into a virtual “no-fly zone” for buyout firms, the adviser added.

Congratulations to our new managing directors.

These dedicated leaders demonstrate a real commitment to care and a drive to deliver industry-leading corporate and investment banking solutions. Their broad expertise and relentless focus on our clients’ success inspire us.

2024 Promotions

Trey Clayton  
Equity Derivatives Sales

Nick Jordan  
Leveraged Finance  
Financial Institutions

Katie Lundin  
Wholesale Credit Delivery  
Leveraged and Sponsor, Healthcare

Janak Melvani  
Credit Sales  
High Yield

Julian Pomfret-Pudelsky  
Systematic Credit Trading

Matthew Rotenberry  
Investment Grade DCM  
Consumer and Retail

Michael Roxland  
Equity Research  
Paper and Packaging

TruistSecurities.com

© 2024 Truist Financial Corporation. TRUIST and Truist Securities are service marks of Truist Financial Corporation. All rights reserved. Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member FDIC.



# THE PROPERTY REPORT

## Lots for Apartments Stay Empty

*Continued from page B1*

322,000 units in April, the lowest April rate since 2020, according to the Census Bureau.

While most developers get tripped up before real activity begins, a few found trouble after starting construction, leaving them with half-built properties. In downtown Phoenix, work stopped last fall at a 25-story apartment tower that was most of the way up. Contractors filed claims for millions of dollars over unpaid work.

“We certainly are seeing a decline in construction,” said Robert Dietz, chief economist at the National Association of Home Builders. “Deals and financing have dried up.”

Some decline was inevitable. About half a million new apartments opened in 2023, the most in 40 years. Based on what is already under construction, analysts expect a similar number to be completed in 2024.

In some cities, the surge in building has meant there are more apartments than can be quickly leased without cutting rents, making some investors skittish about adding more units.

But banks have other issues that keep them from lending as much to apartment builders this year. Many regional banks are souring on the commercial real-estate loans on their books.

“Their current portfolios



The amount of time the average apartment project takes, between authorization and when construction begins, is up 45% from 2019. Building a complex in Los Angeles.

are getting marked down and they don't have that much to lend,” said David Frosh, chief executive of Fidelity Bancorp Funding, a California real-estate lender.

That means developers need to raise more cash from investors to build. But many investors are more cautious, as rent growth flattens and new projects look less profitable at today's higher rates and construction costs. “The numbers don't add up,” Frosh said.

In Worcester, Mass., about a dozen apartment projects with more than 2,000 units are delayed, according to a May re-

port from the city's economic-development office. Struggling projects include buildings with as many as 200 market-rate apartments and affordable housing, said Joshua Lee Smith, a real-estate attorney working with developers who have stalled projects in Worcester.

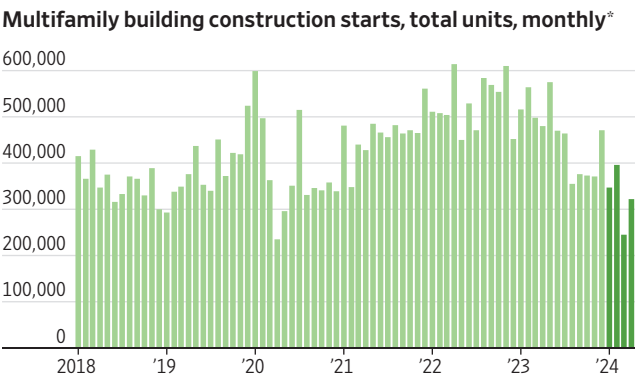
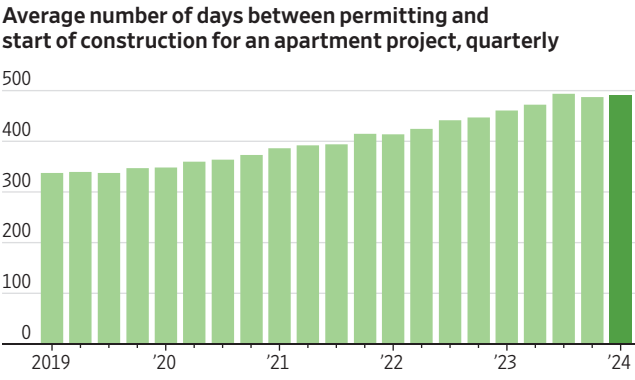
“The interest rates are at a point where a lot of investors are sitting on the sidelines,” he said.

Cities like Worcester and Boise, whose relative affordability attracted droves of newcomers in recent years, had been overdue for a spate

of new housing construction. In August 2021, annual asking rent growth in Boise hit a record of 25%, according to property software company RealPage. Home prices in its surrounding county shot up 79% in three years between 2019 and 2022.

Encouraged by that strong demand, apartment construction increased in the Idaho capital. But like Carr, the Seattle developer who came to Boise, some builders are running into problems.

In late 2022, Boise apartment developer Galena Opportunity was about one-third of



\*Buildings with five or more units planned  
Sources: Yardi Matrix (apartment project); Census Bureau via Federal Reserve Bank of St. Louis (construction starts)

the way through construction of a 350-unit project when a major investor decided to back out. Contractors filed millions of dollars of claims against the company for portions of unpaid work, and cranes came down.

The project, in the Boise suburb of Meridian, remains stalled while Galena tries to court new partners. Galena is proposing other changes to its plans to bring down construction costs, such as switching up the materials it had originally chosen for the building's facade, said Bill Truax, the company's president. He hopes to

resume construction with the help of new investment later this year.

Other builders have made bigger changes to save their projects, including Carr, the Seattle developer. His company is refashioning part of its Boise development into affordable housing, so it qualifies for government tax credits. That means the company doesn't need to put up as much equity to move forward. Carr hopes to start building by the fall. “It's been way more brain damage,” Carr said. “But I see it as this great opportunity. I'm sinking my teeth into something new.”

## BUSINESS & FINANCE

# Influencers Drive New Unionizing: Pharmacists

By JOSEPH WALKER

It started with posting memes on Facebook and grew into a national labor-organizing campaign. The target: unionizing pharmacists at CVS, Walgreens and other chains.

With social-media handles like “The Accidental Pharmacist,” “RxComedy” and the hashtag #PizzaisNotWorking, a small group of social-media influencers late last year co-founded the Pharmacy Guild, a union affiliated with the International Association of Machinists and Aerospace Workers.

This breed of labor organizers is pushing for more staffing, which they say will alleviate prescription backlogs and ease the frustrations of customers. The organizers seek better wages and benefits, especially for the workhorses of the pharmacy called technicians who often put the pills in bottles.

Their effort is gaining momentum. To date, four CVS Health-owned pharmacies filed to unionize. Last month, workers at two Rhode Island CVS stores voted overwhelmingly to join the Guild.



Left, Shane Jerominski, a co-founder of the Pharmacy Guild. Above right, Bled Tanoe began posting on social media about workplace issues while on staff as a Walgreens pharmacist in Oklahoma City. At right, protesters outside the headquarters of drugstore chain Walgreens during a three-day walkout by pharmacists in Deerfield, Ill., last year.

“We have hundreds of campaigns going on around the country,” said Shane Jerominski, a Guild co-founder and the man behind the Accidental Pharmacist page on Facebook. “I don't think that we would have ever convinced any union to put all this trust in [us] if we didn't have that sort of following.”

CVS and Walgreens say they

made changes in response to their employees' complaints, and that they respect the right of their workers to unionize or not.

“Direct, two-way relationships are the best way to both resolve workplace concerns and then understand what we can do better,” said Jared Tancrelle, CVS senior vice president of retail operations.



Jerominski, of Indio, Calif., created the Accidental Pharmacist nearly a decade ago, with off-color jokes and wry observations about life behind a Target pharmacy counter in his hometown where he was then working.

His follower count soared during the pandemic, as his page became a popular place for pharmacists and assistants known as technicians to vent their frustrations about understaffed stores and increased responsibilities, such as providing Covid-19 vaccine shots.

Jerominski made alliances with other pharmacy influencers, including Maurice Shaw, an aspiring stand-up comedian and clinical pharmacist in Springfield, Ill. Shaw, 40, started a YouTube page called RxComedy in 2013. He has an Instagram account under the handle “drofcomedy.” His videos, including skits about calling in sick and commentary on pharmacy mishaps, have garnered more than three million views.

Shaw parodied the hit country rap song “Old Town Road” in a video called “Understaffed Road.” The parody laments the perils of not having enough workers to keep up with pharmacy demand. “What about patient care and patient safety/ Not enough help for me to fill scripts safely,” he raps in one verse. “I got a hunch, I won't be getting lunch/Man, can I just get a Hawaiian Punch?”

The union influencers' posts increasingly veered into labor activism during the pandemic, as pharmacists began to feel the strain of heavy workloads and staffing shortages. While a Walgreens pharmacist in Oklahoma City, Bled Tanoe began posting on Twitter and Facebook with a hashtag alluding

to what she saw as management's insufficient attempts to address pharmacists' concerns about their working conditions.

“Dear World, your retail Pharmacies are not staffed adequately to handle the new wave of vaccines. Expect delays up to weeks. Expect more and more incidents of errors. Your Pharmacies (not Pharmacists/Techs) are putting you in danger.#PizzaisNotWorking,” she wrote on Twitter in November 2021. Tanoe left the pharmacy later that year.

They began amplifying the workplace complaints of CVS pharmacists in Kansas City, Mo., who complained of understaffing leading to large work backlogs.

In September, 32 of the Kansas City pharmacists refused to show up for work in protest. In October, Walgreens pharmacists staged sporadic walkouts.

The small-scale labor actions gave Jerominski the idea for Pharmageddon, a nationwide walkout in November by pharmacists and technicians to protest working conditions.

The media attention helped convince leaders at the International Association of Machinists and Aerospace Workers, or IAM, to get behind the Pharmacy Guild, said Jerominski, who is a paid consultant to the Guild.

An IAM spokeswoman praised the leadership of the pharmacy activists and said their efforts would help both pharmacists and patients.

“In my career, I have not seen this level of organization

around a common cause in our profession,” said Rafael Saenz, chief of staff for the American Pharmacists Association, a professional group. “Shane and his team have been pretty brilliant about how they go about spreading the message via social media.”

It is painstaking organizing work. The Pharmacy Guild has three organizers working on the campaign plus others from the parent union, which has invested at least \$1 million, Jerominski estimates. But there are tens of thousands of pharmacies in the U.S., and hundreds of thousands of pharmacists, most of whom don't belong to unions.

IAM is helping pharmacists who are organizing their workplaces, the IAM spokeswoman said. She declined to say how much money IAM is investing in the campaign, but described Jerominski's funding estimate as inaccurate.

Last year, 4.6% of pharmacists and 9.1% of technicians were covered by collective bargaining contracts, according to estimates by Unionstats.com, a website run by economists using government labor statistics.

The social-media posts are playing a key role in raising awareness.

“I saw the Accidental Pharmacist posted something about the Pharmacy Guild and we looked more into it,” said Chris DesRochers, a CVS technician in Narragansett, R.I., whose store filed to join the Guild. “It's a very entertaining page.”

### ADVERTISEMENT

## Business Real Estate & Services

To advertise: email [sales.realestate@wsj.com](mailto:sales.realestate@wsj.com) or [WSJ.com/classifieds](http://WSJ.com/classifieds)

### UCC Public Sale Notice

Please take notice that Hilco Real Estate, on behalf of IOF III Trust 7B (or any successor thereto, the “Secured Party”), offers for sale at public auction under Article 9 of the Uniform Commercial Code, to be held virtually on July 2, 2024 at 11 a.m. Eastern Time, 100% of the limited liability company membership interests (the “Interests”) in 80 Cottontail RE Holdings, LLC (the “Borrower”) pledged by Tzvi Rivkin (the “Member”) to Secured Party. The Borrower is the owner of a 4-story office located at 80 Cottontail Lane, Somerset, New Jersey, as well as related real and personal property interests (collectively, the “Property”).

