

What's News

Business & Finance

Twitter sued Elon Musk in a Delaware court over the billionaire's attempt to walk away from his \$44 billion takeover bid, seeking to force him to honor the terms of the deal. **A1**

◆ **London's Heathrow Airport** said it would cap the number of departing passengers at 100,000 a day as it and other airports struggle with staff shortages and surging demand for travel. **A1**

◆ **Hedge-fund manager William Ackman** is winding up the largest-ever special-purpose acquisition company after failing to find a target. **B1**

◆ **U.S. stocks fell**, with the S&P 500 and Nasdaq both declining 0.9% and the Dow shedding 0.6%. **B1**

◆ **Netflix is seeking** to amend its programming deals with major entertainment studios to allow it to put content on an ad-supported version of its streaming service, people familiar with the matter said. **B1**

◆ **Alphabet's Google** will slow hiring for the rest of the year, CEO Sundar Pichai told employees. **B1**

◆ **Peloton will outsource** all manufacturing of its stationary bikes and treadmills as the unprofitable company races to overhaul its business model. **B4**

◆ **Rivian will embark** on a series of belt-tightening measures intended to keep the electric-vehicle startup nimble, its chief executive said in a letter to employees. **B2**

◆ **PepsiCo reported** a 5.2% increase in revenue for the latest quarter as prices on average rose 12%. **B3**

World-Wide

◆ **Covid-19 is circulating** widely in the U.S. as the BA.5 Omicron subvariant elevates the risk of reinfections and rising case counts, spoiling chances for a summer reprieve from the pandemic across much of the nation. **A1**

◆ **Biden met** with Mexico's president at the White House as both nations face a surge in illegal border crossings and growing differences on energy, trade and the extradition of Assange to the U.S. **A7**

◆ **Ukrainian forces** struck ammunition depots deep inside Russian-occupied territory in the south and east of the country as Russia shelled Ukrainian cities in the east. **A9**

◆ **Sri Lankan President Rajapaksa** fled the country on a military aircraft, an immigration official said, the same day he was due to formally resign. **A9**

◆ **Senators pressed** Jay Shambaugh, Biden's nominee to serve as the Treasury Department's top economic diplomat, about a range of issues at a confirmation hearing. **A4**

◆ **California Gov. Newsom** signed a bill allowing private citizens to sue companies, including gun manufacturers, for violating the state's firearms regulations. **A3**

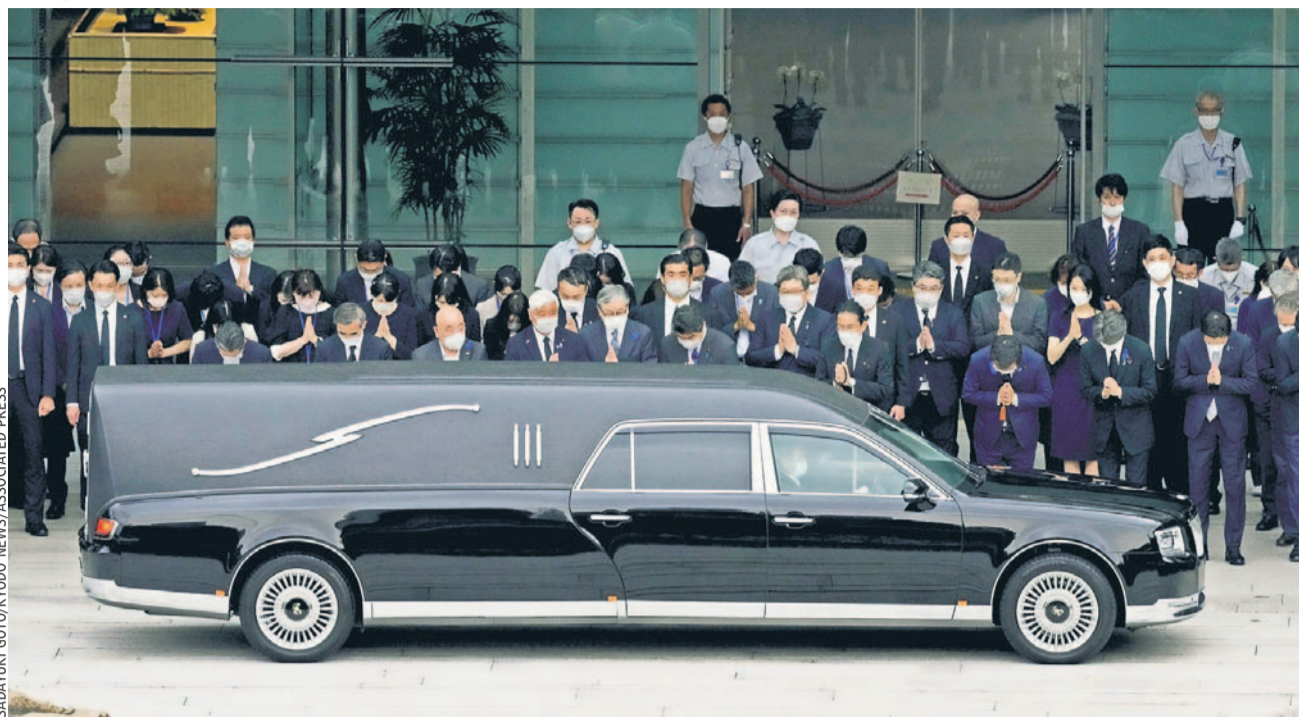
◆ **The Senate confirmed** Steven Dettelbach to run the Bureau of Alcohol, Tobacco, Firearms and Explosives. **A4**

◆ **NASA completed** its release of the first set of scientific images from the James Webb Space Telescope. **A3**

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Japan Says Farewell to Assassinated Former Leader Abe



MOURNING: Japanese Prime Minister Fumio Kishida and other officials offered prayers alongside the hearse carrying the body of Shinzo Abe after his funeral on Tuesday. The former prime minister was shot and killed at a political rally on Friday. **A9**

Europe's Travel Surge Forces Heathrow to Limit Passengers

LONDON—Heathrow Airport said it would cap the number of departing passengers from one of Europe's biggest international hubs and

The cap on departing passengers follows similar moves at London Gatwick Airport and Amsterdam Schiphol as the industry grapples with a historic surge that has taxed its capacity to handle the added traffic.

All three airports are usually gateways for Americans heading for often-painstakingly planned European vacations. With the dropping of travel restrictions and higher Covid-19 vaccine rates, this was the first summer that many travelers have felt comfortable enough

to make overseas trips since the start of the pandemic.

Before Covid-19, Heathrow was the second-busiest airport in the world in terms of international travelers after Dubai International Airport, typically handling between 110,000 and 125,000 departing passengers each day over its summer months, according to a spokeswoman for the airport. It operates not just as a trans-Atlantic hub, but as a launchpad for travel across Europe and beyond.

Heathrow said it had assessed the capacity of check-in staff, baggage handlers and other staff before making the decision to cap passenger numbers at 100,000 passengers a day for the rest of the summer. While below prepandemic levels, that is sharply higher than the last two years of travel. Heathrow said it has seen the same growth over the past four months as it saw over 40 years.

"Over the past few weeks...we have started to see

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Twitter Sues Musk Over Bid To Drop Purchase

Filing comes after billionaire moved to walk away from \$44 billion acquisition

By CARA LOMBARDO AND SARAH E. NEEDLEMAN

Twitter Inc. sued Elon Musk over the billionaire's attempt to walk away from his \$44 billion takeover bid, seeking to force him to honor the terms of the deal.

The suit, filed in Delaware Chancery Court on Tuesday, comes days after Mr. Musk moved to terminate the acquisition, saying the company hadn't provided the necessary data and information he needed to assess the prevalence of fake or spam accounts and was "in material breach of multiple provisions" of the merger agreement.

Twitter said it has "bent over backwards" to provide Mr. Musk the information he has requested and is suing Mr. Musk to enforce consummation of the merger. The company also said Mr. Musk repeatedly breached the terms of the agreement, such as by tweeting in May that the deal was "on hold."

"Having mounted a public spectacle to put Twitter in play, and having proposed and then signed a seller-friendly merger agreement, Musk apparently believes that he—un-

Please turn to page A6

Jan. 6 Committee Probes Role of Far-Right Groups



A House panel accused ex-President Donald Trump of spurring far-right groups to violence on Jan. 6, 2021, and showed testimony of former White House counsel Pat Cipollone. **A4**

Subvariant Fuels Covid-19 Wave

By JON KAMP AND JARED S. HOPKINS

Covid-19 is circulating widely in the U.S. as the BA.5 Omicron subvariant elevates the risk of reinfections and rising case counts, spoiling chances for a summer reprieve from the pandemic across much of the nation.

Covid-19 levels are high in one-fifth of U.S. counties, ac-

ording to the federal Centers for Disease Control and Prevention's metric based on case and hospital data, a share that has been mostly rising since mid-April. BA.5 is estimated to represent nearly 2 in 3 recent U.S. cases, which are averaging just more than 100,000 a day, CDC data show. The true number of infections might be about six times as high, some virus experts said, in part because so

many people are using at-home tests that state health departments largely don't track.

"We think we're in a very high level of community transmission, second only to the Omicron peak from the winter-time," said Jeffrey Duchin, health officer for the public-health agency covering Seattle and King County, Wash.

Biden administration health

Please turn to page A4

Russian Oligarchs Dodge Sanctions In Swiss Haven

Ownership shuffles and secrecy thwart efforts to punish alleged Putin cronies

ZUG, Switzerland—After Switzerland said in February it was joining European Union sanctions against Rus-

By Drew Hinshaw, Joe Parkinson and Patricia Kowsmann

sian oligarchs, this quiet Alpine getaway seemed like an obvious place to hunt for targets.

The streets are clustered with the offices of companies founded by Russia's wealthiest men, along with the headquarters for landmark natural-gas pipelines

Nord Stream 1 and 2 and the energy-trading department of Gazprom PJSC.

So many Russian billionaires have homes or businesses here that the local opposition party had begun taking sightseers on an Oligarch's Tour. Swiss newspapers nicknamed Zug "Little Moscow" and joked that local leaders wanted to build a Kremlin wall around the town.

It didn't seem so easy to the six local officials charged with helping implement sanctions. Working from a fifth-floor conference room,

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Consumers Are Giving Inflation The Bird—With a Whole Chicken

Rising prices turn penny-pinchers into butchers; 'Depression recipes'

By JOSHUA JAMERSON

Rising prices for packaged chicken breasts, thighs and wings can leave a consumer squawking: Enough is enough. Egged on by the high cost of chicken parts, Simon Kirsch, a 33-year-old tech worker from Portland, Ore., decided to spring for the whole bird and take it apart himself.

"I couldn't justify spending that money," he says.

A few online tutorials and messily butchered chickens

later, he no longer is winging it. Now, "breaking down a chicken is pretty fast," says Mr. Kirsch. He even spent about \$10 on chicken shears to get super close to the bones, which he saves for making soup stock. He dresses that up with bargain veggies, such as onions, potatoes and celery.

Before inflation, he says, "I wasn't, like, making soup on the weekends."

Roasting whole chickens is nothing new for many cooks,

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INSIDE



SPORTS

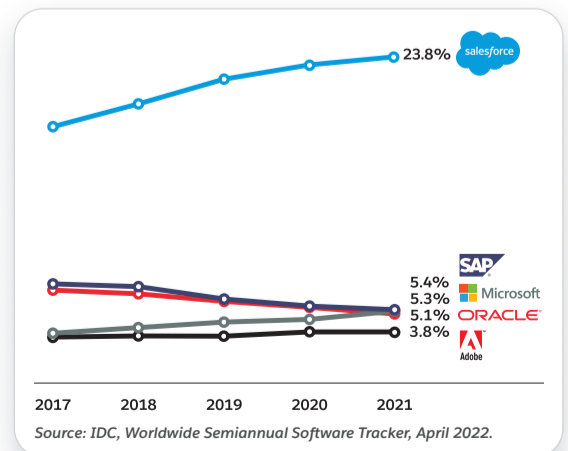
Inflation rocks the NBA trade landscape, upping the market for Kevin Durant. **A14**

PERSONAL JOURNAL

South Korean drama 'Squid Game' makes history with Emmy nomination. **A11**

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Ranked #1 for CRM Applications based on IDC 2021 Revenue Market Share Worldwide.



salesforce.com/number1CRM

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U.S. NEWS

Housing Likely to Fuel Inflation Figures

By NICK TIMIRAO

Climbing housing costs are set to keep inflation elevated this year, creating another challenge for Federal Reserve officials who want to see signs that price pressures are easing before slowing their interest-rate increases.

Overall annual inflation rose to 8.6% in May, while core inflation, which excludes volatile food and energy costs, hit 6%, according to the Labor Department's consumer-price index. The June figures are set to be released Wednesday.

Rising fuel costs and supply-chain disruptions from Russia's war against Ukraine added to inflation that was already high. Annual housing inflation, as measured in the CPI, hit a recent low in early 2021 at 1.4% and has since rebounded, to 5.4% in May, well above the annual average of 3.5% between 2015 and 2019.

Housing inflation is important because it represents around two-fifths of core CPI and one-sixth of the Fed's preferred inflation gauge, the personal-consumption expenditures price index.

Fed officials raised their benchmark interest rate by

0.75 percentage point last month and have signaled that they are likely to do so again at their July 26-27 meeting. They have indicated they could slow the pace of rate rises after that.

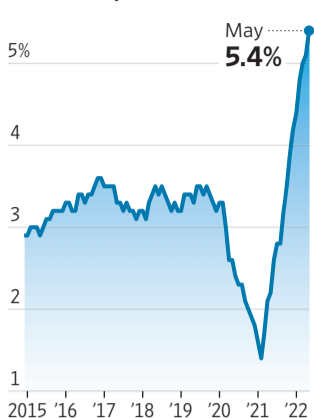
Recent data have suggested consumer spending shifting away from goods, which saw big price increases last year, and toward services. Central bankers have hoped this transition would ease overall price pressures. But if inflation pressures intensify in the services sector, that would offer less relief.

Because of the way the Labor Department captures rental prices, rent inflation could continue to rise this summer before peaking at around 6.5% over the next several months, said David Wilcox, a senior economist at Bloomberg Economics and the Peterson Institute for International Economics. That would be a 36-year high.

While he expects overall inflation to diminish this year, "that slowdown is going to have to emanate from other sectors of the consumer marketplace," said Mr. Wilcox, a former senior Fed economist.