The Secured Party holds a loan to the Borrower secured by, among other things, a first priority lien on the Interests pledged by the Member. The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The amount of the secured obligations owed to the Secured Party is in excess of \$5.08 million.

The Interests are being offered as a single lot on an “as-is, where-is”, with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party. The winning bidder shall be responsible for the payment of all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Interests.

The Secured Party reserves the right to credit bid, set a minimum reserve price, reject any or all bids (including without limitation any bid that it deems to have been made by a bidder that is unable to satisfy the requirements imposed by the Secured Party upon prospective bidders in connection with the sale or to whom in the Secured Party's sole judgment a sale may not lawfully be made) and terminate or adjourn the sale to another time, without further notice. The Secured Party further reserves the right to restrict prospective bidders to those who will represent that they are purchasing the Interests for their own account for investment not with a view to the distribution or resale of such Interests, to verify that the certificate for the Interests to be sold bears a legend substantially to the effect that such interests have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and may not be disposed of in violation of the provisions of the Securities Act and to impose such other limitations or conditions in connection with the sale of the Interests as the Secured Party deems advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of the Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good funds within 60 days after the sale (unless otherwise agreed by Secured Party) and otherwise comply with the bidding requirements. Further information concerning the Interests, the requirements for obtaining information and bidding on the interests and the Terms of Sale are available upon request to:

Jonathan Cuticelli  
Hilco Real Estate  
[JCuticelli@HilcoGlobal.com](mailto:JCuticelli@HilcoGlobal.com)  
(203) 561-8737



# BIGGEST 1,000 STOCKS

### How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**  
†-New 52-week high; †-New 52-week low; dd-Indicates loss in the most recent four quarters.

**Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.**

| Tuesday, June 4, 2024 |      |        | Net    |                |      |        |       |
|-----------------------|------|--------|--------|----------------|------|--------|-------|
| Stock                 | Sym  | Close  | Chg    | Stock          | Sym  | Close  | Chg   |
| <b>A B C</b>          |      |        |        |                |      |        |       |
| AECOM                 | ACM  | 85.09  | -0.63  | AirProducts    | APD  | 270.30 | -0.61 |
| AES                   | AES  | 20.49  | -0.27  | Airbnb         | ABNB | 147.08 | 0.83  |
| Aflac                 | AFL  | 88.04  | -0.87  | AkamaiTech     | AKAM | 91.06  | 0.16  |
| AGCO                  | AGCO | 103.73 | -1.62  | Albemarle      | ALB  | 118.31 | -2.58 |
| Ansys                 | ANSS | 317.10 | 2.35   | Albertsons     | ACI  | 20.37  | -0.18 |
| † ASE Tech            | ASPL | 28.96  | -0.48  | Alcoa          | AA   | 42.01  | -2.00 |
| ASX                   | ASX  | 10.73  | -0.27  | Alcon          | ALC  | 90.41  | 0.77  |
| ASML                  | ASML | 570.81 | -14.67 | AlexandriaREit | ARE  | 117.51 | -0.16 |
| † AT&T                | T    | 18.35  | 0.34   | Alliada        | BABA | 78.45  | 0.55  |
| ATI                   | ATI  | 58.64  | -2.11  | AlignTech      | ALGN | 248.91 | -5.62 |
|                       |      |        |        | Allegion       | ALLE | 117.64 | -2.86 |
|                       |      |        |        | AlliantEnergy  | LNT  | 51.78  | 0.68  |
|                       |      |        |        | Allstate       | ALL  | 163.42 | -0.70 |

### Cash Prices

Tuesday, June 4, 2024

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.

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    |                  | Wheat,No.1soft white,Portld,OR-u      | 6.7250  |

| Tuesday                            |                  | Tuesday                               |         |
|------------------------------------|------------------|---------------------------------------|---------|
| Energy                             | Grains and Feeds | Food                                  |         |
| Coal,C Aplc,12500Btu,1.2502-r,w    | 79.400           | Bran,wheat middlings,KC-u,w           | 83      |
| Coal,PwdrRvrBsn,8900Btu,0.8502-r,w | 13.600           | Corn,No.2 yellow,Cent IL-lp,u         | 4.1600  |
|                                    |                  | Corn gluten feed,Midwest-u,w          | 103.0   |
|                                    |                  | Corn gluten meal,Midwest-u,w          | 421.8   |
|                                    |                  | Cottonseed meal-u,w                   | n.a.    |
|                                    |                  | Hominy feed,Cent IL-u,w               | 115     |
|                                    |                  | Meat-bonemeal,50% pro Mnpls-u,w       | 313     |
|                                    |                  | Oats,No.2 milling,Mnpls-u,w           | 4.1050  |
|                                    |                  | Rice, Long Grain Milled, No. 2 AR-u,w | 36.250  |
|                                    |                  | Sorghum,(Milo),No.2 Gulf-u            | n.a.    |
|                                    |                  | SoybeanMeal,Cent,IL,railton48%-u,w    | 386.20  |
|                                    |                  | Soybeans,No.1 yllw IL-lp,u            | 11.5200 |
|                                    |                  | Wheat,Spring14%-pro Mnpls-u           | 8.9350  |
|                                    |                  | Wheat,No.2 soft red,St.Louis-u        | 6.5425  |
|                                    |                  | Wheat - Hard - KC (USDA) 5-pb,u       | 7.2125  |
|                                    | </               |                                       |         |



COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

| Metal & Petroleum Futures                                     |         |                        |          |                |         |                  |
|---|---------|------------------------|----------|----------------|---------|------------------|
|   | Open    | Contract<br>High hi lo | Low      | Settle         | Chg     | Open<br>interest |
| <b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.             |         |                        |          |                |         |                  |
| June  | 4.6860  | 4.6885                 |          | 4.5445         |         |                  |
| July  | 4.6840  | 4.6960                 | 4.5270   | <b>4.5370</b>  | -0.1305 | 125,933          |
| <b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.              |         |                        |          |                |         |                  |
| June  | 2347.50 | 2347.70                | 2313.90  | <b>2325.50</b> | -21.10  | 1,649            |
| July  | 2360.20 | 2361.00                | 2323.90  | <b>2335.70</b> | -21.80  | 2,083            |
| Aug   | 2371.30 | 2373.10                | 2335.10  | <b>2347.40</b> | -21.90  | 379,458          |
| Oct   | 2393.20 | 2394.10                | 2358.50  | <b>2369.70</b> | -22.30  | 19,115           |
| Dec   | 2416.50 | 2417.50                | 2380.40  | <b>2392.50</b> | -22.50  | 39,189           |
| Feb/25  | 2437.70 | 2440.20                | 2404.80  | <b>2415.50</b> | -22.50  | 6,756            |
| <b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.          |         |                        |          |                |         |                  |
| June  | 904.50  | 904.50                 | 902.00   | <b>910.30</b>  | -2.70   | 14               |
| Sept  | 934.50  | 941.00                 | 909.50   | <b>922.90</b>  | -3.80   | 23,872           |
| <b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.           |         |                        |          |                |         |                  |
| June  | 1028.00 | 1030.50                | 1028.00  | <b>991.60</b>  | -26.90  | 2                |
| July  | 1023.70 | 1029.90                | 993.70   | <b>995.90</b>  | -26.90  | 76,827           |
| <b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.          |         |                        |          |                |         |                  |
| June  | 29.755  | 29.995                 | 29.470   | <b>29.488</b>  | -1.153  | 182              |
| July  | 30.890  | 31.040                 | 29.505   | <b>29.617</b>  | -1.167  | 135,718          |
| <b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl. |         |                        |          |                |         |                  |
| July  | 74.02   | 74.13                  | 72.48    | <b>73.25</b>   | -0.97   | 347,494          |
| Aug   | 73.89   | 73.99                  | 72.44    | <b>73.06</b>   | -1.03   | 259,476          |
| Sept  | 73.61   | 73.73                  | 72.23    | <b>72.75</b>   | -1.09   | 203,584          |
| Oct   | 73.23   | 73.42                  | 71.90    | <b>72.35</b>   | -1.15   | 126,659          |
| Dec   | 72.52   | 72.73                  | 71.23    | <b>71.60</b>   | -1.21   | 190,405          |
| Dec/25  | 69.53   | 69.74                  | 68.30    | <b>68.38</b>   | -1.33   | 105,550          |
| <b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.         |         |                        |          |                |         |                  |
| July  | 2.2898  | 2.2978                 | ▼ 2.2565 | <b>2.2859</b>  | -0.0103 | 97,955           |
| Sept  | 2.3417  | 2.3425                 | ▼ 2.3056 | <b>2.3255</b>  | -0.0206 | 53,020           |
| <b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.       |         |                        |          |                |         |                  |
| July  | 2.3318  | 2.3570                 | 2.2984   | <b>2.3495</b>  | -0.0139 | 117,096          |
| Sept  | 2.2868  | 2.2971                 | 2.2578   | <b>2.2894</b>  | -0.0039 | 66,612           |
| <b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.        |         |                        |          |                |         |                  |
| July  | 2.772   | 2.829                  | 2.573    | <b>2.586</b>   | -1.170  | 286,036          |
| Aug   | 2.814   | 2.874                  | 2.656    | <b>2.670</b>   | -1.134  | 101,899          |
| Sept  | 2.785   | 2.836                  | 2.638    | <b>2.654</b>   | -1.122  | 185,215          |
| Oct   | 2.863   | 2.916                  | 2.712    | <b>2.736</b>   | -1.123  | 147,861          |
| Nov   | 3.190   | 3.241                  | 3.072    | <b>3.095</b>   | -0.099  | 101,834          |
| Jan/25  | 3.869   | 3.913                  | 3.776    | <b>3.798</b>   | -0.080  | 90,522           |

| Agriculture Futures                                  |         |         |         |                |        |         |
|--|---------|---------|---------|----------------|--------|---------|
| <b>Corn (CBT)</b> -5,000 bu.; cents per bu.          |         |         |         |                |        |         |
| July   | 442.50  | 448.25  | 440.00  | <b>442.40</b>  | -1.00  | 656,873 |
| Dec  | 461.25  | 466.50  | 459.75  | <b>462.00</b>  | -0.75  | 437,535 |
| <b>Oats (CBT)</b> -5,000 bu.; cents per bu.          |         |         |         |                |        |         |
| July   | 370.25  | 374.00  | 365.00  | <b>365.40</b>  | -9.25  | 2,555   |
| Dec  | 376.00  | 379.50  | 373.25  | <b>373.60</b>  | -6.00  | 1,234   |
| <b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.      |         |         |         |                |        |         |
| July   | 1184.00 | 1189.50 | 1176.00 | <b>1179.00</b> | -5.50  | 322,988 |
| Nov  | 1163.00 | 1167.50 | 1154.00 | <b>1156.00</b> | -7.75  | 235,687 |
| <b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.     |         |         |         |                |        |         |
| July   | 359.80  | 360.30  | 354.70  | <b>355.10</b>  | -4.40  | 194,799 |
| Dec  | 355.50  | 357.20  | 351.70  | <b>352.60</b>  | -2.40  | 117,730 |
| <b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb. |         |         |         |                |        |         |
| July   | 44.14   | 44.55   | 43.57   | <b>43.62</b>   | -5.52  | 217,820 |
| Dec  | 44.74   | 45.17   | 44.18   | <b>44.26</b>   | -5.54  | 146,882 |
| <b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.     |         |         |         |                |        |         |
| July   | 17.58   | 17.80   | 17.51   | <b>17.58</b>   | -0.07  | 3,278   |
| Sept   | 15.55   | 15.60   | 15.39   | <b>15.41</b>   | -0.22  | 4,725   |
| <b>Wheat (CBT)</b> -5,000 bu.; cents per bu.         |         |         |         |                |        |         |
| July   | 672.50  | 681.25  | 657.75  | <b>658.25</b>  | -14.50 | 196,045 |

Dividend Changes

| Company                | Symbol | Yld % | Amount<br>New/Old | Frq      | Payable/<br>Record |
|------------------------|--------|-------|-------------------|----------|--------------------|
| <b>Increased</b>       |        |       |                   |          |                    |
| Alexandria Real Estate | ARE    | 4.4   | 130/127           | <b>Q</b> | Jul15/Jun28        |
| <b>Stocks</b>          |        |       |                   |          |                    |
| CNS Pharmaceuticals    | CNSP   |       | 150               |          | /Jun05             |

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

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

Money Rates

June 4, 2024

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.

| Inflation                 |              |          |                 | Week ago |     |        |          | - 52-Week- High Low |     |        |          |              |                     |
|---------------------------|--------------|----------|-----------------|----------|-----|--------|----------|---------------------|-----|--------|----------|--------------|---------------------|
| April index               | Chg From (%) | Latest   | Week ago        | High     | Low | Latest | Week ago | High                | Low | Latest | Week ago | High         | Low                 |
| level                     | March/24     | April/23 |                 |          |     |        |          |                     |     |        |          |              |                     |
| U.S. consumer price index |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
| All items                 | 313.348      | 0.33     | 3.3             |          |     |        |          |                     |     |        |          |              |                     |
| Core                      | 317.978      | 0.28     | 3.6             |          |     |        |          |                     |     |        |          |              |                     |
| International rates       |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
|                           | Latest       | Week ago | - 52-Week- High | Low      |     | Latest | Week ago | - 52-Week- High     | Low |        | Latest   | Value Traded | - 52-Week- High Low |
| Prime rates               |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
| U.S.                      | 8.50         | 8.50     | 8.50            | 8.25     |     |        |          |                     |     |        |          |              |                     |
| Canada                    | 7.20         | 7.20     | 7.20            | 6.70     |     |        |          |                     |     |        |          |              |                     |
| Japan                     | 1.475        | 1.475    | 1.475           | 1.475    |     |        |          |                     |     |        |          |              |                     |
| Policy Rates              |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
| Euro zone                 | 4.50         | 4.50     | 4.50            | 3.75     |     |        |          |                     |     |        |          |              |                     |
| Switzerland               | 2.00         | 2.00     | 2.25            | 2.00     |     |        |          |                     |     |        |          |              |                     |
| Britain                   | 5.25         | 5.25     | 5.25            | 4.50     |     |        |          |                     |     |        |          |              |                     |
| Australia                 | 4.35         | 4.35     | 4.35            | 3.85     |     |        |          |                     |     |        |          |              |                     |
| Overnight repurchase      |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
| U.S.                      | 5.40         | 5.41     | 5.48            | 5.04     |     |        |          |                     |     |        |          |              |                     |
| U.S. government rates     |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
| Discount                  |              |          |                 |          |     |        |          |                     |     |        |          |              |                     |
|                           | 5.50         | 5.50     | 5.50            | 5.25     |     |        |          |                     |     |        |          |              |                     |

|  |        |          |                 |        |
|--|--------|----------|-----------------|--------|
| Federal funds  |        |          |                 |        |
| Effective rate   | 5.3300 | 5.3300   | 5.3500          | 5.0800 |
| High   | 5.6500 | 5.6500   | 5.6500          | 5.4000 |
| Low  | 5.3100 | 5.3100   | 5.3300          | 5.0500 |
| Bid  | 5.3300 | 5.3300   | 5.3300          | 5.0700 |
| Offer  | 5.3500 | 5.3500   | 5.3700          | 5.0800 |
| Treasury bill auction  |        |          |                 |        |
| 4 weeks  | 5.270  | 5.270    | 5.325           | 5.010  |
| 13 weeks   | 5.250  | 5.255    | 5.345           | 5.130  |
| 26 weeks   | 5.155  | 5.170    | 5.350           | 4.975  |
| Other short-term rates   |        |          |                 |        |
|  | Latest | Week ago | - 52-Week- high | low    |
| Call money   | 7.25   | 7.25     | 7.25            | 7.00   |
| 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 July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of June 3, 2024. 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.  |        |          |                 |        |

|                                  |       |              |                 |          |
|----------------------------------|-------|--------------|-----------------|----------|
| Commercial paper (AA financial)  |       |              |                 |          |
| 90 days                          | n.a.  | n.a.         | 5.54            | 5.14     |
| Secured Overnight Financing Rate |       |              |                 |          |
|                                  | 5.35  | 5.32         | 5.40            | 5.05     |
|                                  |       | Value Traded | - 52-Week- High | Low      |
| DTCC GCF Repo Index              |       |              |                 |          |
| Treasury                         | 5.403 | 34.870       | 5.504           | 5.079    |
| MBS                              | 5.412 | 42.850       | 5.689           | 5.102    |
| Weekly survey                    |       |              |                 |          |
|                                  |       | Latest       | Week ago        | Year ago |
| Freddie Mac                      |       |              |                 |          |
| 30-year fixed                    | 7.03  | 6.94         | 6.79            |          |
| 15-year fixed                    | 6.36  | 6.24         | 6.18            |          |

ADVERTISEMENT

Showroom

To advertise: 800-366-3975 or WSJ.com/classifieds

PORSCHE

Automotive Excellence Since 1981

Nationwide Delivery Available

Get Into a Pre-Owned Porsche Taycan Today.

**2023 Porsche Taycan** *Stock #13810A demo*

Orig. MSRP: \$116,660

**Price: \$91,660**

Save: \$25,000

**2023 Porsche Taycan 4S** *Stock #36151A*

Orig. MSRP: \$150,060

**Price: \$115,060**

Save: \$35,000

**2023 Porsche Taycan 4S Sport Turismo** *Stock #65549*

Orig. MSRP: \$146,790

**Price: \$111,790**

Save: \$35,000

**2023 Porsche Taycan GTS Sport Turismo** *Stock #90013A demo*

Orig. MSRP: \$176,560

**Price: \$126,560**

Save: \$50,000

*\* Due at lease signing: tax, title, license, document fee, acquisition fee, and 1st month's payment.*

Phone: 800-252-5870

Email: sales@isringhausen.com

Authorized Porsche Center

Springfield, Illinois

|   | Open   | Contract<br>High hi lo | Low      | Settle        | Chg      | Open<br>interest |
|---|--------|------------------------|----------|---------------|----------|------------------|
| Sept  | .7354  | .7358                  | .7316    | <b>.7326</b>  | -0.0019  | 8,252            |
| <b>British Pound (CME)</b> -£62,500; \$ per £           |        |                        |          |               |          |                  |
| June  | 1.2808 | 1.2819                 | 1.2743   | <b>1.2783</b> | -0.0015  | 236,189          |
| Sept  | 1.2811 | 1.2824                 | 1.2751   | <b>1.2789</b> | -0.0015  | 20,294           |
| <b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF       |        |                        |          |               |          |                  |
| June  | 1.1183 | 1.1274                 | 1.1163   | <b>1.1260</b> | .0075    | 96,882           |
| Sept  | 1.1309 | 1.1390                 | 1.1279   | <b>1.1376</b> | .0076    | 2,988            |
| <b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD |        |                        |          |               |          |                  |
| June  | .6692  | .6702                  | .6634    | <b>.6654</b>  | -0.0024  | 186,334          |
| Sept  | .6712  | .6718                  | .6651    | <b>.6671</b>  | -0.0024  | 4,227            |
| <b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN      |        |                        |          |               |          |                  |
| June  | .05639 | .05687                 | .05481   | <b>.05583</b> | -0.00045 | 260,860          |
| Sept  | .05557 | .05607                 | ▼ .05405 | <b>.05506</b> | -0.00044 | 5,434            |
| <b>Euro (CME)</b> -€125,000; \$ per €                   |        |                        |          |               |          |                  |
| June  | 1.0912 | 1.0923                 | 1.0866   | <b>1.0889</b> | -0.0015  | 637,231          |
| Sept  | 1.0955 | 1.0968                 | 1.0911   | <b>1.0935</b> | -0.0015  | 24,462           |

| Index Futures  |       |       |       |              |     |        |
|--|-------|-------|-------|--------------|-----|--------|
| <b>Mini DJ Industrial Average (CBT)</b> -\$5 x index |       |       |       |              |     |        |
| June   | 38666 | 38878 | 38425 | <b>38787</b> | 131 | 98,321 |

Source: FactSet

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

| Total<br>return<br>close                                     | YTD total<br>return (%) | Index          | Yield (%)<br>Latest | Yield (%)<br>Low | Yield (%)<br>High | Total<br>return<br>close | YTD total<br>return (%) | Index           | Yield (%)<br>Latest | Yield (%)<br>Low | Yield (%)<br>High |
|--|-------------------------|----------------|---------------------|------------------|-------------------|--------------------------|-------------------------|-----------------|---------------------|------------------|-------------------|
| <b>Broad Market Bloomberg Fixed Income Indices</b>           |                         |                |                     |                  |                   |                          |                         |                 |                     |                  |                   |
| 2047.47  | <b>-0.7</b>             | U.S. Aggregate | 4.960               | 4.490            | 5.740             | 2016.63                  | <b>-1.0</b>             | Mortgage-Backed | 5.170               | 4.620            | 6.050             |
| <b>U.S. Corporate Indexes Bloomberg Fixed Income Indices</b> |                         |                |                     |                  |                   |                          |                         |                 |                     |                  |                   |
| 3115.91  | <b>-0.2</b>             | U.S. Corporate |                     |                  |                   |                          |                         |                 |                     |                  |                   |







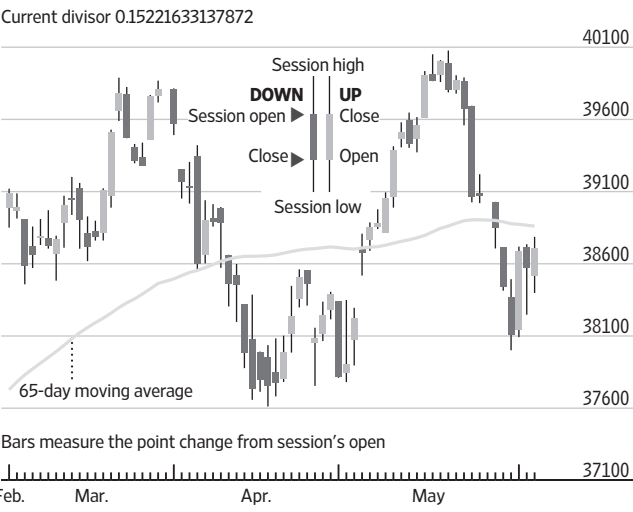
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

**38711.29** ▲140.26, or 0.36%  
High, low, open and close for each trading day of the past three months.

|                    |                    |       |
|--------------------|--------------------|-------|
| Trailing P/E ratio | 26.87              | 22.36 |
| P/E estimate *     | 18.47              | 17.47 |
| Dividend yield     | 2.17               | 2.11  |
| All-time high      | 40003.59, 05/17/24 |       |