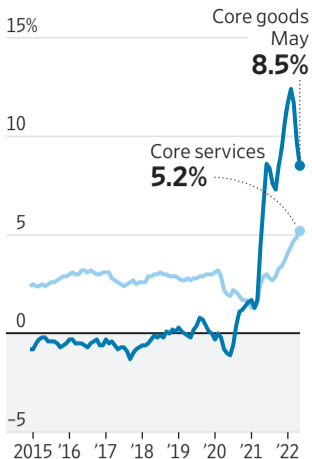
Federal Reserve Bank of San

Housing inflation 12-month change, as measured in the consumer-price index



Note: Core inflation excludes food and energy items. Source: Labor Department

Annual inflation rates in CPI



Francisco economists have estimated that higher housing costs could add around 1.1 percentage points to the CPI in both 2022 and 2023. They could add around 0.5 percentage point to the PCE price index in each of those two years, a large amount considering the Fed target is 2% inflation.

Home prices surged during the pandemic, boosted by low mortgage rates, changes in home-buying preferences, favorable demographics and low

inventories of homes for sale. Prices were up 20% in April from one year earlier, according to the S&P/Case-Shiller U.S. National Home Price Index, versus a gain of around 4% in the year before the pandemic.

Government agencies don't take home prices directly into account when calculating inflation because they consider a home purchase to be a long-term investment rather than a consumer good.

Instead, housing costs are

represented in government inflation data by two main components, one that attempts to capture the monthly costs for people who rent their homes, and one that calculates the imputed rent, called owners' equivalent rent, or what homeowners would have to pay each month to rent their own house.

The first of these two measures is calculated in a way that is particularly lagged, meaning changes being reported today reflect changes in rent from six to nine months earlier. Because rents rose strongly over the past year, these increases are now filtering into reported inflation measures.

Fed rate increases have led to a broad pullback in financial risk taking, sending up borrowing costs and leading to stock-market declines. Mortgage rates have recently jumped to a 14-year high, and home builders and real-estate agents are reporting a significant pullback in sales.

But demand for rental housing could continue to rise, keeping rents high. "These rent-based components in the inflation indices are likely to prove relatively impervious to the tightening in financial con-

ditions we're seeing right now," Mr. Wilcox said.

Other inflation forecasters see less scope for an additional, large run-up in housing inflation. Based on recent data, Omair Sharif, head of the advisory firm Inflation Insights LLC, expects housing inflation to rise to 6% by the end of the year. Meanwhile, he expects other service prices, such as for health insurance, to drop at the end of the year, providing enough downward pressure to monthly inflation readings to more than offset any strength from housing.

Apartment owners say their tenants have been able to tolerate rising rents because incomes have been growing solidly. "Most of our customers have a lot of money in their pocket," said Ric Campo, chief executive of Camden Property Trust, a Houston-based owner of 58,000 apartment units.

During the housing boom of the mid-2000s, around one-quarter of Camden's tenants were moving out to buy homes, fueled by easy lending standards. Today, by contrast, that fraction is closer to one in six, and it has ticked lower in recent months as mortgage rates rose, Mr. Campo said.

U.S. WATCH



Firefighters cleared loose brush from around a Sequoia in Mariposa Grove in Yosemite National Park. A forest ecologist said preventive measures protected the grove when the Washburn Fire hit, and the giant trees were spared. The wildfire was 22% contained Tuesday.

BIDEN ADMINISTRATION

Detained Migrants Entitled to Abortion

Top immigration officials are planning to instruct detention centers around the country that women in custody are entitled to abortions and should be transferred to receive one if they are being detained held in a state where abortion is now illegal.

The directive is contained in an undated memorandum, seen by The Wall Street Journal, which cites the recent Supreme Court decision that ended the federal right to an abortion. The memo is from U.S. Immigration and Customs Enforcement Acting Director Tae Johnson and is addressed to Corey Price, head of the agency's enforcement division.

"This memorandum serves as a reminder of existing ICE policies and standards requiring that pregnant individuals detained in

ICE immigration custody have access to full reproductive health care," the memo states.

An official familiar with the memo said it would represent the first law-enforcement agency to reinforce reproductive rights in federal custody. The memo is designed in part to pre-empt potential conflicts with Republican-led states where ICE runs many of its jail facilities and where abortion bans have started to take effect, the official said.

—Michelle Hackman

YOSEMITE NATIONAL PARK

Sequoia Grove Survives Wildfire

A famed grove of giant sequoias in Yosemite National Park survived its first wildfire in more than a century, thanks to efforts to regularly burn the undergrowth beneath the towering trees, a forest ecologist who

toured the site said Tuesday.

Small, intentionally lit fires over the past 50 years essentially stopped the fire in its tracks when it hit the Mariposa Grove and prevent flames from doing more than charring the thick bark on the world's largest trees, Garrett Dickman said.

"We've been preparing for the Washburn Fire for decades," said Mr. Dickman, who works for the park. "It really just died as soon as it hit the grove."

The fire burned 5 square miles Tuesday, but was 22% contained and moving away from the largest grove of sequoias in the park.

—Associated Press

CALIFORNIA

Gunman Sought in 7-Eleven Shootings

Police across Southern California were seeking a gunman Tues-

day wanted in connection with at least four—but possibly as many as six—robberies at 7-Eleven stores where two people were killed and three were wounded.

Over five hours early Monday—July 11, or 7/11, the day when the national 7-Eleven brand celebrates its anniversary—the violence wreaked havoc on convenience stores. Authorities in Brea and Up-land shared images of a masked man wearing what appeared to be the same black sweatshirt with a hood over his head.

7-Eleven said it was gathering information and working with police. "Our hearts are with the victims and their loved ones," the company said.

—Associated Press

PACIFIC NORTHWEST

Dam Removal to Aid Salmon Is Proposed

The Biden administration released two reports arguing that removing dams on the lower Snake River may be needed to restore salmon runs to sustainable levels in the Pacific Northwest, and that replacing the energy created by the dams is possible but will cost \$11 billion to \$19 billion.

The reports were released Tuesday by the White House Council on Environmental Quality. "Business as usual will not restore salmon," said Brenda Mallory, chair of the council. She cautioned that the Biden administration isn't endorsing any single long-term solution, including breaching the dams.

If the four Snake River dams are ultimately removed, it would be the largest such project in U.S. history.

Six Republican members of Congress from the Northwest said the reports are biased.

Kurt Miller, executive director of Northwest RiverPartners, which is made up of river users, said electricity ratepayers will see higher bills if the dams are breached.

—Associated Press

Workers Make Big Push for Unions, U.S. Data Show

By DAVID HARRISON AND HEATHER HADDON

The number of U.S. workplaces where employees have started trying to organize unions jumped this year to the highest level in half a dozen years, a rise that reflects warming public attitudes toward unions amid a strong labor market.

In the first half of the year, workers at 1,411 U.S. workplaces filed petitions with the National Labor Relations Board, the first step in joining a union, according to a Wall Street Journal analysis of federal data. That represents a 69% increase from the same period in 2021.

The union push comes as public opinion about organized labor is the most positive in decades. A Gallup poll last year found that 68% of Americans approve of unions, the highest share since 1965.

The workers filing petitions this year include some at Amazon.com Inc., Starbucks Corp., and Chipotle Mexican Grill Inc., as well as grocery stores, hospitals and major retailers. Many employees say they are seeking better health and safety precautions, more pay and more say over their working conditions.

For small-business owners, the increase in unionization is adding another expense on top of rising costs, a labor shortage and ongoing supply-chain disruptions, said Beth Milito, senior executive counsel at the National Federation of Independent Business. "It's really challenging right now for business owners and then if you layer on any other sort of employee-management issue that could be related to a union organizing drive it gets more complex and more expensive," she said.

Brandi McNease, a crew member at a Chipotle restaurant in Augusta, Maine, said employees there were frustrated about low staffing levels that required people to work back-to-back shifts with little support or guidance from management. In June, workers staged a walkout, then filed a petition with the NLRB to form an independent union. "We all just decided it was time to start treating restaurant workers like people," Ms. McNease said.

Laurie Schalow, Chipotle's chief corporate affairs officer, said the company immediately closed the restaurant when it learned about the employees' concerns so it could hire new staff and bring in new leadership. "We respect our employees' rights under the National Labor Relations Act and are committed to ensuring a fair and just work environment that provides opportunities for all," she said.

Of the 1,411 petitions filed with the NLRB in the first half

of this year, 311 have come from Starbucks stores. Of those, 145 locations have voted to join a union and 22 have voted against, according to NLRB data.

In December 2021, a Starbucks in Buffalo, N.Y., became the first U.S. company-owned location to form a union during the current push after workers there sought better pay and working conditions.

"To be honest, I didn't know what I was signing up for," said Kyla Clay, a barista from Boston whose Allston, Mass., location was one of the first Starbucks to file to unionize after the Buffalo stores. "I never imagined it would turn into something so national."

A Starbucks spokesman said the company is focused on working with its employees directly but respects their right

68%

Americans who approved of unions in a Gallup poll last year

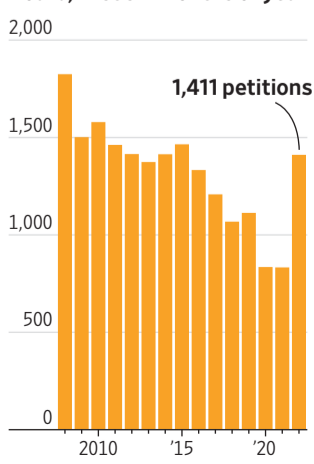
to organize. The company will bargain in good faith, he said.

At Amazon, health concerns at a warehouse on Staten Island in New York prompted workers to file an NLRB petition. In April, workers there voted in favor of forming a union, the company's first U.S. facility to unionize.

Amazon has offered Covid-19 testing and vaccines to employees as well as paid time off and bonuses for workers to get vaccinated, said spokeswoman Maria Boschetti.

"Our employees have the choice of whether or not to join a union. They always have," said Amazon spokeswoman Kelly Nantel. "As a company, we don't think unions are the best answer for our employees. Our focus remains on working directly with our team to continue making Amazon a great place to work."

Union petitions filed to the National Labor Relations Board, first six months of year



Source: National Labor Relations Board

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CORRECTIONS & AMPLIFICATIONS

LIV Golf was incorrectly called LIF Golf in one reference in some editions Tuesday in a Page One article about the PGA Tour.

Under the Emergency Medical Treatment and Labor Act, hospitals and physicians face penalties of up to about \$120,000 per violation. A U.S. News article on Monday about abortion laws incorrectly said the fines are up to around \$104,000 per violation for hospitals and up to \$50,000 per violation for physicians.

The Bloomberg Commodity Index and the WSJ Dollar Index, which track commodity futures and the U.S. dollar against foreign currencies, respectively, were incorrectly

classified as stock indexes in the key for the "Track the Markets: Winners and Losers" table in June 24's Exchange section. The WSJ Dollar Index was also misclassified in the "Track the Markets" tables dating back to March 10, 2018. The Bloomberg Commodity Index was misclassified in the tables dating back to June 1, 2019. From March 10, 2018, to May 26, 2019, the S&P GSCI GFI, an index that tracks commodity futures, was misclassified in the "Track the Markets" tables as a stock index.

Duke University's men's basketball team won the NCAA championship in 2001. A Review article on Saturday about summer camp incorrectly said 2000.

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

U.S. NEWS

California Citizens Can Sue To Enforce Gun Laws

By ZUSHA ELINSON
AND CHRISTINE MAI-DUC

California Gov. Gavin Newsom said he signed a bill allowing private citizens to sue companies including gun manufacturers for violating the state's firearms regulations.

It is one of a pair of bills passed by the Democratic-controlled legislature that use civil liability to target the gun industry. Mr. Newsom, a Democrat, has said he would sign the other proposal, which allows individuals to sue to enforce bans on certain types of weapons.

Though federal law has restricted private litigation against gun companies, California is trying to use the tactic, inspired in part by a Texas law allowing private citizens to sue to enforce a ban on abortions after six weeks of pregnancy.

"Nearly every industry is held liable when people are hurt or killed by their products—guns should be no different," Mr. Newsom said in a statement.

The gun industry and firearms advocates have vowed to challenge the measures, saying they violate federal law.

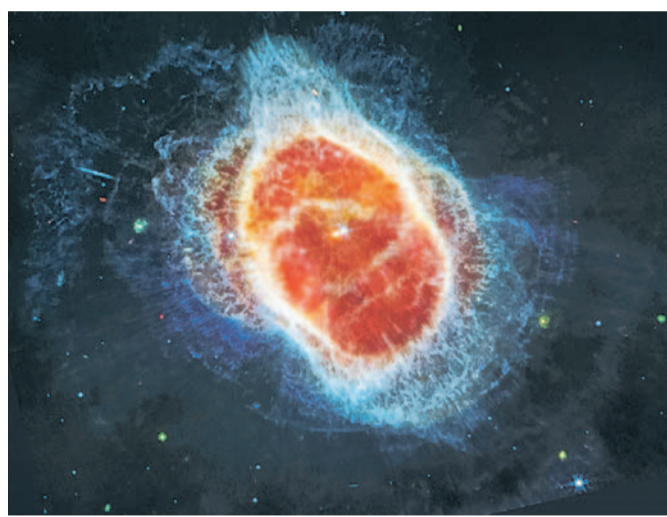
Democratic lawmakers are "doing everything they can to make it impossible to own a gun" in California, said Chuck Michel, president of the California Rifle & Pistol Association, a firearms advocacy group. "They want to red tape the right to choose to own a gun for sport or self defense to death."

The bill Mr. Newsom signed—sponsored by Democratic assembly member Phil Ting—allows individuals, the state attorney general and local governments to sue buyers, sellers, manufacturers or distributors that violate state gun laws when their products cause harm. The bill allows plaintiffs to seek damages and attorney's fees as well as, in some cases, court injunctions to stop the weapons' proliferation.

The other bill Mr. Newsom has said he would sign allows private individuals to sue anyone who makes, distributes, imports, sells or transports weapons banned in California, including assault-style rifles and homemade firearms made out of kits called ghost guns. Plaintiffs could receive minimum statutory damages of \$10,000 per weapon found to be in violation. That legislation, which passed last month and awaits Mr. Newsom's signature, was modeled after the Texas abortion law.

The two California bills are part of a broader movement by gun-control advocates to chip away at a 2005 federal law that provides gun makers with protection from liability in the unlawful use of their weapons.

Last summer, New York enacted a law similar to the one Mr. Newsom has signed.



Above, the edge of a star-forming region in the Carina Nebula, one of the largest stellar nurseries, part of a series of images from NASA's James Webb Space Telescope released Tuesday. Captured in infrared light, this image reveals for the first time previously invisible areas of star birth. Left, a side-by-side comparison shows the new telescope's observations of the Southern Ring Nebula, a cloud of gas around a dying star in the constellation Vela, in near-infrared light, far left, and mid-infrared light.

Webb Reveals New Picture of Universe

By AYLIN WOODWARD

A new era of astronomy is dawning as the National Aeronautics and Space Administration completed its release of the first set of scientific images from the James Webb Space Telescope.

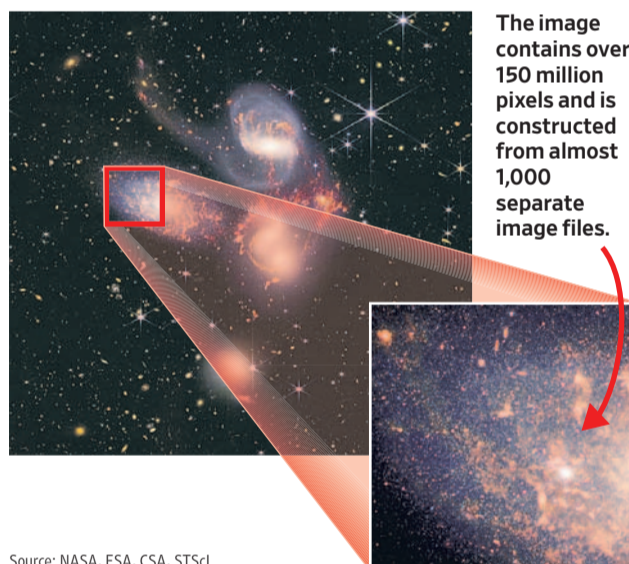
"It's progress like this that drives us forward, and it gives us inspiration," NASA Administrator Bill Nelson said Tuesday. "Our rockets run on fuel. But inspiration is the fuel that drives NASA and indeed, drives humanity," Mr. Nelson said.

The full-color images were released Tuesday during a televised broadcast from the agency's Goddard Space Flight Center in Greenbelt, Md. They showcase Webb's ability to peer deeper into space—and thus further back in time—than has ever before been possible.

"I keep telling people that this week astronomy on the whole is going to change," said Kevin Hainline, a University of Arizona astronomer and a mission scientist working on the primary imager of the truck-size telescope—the largest, most powerful one of its kind ever built.

The release comes less than 24 hours after a White House event during which President Biden unveiled the first image

Webb's image of Stephan's Quintet, a grouping of five galaxies about 290 million light-years away, shows clusters of stars, gas and dust in stunning detail.



Source: NASA, ESA, CSA, STScI

The image contains over 150 million pixels and is constructed from almost 1,000 separate image files.

from the set, a deep-field image showing a galaxy cluster called SMACS 0723. It is the deepest image of the universe taken to date, according to NASA.

The images released Tuesday show the Carina Nebula, one of the largest stellar nurseries; the Southern Ring Nebula, a cloud of gas around a dying star in the constellation Vela; and a group of five galaxies about 290 million light-

years away known as Stephan's Quintet.

NASA also released visual data detailing which molecules are present in the atmosphere of WASP-96b, a mainly gaseous planet beyond our solar system. The data is in the form of a "spectrum," the result of a technique known as spectroscopy in which starlight filtering through a planet's atmosphere is used to determine chemical

signatures in the atmosphere.

Astronomers can use such spectra to look for signatures associated with the building blocks of life like water vapor. WASP-96b's spectrum revealed the presence of water vapor in its atmosphere, and experts spotted evidence of clouds.

With its huge 21.5-foot primary mirror, the Webb telescope is 100 times as powerful as NASA's Hubble Space Telescope, which has orbited Earth for more than 30 years. Webb orbits the sun about 1 million miles from Earth, using its instruments to peer at some of the oldest and most distant galaxies and stars in the cosmos and searching for exoplanets that might be habitable.

Webb was jointly developed by NASA, the European Space Agency and the Canadian Space Agency.

Unlike Hubble, which detects mostly visible light, Webb detects mostly infrared light. That enables it to capture images of older and more distant galaxies, giving astronomers a peek into how the universe took shape just after the big bang almost 14 billion years ago.

"We've never looked at the sky in this way before," said Steven Finkelstein, an associate professor of astronomy at the University of Texas at Austin.

"The biggest thing we want to understand is when and how do galaxies actually form in the early universe, and this is something that Hubble simply is not big enough—and doesn't have sensitivity enough and the infrared wavelength regimes—to do."

Following Tuesday's release, Webb will continue its first "cycle," or year, of observations, Dr. Finkelstein said.

The images released Tuesday aren't among those proposed by any scientists for the first cycle of observations, according to University of Arizona astronomer Marcia Rieke, the principal investigator for Webb's primary imager. "This way we're not, you know, trampling on their science program," Dr. Rieke said.

Despite the delays and a series of budget cuts that almost derailed Webb, Dr. Hainline said, "We showed we can come together as an international science community to put something in space to do something no one has done."

Watch a Video

Scan this code for a video on the images from the Webb telescope.

South Carolina Seeks to Indict Lawyer in Slayings of Wife, Son

By VALERIE BAUERLEIN

Prosecutors in South Carolina intend to seek murder indictments later this week against lawyer Alex Murdaugh for the deaths of his wife, Maggie, and son Paul, according to Mr. Murdaugh's lawyer and another person familiar with the matter.

The presentation of evidence by law-enforcement authorities to a grand jury is expected to come Thursday, after which jurors will be asked to hand down indictments, according to two people familiar with the matter.

"I am aware that SLED advised the family that they intended to seek murder indictments from a grand jury later this week," said Jim Griffin, a lawyer for Mr. Murdaugh, referring to the state police, known as the South Carolina Law Enforcement Division. "We won't have any comment until charges are actually brought against Alex."



Alex Murdaugh already faces dozens of felony charges and has been in jail since October.

Maggie Murdaugh, 52 years old, and Paul Murdaugh, 22, were found dead on June 7, 2021, at the family's hunting estate, each a victim of multiple gunshot wounds. The deaths sent shock waves through the state's legal community, in which the Murdaughs have played a central and powerful role for decades.

Richard Alexander "Alex" Murdaugh, 54, has been in a

Columbia, S.C., jail since October and already faces 81 felony charges primarily related to alleged financial crimes, including breach of trust, forgery and money laundering. Prosecutors say Mr. Murdaugh defrauded clients of his personal-injury practice of at least \$8.5 million primarily by taking settlement payments meant for client trust accounts and depositing the money for his own use.

Last month, Mr. Murdaugh was also charged with a felony count of possessing and distributing oxycodone.

He has pleaded not guilty to most of the charges against him but signed a confession of judgment on May 27 in a lawsuit filed by the sons of his former housekeeper Gloria Satterfield, admitting liability for the theft of a \$4.3 million insurance settlement.

Lawyers for Mr. Murdaugh have said he has made many mistakes, in part due to a 20-year opioid addiction.

The news that prosecutors would seek indictments against Mr. Murdaugh was reported earlier Tuesday by fitsnews.com, an online news outlet.

The Murdaugh family has long held two centers of power in the legal system. Three generations of Murdaughs served as solicitor, or district attorney, for 87 years in a five-county region of the South Carolina low country, which includes Hilton Head and the roughly 100-mile-swath to the northwest. The family also ran for more than a century one of the state's dominant law firms.

In a statement, the lawyers of the firm, recently rebranded as the Parker Law Group, said reports of the pending indictment were sad and upsetting, and the members of the firm grieve for Maggie and Paul Murdaugh, "whom we loved and who we miss."

"Justice must be served," according to the statement.

Oregon Official Tapped as New Head Of Federal Prisons

By SADIE GURMAN

WASHINGTON—Attorney General Merrick Garland named Oregon's top corrections official to run the beleaguered federal Bureau of Prisons, handing her the task of setting right an agency that has struggled with misconduct, staffing shortages and the coronavirus pandemic.

The hiring of Colette Peters, who led the Oregon Department of Corrections for the past decade, follows the departure of Director Michael Carvajal, who said in January he would step down under pressure from Senate Democrats who cited concerns about sexual and physical abuse, mismanagement and health and safety problems. Those included the bureau's response to the pandemic, which has killed more than 300 federal inmates and infected more than 50,000.

Many of the problems of the Bureau of Prisons existed before Mr. Carvajal took over in February 2020. The suicide of disgraced financier Jeffrey Epstein in a New York detention facility in 2019 laid bare a prison system beset by understaffing, leadership issues, inmate violence and other problems.

The Associated Press last year reported that staffing challenges resulted in a shortage of guards and other personnel. The AP uncovered a number of other problems, including that more than 100 federal prison workers have been arrested, convicted or sentenced for crimes since the start of 2019.

"One investigation after another has revealed a culture of abuse, mismanagement, corruption, torture, and death that reaches to the highest levels," said Sen. Dick Durbin, (D. Ill.), chairman of the Senate Judiciary Committee.

U.S. NEWS

Trump Sparked Mob, Panel Says

Committee looks at links between efforts to overturn election and far-right groups

By Scott Patterson and Alexa Corse

WASHINGTON—Former President Donald Trump's tweets and public comments spurred far-right groups to violence as he made a last-ditch effort to stop Congress from certifying Joe Biden's election win, the House committee investigating the Jan. 6, 2021, attack on the Capitol said.

Committee members said Mr. Trump rallied supporters to Washington that day as he was facing a narrowing set of options to hold on to the presidency, after legal challenges failed and other ideas, such as seizing voting machines, were rejected by administration officials. In his speech at the Ellipse, Mr. Trump urged the crowd to march to the Capitol as he implored then-Vice President Mike Pence and Republican lawmakers to overturn the election result.

Mr. Trump "summoned a mob to Washington, D.C., and ultimately spurred that mob to wage a violent attack on our democracy," said Chairman Bennie Thompson (D., Miss.).

The committee's seventh hearing of the year focused on potential connections between Mr. Trump's efforts to overturn the election and far-right groups who participated in the day's violence, as the panel sought to portray a president actively engaged in disrupting the peaceful transfer of power.

The committee said it will hold another hearing next week focused on Mr. Trump's actions on the day of the riot, when he waited for hours to call off the mob despite entreaties from political allies and White House aides.

Mr. Trump has said he has done nothing wrong and has called the committee a partisan witch hunt. He continues to falsely maintain that the 2020 presidential election was stolen through widespread fraud. He was impeached in the House last year for inciting an insurrection but acquit-



Stephen Ayres, who pleaded guilty to breaching the Capitol, and former Oath Keepers spokesman Jason Van Tatenhove testified.

Attempt to Contact Witness Is Cited

Former President Donald Trump tried to contact a witness in the House select committee investigation of the Jan. 6, 2021, attack on the U.S. Capitol, a matter the panel informed the Justice Department about, committee Vice Chairwoman Liz Cheney

(R., Wyo.) said on Tuesday. The witness is someone "you have not yet seen in these hearings," Ms. Cheney said toward the end of the committee's hearing. "That person declined to answer or respond to President Trump's call...This committee has supplied that information to the Department of Justice."

Ms. Cheney said the witness's lawyer informed the committee of Mr. Trump's alleged at-

tempt to make contact. A Justice Department spokesman declined to comment. Though he didn't directly address Ms. Cheney's allegation, Trump spokesman Taylor Budowich said on Twitter: "Liz Cheney continues to traffic in innuendos and lies that go unchallenged, unconfirmed, but repeated as fact because the narrative is more important than the truth."

—Sadie Gurman

ted in the Senate.

Witnesses at the hearing Tuesday described a heated argument on Dec. 18, 2020, in which Mr. Trump's White House lawyers rejected claims of widespread election fraud by Trump personal lawyer Rudy Giuliani and other outside advisers. Then, in the early-morning hours of Dec. 19, Mr. Trump tweeted: "Big protest in D.C. on January 6th. Be there, will be wild!"

Committee members said the tweet sparked far-right groups, including the Oath Keepers and the Proud Boys, to start planning for a potential attack. Cassidy Hutchinson, a senior aide to former White House chief of staff Mark

Meadows, testified last month that Mr. Trump had been told some members of the crowd on Jan. 6 were armed.

"Donald Trump's 1:42 a.m. tweet electrified and galvanized his supporters, especially the dangerous extremists," said committee member Rep. Jamie Raskin (D., Md.), who led the presentation with Rep. Stephanie Murphy (D., Fla.). Mr. Raskin managed the second House impeachment of Mr. Trump in early 2021 over the Capitol attack.

In testimony Tuesday, Jason Van Tatenhove, a former spokesman for the Oath Keepers, said the group's leader, Stewart Rhodes, took Mr. Trump's tweets and comments

as a signal. "The fact the president was communicating, whether directly or indirectly, messaging that gave him the nod, and all I can do is thank the gods things did not go any worse," he said.

An attorney for Mr. Rhodes, James Lee Bright, said the committee didn't show evidence of direct connections between Mr. Rhodes and the White House. Mr. Rhodes has been charged with seditious conspiracy in connection with the Jan. 6 attack. He has pleaded not guilty.

In total, nearly 60 individuals linked to the Proud Boys and more than two dozen people affiliated with the Oath Keepers have been charged

with various crimes related to the Jan. 6 attack, according to researchers from the University of Chicago.

The committee also heard testimony by Stephen Ayres, who pleaded guilty to breaching the Capitol. Asked by Mr. Raskin how he feels about Mr. Trump's claims that he won the election, he said: "It makes me mad, because I was hanging on every word he was saying."

The committee showed taped testimony in which several people close to the president, including White House counsel Pat Cipollone, daughter Ivanka Trump and former press aide Judd Deere, said they believed the vote by the Electoral College on Dec. 14 affirming Joe Biden as president was the end of the road for an election challenge.

But Mr. Trump pressed ahead with efforts to reverse the election outcome.

Mr. Thompson said the panel planned to meet Thursday and would discuss whether it wanted to hear from Mr. Pence. He rebuffed Mr. Trump's pressure as he presided over the joint session of Congress on Jan. 6 and declared Mr. Biden the winner in the early hours of Jan. 7.

Dettelbach Confirmed As ATF Director

By Sadie Gurman

WASHINGTON—The Senate confirmed Steven Dettelbach to run the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, making President Biden's nominee the first leader of the agency charged with enforcing the nation's gun laws to receive such approval in nearly a decade.