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

Major U.S. Stock-Market Indexes

|                    | High     | Low      | Latest Close    | Net chg | % chg        | 52-Week High | 52-Week Low | % chg YTD   | % chg 3-yr. ann. |
|--------------------|----------|----------|-----------------|---------|--------------|--------------|-------------|-------------|------------------|
| <b>Dow Jones</b>   |          |          |                 |         |              |              |             |             |                  |
| Industrial Average | 38786.62 | 38397.82 | <b>38711.29</b> | 140.26  | <b>0.36</b>  | 40003.59     | 32417.59    | <b>15.3</b> | <b>2.7</b>       |
| Transportation Avg | 15196.92 | 14919.35 | <b>14937.83</b> | -136.66 | <b>-0.91</b> | 16695.32     | 13556.07    | <b>6.2</b>  | <b>-6.0</b>      |
| Utility Average    | 947.16   | 934.53   | <b>943.96</b>   | 3.77    | <b>0.40</b>  | 955.01       | 783.08      | <b>4.6</b>  | <b>7.1</b>       |
| Total Stock Market | 52454.03 | 52072.39 | <b>52366.56</b> | -3.68   | <b>-0.01</b> | 52892.35     | 40847.04    | <b>22.3</b> | <b>9.6</b>       |
| Barron's 400       | 1131.79  | 1121.73  | <b>1123.90</b>  | -12.85  | <b>-1.13</b> | 1166.53      | 907.97      | <b>19.0</b> | <b>4.8</b>       |

|                            |          |          |                 |       |             |          |          |             |             |
|----------------------------|----------|----------|-----------------|-------|-------------|----------|----------|-------------|-------------|
| <b>Nasdaq Stock Market</b> |          |          |                 |       |             |          |          |             |             |
| Nasdaq Composite           | 16891.87 | 16750.39 | <b>16857.05</b> | 28.38 | <b>0.17</b> | 17019.88 | 12595.61 | <b>27.0</b> | <b>12.3</b> |
| Nasdaq-100                 | 18697.95 | 18521.85 | <b>18654.84</b> | 53.87 | <b>0.29</b> | 18869.44 | 14109.57 | <b>28.1</b> | <b>10.9</b> |

|                |         |         |                |        |              |         |         |             |             |
|----------------|---------|---------|----------------|--------|--------------|---------|---------|-------------|-------------|
| <b>S&amp;P</b> |         |         |                |        |              |         |         |             |             |
| 500 Index      | 5298.80 | 5257.63 | <b>5291.34</b> | 7.94   | <b>0.15</b>  | 5321.41 | 4117.37 | <b>23.5</b> | <b>10.9</b> |
| MidCap 400     | 2948.47 | 2919.01 | <b>2921.01</b> | -38.93 | <b>-1.32</b> | 3046.36 | 2326.82 | <b>15.4</b> | <b>5.0</b>  |
| SmallCap 600   | 1316.83 | 1304.79 | <b>1305.40</b> | -18.55 | <b>-1.40</b> | 1345.71 | 1068.80 | <b>9.6</b>  | <b>-1.0</b> |

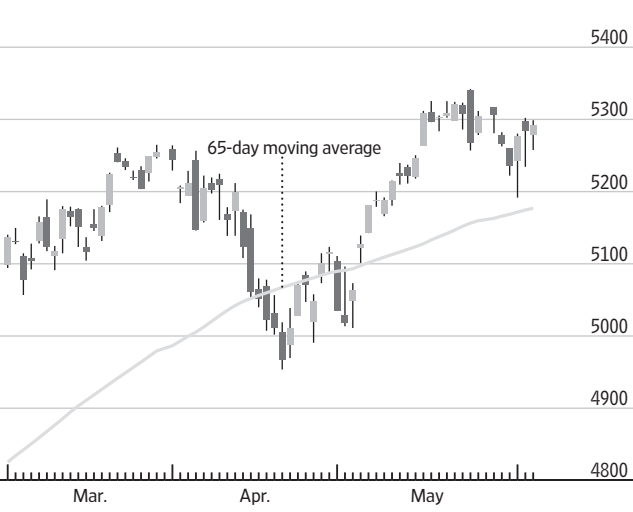
|                                 |          |          |                 |        |              |          |          |             |             |
|---------------------------------|----------|----------|-----------------|--------|--------------|----------|----------|-------------|-------------|
| <b>Other Indexes</b>            |          |          |                 |        |              |          |          |             |             |
| Russell 2000                    | 2050.39  | 2032.14  | <b>2033.94</b>  | -25.74 | <b>-1.25</b> | 2124.55  | 1636.94  | <b>9.6</b>  | <b>0.3</b>  |
| NYSE Composite                  | 18006.96 | 17843.40 | <b>17934.49</b> | -72.47 | <b>-0.40</b> | 18388.26 | 14675.78 | <b>16.5</b> | <b>6.4</b>  |
| Value Line                      | 594.89   | 588.29   | <b>589.09</b>   | -8.61  | <b>-1.44</b> | 615.81   | 498.09   | <b>6.41</b> | <b>-0.8</b> |
| NYSE Arca Biotech               | 5223.83  | 5172.77  | <b>5187.08</b>  | -11.75 | <b>-0.23</b> | 5511.46  | 4544.40  | <b>-4.0</b> | <b>-4.3</b> |
| NYSE Arca Pharma                | 1044.66  | 1033.47  | <b>1044.24</b>  | 9.11   | <b>0.88</b>  | 1044.24  | 837.32   | <b>21.6</b> | <b>14.7</b> |
| KBW Bank                        | 103.93   | 102.22   | <b>102.68</b>   | -1.19  | <b>-1.14</b> | 107.64   | 71.71    | <b>25.6</b> | <b>6.9</b>  |
| PHLX <sup>S</sup> Gold/Silver   | 142.68   | 137.75   | <b>138.65</b>   | -6.42  | <b>-4.42</b> | 151.36   | 102.94   | <b>10.3</b> | <b>10.3</b> |
| PHLX <sup>S</sup> Oil Service   | 81.29    | 79.61    | <b>79.91</b>    | -2.04  | <b>-2.49</b> | 98.76    | 74.52    | <b>6.2</b>  | <b>-4.7</b> |
| PHLX <sup>S</sup> Semiconductor | 5148.95  | 5074.38  | <b>5116.26</b>  | -36.25 | <b>-0.70</b> | 5317.87  | 3185.18  | <b>46.7</b> | <b>22.5</b> |
| Cboe Volatility                 | 14.08    | 13.11    | <b>13.16</b>    | 0.05   | <b>0.38</b>  | 21.71    | 11.86    | <b>-5.7</b> | <b>5.7</b>  |

<sup>S</sup>Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

S&P 500 Index

**5291.34** ▲7.94, or 0.15%  
High, low, open and close for each trading day of the past three months.

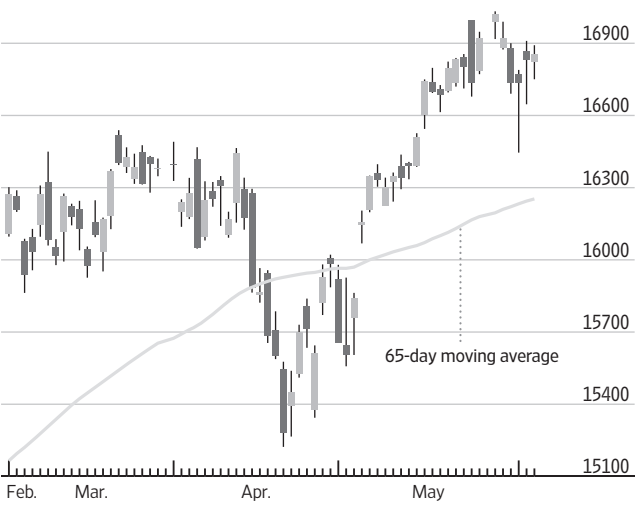
|                      |                   |       |
|----------------------|-------------------|-------|
| Trailing P/E ratio * | 23.07             | 18.68 |
| P/E estimate *       | 21.45             | 18.92 |
| Dividend yield *     | 1.38              | 1.66  |
| All-time high        | 5321.41, 05/21/24 |       |



Nasdaq Composite Index

**16857.05** ▲28.38, or 0.17%  
High, low, open and close for each trading day of the past three months.

|                       |                    |       |
|-----------------------|--------------------|-------|
| Trailing P/E ratio ** | 31.40              | 29.23 |
| P/E estimate **       | 27.38              | 27.65 |
| Dividend yield **     | 0.83               | 0.76  |
| All-time high:        | 17019.88, 05/28/24 |       |



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

| Company                 | Symbol | Volume (000) | Last   | Net chg | After Hours % chg | High   | Low    |
|-------------------------|--------|--------------|--------|---------|-------------------|--------|--------|
| Alphabet Cl A           | GOOGL  | 7,707.7      | 173.59 | -0.20   | <b>-0.12</b>      | 173.89 | 172.59 |
| Suncor Energy           | SU     | 5,985.3      | 37.65  | ...     | <b>unch.</b>      | 40.03  | 37.33  |
| Hewlett Packard Ent     | HPE    | 5,924.4      | 20.64  | 3.04    | <b>17.27</b>      | 20.90  | 17.60  |
| BP ADR                  | BP     | 4,605.4      | 35.56  | ...     | <b>unch.</b>      | 36.90  | 35.50  |
| Pfizer                  | PFE    | 4,128.8      | 29.56  | 0.07    | <b>0.24</b>       | 29.61  | 28.66  |
| Cisco Systems           | CSCO   | 4,071.8      | 47.15  | -0.27   | <b>-0.57</b>      | 47.44  | 47.15  |
| iShares MSCI Brazil ETF | EWZ    | 3,893.2      | 29.25  | ...     | <b>unch.</b>      | 29.69  | 29.18  |
| Marvell Technology      | MRVL   | 3,818.0      | 66.40  | 0.02    | <b>0.03</b>       | 66.58  | 66.26  |

Percentage gainers...

|                         |      |         |       |      |               |       |       |
|-------------------------|------|---------|-------|------|---------------|-------|-------|
| Concord Medical Svs ADR | CCM  | 2,203.6 | 4.34  | 2.24 | <b>106.67</b> | 8.23  | 1.89  |
| Stitch Fix Cl A         | SFIX | 1,043.7 | 3.26  | 0.59 | <b>22.10</b>  | 3.52  | 2.67  |
| Hewlett Packard Ent     | HPE  | 5,924.4 | 20.64 | 3.04 | <b>17.27</b>  | 20.90 | 17.60 |
| 3D Systems              | DDD  | 411.8   | 4.02  | 0.56 | <b>16.20</b>  | 4.50  | 3.42  |
| Lions Gate Ent Cl B     | LGFB | 50.9    | 7.64  | 0.67 | <b>9.61</b>   | 7.64  | 6.97  |

...And losers

|                          |      |       |       |       |               |       |       |
|--------------------------|------|-------|-------|-------|---------------|-------|-------|
| Sportsman's Warehouse    | SPWH | 53.9  | 3.38  | -0.44 | <b>-11.52</b> | 4.00  | 3.22  |
| Vast Renewables          | VSTE | 78.6  | 4.03  | -0.46 | <b>-10.24</b> | 4.49  | 3.99  |
| Couchbase                | BASE | 71.0  | 19.20 | -2.07 | <b>-9.73</b>  | 21.68 | 19.20 |
| Arcos Dorados Holdings A | ARCO | 248.5 | 9.32  | -0.50 | <b>-5.05</b>  | 9.81  | 9.32  |
| MGIC Investment          | MTG  | 113.8 | 20.16 | -0.99 | <b>-4.69</b>  | 21.15 | 20.16 |