Mr. Dettelbach, 57 years old, was confirmed by a 48-46 vote on Tuesday, with Republican Sens. Susan Collins of Maine and Rob Portman of Ohio joining Democrats in support. Other Republicans opposed approving the former federal prosecutor from Cleveland for the post, citing concern about his views on gun control, including his past support of a ban on assault-style weapons.

The vote total reflected a number of absences in the Senate due to the coronavirus, including Majority Leader Chuck Schumer (D., N.Y.) and Sen. Richard Blumenthal (D., Conn.).

The Democratic caucus united behind Mr. Dettelbach after he won the support of two centrist Democrats, Joe Manchin of West Virginia and Jon Tester of Montana. He also earned the backing of Sen. Angus King, an independent from Maine, who had opposed Mr. Biden's first ATF pick, David Chipman, prompting the White House to drop his nomination.

Mr. Dettelbach spent more than 20 years as a federal prosecutor before returning to private practice in 2016. During an unsuccessful bid for Ohio's attorney general in 2018, he said he supported a ban on assault-style weapons and universal background checks. During his confirmation hearing in May, Mr. Dettelbach largely dodged questions about his views on gun control.

Pressed by Sen. Tom Cotton (R., Ark.) on his definition of an assault weapon, Mr. Dettelbach deferred to Congress and state legislatures.

Treasury Pick Pressed on Global Tax Deal

By Amara Omeokwe

WASHINGTON—Senators pressed Jay Shambaugh, President Biden's pick to serve as the Treasury Department's top economic diplomat, about the administration's efforts to overhaul the global tax system, elevated inflation and U.S.-China relations at a confirmation hearing Tuesday.

If confirmed by the Senate to be Treasury's undersecretary for international affairs, Mr. Shambaugh, an economist, would play a key role in shaping the department's work on international trade and finance.

No senator voiced specific opposition to Mr. Shambaugh's nomination during the hearing before the Senate Finance Committee.

Treasury Department is grappling with several pressing matters on the international stage. Those include coordinating with Western allies on sanctions related to Russia's war in Ukraine and a push to revamp global tax rules—including implementing a minimum corporate tax on large companies—that has been stalled.

In response to questioning about the tax deal from Sen. Ron Wyden (D., Ore.), the committee's top Democrat, Mr. Shambaugh said a global minimum tax would reduce firms' incentives to book profits in other countries.

The Biden administration is also considering whether to ease certain tariffs on Chinese imports as a means of addressing historically high inflation. Sen. Catherine Cortez

Masto (D., Nev.) asked Mr. Shambaugh about the issue. He said some of those duties, implemented during the Trump administration, were imposed in response to specific Chinese actions.

Jay Shambaugh also faced senators' questions on China tariffs and inflation.

"Some of the tariffs, though, seem like they were a bit more of a back and forth with China that maybe had less of a strategic orientation to them," Mr. Shambaugh said. "And so I think looking care-

fully at which of these tariffs should be at what level, as the economy has changed since they were put in place, is an important issue."

Some committee Republicans pressed Mr. Shambaugh on the run-up in consumer prices during the pandemic to 40-year highs. Sen. Mike Crapo (R., Idaho), the committee's top GOP member, asked Mr. Shambaugh whether the \$1.9 trillion coronavirus aid package passed by Democrats last year and championed by the Biden administration had contributed to inflation.

"I think inflation is generally seen by most economists to be a function of supply and demand in the economy," Mr. Shambaugh said, adding studies have shown the package did add some demand at the margins.

Fed Nominee Barr Advances in Senate

By Andrew Ackerman

WASHINGTON—Michael Barr is poised to win confirmation as the government's most influential banking regulator after clearing a key procedural Senate hurdle with bipartisan support on Tuesday.

The Senate voted 66-27 to advance the nomination of the former Treasury Department official for a seat on the board of the Federal Reserve, setting up a confirmation vote as early as this week. A dean of public policy at the University of Michigan, Mr. Barr faces additional votes that would allow him to serve a four-year term as the Fed's vice chairman for banking supervision. Mr. Barr's confirmation

would provide the central bank with a full seven-member board for the first time in nearly a decade and would add to a group of Biden-appointed financial watchdogs. Mr. Barr has a record that suggests he might seek to restore at least some of the financial rules that were eased by the Fed during the Trump administration.

The supervision role that Mr. Barr would fill is responsible for developing a broad vision for the regulation of big banks. That includes recommendations for the Fed board and for overseeing its regulatory staff, which supervises some of the largest U.S. financial firms, including JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc.

Subvariant Fuels Wave Of Covid-19

Continued from Page One officials said Tuesday that BA.5 has the potential to push the number of infections higher in the coming weeks. They urged eligible people to get vaccine booster shots to lower the risk of hospitalization and death and not to wait for potential updated boosters targeting Omicron subvariants.

Getting a booster now "does not preclude you also doing it in the fall," said Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, during a White House briefing. "If the risk is now, address the current risk."

Among people ages 50 and older, only 28% who received their first booster dose have gotten a second, according to the CDC. And only 34% of people 65 and older have gotten a second booster shot.

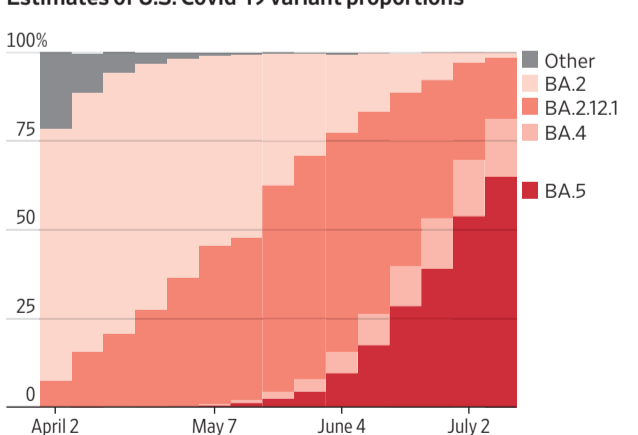
ommend second boosters of the Pfizer Inc.-BioNTech SE or Moderna Inc. vaccines for adults 50 and older if it has been at least four months since the first booster. Officials have discussed offering boosters to all adults, Ashish Jha, the White House's Covid-19 response coordinator, said Tuesday, adding that a decision to do so would rest with federal regulators.

Nationally, wastewater data tracking the prevalence of the Covid-19 virus through July 6 has recently trended up, according to Biobot Analytics. Such data can provide clues about the pandemic's trajectory.

New York City urged people last week to resume masking in public, indoor settings and around crowds outside. Los Angeles County's public-health department said rising Covid-19 hospital admissions mean that the county also could soon reach high community prevalence and that officials would reinstate a mask mandate if the county stayed at that level for two weeks.

Signs of acute illness remain muted as treatments plus immunity from vaccines and pre-

Estimates of U.S. Covid-19 variant proportions



Note: For weeks ending on the date shown. Source: Centers for Disease Control and Prevention

vious infections reduce risks for many people. But the prevalence of infection in many areas continues to cause disruptions, including spoiled travel plans, sick children sidelined from camp and child care and hospital employees who can't work. Covid-19 cases have exacerbated the staffing challenges dogging airlines, and in some cases caused canceled flights.

BA.5's mutations make it particularly adept at causing repeat infections, even in people who had the version of

Omicron that caused the surge in cases last winter. There is no evidence to suggest BA.5 causes more severe disease, CDC Director Rochelle Walensky said.

Dr. Jha noted some mixed signals from outside the U.S. Portugal, where vaccine and booster coverage is robust, experienced a sizable wave of serious illness and death after BA.5 hit there recently, Dr. Jha said over the weekend. South Africa, on the other hand, recorded a low rate of deaths af-

ter BA.5 surged there this spring, he said.

The pace of hospital admissions for Covid-positive patients has recently sped up, federal data indicate. The seven-day moving average for confirmed Covid-19 patients in hospitals has topped 34,000, federal data show, up from a low near 10,000 in April but far below January's record peak topping 150,000.

Many of the hospitalizations are cases where patients test positive after being admitted for other reasons. Deaths are hovering around 300 to 350 a day, Dr. Jha said Tuesday.

The reduced threat is one reason a pandemic-fatigued populace is less likely to change behavior when cases are high, said Robert Wachter, chairman of the department of medicine at the University of California, San Francisco. Crowds are once again common, from concerts to restaurants to airport terminals. Mask use is scattered.

"Part of what motivated people to be super careful for a long time was the fear that I'm going to die of this thing," Dr. Wachter said.

He and other health experts

said they continue to take precautions in their own lives because of the risk of developing long Covid symptoms after an infection. Biden administration officials said they plan to boost public awareness around ventilation and filtration improvements to reduce disease spread.

Many health experts believe shoring up indoor air quality is key to limiting spread as more people return to indoor spaces like offices and schools. Most Covid-19 transmission happens indoors, research has shown, a hospitable environment for the virus-carrying particles known as aerosols created when infected people laugh, speak and breathe.

"We know that improving indoor air quality by improving ventilation and putting in indoor air purifiers, they can make an enormous difference," Dr. Jha said.

Health authorities are planning a fall booster campaign to protect against a potential winter surge, and vaccine makers are racing to update their vaccines to target Omicron subvariants, including BA.5.

—Stephanie Armour contributed to this article.

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U.S. NEWS

Pig-Heart Transplants Bolster Data

By AMY DOCKSER MARCUS

Two brain-dead individuals received genetically modified pig-heart transplants, part of growing efforts by scientists who want to improve tests on pig organs for pig viruses and gather data that could help launch clinical trials of animal-to-human organ transplants.

Scientists at NYU Langone Health, where the research studies took place in June and July, said the pig hearts were flown from a facility hundreds of miles away and then transplanted into two recently deceased individuals, Lawrence Kelly, 72, a former welder from Beaver Meadows, Pa., and Alva Capuano, 64, a former teacher from New York City.

Mr. Kelly was driving alone in his car when he suffered a heart attack, according to his fiancée, Alice Michael. Ms. Capuano, who had been the recipient of a kidney transplant from her son many years ago, had a heart attack while at home, said her husband, Richard Capuano.

Both individuals were later declared brain-dead and maintained on ventilators. Their families agreed to donate their bodies to science, to take part in the research studies. In the U.S., brain death is defined as the irreversible cessation of all brain function, even if heart and lung activity can be maintained with machines.

The studies focused on gathering data about how the pig hearts functioned as well as implementing new strategies to test for and prevent the transmission of pig viruses—a longtime area of concern by the Food and Drug Administration that has intensified in the wake of the death of a Maryland man who in January was transplanted with a pig heart that was later discovered to have a pig virus in it.

In the NYU studies, researchers used a newly created infectious-disease protocol designed to help ensure that pig viruses weren't transmitted to the research subjects who received the hearts or the team of health providers involved in



Surgeons at NYU Langone Health preparing a pig heart for transplantation last week.

the experiments.

The pig hearts weren't immediately rejected by the recipients' bodies and functioned for the duration of the three-day studies, according to Nader Moazami, surgical director of heart transplantation at NYU Langone Health, who led the pig-heart procedures. The data haven't been published yet or peer-reviewed.

The possibility of pig viruses in organs causing serious or novel infections in human recipients and their family members, friends, medical caregivers, and the wider community, is considered one of the major risks in the field of xenotransplantation, or interspecies transplantation.

The issue was highlighted by the recent case of David Bennett, a 57-year-old handyman from Hagerstown, Md., whose pig-heart transplant was conducted at the University of Maryland Medical Center in Baltimore. The emergency procedure was aimed at extending the critically ill man's life. Mr. Bennett died in March, 60 days after the transplant surgery.

The FDA, which regulates xenotransplantation, put the prevention of animal disease transmission to people at the top of the agenda during a two-day public advisory committee meeting about xeno-

transplantation convened last month. The FDA is devising plans to allow clinical trials testing the transplantation of pig organs into humans, a person familiar with the matter said.

The push for xenotransplantation is being driven by the continuing shortage of human organs. More than 100,000 people in the U.S. are on the national waiting list for organs, according to the United Network for Organ Sharing, a non-profit, and more than 6,000 people die each year while waiting.

At the FDA advisory committee hearing, the scientists discussed which pig diseases should be tested before animal organs are transplanted into humans. In addition to pig CMV, the virus found in Mr. Bennett's pig heart, scientists have suggested testing for several common pig viruses, such as porcine lymphotropic herpesviruses and porcine circoviruses, as well as porcine endogenous retroviruses, or PERVs, which are found in the genome of all pigs.

The genetically modified pigs used in the two NYU pig heart studies and in the Maryland emergency transplant procedure came from Revivacor Inc. of Blacksburg, Va.

The NYU team has devel-

oped its own tests for porcine viruses in organ recipients, and it is working to develop a test to determine whether a pig has been previously exposed to CMV even if there is no active infection, according to Sapna Mehta, director of the transplant infectious diseases program and clinical director of the NYU Langone Transplant Institute. In addition to concerns about well known pig viruses, scientists also worry about the potential risk of animal viruses that haven't yet been identified, Dr. Mehta said.

Blood samples were taken from the two individuals who received the pig hearts and from members of the medical team involved in the studies, Dr. Mehta said. The samples are being stored so that if new pig viruses are identified years from now, researchers can test them and follow up with anyone who might have been exposed, she said.

Transplant infectious disease specialists are putting together a "white paper" suggesting ways to monitor for possible infections in the pigs and transplant recipients, according to Jay Fishman, director of the transplant infectious disease and compromised-host program at Massachusetts General Hospital, who is co-leading the effort.

Top New York Judge Will Resign Amid Misconduct Probe

By JIMMY VIELKIND AND CORINNE RAMEY

New York's top judge announced her resignation while the state's judicial commission was considering a complaint that she improperly attempted to influence a disciplinary hearing, according to people familiar with the matter.

New York State Court of Appeals Judge Janet DiFiore, 66, said in a Monday letter that she would step down on Aug. 31. In addition to leading the state's highest court since 2016, Judge DiFiore was responsible for overseeing the state court system.

The state's Commission on Judicial Conduct had been investigating Judge DiFiore for several months in connection with a complaint filed last year by Dennis Quirk, head of the court officers union, according

Allegations that the judge improperly tried to influence a disciplinary hearing.

to the knowledgeable people. The commission voted in June to serve Judge DiFiore with a formal written complaint alleging that she improperly used her official position to influence a disciplinary hearing involving Mr. Quirk, those people said.