Trading Diary

Volume, Advancers, Decliners

|               | NYSE        | NYSE Amer. |
|---------------|-------------|------------|
| Total volume* | 906,221,237 | 17,054,062 |
| Adv. volume*  | 286,809,618 | 7,393,240  |
| Decl. volume* | 611,952,988 | 9,231,420  |
| Issues traded | 2,888       | 309        |
| Advances      | 1,093       | 97         |
| Declines      | 1,729       | 198        |
| Unchanged     | 66          | 14         |
| New highs     | 69          | 3          |
| New lows      | 54          | 8          |
| Closing Arms' | 1.43        | 0.36       |
| Block trades* | 4,139       | 180        |

|               | Nasdaq        | NYSE Arca   |
|---------------|---------------|-------------|
| Total volume* | 4,917,359,859 | 264,270,938 |
| Adv. volume*  | 2,308,831,068 | 89,098,396  |
| Decl. volume* | 2,566,447,449 | 174,732,092 |
| Issues traded | 4,373         | 1,942       |
| Advances      | 1,458         | 904         |
| Declines      | 2,768         | 1,021       |
| Unchanged     | 147           | 17          |
| New highs     | 56            | 27          |
| New lows      | 147           | 11          |
| Closing Arms' | 0.59          | 1.54        |
| Block trades* | 33,102        | 1,262       |

\* Primary market:NYSE,NYSE American NYSE Arca only. '(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

| Region/Country  | Index                        | Close            | Net chg | Latest % chg | YTD % chg |
|-----------------|------------------------------|------------------|---------|--------------|-----------|
| <b>World</b>    |                              |                  |         |              |           |
|                 | <b>MSCI ACWI</b>             | <b>787.51</b>    | -1.26   | <b>-0.16</b> | 8.3       |
|                 | <b>MSCI ACWI ex-USA</b>      | <b>331.45</b>    | -2.20   | <b>-0.66</b> | 4.7       |
|                 | <b>MSCI World</b>            | <b>3453.71</b>   | 0.27    | <b>0.01</b>  | 9.0       |
|                 | <b>MSCI Emerging Markets</b> | <b>1051.96</b>   | -17.35  | <b>-1.62</b> | 2.8       |
| <b>Americas</b> |                              |                  |         |              |           |
|                 | <b>MSCI AC Americas</b>      | <b>1990.02</b>   | 1.60    | <b>0.08</b>  | 9.7       |
| Canada          | <b>S&amp;P/TSX Comp</b>      | <b>21978.18</b>  | -138.51 | <b>-0.63</b> | 4.9       |
| Latin Amer.     | <b>MSCI EM Latin America</b> | <b>2274.38</b>   | -3.60   | <b>-0.16</b> | -14.6     |
| Brazil          | <b>Bovespa</b>               | <b>121802.06</b> | -229.52 | <b>-0.19</b> | -9.2      |
| Chile           | <b>S&amp;P IPSA</b>          | <b>3576.87</b>   | -9.03   | <b>-0.25</b> | 3.2       |
| Mexico          | <b>S&amp;P/BMV IPC</b>       | <b>53485.62</b>  | 1678.07 | <b>3.24</b>  | -6.8      |

|              |                            |                 |         |              |      |
|--------------|----------------------------|-----------------|---------|--------------|------|
| <b>EMEA</b>  |                            |                 |         |              |      |
|              | <b>STOXX Europe 600</b>    | <b>517.05</b>   | -2.80   | <b>-0.54</b> | 7.9  |
| Eurozone     | <b>Euro STOXX</b>          | <b>513.95</b>   | -4.56   | <b>-0.88</b> | 8.4  |
| Belgium      | <b>Bel-20</b>              | <b>3919.46</b>  | -13.30  | <b>-0.34</b> | 5.7  |
| Denmark      | <b>OMX Copenhagen 20</b>   | <b>2782.23</b>  | 23.29   | <b>0.84</b>  | 21.8 |
| France       | <b>CAC 40</b>              | <b>7937.90</b>  | -60.12  | <b>-0.75</b> | 5.2  |
| Germany      | <b>DAX</b>                 | <b>18405.64</b> | -202.52 | <b>-1.09</b> | 9.9  |
| Israel       | <b>Tel Aviv</b>            | <b>2008.26</b>  | -11.15  | <b>-0.55</b> | 7.7  |
| Italy        | <b>FTSE MIB</b>            | <b>34276.02</b> | -394.04 | <b>-1.14</b> | 12.9 |
| Netherlands  | <b>AEX</b>                 | <b>901.68</b>   | -3.42   | <b>-0.38</b> | 14.6 |
| Norway       | <b>Oslo Bors All-Share</b> | <b>1637.22</b>  | -34.19  | <b>-2.05</b> | 7.8  |
| South Africa | <b>FTSE/JSE All-Share</b>  | <b>76832.74</b> | -913.49 | <b>-1.17</b> | -0.1 |
| Spain        | <b>IBEX 35</b>             | <b>11286.40</b> | -110.80 | <b>-0.97</b> | 11.7 |
| Sweden       | <b>OMX Stockholm</b>       | <b>984.55</b>   | -7.19   | <b>-0.72</b> | 9.0  |
| Switzerland  | <b>Swiss Market</b>        | <b>12008.94</b> | 1.90    | <b>0.02</b>  | 7.8  |
| Turkey       | <b>BIST 100</b>            | <b>10364.56</b> | -192.24 | <b>-1.82</b> | 38.7 |
| U.K.         | <b>FTSE 100</b>            | <b>8232.04</b>  | -30.71  | <b>-0.37</b> | 6.5  |
| U.K.         | <b>FTSE 250</b>            | <b>20717.99</b> | -182.50 | <b>-0.87</b> | 5.2  |

|                     |                             |                 |          |              |      |
|---------------------|-----------------------------|-----------------|----------|--------------|------|
| <b>Asia-Pacific</b> |                             |                 |          |              |      |
|                     | <b>MSCI AC Asia Pacific</b> | <b>178.75</b>   | -1.49    | <b>-0.83</b> | 5.5  |
| Australia           | <b>S&amp;P/ASX 200</b>      | <b>7737.10</b>  | -23.93   | <b>-0.31</b> | 1.9  |
| China               | <b>Shanghai Composite</b>   | <b>3091.20</b>  | 12.71    | <b>0.41</b>  | 3.9  |
| Hong Kong           | <b>Hang Seng</b>            | <b>18444.11</b> | 41.07    | <b>0.22</b>  | 8.2  |
| India               | <b>BSE Sensex</b>           | <b>72079.05</b> | -4389.73 | <b>-5.74</b> | -0.2 |
| Japan               | <b>NIKKEI 225</b>           | <b>38837.46</b> | -85.57   | <b>-0.22</b> | 16.1 |
| Singapore           | <b>Straits Times</b>        | <b>3338.94</b>  | -9.93    | <b>-0.30</b> | 3.0  |
| South Korea         | <b>KOSPI</b>                | <b>2662.10</b>  | -20.42   | <b>-0.76</b> | 0.3  |
| Taiwan              | <b>TAIEX</b>                | <b>21356.62</b> | -180.14  | <b>-0.84</b> | 19.1 |
| Thailand            | <b>SET</b>                  | <b>1337.32</b>  | -8.34    | <b>-0.62</b> | -5.5 |

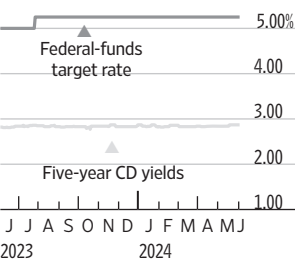
Sources: FactSet; Dow Jones Market Data

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

|                                 |              |
|---------------------------------|--------------|
| Bankrate.com avg <sup>1</sup> : | 5.28%        |
| America First FCU               | 4.20%        |
| Riverdale, UT                   | 801-627-0900 |
| Popular Direct                  | 4.30%        |
| Miami Lakes, FL                 | 800-274-5696 |
| Quontic Bank                    | 4.30%        |
| New York, NY                    | 800-908-6600 |
| First Internet Bank of Indiana  | 4.50%        |
| Indianapolis, IN                | 888-873-3424 |
| First National Bank of America  | 4.50%        |
| East Lansing, MI                | 800-968-3626 |

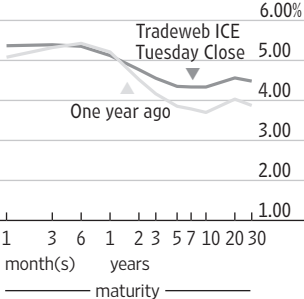
| Interest rate                                | Yield/Rate (%) Last (●) Week ago | 52-Week Range (%) Low 0 2 4 6 8 High | 3-yr chg (pct pts) |
|--|----------------------------------|--------------------------------------|--------------------|
| Federal-funds rate target                    | 5.25-5.50                        | 5.25-5.50                            | 5.00               |
| Prime rate*                                  | 8.50                             | 8.50                                 | 8.25               |
| SOFR   | 5.35                             | 5.32                                 | 5.05               |
| Money market, annual yield                   | 0.51                             | 0.51                                 | 0.46               |
| Five-year CD, annual yield                   | 2.87                             | 2.87                                 | 2.77               |
| 30-year mortgage, fixed <sup>1</sup>         | 7.40                             | 7.52                                 | 7.01               |
| 15-year mortgage, fixed <sup>1</sup>         | 6.93                             | 6.92                                 | 6.34               |
| Jumbo mortgages, \$766,550-plus <sup>1</sup> | 7.47                             | 7.62                                 | 7.07               |
| Five-year adj mortgage (ARM) <sup>1</sup>    | 6.69                             | 6.65                                 | 6.02               |
| New-car loan, 48-month                       | 7.90                             | 7.83                                 | 7.26               |

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

Treasury yield curve

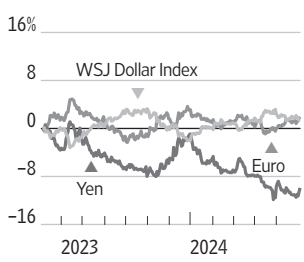
Yield to maturity of current bills, notes and bonds



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

Forex Race

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



Corporate Borrowing Rates and Yields

| Bond total return index      | Close    | Yield (%) Last | Week ago | 52-Week High | Low   | Total Return (%) 52-wk | 3-yr   |
|------------------------------|----------|----------------|----------|--------------|-------|------------------------|--------|
| U.S. Treasury Bloomberg      | 2155.750 | 4.550          | 4.760    | 5.120        | 4.040 | 1.069                  | -3.119 |
| U.S. Treasury Long Bloomberg | 3110.440 | 4.540          | 4.730    | 5.280        | 3.920 | -4.336                 | -9.371 |
| Aggregate, Bloomberg         | 2047.470 | 4.960          | 5.170    | 5.740        | 4.490 | 2.597                  | -2.823 |



MARKETS & FINANCE

Stocks Rise as Investors Await Jobs Data

Energy shares, oil prices are lower on expectations of slowing economy

By Gunjan Banerji

The S&P 500 staged a mid-day reversal and eked out a gain for a third day in a row. The broad index edged up 0.2%, bringing its advance for the year to around 11%. The tech-heavy Nasdaq added 0.2%. The Dow Jones Industrial Average rose 0.4%.