The formal complaint could have led to a hearing before the commission, which has the power to privately caution judges or issue public admonitions or censures. The commission can also remove judges from office. However, it has no jurisdiction over jurists once they leave office, meaning her resignation effectively ends the investigation.

Mr. Quirk had been subject to a disciplinary hearing after court officials accused him of threatening to retaliate against Judge DiFiore in 2020. Mr. Quirk emailed the judge threatening to share information about her private life after a news report said she ordered an investigation into the union leader's alleged racism, according to a copy of the email filed in a related court case.

Following the disciplinary proceeding, Mr. Quirk was temporarily suspended from his job as a court officer. In past interviews about the incident, he has denied any racist behavior.

In letter dated Aug. 24 of last year, Judge DiFiore wrote to Phyllis Flug, who was presiding over the hearing, that Mr. Quirk had a "childish temper tantrum" and that "absent significant sanction, he will be emboldened to engage in similar misconduct in the future," according to a copy reviewed by The Wall Street Journal.

"I implore you to use your authority wisely to uphold the values of our entire court system," Judge DiFiore also wrote in the message, which was printed on official letterhead.

New York's rules of judicial conduct state that judges may not lend the prestige of judicial office to advance their private interests and cannot voluntarily testify as a character witness.

Deborah Scalise, who represented Judge DiFiore in the matter, said, "Complaints such as Mr. Quirk's are filed all the time. That is part of being a public official in this day and age." She said Judge DiFiore was planning her resignation for months and that it was "completely unrelated to Mr. Quirk's complaint or any other external factors."

Commission on Judicial Conduct administrator Robert Tembeckjian said he is prohibited from commenting on any commission matter.

Twitter Sues Musk Over Deal

Continued from Page One like every other party subject to Delaware contract law—is free to change his mind, trash the company, disrupt its operations, destroy stockholder value, and walk away," Twitter said in the complaint.

A lawyer for Mr. Musk didn't respond to a request to comment on the lawsuit.

Twitter said that Mr. Musk had a change of heart as soon as market conditions soured, resulting in his personal wealth declining by more than \$100 billion from its November 2021 peak.

"Rather than bear the cost of the market downturn, as the merger agreement requires, Musk wants to shift it to Twitter's stockholders," the company said.

The San Francisco-based social-media company also said Mr. Musk has put the company in financial jeopardy. "Since signing the merger agreement, Musk has repeatedly disparaged Twitter and the deal, creating business risk for Twitter and downward pressure on its share price," according to the complaint.

Twitter said it is prepared to hold a stockholder vote on the deal as early as mid-August and that Mr. Musk must close the transaction within the following two days. Any delay, it said, could hurt its business.

Mr. Musk should be ordered to work toward satisfying the remaining closing conditions of the acquisition, the company said in the complaint, and ordered to close once those conditions are satisfied.

Twitter shares rose 1.5% in after-hours trading.

In filing the lawsuit, Twitter requested expedited treatment of the case, which it said would protect its shareholders from "the continuing market risk and operational harm resulting from Musk's attempt to bully his way out of an airtight merger agreement." Expedited cases in the Chancery Court typically play out over the



Twitter said that Elon Musk, above, had a change of heart about acquiring the company as soon as market conditions soured.

course of a few months rather than many months or years.

Mr. Musk's lawyer argued in a letter filed with regulators last week that Twitter's long-time estimate of spam and fake accounts—the company has said for years that less than 5% of its monetizable daily active users are spam and fake accounts—appears inaccurate, and therefore could represent a "material adverse effect."

Under the concept of "material adverse effect," a buyer must show that a company's actual business differs dramatically from what they agreed to buy. It is a high bar that very few buyers who have gotten cold feet have successfully invoked.

Mr. Musk's filing didn't provide evidence to back up his assertion that the estimate was inaccurate or an alternate calculation. Rather, his lawyer wrote, "Mr. Musk has reason to believe" that the true number of spam accounts is "substantially higher" than Twitter's estimate.

Twitter said the spam and fake accounts issue and other grounds Mr. Musk cited for terminating the deal are pretexts and lack merit.

The company said Mr. Musk sought to discredit its internal process for estimating spam and fake accounts on multiple occasions, such as by publicly tweeting a misrepresentation of its sample size as just 100 accounts. "As the market continued to fall, Musk persisted in his public and misleading attacks on Twitter's handling and disclosure of spam or false accounts," according to

the complaint.

Data scientists argue that it isn't easy to objectively determine such activity on a platform where hundreds of millions of tweets are posted daily.

Twitter had signaled it planned to hold Mr. Musk to the merger agreement. The company's lawyers wrote in a letter disclosed Monday that Mr. Musk's intention to abandon the transaction was "invalid and wrongful" and that Twitter hasn't breached any of its obligations.

Twitter's lawyers wrote in that letter that the agreement isn't terminated, the bank and equity commitments remain in effect, and demanded that Mr. Musk's team comply with its obligations.

Twitter has said repeatedly it has cooperated with Mr. Musk to consummate the transaction "in accordance with the terms of the merger agreement," including providing Mr. Musk with access to what is known as the fire hose—raw data on tweets being sent every day.

According to corporate law experts, Twitter appears to be on a sounder legal footing than Mr. Musk, but the bigger question is whether Twitter could force the billionaire to buy a company he doesn't want to own.

Though deal-escape cases aren't unusual, there have been few instances in which remorseful buyers were compelled to follow through on their purchases. In 2001, Tyson Foods Inc. was forced to acquire meatpacker IBP Inc. after initially attempting to back out of the deal.

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WORLD NEWS

Illegal Crossings Are Top Concern at Meeting

American and Mexican presidents discuss cooperating to improve conditions at border

President Biden met with Mexico's president at the White House on Tuesday as both nations face a surge in illegal border crossings and growing dif-

By Juan Montes in Mexico City and Tarini Parti in Washington

ferences on energy, trade and the extradition of WikiLeaks co-founder Julian Assange to the U.S.

Mr. Biden and Mexico's Andrés Manuel López Obrador discussed joint projects to modernize border infrastructure to improve the flow of people and commerce through the busiest ports of entry into the U.S. The U.S. plans to put \$3.4 billion from last year's infrastructure law toward the projects, while Mexico committed to invest \$1.5 billion over two years, the leaders said in a joint statement.

The leaders also will direct their teams to create a task force to fight criminal organizations and curb the flow of fentanyl, the statement said, as well as working groups focused on issues such as labor and worker protections.

The Mexican president also met with Vice President Kamala



President Biden met with Mexican President Andrés Manuel López Obrador at the White House on Tuesday.

Harris, who has responsibility for addressing the economic and social strains that the U.S. administration has said is a driving force behind border crossings. She met last year with Mr. López Obrador in Mexico. The two on Tuesday talked about the need for public-private partnerships for investments in the region, the White House said.

Recent moves by Mr. López Obrador have challenged U.S. goals in the region. But Mr. Biden pushed back on any suggestions of friction between them.

In June, Mr. López Obrador boycotted Mr. Biden's regional Summit of the Americas in Los Angeles, which encouraged other Latin American leaders to stay away after the U.S. excluded Cuba, Nicaragua and Venezuela

from the meeting. At the summit, the U.S. signed a migration agreement with several Latin American countries, including Mexico, that committed more countries to receiving migrants and providing more pathways for them to live legally.

As of April, the U.S. had made more than a million arrests at the U.S.-Mexico border in six months, the fastest pace of ille-

gal border crossings in at least the last two decades, according to U.S. Customs and Border Protection.

On July 4, Mr. López Obrador said the U.S. should dismantle the Statue of Liberty if the Biden administration doesn't drop spying charges against Mr. Assange, who recently appealed his extradition from the U.K. He has said

Mexico would grant Mr. Assange asylum if he is freed.

White House press secretary Karine Jean-Pierre declined to respond directly to the Mexican president's comments.

Senior administration officials later said the charges against Mr. Assange weren't an issue Mr. Biden would focus on.

The visit to Washington, Mr. López Obrador's second since Mr. Biden took office, comes after 53 migrants, more than half of them Mexicans, died when they were left in a truck in San Antonio, in one of the deadliest migrant tragedies on U.S. soil.

Mr. López Obrador pushed Mr. Biden to increase the number of U.S. visas for guest workers from Mexico and Central America to deter illegal migration, telling him he should ignore criticism from his Republican opponents. "I know your adversaries, the conservatives, are going to be screaming all over the place," he said. "The way out is through transformation. We have to be bold in our actions."

The senior Biden administration officials said the two countries didn't plan to announce additional work visas.

Mr. Biden said his government was "also accelerating our efforts to stop the illegal trafficking of fentanyl" and working to slow human smuggling.

—José de Córdoba contributed to this article.

U.S. Presses for Stronger Israeli-Arab Security Ties

By Dion Nissenbaum and Dov Lieber

TEL AVIV—Israel is working more closely than ever with Arab countries on a joint effort to contain an increasingly assertive Iran. On a visit to the Mideast this week, President Biden intends to push for deeper, and more public, security partnerships among the onetime adversaries, U.S. officials said.

Turning the spotlight on these defense ties during Mr.

Biden's four-day trip to Israel and Saudi Arabia could test the limits of how openly Arab countries are willing to embrace Israel, which for decades has operated in the region's shadows as it contends with Tehran.

In Bahrain, an Israeli naval officer works with Bahraini and American officials trying to contain Iran's military ambitions. In Morocco, Israeli soldiers recently played a role in America's largest regular military exercise in Africa.

And in the most sensitive effort yet, Israeli and Arab military officials confer together at U.S. Central Command—the American military hub for the Middle East—as they try to develop a new air-defense pact to protect like-minded countries from threats posed by Iran and its allies.

The Biden administration is trying to bring Israel and its Arab neighbors together in a regional air-defense partnership that would be designed primar-

ily to protect the countries against threats from Iran and its allies. Efforts to do so have been hampered by the U.S. administration's strained relationship with Saudi Arabia, which has resisted pressure from Washington to shift course on key issues, including oil production and human rights.

Meanwhile, the warming relations between Israel and one-time regional rivals has become a boon for Israeli defense contractors, who are rapidly step-

ping into the opening markets. On air defense, Israel has offered to provide direct help to the U.A.E., which faced missile strikes from Iran-backed Houthi militants in Yemen this year.

But building an integrated air-defense system that stretches from Israel to the U.A.E. is a daunting challenge. The various countries involved in the talks have varied and often have conflicting interests. Key players like Saudi Arabia and Qatar don't have

official relations with Israel.

Iran has said air-defense cooperation would be destabilizing. Tehran has threatened to strike out at the U.A.E. and Bahrain if they allow Israel to put military installations in their countries.

Regional officials say the shift stems in part from concerns over the U.S.'s willingness to get involved militarily in the region, particularly after its abrupt withdrawal from Afghanistan.

Biden Faces a Saudi Arabia Closer to Russia Than Ever

DUBAI—As President Biden prepares to visit Saudi Arabia, the oil-rich kingdom is closer than ever to Russia and has no plans to disengage from Moscow or help Washington by pumping more crude, Saudi officials said.

By Summer Said, Georgi Kantchev and Benoit Faucon

The burgeoning partnership between Russia and the Saudis, rooted in their vast petroleum production capacity, has upended an oil-for-security arrangement between Washington and Riyadh that has lasted nearly half a century and been a central fixture of the post-World War II international order.

In the run-up to Russia's invasion of Ukraine and after, the Saudis ignored Western calls to export more oil to help bring down international prices, which soared to almost \$140 a barrel in March and have stayed mostly above \$100 a barrel since late February.

Saudi Arabia was a close Cold War ally of Washington and served as a staging ground for U.S. troops in the 1991 Gulf War. But relations cooled with President Barack Obama's push for a nuclear deal with Iran, a foe of the Saudis, in 2015.

Under President Donald Trump, who withdrew from the deal, the U.S. looked to bolster ties with Riyadh. But the 2018 killing of dissident Saudi journalist Jamal Khashoggi in a Saudi consulate in Istanbul strained relations, and the West distanced itself from Saudi Crown Prince Mohammed bin Salman.

Russian President Vladimir Putin deepened his personal relationship with the young prince when much of the developed world was shunning him.

U.S. officials say Mr. Biden is determined to check the kingdom's tilt toward Russia, which has impeded his efforts to bring down high inflation, denting his approval ratings and dimming the Democratic Party's hopes of holding on to Congress.

President Biden is planning

this week to meet King Salman, 86 years old, and his son, the crown prince, who runs the kingdom day to day. Among the topics on the leaders' agenda will be oil, said U.S. national security adviser Jake Sullivan.

"We believe there needs to be adequate supply in the global market to protect people, to compete and to protect the American consumer," Mr. Sullivan told reporters. "We do believe there is a capacity for further steps to be taken."

Saudi officials say they are committed to making oil decisions through an alliance known as OPEC+ and in consultation with Russia. High prices help Russia fund its government as it fights the Ukraine war, and inflict economic pain on the West.

OPEC+ includes the 13 nations that make up the Organi-

\$100

A barrel of oil mostly has topped this mark since late February

zation of the Petroleum Exporting Countries plus 10 other oil producers led by Russia. Together, it produces about half the world's oil output and has 90% of reserves.

Saudi and Russian officials say OPEC+ is a bedrock of their foreign policy. The two countries have plans for increased trade and investment—which Saudi officials say Prince Mohammed sees as a general pivot away from the West and includes greater engagement with China.

For Russia, the Saudi partnership is part of its efforts to capitalize on Washington's desire, under successive administrations, to reduce America's involvement in conflicts in the Middle East now that the region no longer supplies much oil to the U.S.

By working with the Saudis, the Kremlin aims to weaken U.S. global leadership and to

find new allies, following sanctions imposed after it annexed Crimea from Ukraine in 2014, analysts said.

"OPEC+ was a geopolitical project as much as it was an economic project," said Elina Ribakova, deputy chief economist at the Institute of International Finance, a financial-industry association.

For Saudi Arabia, allying with Russia reduces the burden on Riyadh to make painful crude-production cuts when oil prices rise too high for Washington's liking.

White House officials declined to comment for this article. U.S. officials have said Saudi Arabia remains firmly in the West's camp, pointing to its vote at the U.N. General Assembly this year to condemn Russia's invasion of Ukraine. But they have helped Russia, while frustrating the West.

Late in 2021, as Russia massed troops on Ukraine's border, Russian and Saudi oil officials agreed that they would allow surging oil prices to keep rising, according to people familiar with the matter. Ultimately, prices after the invasion reached levels not seen in nearly 15 years.