TUESDAY'S MARKETS

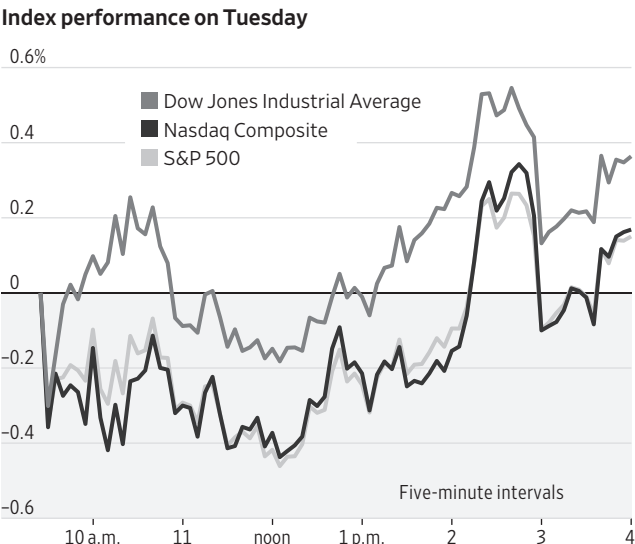
Traders have grown jittery about economic growth in recent weeks, chipping away at some of stocks' gains after a big run-up and driving intraday volatility. Some investors have become concerned about U.S. consumers after earnings from big retailers indicated that some Americans are getting more choosy about where they spend their money.

On Tuesday, fresh data showed that the number of job openings in the U.S. sank in April to a more than three-year low of 8.1 million.

Now, all eyes will be on the jobs report this Friday.

"The focus is on growth now," said Zhiwei Ren, portfolio manager at Penn Mutual Asset Management.

A recent swoon in oil prices has also highlighted expecta-



tions for a potentially weakening economy and concerns about oversupply. Actively traded contracts for Brent crude, the international benchmark, dropped more than 1%, to trade around \$78 a barrel, its lowest settlement value since February. **Exxon Mobil** fell 1.6%. **Marathon Oil** and **Hess** lost 1.8% and 0.8%, respectively.

Still, some investors sounded a more optimistic note. "The direction of travel for inflation is still lower. The direction of travel for rates is still lower," said Joseph Amato, chief investment officer of Neuberger Berman.

The yield on the 10-year Treasury declined for a fourth

straight day to settle at 4.335%.

Meme stocks remained in focus, with **GameStop** shares slipping 5.4%. The pullback followed a rally for the shares after a Reddit account tied to meme leader Keith Gill posted a screenshot of his stock and options portfolio.

Though moves in major U.S. indexes have been muted, there has been more volatility overseas this week, with election jitters rattling markets. Indian stocks slid after results showed Prime Minister Narendra Modi's party would lose its outright majority. The country's benchmark index sank and the Indian rupee weakened. Mexico's and South



GameStop shares fell 5.4% on Tuesday, following a rally in meme stocks last week.

Africa's currencies have also been jolted by elections. The Stoxx Europe 600 fell

0.5%. At midday Wednesday, Japan's Nikkei 225 was down 0.8% but Hong Kong's Hang

Seng Index and South Korea's Kospi were up about 1%. S&P 500 futures were up 0.2%.

Databricks to Buy Data-Management Startup Tabular

By Belle Lin

**Databricks** is acquiring Tabular, a data-management startup that helps companies use a variety of open-source data formats, as the company looks to win artificial-intelligence customers by making it easier for them to use their own data with AI.

Databricks declined to specify how much it paid for Tabular, but said the price was between \$1 billion and \$2 billion. The sale is expected to close before July 31, and most of Tabular's team of about 40 will join Databricks, it said.

The deal comes as Databricks and other cloud data companies like Snowflake are on spending sprees for the same AI clients—enterprises looking to spend big on using AI for business processes and building their own AI capabilities. Both Databricks and Snowflake provide a platform for storing, organizing and analyzing data across multiple cloud providers.

The AI boom has pushed chip giant Nvidia to meteoric heights, but it isn't clear that all technology players with a role in helping companies use AI will benefit from the hype. For Databricks and Snowflake,

that means waging battle over one of the most valuable assets in the AI race: business data.

Data is a critical part of enabling generative AI because vast quantities of it are needed to train AI models like OpenAI's GPT-4 and Anthropic's Claude. For businesses, their private data is needed to customize those AI models to perform data analysis, summarization and other tasks with it. Without it, AI models are limited to what they have learned from their initial training on public data online, up to a certain point in time.

"What we want to do is create custom AI on all of your data. That's what we call data intelligence," Ali Ghodsi, chief executive and co-founder of Databricks, said in an interview. "For that, we need all the data. The more data the better."

The quest to capture more business data rests on making it easier for customers to use multiple data formats in the cloud at once, without driving up costs, Ghodsi said. That is where Tabular comes in.

Founded in 2021 by Netflix veterans Ryan Blue, Dan Weeks and Jason Reid, Tabular makes a cloud-storage technology that is built on Iceberg, an open-source table format for storing



'What we want to do is create custom AI on all of your data,' said Databricks CEO Ali Ghodsi.

large amounts of data in data lakes, which allow companies to store all of their PDFs, spreadsheets and other information for processing later. Blue and Weeks were the creators of Iceberg in 2017.

Blue, Weeks and Reid will join the Databricks core data-platforms team to work on projects like Delta Lake Uni-Form, an offering announced last year that helps data engineers use multiple open-source table formats at once, including

Iceberg, Delta Lake and Apache Hudi, the three most popular, Ghodsi said. They also will continue contributing to the Iceberg open-source technology, Databricks said. It didn't disclose the number of customers Tabular has.

Bringing Tabular into the Databricks fold is a boost for AI, because accessing more of their information allows companies to make their AI models that much better, said David Menninger, an analyst at Ven-

tana Research, a unit of Information Services Group. With multiple open formats, companies can also more freely run and analyze their data where they prefer. Plus, they can more easily use retrieval-augmented generation, or RAG, a method of customizing AI models with business data, said Ramke Ramakrishnan, an analyst at market-research and consulting firm Gartner who focuses on data management.

The combination of

Databricks and Tabular won't solve all of enterprises' data-sharing challenges. Ghodsi said Databricks intends to work with the open-source entities that manage Iceberg and Delta Lake to make the technologies more compatible—or in other words, help end the "format wars."

But the formats may never converge, Ramakrishnan said, making it more likely that other vendors like Microsoft continue releasing their own tools to help enterprises use multiple formats at the same time.

On Monday, Databricks rival Snowflake unveiled Polaris Catalog, its own solution for making Iceberg—the format it has primarily supported—easier for clients to use and manage with its data platform. Snowflake plans to make the product open-source, and is intended to prevent lock-in inside the Snowflake ecosystem, said James Malone, its head of data storage and streaming. The company began its business with a closed, proprietary table format.

Databricks, on the other hand, has over 12,000 customers using Delta Lake, and is aiming to expand its customer base to Iceberg clients, too, Ghodsi said.

Exchange-Traded Portfolios | [wsj.com/market-data/mutualfunds-etfs](https://wsj.com/market-data/mutualfunds-etfs)

| Tuesday, June 4, 2024 |             |               |              |         |
|-----------------------|-------------|---------------|--------------|---------|
| ETF                   | Symbol      | Closing Price | Chg (%)      | YTD (%) |
| CommSvcsSPDR          | <b>XLC</b>  | 83.91         | <b>0.38</b>  | 15.5    |
| CnsmrDiscScl          | <b>DLF</b>  | 176.07        | <b>0.10</b>  | -1.5    |
| DimenUSCoreEq2        | <b>DFAC</b> | 31.68         | <b>-0.38</b> | 8.4     |
| EnSelSectorSPDR       | <b>XLE</b>  | 89.89         | <b>-0.96</b> | 7.2     |
| FinSelSectorSPDR      | <b>XLFX</b> | 41.19         | <b>-0.46</b> | 9.5     |
| GrayscaleBitcoin      | <b>GBTC</b> | 62.62         | <b>1.80</b>  | 80.9    |
| HealthCrSelSect       | <b>XLV</b>  | 145.13        | <b>0.29</b>  | 6.4     |
| IndUSelSectorSPDR     | <b>XLII</b> | 121.70        | <b>-0.25</b> | 6.8     |
| InvSclNasdaq100       | <b>QQQM</b> | 186.97        | <b>0.26</b>  | 10.9    |
| InvscQQQ              | <b>QQQ</b>  | 454.37        | <b>0.27</b>  | 11.0    |
| InvscS&P500EW         | <b>RSP</b>  | 164.40        | <b>-0.30</b> | 4.2     |
| IShBitcoin            | <b>IBIT</b> | 40.17         | <b>1.85</b>  | ...     |
| IShCoreDivGrowth      | <b>DGRO</b> | 57.29         | <b>-0.07</b> | 6.4     |
| IShCoreMSCIEAFE       | <b>IEFA</b> | 75.54         | <b>-0.20</b> | 7.4     |

| ETF            | Symbol      | Closing Price | Chg (%)      | YTD (%) |
|----------------|-------------|---------------|--------------|---------|
| ISMSCIACWI     | <b>ACWI</b> | 111.15        | <b>-0.13</b> | 9.2     |
| ISMSCIEAFE     | <b>EFA</b>  | 81.31         | <b>-0.12</b> | 7.9     |
| IShMSCIEM      | <b>EEM</b>  | 41.64         | <b>-1.40</b> | 3.6     |
| IShNatlMuniBd  | <b>MUB</b>  | 106.07        | <b>0.37</b>  | -2.2    |
| IShI-5YIGCpBd  | <b>IGSB</b> | 51.14         | <b>0.12</b>  | -0.3    |
| IShI-3YTreabD  | <b>SHY</b>  | 81.38         | <b>0.10</b>  | -0.8    |
| IShRussMC      | <b>IWR</b>  | 80.79         | <b>-0.64</b> | 3.9     |
| IShRuss1000    | <b>IWB</b>  | 289.33        | <b>0.09</b>  | 10.3    |
| IShRuss1000Grw | <b>IWF</b>  | 345.18        | <b>0.32</b>  | 13.9    |
| IShRuss1000Val | <b>IWD</b>  | 175.31        | <b>-0.40</b> | 6.1     |
| IShRuss2000    | <b>IWM</b>  | 201.97        | <b>-1.29</b> | 0.6     |
| IShS&P500Grw   | <b>IWM</b>  | 87.34         | <b>0.32</b>  | 16.3    |
| IShS&P500Value | <b>IVE</b>  | 183.11        | <b>-0.14</b> | 5.3     |
| IShSelectDiv   | <b>DVY</b>  | 123.24        | <b>-0.31</b> | 5.1     |
| IShI-10YTreabD | <b>IEF</b>  | 93.64         | <b>0.55</b>  | -2.9    |
| IShShortTreabD | <b>SHV</b>  | 110.08        | <b>0.02</b>  | -0.0    |
| IShTIPSBond    | <b>TIP</b>  | 106.75        | <b>0.31</b>  | -0.7    |
| ISh20+YTreabD  | <b>TLT</b>  | 92.67         | <b>1.17</b>  | -6.3    |