One result of high oil prices: Russia built a financial buffer that blunted the impact of subsequent sanctions imposed by the West. Although Moscow is still expected to have a deep recession this year, its tax revenue from oil is on track to jump nearly 30% to about \$140 billion in 2022, said consulting firm Rystad Energy.

The Russia-Saudi relationship is driven by a bond between Russian President Putin and Prince Mohammed. People close to the Prince said he sees Mr. Putin as a leader who cares little about the human-rights issues for which the Biden administration has criticized the Saudi government.

By contrast, Mr. Biden has never met Prince Mohammed or spoken to him on the phone, and vowed on the campaign trail to treat Saudi Arabia like a "pariah" because of the Khashoggi killing.

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WORLD NEWS



Former treasury chief Rishi Sunak launched his campaign in central London on Tuesday.

U.K. Treasury Chief Gains Traction in Leadership Race

By MAX COLCHESTER

LONDON—Rishi Sunak, the former British treasury chief whose resignation spurred Boris Johnson's ouster as prime minister, gained early momentum in the race to become the country's next leader, as the Conservative Party began to whittle down a crowded list of contenders.

Mr. Sunak launched his campaign in central London on Tuesday, promising integrity and a long-term plan to fix Britain's inflation-stricken economy. He unveiled two prominent cabinet ministers as backers, during a slickly produced event with the slogan "Ready for Rishi."

"We need a return to traditional conservative economic values, that means honesty and responsibility. Not fairy tales," said Mr. Sunak, promising to cut taxes when the economy is on a stronger footing.

To accelerate the process to find a new prime minister, the ruling Conservative Party declared that candidates must have the backing of at least 20 fellow Tory lawmakers by Tuesday evening, in the hopes of narrowing the field before the first round of voting on Wednesday. Later on Tuesday, the party

declared that eight candidates had cleared that hurdle. Among those withdrawing from the race because of lack of support was Sajid Javid, the former health minister who along with Mr. Sunak helped spark the mutiny against Mr. Johnson by resigning last week.

Conservative lawmakers will hold more votes knocking out weaker candidates until a final two are selected by Thursday of next week. The winners then have to woo some 150,000 members of the Conservative Party who vote to choose the party's leader.

The process has kicked-started a round of horse trading in Westminster as Conservative lawmakers look to parlay support for future top jobs in government. While the contest is still at an early stage, battle lines are emerging between small-state conservatives and those seen as more centrist candidates who favor short-term tax increases to bolster state coffers. The latter faction is led by former banker Mr. Sunak. On Tuesday, Deputy Prime Minister Dominic Raab, a former foreign secretary and Brexit figurehead, and Transport Secretary Grant

Shapps announced their support for Mr. Sunak.

Up against him is Foreign Secretary Liz Truss, who Tuesday got the backing of two prominent Brexit supporters in Mr. Johnson's cabinet. Penny Mordaunt, a trade minister, is seen as Ms. Truss's most likely rival to face off against Mr. Sunak in the final round, analysts say. Ms. Mordaunt is a favorite among the wider Conservative Party.

A poll by ConservativeHome, a Tory news website, found Tuesday that Ms. Mordaunt is the most popular candidate with party members, former equalities minister Kemi Badenoch second and Mr. Sunak third.

More centrist long-shot candidates include former Foreign Secretary Jeremy Hunt and former soldier Tom Tugendhat. Attorney General Suella Braverman also made it through.

In the coming days, much will hinge on which candidate can get the support of the libertarian wing of the party and build momentum into the monthlong campaign to win over Conservative members across the country. Oddsmakers say that Mr. Sunak is still the favorite to win overall.

Heathrow To Limit Passengers

Continued from Page One
 periods when service drops to a level that is not acceptable," Heathrow Chief Executive John Holland-Kaye said in a statement, citing "long queue times, delays for passengers requiring assistance, bags not traveling with passengers or arriving late, low punctuality and last-minute cancellations."

Heathrow said Tuesday on average airlines are currently scheduled to fly 104,000 seats from its runways each day through the summer. Of the 4,000 daily seats in excess of the new cap, about 1,500 have already been sold. Passengers who have bought those tickets will need to be rescheduled, re-funded or rerouted. Heathrow said it is asking airlines not to sell the remainder.

"It's extraordinary by the industry's historic standards, but it's not extraordinary by this year's," said John Grant, a senior analyst at aviation data firm OAG, who has worked in the industry for over 40 years.

The cap will be imposed Tuesday and is to continue through Sept. 11, the airport said. The move comes a day after Heathrow told airlines to cancel 61 flights after higher passenger numbers at two of its terminals exceeded capacity. Since the start of June, air-

lines flying from Heathrow have canceled 559 flights within about seven days of the scheduled departure, a 299% jump from the number of scrapped flights over the same period in 2019, according to aviation database, FlightAware. The percentage of total flights canceled rose to 1.9% in that same period this year, compared with 0.5% before the pandemic. Of those that took off, 42.4% were delayed, compared with about 29% delayed in the same 2019 span. The average wait time was a bit over 36 minutes, a 33% increase compared with 2019.

Heathrow said this was the first time it has had to impose a cap at such a scale and duration. Across the U.S., Canada and Europe, the aviation industry is scrambling to restore operations to serve a surge in summer travel this year.

The problems have been most severe in Europe. Travel restrictions aimed at curbing the spread of Covid-19 slowed the recovery of European air travel, much of which involves flights between different countries. A stronger U.S. domestic market, meanwhile, has allowed airports there to build up their staff over a longer period before the typically busy summer season.

Heathrow said it has taken steps to try to ease disruptions, including bringing on more customer-service staff.

The airport said it had started hiring in November last year and expects by the end of July to have as many staffers working in security—one of the biggest bottlenecks faced by

passengers—as it did before the pandemic.

"New colleagues are learning fast but are not yet up to full speed," Mr. Holland-Kaye said. "However, there are some critical functions in the airport which are still significantly under-resourced, in particular ground handlers."

That shortfall at Heathrow and other airports has led to a rise in the number of lost bags in recent months, industry executives and analysts said.

At Heathrow on Tuesday, passengers waited in long lines to check in, drop off baggage and go through security. Schedule boards showed multiple delays and flight cancellations.

To return home from her first-ever international trip by plane, Kristin Karras thought that arriving at Heathrow at noon would be plenty of time for her 3:25 p.m. flight to Salt Lake City. But airport staff wouldn't let her and her family inside the building for 90 minutes, giving priority to people with earlier flights.

"They were punishing those who came early and rewarding those who came late," said the 50-year-old nurse from Utah, who was traveling with her husband, teenage son and her son's friend.

By 2:50 p.m., with about 100 passengers still in front of them, the Karras family was bumped to the front of the baggage drop line. She said she was grateful that the airport staff appeared to be doing the best with their limited resources. "There's a method to their madness," she said. "We just don't know what it is."

After a computer glitch wasted precious minutes in dropping off their luggage, the family rushed to negotiate their way to the front of the security lines. A small reprieve: the flight had just been delayed by 20 minutes. "My anxiety is a 10," she said.

At 3:30 p.m., 15 minutes before departure, Ms. Karras made it to the aircraft. "We literally ran to our gate and are boarding plane now. No time to use restroom or grab something to eat," she said via text. "We are starving and uncomfortable but made it. I tried [to be] optimistic but now just feel exhausted."



Passengers at Heathrow on Tuesday waited in long lines to check in, drop off baggage and go through security.

STU WOOD/THE WALL STREET JOURNAL






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WORLD NEWS

Military Depots Struck in Areas Held By Russia

BY VIVIAN SALAMA
AND BOJAN PANCEVSKI

ODESSA, Ukraine—Ukrainian forces struck ammunition depots deep inside Russian-occupied territory in the south and east of the country, as Russia shelled Ukrainian cities in the east in its push to capture the entire Donbas area, Ukrainian officials said.

The long-range strikes presage the next phase of the war, with Ukraine aiming to liberate its southern regions from Russian control and Moscow looking to seize more of Ukraine's east.

Ukraine used multiple-launch Himars rocket systems provided by the U.S. to carry out 30 strikes in recent days against high-value targets such as ammunition depots and command posts, said Oleksiy Arestovych, a Ukrainian presidential adviser.

Ukraine claimed a success in its efforts in the south late Monday, saying that eight foreign ships accessed ports on the

Danube after Ukrainian forces ousted Russia's military from the strategic Snake Island in the Black Sea. Ukraine has struggled to export its grains since Russia seized its main ports.

One depot strike occurred late Monday in Nova Kakhovka, a city on the southern bank of the Dnipro River that Russia seized in the early days of the war, Ukraine's military said.

Ukraine's armed forces said the strike destroyed ammunition, artillery and armored vehicles. Russia-appointed officials said civilian infrastructure, including a market, residential housing and a fertilizer-storage site, were hit, killing seven people and injuring 80.

Late Tuesday, a large explosion rocked the city of Luhansk, the capital of one of the two Russian-created statelets in eastern Ukraine's Donbas region, according to footage posted on social media by residents.

Russian military correspondents said on social media that an ammunition dump in



A satellite image shows the site of a Ukrainian strike on an ammunition depot inside Russian-occupied territory in southern Ukraine.

Luhansk's industrial area was hit. Unlike Donetsk, the capital of another statelet in the Donbas region that is attacked every day, Luhansk city—far from the front lines—had been largely spared the violence until now.

In the south, Ukrainian special forces and partisans carried out assaults on infrastructure and collaborators behind Russian lines. On Monday, Evgeny Yunakov, head of the administration in Russian-occupied Velyki Bobryk, was killed, Ukrainian

and Russian officials said.

Ukrainian forces hit targets in the Russian-controlled city of Energodar with drones, said Ukrainian and Russian officials. Ukrainian officials said the unmanned aerial vehicles hit a military compound; local pro-Russian officials said the target was a residential building.

In the northeastern Kharkiv region, the districts of Kharkiv, Bohodukhiv and Izyum came under heavy shelling Tuesday, said the governor,

Oleh Synyehubov. Ukrainian forces said they successfully prevented Russian forces from advancing on the towns of Dementiivka and Izyum, he said.

Military officials from Russia, Ukraine and Turkey along with a United Nations delegation are set to hold talks in Istanbul on Wednesday, focusing on a plan to export Ukrainian grain to the international market, Turkey's defense minister said.

Meanwhile, the U.S. said Tuesday that it would provide

an additional \$1.7 billion in aid to support essential Ukrainian government services, said the U.S. Agency for International Development.

To date, the U.S. has given \$4 billion in aid to help Kyiv pay for salaries of healthcare workers, teachers and civil servants and to keep gas and electricity flowing, the agency said.

—Laurence Norman and Jared Malsin contributed to this article.

Sri Lankan President Flees Country Ahead of Resignation

BY PHILIP WEN

Sri Lankan President Gotabaya Rajapaksa fled the country on a military aircraft in the early hours of Wednesday, an immigration official said, the same day he was due to formally resign following mass protests over the country's economic crisis that led to a storming and occupation of his residence in the country's capital, Colombo.

The flight departed from the main international airport in Colombo and was headed for the Maldives, said the official. Mr. Rajapaksa traveled with his wife and two security

personnel, the official said, in a departure that is set to deepen turmoil in the small, island nation. The official said there were no legal grounds to deny his immigration clearance.

"At the moment of leaving, he was still the president," the official said.

Sri Lanka's financial and political crisis could foreshadow the tumult that awaits other debt-laden countries that are similarly vulnerable to the confluence of food shortages, inflation and rising U.S. interest rates. As currencies have weakened, it has been harder for many coun-

tries to both service debt, and pay for more costly imports, in some cases triggering a downgrade of sovereign debt. That can bring countries closer to a default, as options for borrowing recede.

As crowds stormed the president's offices and residence amid anger over energy and food shortages that worsened in recent weeks, Mr. Rajapaksa has been out of public view. He had remained silent since the parliament speaker said on Saturday that the president had informed him of his intention to resign on July 13 and his absence sparked speculation among the public

Protesters had occupied the leader's residence and offices.

that the president was seeking to depart the nation.

The country's economic crisis has intensified accusations of nepotism and corruption from opponents, which he denies. Upon stepping down, Mr. Rajapaksa would no longer enjoy immunity from prosecution.

The speaker, Mahinda Yapa

Abeywardena, a Rajapaksa ally who has served as a conduit for communications from the president in recent days, on Sunday told the BBC that the president had left the country for a short visit. But on Monday, in a subsequent interview with The Wall Street Journal, he said he had been mistaken, and that while a signed letter from the president would suffice for a resignation, he expected Mr. Rajapaksa to be in Colombo on Wednesday, the day of his resignation.

On Saturday, demonstrators breached light security and occupied the president's residence, taking a dip in the com-

pound's swimming pool, watching protest coverage on TV and taking selfies. Protesters also broke into the residence of Prime Minister Ranil Wickremesinghe, who publicly committed the same day to resigning to make way for an interim all-party government.

The economic pain of recent months, which saw Sri Lanka's foreign reserves drain to near zero, hitting at the ability to import fuel and medicine, has steadily chipped away at the Rajapaksa family's grip on power. Mahinda Rajapaksa, the president's brother who was serving as prime minister, resigned in May.

WORLD WATCH

SYRIA

Islamic State Leader Killed by U.S. Drone

The U.S. military conducted a drone strike that killed the top Islamic State leader in Syria and injured one other terrorist operative, U.S. Central Command said Tuesday.

The drone strike, carried out with an MQ-9 Reaper, targeted Maher al-Agal, described by the military as one of the top five leaders of Islamic State and considered to be the leader of Islamic State in Syria.

Another ISIS operative, who officials said was closely associated with Mr. al-Agal, was seriously injured in the strike, which was conducted in the town of Jindayris, in northwest Syria, the military said.

There were no civilian casualties as a result of the strike, the military said.

President Biden said Tuesday that the U.S. strikes against ISIS leaders send "a powerful message to all terrorists who threaten our homeland and our interests around the world. The United States will be relentless in its efforts to bring you to justice."

—Gordon Lubold

UNITED NATIONS

Cross-Border Aid to Syria Extended

Under the threat of a Russian veto, the U.S. and its allies on the United Nations Security Council yielded to Moscow's demand that cross-border aid to rebel-held areas in northern Syria be continued for six months rather than the 12 months the West had been seeking.

A resolution calling for a six-month extension was approved by the 15-member Security Council on Tuesday. Russia and China voted for the measure along with 10 other members of the body. The U.S., Britain and France abstained.