| ETF             | Symbol      | Closing Price | Chg (%)      | YTD (%) |
|-----------------|-------------|---------------|--------------|---------|
| ISHUSTreasuryBd | <b>GOVT</b> | 22.55         | <b>0.40</b>  | -2.1    |
| ISHO-3MTTreabD  | <b>SEOV</b> | 100.35        | <b>0.02</b>  | 0.1     |
| JPM EqPrem      | <b>JEPI</b> | 56.33         | <b>0.23</b>  | 2.5     |
| JPM UltShlncm   | <b>JPST</b> | 50.29         | <b>0.04</b>  | 0.1     |
| PacerUSCashCows | <b>COWZ</b> | 54.77         | <b>-1.24</b> | 5.3     |
| ProShUltPrQQQ   | <b>TOQQ</b> | 63.61         | <b>0.74</b>  | 25.5    |
| SPDRBbgl-3MTB   | <b>BIL</b>  | 91.45         | <b>0.02</b>  | 0.1     |
| SPDRDJIA Tr     | <b>DIA</b>  | 387.51        | <b>0.33</b>  | 2.8     |
| SPDR Gold       | <b>GLD</b>  | 215.27        | <b>-0.90</b> | 12.6    |
| SPDRPrtdDevUS   | <b>SPDW</b> | 36.30         | <b>-0.25</b> | 6.7     |
| SPDRSP500Value  | <b>SPYV</b> | 49.11         | <b>-0.12</b> | 5.3     |
| SPDRPHS&P500    | <b>SPLG</b> | 62.16         | <b>0.14</b>  | 11.2    |
| SPDRSP500Growth | <b>SPYG</b> | 75.65         | <b>0.29</b>  | 16.3    |
| SPDRS&P600      | <b>SPY</b>  | 528.39        | <b>0.11</b>  | 11.2    |
| SchwabIntEquity | <b>SCHF</b> | 39.44         | <b>-0.18</b> | 6.7     |
| SchwabUS BrdMkt | <b>SCHB</b> | 61.19         | <b>-0.07</b> | 9.9     |
| SchwabUS Div    | <b>SCHD</b> | 78.18         | <b>0.05</b>  | 2.7     |
| SchwabUSLC      | <b>SCHX</b> | 62.46         | <b>0.11</b>  | 10.7    |

| ETF              | Symbol      | Closing Price | Chg (%)      | YTD (%) |
|------------------|-------------|---------------|--------------|---------|
| SchwabUSLC Grw   | <b>SCHG</b> | 95.38         | <b>0.22</b>  | 15.0    |
| SPDR S&PMdCpTr   | <b>MDY</b>  | 534.24        | <b>-1.36</b> | 5.3     |
| SPDR S&P Div     | <b>SDY</b>  | 129.62        | <b>-0.08</b> | 3.7     |
| TechSelectSector | <b>XLK</b>  | 211.13        | <b>0.21</b>  | 9.7     |
| VanEckSemicon    | <b>SMH</b>  | 242.60        | <b>-0.36</b> | 38.7    |
| VangdSC Val      | <b>VBR</b>  | 184.16        | <b>-1.40</b> | 2.3     |
| VangdExtMkt      | <b>VXF</b>  | 166.86        | <b>-1.05</b> | 1.5     |
| VangdDivApp      | <b>VIG</b>  | 180.37        | <b>0.13</b>  | 5.9     |
| VangdTSEAAWxUS   | <b>VEU</b>  | 59.43         | <b>-0.57</b> | 5.9     |
| VangdTSEDevWk    | <b>VEA</b>  | 50.70         | <b>-0.29</b> | 5.8     |
| VangdTSEEM       | <b>VWO</b>  | 42.83         | <b>-1.56</b> | 4.2     |
| VangdTSEEurope   | <b>VGK</b>  | 69.72         | <b>-0.31</b> | 8.1     |
| VangdHDIv        | <b>VVM</b>  | 118.79        | <b>-0.28</b> | 6.4     |
| VangdInfoTech    | <b>VGT</b>  | 537.75        | <b>0.06</b>  | 11.1    |
| VangdIntermBd    | <b>BIV</b>  | 74.85         | <b>-0.40</b> | -2.0    |
| VangdIntCorpBd   | <b>VGIT</b> | 79.99         | <b>0.33</b>  | -1.6    |
| VangdIntermTrea  | <b>VGIT</b> | 58.10         | <b>0.38</b>  | -2.1    |

| ETF              | Symbol      | Closing Price | Chg (%)      | YTD (%) |
|------------------|-------------|---------------|--------------|---------|
| VangdLC          | <b>VV</b>   | 241.94        | <b>0.00</b>  | 10.9    |
| VangdMegaGrwth   | <b>MGK</b>  | 296.47        | <b>0.46</b>  | 14.2    |
| VangdMC          | <b>VO</b>   | 242.25        | <b>-0.27</b> | 4.1     |
| VangdRealEst     | <b>VNQ</b>  | 89.69         | <b>0.77</b>  | -5.3    |
| VangdRuss1000Grw | <b>VOO</b>  | 88.80         | <b>0.33</b>  | 13.8    |
| VangdS&P500ETF   | <b>VOO</b>  | 485.74        | <b>0.12</b>  | 11.2    |
| VangdST Bond     | <b>BSV</b>  | 76.47         | <b>0.17</b>  | -0.7    |
| VangdSTCpBd      | <b>VCSH</b> | 77.13         | <b>0.13</b>  | -0.3    |
| VangdShortTrea   | <b>VGSH</b> | 59.78         | <b>0.10</b>  | -0.9    |
| VangdSC          | <b>VB</b>   | 217.72        | <b>-1.37</b> | 2.1     |
| VangdTxEvemptBd  | <b>VTBX</b> | 49.86         | <b>0.38</b>  | -2.3    |
| VangdTotlBd      | <b>BND</b>  | 72.09         | <b>0.38</b>  | -2.0    |
| VangdTotlntBd    | <b>BNDX</b> | 48.64         | <b>0.21</b>  | -1.5    |
| VangdTotlntStk   | <b>VXUS</b> | 61.13         | <b>-0.65</b> | 5.5     |
| VangdTotlStk     | <b>VTI</b>  | 260.49        | <b>-0.01</b> | 9.8     |
| VangdTotWrldStk  | <b>VTV</b>  | 111.33        | <b>-0.20</b> | 8.2     |
| VangdValue       | <b>USFR</b> | 160.03        | <b>0.16</b>  | 7.0     |
| WFTRTrea         | <b>USFR</b> | 50.37         | <b>-0.02</b> | 0.3     |

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for BlackRock-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. J-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

| Tuesday, June 4, 2024 |        |           |       |     |                      |       |           |       |     |                           |        |           |       |     |
|-----------------------|--------|-----------|-------|-----|----------------------|-------|-----------|-------|-----|---------------------------|--------|-----------|-------|-----|
| Fund                  | NAV    | Net Chg % | YTD % | Ret | Fund                 | NAV   | Net Chg % | YTD % | Ret | Fund                      | NAV    | Net Chg % | YTD % | Ret |
| AB Funds              |        |           |       |     | Artisan Funds        |       |           |       |     | US CoreEq2                |        |           |       |     |
| MunHcmShares          | NA     | ...       | 1.0   |     | IntlVal Inst         | 49.56 | -0.05     | 7.8   |     | US Small                  | 35.42  | -0.13     | 9.1   |     |
| AB Funds - ADV        |        |           |       |     | Baird Funds          |       |           |       |     | US Sml                    |        |           |       |     |
| LgCpGrAdv             | 106.69 | +0.43     | 15.0  |     | AggBdInst            | 9.69  | +0.04     | -0.2  |     | US SmcPval                | 50.50  | -0.85     | 1.1   |     |
| American Century Inv  |        |           |       |     | CorBdInst            |       |           |       |     | US TgdVal                 |        |           |       |     |
| Ultra                 | 85.30  | +0.23     | 14.5  |     | Intl                 | 10.03 | +0.04     | 0.2   |     | USLgVa                    | 42.05  | -0.59     | 0.7   |     |
| BlackRock Funds       |        |           |       |     | Dodge & Cox          |       |           |       |     | Balanced                  |        |           |       |     |
| AmcpA                 | 41.52  | +0.01     | 8.9   |     | HiYldBd Inst         | NA    | ...       | 2.8   |     | Income                    | 103.97 | -0.25     | 4.4   |     |
| AmMutA                | 53.88  | +0.08     | 6.1   |     | BlackRock Funds III  |       |           |       |     | Intl Stk                  | 15.86  | -0.13     | 6.3   |     |
| BaIA                  | 33.77  | +0.01     | 5.9   |     | BlackRock Funds Inst |       |           |       |     | Income                    | 12.52  | +0.06     | 0.2   |     |
| BondA                 | 11.20  | +0.04     | -0.8  |     | AggBdInst            | 9.69  | +0.04     | -0.2  |     | Intl Stk                  | 52.22  | -0.49     | 6.2   |     |
| CaplBA                | 68.28  | +0.01     | 3.8   |     | EqtyDivd             | 20.55 | -0.06     | 7.7   |     | Stk                       | 255.15 | -0.98     | 7.3   |     |
| CapWGfA               | 65.00  | -0.22     | 8.5   |     | StratRetOpptyIns     | NA    | ...       | 1.1   |     | DoubleLine Funds          |        |           |       |     |
| EupacA                | 58.73  | -0.54     | 7.4   |     | TotRet               | 9.82  | +0.04     | NA    |     | TotRetBdI                 | NA     | ...       | NA    |     |
| FdlnvA                | 79.28  | -0.19     | 11.1  |     | Calamos Funds        |       |           |       |     | Edgewood Growth Instituti |        |           |       |     |
| GwthA                 | 70.80  | -0.01     | 12.1  |     | MktNeutrI            | 14.58 | +0.01     | 3.0   |     | EdgewoodGrInst            | 48.02  | +0.22     | 9.8   |     |
| HI TRA                | 9.58   | ...       | 3.5   |     | Columbia Class I     |       |           |       |     | Federated Hermes Int      |        |           |       |     |
| ICAA                  | 55.69  | +0.07     | 10.8  |     | DivIncI              | 32.26 | +0.06     | 6.6   |     | TlRtBdI                   | 9.36   | +0.03     | -0.5  |     |
| IncoA                 | 24.16  | -0.05     | 3.8   |     | Dimensional Fds      |       |           |       |     | Fidelity                  |        |           |       |     |
| N PerA                | 61.14  | +0.07     | 9.4   |     | EmgMktVa             | 31.06 | -0.69     | 5.7   |     | 500IdcInstPrem            | 184.12 | +0.28     | 11.1  |     |
| NECoA                 | 59.53  | -0.11     | 10.3  |     | EmnMktCorEq          | 23.50 | -0.41     | 5.0   |     | Contrafrnk K6             | 27.83  | -0.05     | 20.0  |     |
| NwWrldA               | 79.08  | -0.84     | 5.4   |     | IntlCoreEq           | 16.34 | +0.07     | 6.8   |     | ExtMktMidtInstPre         | 79.48  | -0.85     | 1.1   |     |
| SmCPA                 | 66.30  | -0.71     | 0.1   |     | IntSmCo              | 20.46 | -0.12     | 6.1   |     | FidSerInst                | 8.54   | +0.03     | -1.0  |     |
| TxEkA                 | 12.26  | +0.03     | -0.5  |     | IntSmVa              | 23.26 | -0.22     | 9.7   |     | FidSerToMarket            | 17.26  | ...       | ...   |     |
| WshA                  | 61.68  | +0.08     | 8.2   |     | LgCo                 | 35.57 | +0.11     | 11.5  |     | GrowthCompanyK6           | 26.98  | +0.03     | 20.0  |     |
|                       |        |           |       |     | US CoreEqI           | 39.17 | -0.05     | 10.9  |     | IntlCdnInstPrem           | 50.87  | -0.13     | 7.3   |     |



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Can the Dollar’s Strength Last?