Western officials described the resolution as a difficult compromise that will enable the U.N. to continue humanitarian aid to more than four million people until Jan. 10 in areas outside the control of President Bashar al-Assad. Authorization to provide that aid had expired on Sunday.

—Michael R. Gordon



WILDFIRE FLIGHT: Spain and Portugal are battling fires amid a heat wave. Above, a man fled Boa Vista, Portugal, on Tuesday.

FRANCE

Macron Shrugs Off Uber-Role Scrutiny

French President Emmanuel Macron used a vulgar expression Tuesday as he brushed aside scrutiny of his past conduct as economy minister in helping clear the way for ride-hailing app Uber Technologies Inc. to keep operating in France.

Mr. Macron came under fire from opposition lawmakers this week after French daily Le Monde and other media published reports they said were based on internal documents at Uber and text messages between Uber executives and Mr. Macron.

The reports said Mr. Macron struck a deal with Uber to make it easier for drivers at ride-hailing companies to obtain chauffeur licenses and legally operate in France as taxi drivers were staging violent protests against the company. In exchange, the reports said, Uber suspended its low-cost Uberpop service, which relied on nonprofessional drivers.

"I would do it again tomorrow, and the day after tomorrow," Mr. Macron said when asked about his support for Uber.

The president then used an expression in French, which refers to a man's testicles, to say he was unfazed by the controversy.

A spokeswoman said Mr. Macron spoke to many companies as economy minister but declined to specifically comment on the existence of a deal with Uber.

—Noemie Bisserbe

JAPAN

Crowds Line Streets For Abe's Funeral

Mourners remembered former Prime Minister Shinzo Abe at his funeral on Tuesday, and his coffin was driven past parliament and the prime minister's office where he governed for more than eight years.

Mr. Abe was shot and killed at a political rally on Friday. He was 67 years old. Police arrested 41-year-old Tetsuya Yamagami, who is suspected of shooting Mr. Abe using a homemade gun.

The funeral was held at a Buddhist temple in Tokyo. At the service inside, attended by a relatively small group of family and friends, Mr. Abe's widow, Akie, said the sudden death of her husband was like a dream.

"As a politician, he left behind much to be done, but he planted many seeds and I believe they will come into bud," Mrs. Abe told the mourners, according to public broadcaster NHK.

With crowds lining the streets, a car carrying Mr. Abe's coffin drove past the places where he spent his nearly 30-year career as a lawmaker, including the parliament building and the headquarters of the ruling Liberal Democratic Party.

It entered the grounds of the prime minister's office where he served from 2006 to 2007 and again from 2012 to 2020. Prime Minister Fumio Kishida and other dignitaries bowed as the car drove past.

—Peter Landers

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—Greg L.
Oahu, Hawaii

FROM PAGE ONE

Oligarchs Evade Sanctions

Continued from Page One

the team had a hard time identifying homes or local businesses officially owned by any of the hundreds of Russian oligarchs on the Swiss government's list of sanctioned people. They struggled with Cyrillic names and often couldn't make sense of the 300-page list, said Heinz Tännler, the financial director for the Canton, or state, of Zug.

They also struggled with the implications for the local economy, added Mr. Tännler, who worries that sanctions have jeopardized his canton's reputation as a safe place for foreign investment. "This is a very difficult time, especially for the Canton of Zug," he said.

In the end, the officials found exactly one company out of the roughly 30,000 registered in Zug that they believed was owned or controlled by a sanctioned individual.

Zug's slow start is emblematic of the country as a whole. Switzerland has pledged to punish Russia for its invasion of Ukraine. So far, that promise hasn't triggered much action against Russian companies doing business there, bolstering concerns in world capitals that the Alpine financial hub isn't doing enough to forestall the Kremlin and Russian President Vladimir Putin's allies.

Commodities hub

Eighty percent of Russia's commodities are traded through Switzerland, mostly through Zug and the lakeside city of Geneva. Swiss banks manage an estimated \$150 billion for Russian clients, according to the country's banking association. Thirty-two of the oligarchs closest to Mr. Putin have property, bank accounts or businesses in Switzerland, according to Zurich-based transparency group Public Eye.

In the four months since Swiss authorities began sanctions, \$6.8 billion in Russian financial assets have been frozen, alongside 15 homes and properties, according to the State Secretariat for Economic Affairs, or SECO, the implementing entity.

By contrast, EU countries have collectively frozen \$14 billion in alleged oligarch assets spanning funds, boats, helicopters and real estate, in addition to over \$20 billion in Russian central-bank reserves. EU countries have also blocked around \$200 billion in financial transactions.

Authorities on the U.K. island of Jersey froze over \$7 billion in assets they said are linked to oligarch Roman Abramovich, who didn't respond to requests for comment.

U.S. senators have privately petitioned Swiss officials to do more to locate Russian money and property. "Instead of enabling Russia's abuse of the global financial system, they should stand against it," said Sen. Roger Wicker (R., Miss.), chair of the U.S. Commission on Security and Cooperation, which promotes human rights, military security and economic cooperation.

Switzerland's government has rejected that kind of criticism, stressing that its adoption of EU sanctions marks a historic shift and that it is do-



An overhead view of Zug, Switzerland—dubbed 'Little Moscow' by Swiss newspapers—where the streets are clustered with the offices of companies founded by Russia's wealthiest men and the local opposition party takes sightseers on an Oligarch's Tour.

ing everything possible to hunt down blacklisted assets.

"It is clear that the sheer volume of the sanctions against Russia and Belarus, as well as the speed with which they were adopted, creates certain challenges for implementing authorities, in Switzerland and elsewhere," said a SECO spokeswoman.

Western sanctions have increasingly been used to squeeze Russia since 2014, when it annexed Crimea. Since then, Mr. Putin and a tight circle of allies have been exploiting gaps in the global financial system to evade blacklists and hide wealth overseas.

Despite Switzerland's status as a global financial hub, the country's regulators are hamstrung by limited resources—SECO had just 10 officials fully dedicated to sanctions until recently, when the government hired five more. Their work is also frustrated by an old structural problem: The business of registering companies remains a hive of secrecy, making it difficult to identify ultimate ownership of assets, according to Western diplomats.

Swiss bankers and transparency campaigners say billions of dollars of Russian clients' assets have been transferred to the names of spouses and children in recent years—a phenomenon that accelerated in the run-up to the war, they say.

'Zug Peace Prize'

The Putin regime's presence in Zug can be traced to the early days of his presidency, and a ceremony in the canton's sprawling art nouveau palace, Theatre Casino.

While Russia's military was bombing the restive republic of Chechnya, Mr. Putin was awarded the 2002 "Zug Peace Prize" by the Nuclear Disarmament Forum, an organization of influential local businessmen that has since disbanded. The meeting, attended by business and political leaders close to the Kremlin and serenaded by the Russian National Orchestra, heralded the flourishing of Russian commodity trading in the town, according to local politicians.

Many oligarchs have businesses in Zug that remain un-

'This is a very difficult time, especially for the Canton of Zug'

Heinz Tännler, the canton's financial director, who is part of a team of local officials helping implement sanctions.



touched by sanctions. They include Mr. Abramovich, the largest shareholder of Evraz PLC, a Russian steelmaker and mining company that has a trading arm in the canton. Evraz was sanctioned in the U.K., where it traded on the London Stock Exchange, but hasn't been sanctioned in Switzerland or the EU, even though Mr. Abramovich has.

Not far from Zug, in Winterthur, is the headquarters of Sulzer AG, an engineering company that is 48.8%-owned by Russian billionaire Viktor Vekselberg, who is sanctioned by the U.S. and the U.K. When Poland sanctioned Sulzer's operations, the Swiss embassy in Warsaw unsuccessfully lobbied the Polish government to reverse the move, according to a Polish government official and the Swiss department of for-

eign affairs.

Sulzer said Poland's decision was wrong given that Mr. Vekselberg is just a minority shareholder and neither owns nor controls the company. Sulzer isn't sanctioned anywhere else, a spokesman said. Representatives for Mr. Abramovich and Evraz didn't reply to requests for comment.

The SECO spokeswoman said the agency is in close contact with the U.K. authorities about sanctions, but "is not bound by their assessment." A spokesman for the department of foreign affairs said that under Swiss law the government can assist Swiss companies abroad, and that sanctioning Sulzer's Polish subsidiaries threatened jobs and hurt Sulzer clients.

U.S. and European officials say they are counting on the

Swiss government to find which companies and homes in Switzerland belong to sanctioned Russian oligarchs and freeze them. Switzerland's history of financial secrecy, enshrined in its law, can make it exceedingly difficult to identify who owns what.

Under Swiss legal precedent, lawyers can still open a company on behalf of a client and claim attorney-client privilege to block authorities from uncovering that person's identity. That, officials say, hinders them from finding more companies whose accounts should be frozen under sanctions. It is also an obstacle for banks with small compliance teams.

Swiss business registries don't require firms to list true owners, which are often hidden by opaque companies in Switzerland held by trusts in financial havens, a loophole exploited by businessmen from Russia and elsewhere eager to mask the true ownership of their assets, according to Swiss opposition politicians and advocates for financial reform.

"A Swiss lawyer hides the name of the beneficial owner in his vault, and there's no way the Swiss authorities can get to the name," said Mark Pieth, a former head of the Organization for Economic Cooperation and Development's bribery division now at the Basel Institute on Governance.



EuroChem, one of the world's top fertilizer producers, has its headquarters in Zug.

Giving the Bird to Inflation

Continued from Page One

of course, but rampant inflation is introducing a new flock to the practice. Rising grocery-store bills also are leading savvy consumers to try pickling, canning and inexpensive recipes such as potato pancakes.

A whole chicken costs less than the sum of its parts. Breasts and boneless, skinless thighs are more expensive on a per-pound basis than buying the whole bird and cutting it up at home. Over the years, Americans have grown more willing to pay the premium to have the yucky stuff done for

them, rather than hacking up the whole bird themselves.

Rookie whole-chicken chefs have been rudely introduced to giblets, struggled to carve around bone and ended up with more leftovers than they know what to do with.

As of last week, the price for a whole chicken, on average, was \$1.56 a pound, according to the Agriculture Department, up from \$1.09 a year ago. Boneless, skinless chicken breast prices were \$4.26 a pound, up from \$2.46 a year ago.

Whole chicken sales aren't soaring, but a longtime decline in sales of whole birds has slowed a bit in recent months.

"Is it just the fan club? A small group that's really buying?" says Chris Dubois, a poultry-market strategist at IRI Worldwide, an analytics and market research company, about whole-chicken sales.

Consumers are hungry for

all sorts of new ways to save money at the market.

"With inflation rising, what are some modern day 'depression' recipes?" asked a Reddit thread started earlier this year. It has 980 replies, including chatter about getting creative with cabbage.

Contributors advise how to use every last part of the chicken, with one suggesting simmering the bones to make a broth for a "garbage" soup that includes scraps such as carrot peels and onion skins.

Meanwhile, a YouTube show that first got attention during the financial crisis of 2008, called "Great Depression Cooking," is garnering interest again.

Clara Cannucciari, who died at age 98 in 2013, lived through the Great Depression near Chicago and posted videos about how her Sicilian-American parents stretched food in dire times.

Christopher Cannucciari, her 43-year-old grandson, says the page got tens of thousands of more views than usual in May. The channel has drawn thousands more subscribers in recent months than it usually adds, he says.

Rookie whole-chicken chefs are rudely introduced to giblets.

Fans reach out to him personally or leave comments on old videos, such as the popular "Poorman's Meal"—fried potatoes, onions and hot dogs—expressing their gratitude, he says.

Leslie Rittoper, 67, of Northumberland, Pa., says her average bill at the grocery

store—to shop for herself, her adult daughter and perhaps a few nearby family members—has gone from just above \$100 to well over \$200.

"I started making whole chickens or cornish hens or turkeys," she says. "And if I make a large amount, which I almost always do, I almost always overcook," which often leaves her with a freezer full of leftover chicken. "I also give extra to my neighbors."

Ms. Rittoper also started gardening—tomatoes, onions, lettuces, celery, cucumbers, zucchini—to slice her produce bill. Now, at the grocery store, she strolls right past the produce aisle. "I can see the difference," she says. "The tomatoes are much smaller and they're not juicy. They don't taste as good."

Jamie Harmon, who homeschools her three children near Pocatello, Idaho, runs the food blog Coffee With Us 3,

"The government has deliberately tied its own hands behind its back."

Trusts came into play earlier this year when Switzerland, following the EU's lead, sanctioned Andrey Melnichenko, one of Russia's richest oligarchs and a longtime Swiss resident.

On March 9, the EU added Mr. Melnichenko's name—No. 721—to its blacklist, describing him as part of the "closest circle of Vladimir Putin" and involved in businesses vital to the government. It mentioned a meeting he attended in Moscow with Mr. Putin in the first hours of Russia's invasion of Ukraine, along with 35 other oligarchs. In Italy, police seized his sailing yacht, the world's largest.

Left untouched was EuroChem AG, a company founded by Mr. Melnichenko in 2001 that grew into one of the world's top producers of fertilizer, with revenue last year of \$10.2 billion. Based in a small glass tower in Zug nicknamed the Dallas Building, the company is deeply entwined in the supply chains of Europe's largest chemical giants.

Cyprus trust

The day before the sanctions were announced, the tycoon disclaimed his interest in a Cyprus trust that held the company, according to a document signed by EuroChem's chief financial officer. That left Mr. Melnichenko's wife, Aleksandra, a former Serbian pop star, as the trust's sole beneficiary.

"Given that Mr. Melnichenko no longer owns, holds or controls any funds and economic resources of EuroChem Group...neither EuroChem Group nor any member of EuroChem Group are subject to EU asset freeze measures," stated a document viewed by The Wall Street Journal. EuroChem lawyers also wrote to SECO that the company wouldn't provide economic resources to Mr. Melnichenko or pay dividends to his wife.

On March 28, SECO rendered its judgment: EuroChem didn't need to have its assets or bank accounts frozen. Officials in Zug followed suit.

Mr. Tännler, the canton's financial director, bridled at criticism that local officials aren't looking hard enough. "I think people know that we did a good job, that we did what we can do," he said. He washed his hands of the EuroChem decision. "SECO made a determination that EuroChem is clean," Mr. Tännler said.

The European Commission in June countered that decision, ruling that Ms. Melnichenko was unduly benefiting from her husband and should be sanctioned. Switzerland then followed suit, blacklisting her but leaving EuroChem untouched.