The greenback is historically very expensive amid a recovery in global growth and a fraught election campaign

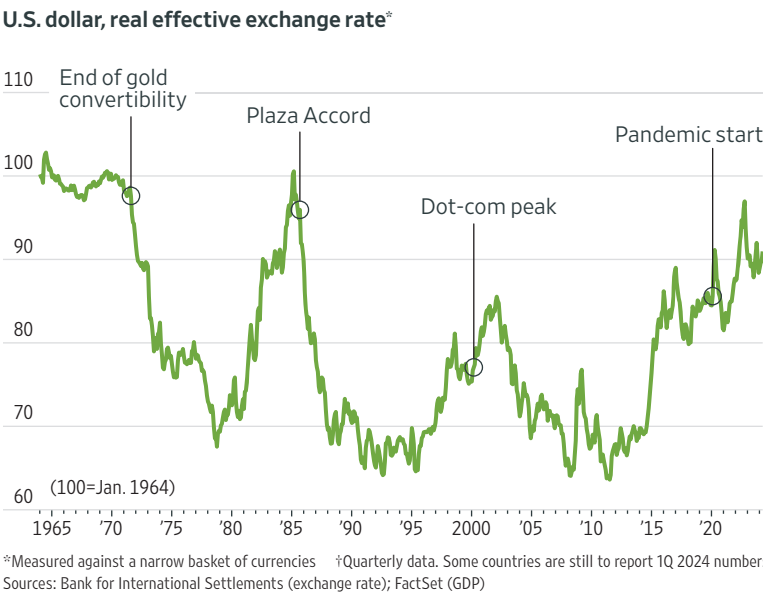
For a decade now, currency markets have been ruled by the strengthening dollar. But no kingdom lasts forever.

Contrary to what many on Wall Street expected, the U.S. dollar has gotten a fresh wind this year, as bumpy inflation data has prompted investors to dial back bets on rate cuts.

Measured against other currencies, the greenback is below the recent 2022 peak when an aggressive Federal Reserve was raising interest rates. But it remains historically expensive in inflation-adjusted terms—just 10% shy of the level at which Richard Nixon ended gold convertibility in 1971, for example, according to data from the Bank for International Settlements. It hasn’t been so consistently strong since the 1980s when the Fed was headed by Paul Volcker, the epitome of the hawkish central banker.

In 1985, the dollar rose so much that U.S. officials became worried about the blow it was dealing to domestic manufacturers. Famously, they agreed to coordinate its depreciation in a meeting with officials from Britain, Germany, France and Japan in the Plaza Hotel in New York. By 1988, it had lost one-third of its real value.

Something similar could happen again on a smaller scale, particularly if Donald Trump wins the presidential election in November.



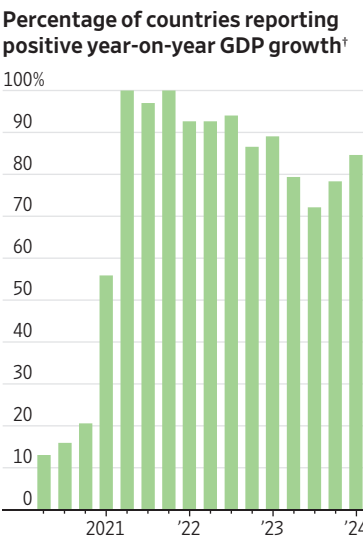
His economic advisers in the past advocated for a weaker greenback to narrow the U.S. trade deficit, especially relative to the yuan, which is currently under pressure as foreign investors flee low-yielding Chinese bonds.

Perhaps more important, economic growth is accelerating beyond America’s borders. This has historically provided the conditions for the greenback to weaken. Recent economic data suggests that the eurozone and Japan are finally turning up, and China’s recovery seems to be building mo-

mentum. Beijing is actively intervening to push up the yuan.

All this suggests it is a good time for dollar-based investors to think about shifting more money overseas.

A fall in the dollar usually greases the wheels of global growth. Roughly half of trade invoices and three-quarters of non-bank debt are denominated in dollars, which means that emerging nations in particular—those that struggle to borrow in their own currencies—get a boost whenever the U.S. currency cheapens.



Even if a weaker greenback is an effect of broadening economic growth rather than a cause, it remains a bullish signal for international stock markets, which have a greater percentage of so-called cyclical companies. European banks, which are on a tear, are a good example.

Overseas stocks haven’t experienced this tailwind much since the 2008-09 global financial crisis. As the dollar’s inflation-adjusted value has risen 35% since the end of 2009, the MSCI EAFE Index, which tracks developed markets

outside of North America, has only returned about 200%, compared with roughly 500% for the S&P 500. In the only recent spell when the dollar was depressed, between 2020 and mid-2021, U.S. stocks bafflingly raced ahead even more, buoyed by technology giants reaping pandemic gains.

This has understandably conditioned investors to call it quits and just put all their eggs in the American basket.

To be sure, the dollar’s elevated real exchange rate compared with the past may be somewhat deceptive: Adjusting for inflation is tricky because most products aren’t traded across borders. When it comes to energy, which does have a huge impact, the U.S. has switched from being a net importer to a net exporter, thanks to the shale revolution of the 2010s.

Additionally, Washington’s recent turn to industrial policy has triggered a wave of foreign direct investment into the U.S. Economic theory also predicts that the recent tariffs imposed by Washington should push the currency up, and recent research backs this up to an extent.

History never repeats itself precisely, and investors shouldn’t be waiting for the monumental dollar selloff that followed the Plaza Accord. But neither should they assume the U.S. currency can rise forever.

—Jon Sindreu

## Asics Stock Catches Fire Along With Its Dad Sneakers

**Asics**, the 75-year-old Japanese sneaker brand, is having a moment. So are its shares.

The running-shoe maker’s stock price has quadrupled in total return terms over the past two years. Its financial performance is strong: Revenue in its last reported quarter grew 14% from a year earlier while its operating profit surged 53%.

Asics has long been a well-loved brand among the running community. Around a quarter of 54,000 runners who finished the Paris Marathon sported a pair of Asics, including both winners in the men’s and women’s races, according to the company.

In fact, even **Nike** can trace its roots back to the Japanese company. Nike began its business in the 1960s by importing and distributing shoes from Asics, then known as Onitsuka, in the U.S. Onitsuka Tiger remains a high-end fashion brand within Asics.

Asics has benefited from the Covid-19 pandemic. More people picked up running as a hobby when they had nothing else to do.

At the same time, people working from home began giving priority to comfort in their footwear—discovering that lightweight shoes with cushioned soles designed for walking around in, too. Running-shoe upstarts such as Hoka and On Holding have seen explosive growth in the past few years. Hoka’s sales in the quarter ended in March surged 34% from a year earlier, pushing shares of its owner, **Deckers Outdoor**, to record highs.

The performance running shoes segment is Asics’ largest by revenue, and it has tried to maintain a close-knit community of runners. Asics acquired Runkeeper, a popular fitness-tracking app among runners, in 2016. In recent years, it has been acquiring race-registration companies, including Njuko Sas in Europe and Register Now in Australia. Its loyalty program has nearly 15 million members globally.

But outside of runners and Onitsuka Tiger, Asics was perhaps best known for “dad sneakers”—a style of shoes that are picked



Asics benefited from demand for ‘dad sneakers’—shoes some consumers pick more for practicality than aesthetics.

more for practicality than aesthetics. Lately, however, some old Asics designs have become unlikely fashion symbols. Youngsters have apparently eschewed conventional beauty standards and embraced the uncool: Crocs and Hoka are some other examples of “ugly shoes” that have seen an explosion in popularity.

Asics has done its fair bit, too. Its collaboration with designers from Vivienne Westwood to Cecilie Bahnsen have generated lots of buzz on social media. For example, its redesign of its 2008 Gel-Kayano 14 sneaker with Canadian design studio JJJJound has been a smash hit. The shoe can sell for

more than \$1,000 on online marketplace StockX. Asics was the fifth-most-traded brand on StockX last year, rising from No. 10 the year before. Revenue for the company’s more fashion-minded SportStyle division grew 52% year over year in the last reported quarter.

Even better news for investors is that the company has been more profitable, too. Operating margin in its quarter ended in March was 19.4%, compared with 9.5% two years earlier. That is partly because the company has shifted its product mix to more premium products. It has also been selling more directly to cus-

tomers than through wholesalers. Around 64% of its sales were through wholesale in the first quarter, down from 74% three years earlier. E-commerce sales have risen to 17% of sales, from 13%.

Asics trades at 34 times forward earnings, according to S&P Global Market Intelligence. That is a similar multiple as Deckers Outdoor but higher than bigger peer Nike, which trades at 25 times. The premium could be justified if Asics could keep growing its sales with better margins.

Asics is sprinting ahead. It still has room to run.

—Jacky Wong

## Electronics Retailer Best Buy Gets AI Fever

**Best Buy** is ready for the AI revolution, and so are its investors. What about its customers?

The retailer’s shares, which surged 13% on the day it reported earnings last week, have kept rising and are up 21% since its investor call. Artificial-intelligence hype caught on after Best Buy’s executives called out innovation in the latest crop of laptops.

Best Buy holds roughly a one-third retail market share of the U.S. computing industry, according to the company. Laptops account for 20% to 25% of its sales, according to a report from Citi Research. Citi went from assigning a “sell” rating on the stock at a \$67 target price to a “buy” and a \$100 target, citing green shoots in laptop sales trends and the current innovation cycle.

Best Buy executives said last week that the company has 40 new laptops in its lineup, out of which 40% are exclusive to Best Buy. They are made by **Microsoft**, **Dell**, **HP**, **Lenovo** and **Samsung** and incorporate Microsoft’s new Copilot+ system, which has built-in AI functions. The products are available for preorder on Best Buy’s website and will be available



Best Buy holds roughly a one-third retail market share of the U.S. computing industry, according to the company.

on June 18.

Other products driving excitement include Apple’s newest iPads, which are equipped with powerful chips that enable AI, as well as Bose’s new open-ear headphones and Sonos’s debut headphones due to go on sale on Wednesday. Best Buy thinks these launches could whet consumers’ appetite for an upgrade and help

push average purchase prices up, especially during the important back-to-school season.

There are some encouraging, but not fantastic, early signs. Best Buy Chief Executive Corie Barry said new iPads are selling well and are contributing to improved sales trends in the current quarter. She said preorders on the new Copilot+ laptops were outpacing early

expectations “just a bit, not massively.”

It remains to be seen whether inflation-pinched consumers are willing to shell out more than \$1,000 for laptops for functions that can be found elsewhere online, such as summarizing long documents or real-time translation.

The main draw is that consumers can summarize or translate more quickly and securely, without having their data exposed in the cloud.

Best Buy might have been ready for an upgrade cycle anyway. The retailer logged eye-watering growth during the pandemic as cash-rich, homebound consumers upgraded their home office setups. But that was followed by 10 consecutive quarters of comparable sales declines in its core U.S. business. Domestic comparable sales were still down 6.3% in its latest quarter ended May 4.

Consumers might finally be caving in and replacing their laptops: Year-over-year comparable sales in that category returned to slight growth over the past two quarters. If new product launches at least attract more foot traffic to

its stores, it could be a good thing for Best Buy’s overall business.

Can it take full advantage of this AI product excitement, though? Industry analysts note that Best Buy tends to get an extra boost whenever there is an innovation cycle in computing.

Nonetheless, the retailer has been losing market share over the past few years. This could partly be because consumers are consolidating trips to big-box retailers such as **Costco** or **Walmart**. But it is also possible that the in-store experience has worsened: Best Buy has cut its labor force by nearly one-third over the past four years. Another point of concern: Appliance sales have been very weak and there isn’t a clear path of recovery given that fewer people are moving homes and upgrading them.

After the recent run-up, Best Buy’s shares trade at about 0.45 times forward-12-month sales, 18% more expensive than they averaged during the five-year period leading up to the pandemic. That is a big premium for an AI upgrade cycle that isn’t yet a sure thing.

—Jinjo Lee