Credit Suisse, which needs to answer to tougher U.S. regulators because of its U.S. dollar business, has frozen the accounts EuroChem held at the bank.

A spokesman for the couple said Mr. Melnichenko considers the sanctions against him unjust. "The formal justifications are nonsense," said the spokesman, who denied that Mr. Melnichenko is a member of Mr. Putin's inner circle or provides substantial revenue to the Russian government.

Ms. Melnichenko has appealed to the Council of the European Union, saying the sanctions against her have complicated EuroChem's ability to sell fertilizer, "leading to the famine and death of millions of people."

with two friends. She says readers are buzzing about recipes such as the Chocolate Coffee Depression Cake, which is made without any eggs, milk or butter.

Ms. Harmon also has seen an uptick in recipes for cooking basics like taco seasoning and pancake mix.

"It only costs pennies to make most of those things," she says.

Ms. Harmon and her colleagues also are pushing whole birds, including a recipe for an Instant Pot Balsamic Thyme Whole Chicken.

Jan Wardell, who is 71 and also lives in Pocatello, bought a whole chicken recently but is ruling it out for the future. There was too much chicken.

"You don't want to have the same meal over and over and over until it's gone," she says.

But she isn't throwing any away. "I'm too cheap for that," she says.



Yes, You Can Boost Your Optimism

Psychologists believe that a positive outlook is a style of thinking. It just needs practice.

things seem, there are also good moments.

“Rather than think of how things never go your way, you want to learn to think about the opportunity in the negative,” says Dr. Mongrain. Doing this regularly will train your mind to prioritize a positive focus, she says.

• Take action.

You need to break the inertia that comes from being worn down by negative events and thoughts.

Set a small, achievable goal to improve something that makes you feel pessimistic. Start close to home, with something that will improve the quality of your life. Say you want to get rid of clutter in your house. Pick one closet to start. Then make a detailed plan: when to tackle it, what to keep, where will you donate the rest.

“Optimism is not just seeing a bright future, it’s knowing what to do to get there,” says Dr. Mongrain. Achieving a small goal will give you the confidence to tackle a big one.

• Write a positive letter to yourself.

Pick a time frame in the future—say two years, although any period that resonates with you is good. Choose an area of your life you’re worried about but have some control over, such as your romantic life or your career. Imagine you are in a better place and that everything worked out well.

Now write yourself a letter from that future self. Explain in detail how everything looks better. And write about the steps you took to get there. The idea is to give your current self a road map to get to a better future. “You need to have the vision in order to believe,” says Dr. Mongrain.

• Surround yourself with the positive.

Start by limiting the negative. Stop doomscrolling.

Fill your social-media feeds with people and organizations making a positive impact. (Be careful of influencers who spout positive-sounding platitudes, which psychologists say can be harmful because they’re often B.S.)

Spend more time with people who are optimistic. Choose activities that give you a sense of adventure or purpose, which will expand your outlook.

Listen to upbeat music. My colleague, columnist Jason Gay, has a theory that listening to more early Stevie Wonder can improve our outlook 5% to 10%.

Scott BeVier, a sales manager in Waxahachie, Texas, begins each day reading the sports page for inspiration. Recently, he’s found it in Rich Strike’s long-shot win at the Kentucky Derby and Ole Miss’s first-ever College World Series baseball championship.

“You have to aggressively look for hope in the world,” he says.

BONDS ELIZABETH BERNSTEIN



Having trouble feeling optimistic right now?

Try it just part time. Optimism, or being hopeful about future events, is important to our physical and mental health, psychologists say. It can help us be more resilient, have better pain management, stronger immune function and longer lifespans. Optimistic people also tend to have better relationships and are happier.

And—good news!—psychologists believe it’s possible to boost optimism with practice.

Their recommendation: Aim to feel optimistic part of the time. Unless we were born with the sunniest of dispositions, full-time optimism may be impossible to achieve. It’s also not ideal. Negative emotions are important sometimes

because they help us identify what is wrong and motivate us to seek change.

“We don’t want to bury our heads in the sand,” says Dana McMakin, associate professor of psychology at Florida International University, who studies how to increase positive thinking. “Yet at the same time, we want to take breaks from worry to build resiliency so we can take on the world.”

Some people are more optimistic than others. But psychologists believe that optimism is a style of thinking and not a fixed personality trait, says Myriam Mongrain, a professor of psychology at York University in Toronto, who studies optimism. The propensity to be optimistic has a genetic component, but it’s also influenced by the way we were raised.

Many people I spoke with while reporting this article said they rely on gratitude, meditation or their faith to boost their optimism. Some try to look for the silver lining in a tough experience. Others

reflect on past challenges they successfully met.

Michelle Gielan, a positive-psychology researcher in Dallas, reminds herself that good things do happen by texting her husband at the end of each day with a short list of the “best moments” from the past 24 hours. Arash Afshar, a photographer in Pasadena, Calif., schedules prompts on his phone to nudge himself to stop ruminating and think more positively. (A favorite: “Is this a satisfying thought?”) Guy Jaquier, a retired executive and songwriter in Belvedere, Calif., writes and records a positive song each month and emails it to loved ones. One recent number: “Sunny New Day.”

You can boost your optimism by practicing it. Here’s how.

• Savor the good.

Create a positive mental TV channel that replays memories of pleasant episodes in your life, suggests Dr. McMakin. Pick recent memories—this will remind you

that good things are happening now, not just in the past. For example: cuddling with your child before bed or a laughter-filled lunch with a friend.

Call up your channel when you need a boost. Practicing during the day will help you access it more easily at bedtime, when your mind naturally turns to negative thoughts. Close your eyes, breathe deeply and recall the sights, sounds and feelings of the memory. The goal is to evoke emotion.

• Reframe the negative.

Did something happen that made you feel frustrated or upset? Get out a piece of paper and write down three things about the situation that could help you see it more positively. Miss your train? Perhaps you got some exercise running for it or had a comfortable Uber ride or won’t even remember the episode in a year.

Now list what you find worthwhile in your life right now. This will help you see that as tough as



HBO’s ‘The White Lotus’ received 20 Emmy nominations.



Netflix’s ‘Squid Game,’ a foreign-language thriller, received 14.



HBO Max’s ‘Hacks’ is a contender in the comedy category.

By JOHN JURGENSEN

“SQUID GAME” MADE history Tuesday as the first non-English language series to be nominated for an Emmy Award in a major category, the latest reminder of the global scale for streaming entertainment. The violent sci-fi thriller produced by Netflix and made in South Korea earned 14 nominations, including best drama series.

The show’s cast joined the Emmy race with nods for lead actor Lee Jung-jae, supporting actors Oh Yeong-su and Park Hae-soo, and supporting actress Jung Ho-yeon.

HBO’s “Succession,” which led all series with 25 total nominations, returned to the competition for best drama series. The 2020 winner had spent a year on the Emmy sidelines due to pandemic delays.

The stylishly disturbing workplace drama “Severance” earned Apple TV+ its first nomination for best drama series, following its first big Emmy win last year for “Ted Lasso.”

With “Yellowjackets,” a sleeper hit about the fallout from the crash-landing of a plane carrying a

‘Succession’ Tops Emmy Nods, ‘Squid Game’ Makes History

girls soccer team, Showtime garnered its first nomination for best drama since “Homeland” in 2016.

Also in the running for best drama are nominees “Better Call Saul” (AMC), “Euphoria” (HBO),

The field was affected by the increasingly common practice of splitting up TV seasons.

“Ozark” (Netflix) and “Stranger Things” (Netflix).

“Ted Lasso,” which dominated the comedy categories last year, was a runner-up in total nominations with 20. Those nods included its second nomination in a row for best comedy series. This time, the

Apple TV+ series will compete for the top honor with a past winner (Amazon’s “The Marvelous Mrs. Maisel”), past nominees (HBO’s “Barry” and “Curb Your Enthusiasm,” FX’s “What We Do In the Shadows,” HBO Max’s “Hacks”) and first-timers (Hulu’s “Only Murders In the Building,” ABC’s “Abbott Elementary”).

The “Abbott Elementary” nod allowed a broadcast network to maintain a toehold in the scripted series-level categories long dominated by cable networks and streamers.

“The White Lotus,” HBO’s conversation-starter from last summer, tied “Ted Lasso” with 20 total nominations. The show about privileged people in paradise is in the running for best limited series—even though it is returning for a second installment in a different setting. “The White Lotus” is up

against Hulu’s “Dopesick,” “The Dropout,” and “Pam & Tommy,” and Netflix’s “Inventing Anna.”

“Succession,” a saga of cut-throat family rivalry, generated head-to-head competition in the acting categories. For lead actor in a drama, Brian Cox will vie with past winner Jeremy Strong. The supporting actor race pits Nicholas Braun, Kieran Culkin and Matthew Macfadyen against each other. Sarah Snook and J. Smith-Cameron were both nominated for supporting actress.

Departed shows earned a shot at an Emmy victory lap. Nominees for “Ozark,” which recently went out with a bang after four seasons on Netflix, included Laura Linney and Jason Bateman. “Killing Eve” stars Jodie Comer and Sandra Oh will face off in the best drama actress category.

Some of TV’s most decorated

shows were absent from the nominations, including “The Boys,” “The Handmaid’s Tale,” and “Westworld,” because they didn’t air within the eligibility period of June 1, 2021, through May 31, 2022.

That list of missing shows includes heavy hitter “The Crown,” which swept all seven drama awards last year for its fourth season, and got Netflix its first-ever drama series win. If the show returns for Season 5 later this year as expected, it would be eligible for the 2023 Emmys.

The TV industry’s increasingly common practice of splitting seasons also affected the field.

This effectively gives “Better Call Saul” two shots at winning for its finale season. The show was nominated for the season’s first seven episodes, which started rolling out in April. The show’s final batch of five episodes, which started this week, will be eligible for next year’s Emmys.

The latest season of “Stranger Things,” too, straddled the eligibility window.

The 74th Primetime Emmy Awards are scheduled to air Sept. 12 on NBC.

PERSONAL JOURNAL.

Unpack a \$200-a-Person Picnic

By ALINA DIZIK

To host this summer's trendiest dinner party, you simply need to choose a patch of grass at your local park. A slew of luxury picnic planners will do the rest.

Fancy picnics are popping up around the country, complete with porcelain plates, polished silverware and upholstered pillows. Some offerings started as a way for guests to celebrate pandemic milestones outdoors. But clients have continued to book the pop-up events as restrictions have eased, says Sara Garriss, who launched Wonder & Whimsy Events in Parkville, Mo., in 2020.

Bookings are fueled by social media. There are 163,000 results for #luxurypicnic on Instagram alone. They document the over-the-top décor—without the extra cost of renting a space. The look is far from a gingham-lined picnic basket, says Ms. Garriss, who charges \$65 to \$120 a person. “We make it look like a mini wedding,” she says.

Unlike caterers who focus on food, luxury picnic companies specialize in what they call tablescapes, or themed table setups. They often team with local food vendors or compile their own small bites.

Customers interested in these outdoor outings should be ready to pay for them. Setups and extras can surpass an upscale restaurant meal. Unpredictable weather events can also lead to last-minute cancellations or changes.

At Picnic 'n Chill, a San Mateo, Calif., company, popular add-ons include a Charpoocherie board with dog treats and a “fairy tale” bubble machine. Last year, a TikTok video the founders made about the life of a luxury picnic planner got nearly one million likes. A picnic for two starts at \$200.

Bhavya Seth, 36 years old, hosted a 40-person, teddy bear-themed picnic near her San Jose, Calif., home for her son, Vyan. She



Clockwise: The \$400 Plane ol' Picnic in North Carolina; a teddy bear party in California; a Wonder & Whimsy setting in Missouri.

worked with Picnic 'n Chill co-founder Coco Chan to create a custom ball pit with the 1-year-old's name printed on it. The party boasted waterfront views, a set menu and a dessert cart in Leo J. Ryan Memorial Park in Foster City.

In Seattle, Hannah Fuchigami navigates local parks to get permits for her company, Picnic Party. To reduce cancellations, she offers clear bubble tents in wet or cold weather and waterproof liners under plush blankets.

One item off the table is alcohol. With drinking not permitted in most public places, the company won't provide alcoholic beverages. Some choose to bring their own. “It's at the client's own risk,” she says.

Jennifer Riggins, who worked with Ms. Fuchigami, opted for extras including a balloon arch and a peacock rattan chair for the ever-important photo-ops for the 12-person waterfront picnic in Tacoma, Wash. The bridal shower for Ms. Riggins's daughter cost \$1,700.

Jamie Borgman, who works in pharmaceutical sales, hosted a picnic-style meeting for her team last



fall in Kansas City, Mo. Rather than a park, Ms. Borgman worked with Ms. Garriss to set up a picnic on the terrace of a nearby hotel and told her employees to skip the business-casual attire for the occasion.

The team sat on pillows and leaned on an exterior wall while eating individually prepared charcuterie boards. They spent part of

the day posing beside the elaborate table setup for selfies with drinks ordered from the hotel bar. “We were living our best lives,” she says.

Marcie Trivette, who started Sweet T Picnics in Raleigh, N.C., last year, says she chooses places that can give picnic-goers an experience. She sets up the two-person, \$400 Plane ol' Picnic beside a vin-

tage military plane overlooking an active runway where diners can watch private planes take off and land. The \$350 Perfect Paddle Picnic is arranged on the bank of a lake and includes stand-up paddleboards for two.

Ms. Trivette often ties a battery-powered chandelier to an arch to hang over the table. She also packs sunscreen, bug spray, misting fans and a games box including Uno, checkers and tic-tac-toe.

After launching Pic-nic in Atlanta last year, founder Samantha Dawkins Orihuela learned to mitigate the downsides of public open-air dining. She advises guests to sit on Bohemian-inspired beach chairs rather than pillows, and weighs down décor with rocks to keep items from flying away. She also scouts spots near a well-maintained public bathroom, speaks to passersby to help clear the immediate area and keeps a lookout for bugs and birds.

“When people walk up, we greet them like they are at a VIP table at a nightclub,” she says.

Ms. Dawkins Orihuela offers picnics in seven cities and limits most to what she calls micro-events with a maximum of 25 people. She sources pillows from Morocco and serving trays from France. She uses rugs and pillows in bright pinks and greens to create a color palette that pops on camera. “We made it for Instagram,” she says.

25
The maximum number of guests for micro-events arranged by Atlanta-based Pic-Nic.

CLOCKWISE FROM TOP LEFT: STEPHANIE ROSE; PICNIC 'N CHILL; JENNY FRAZEE

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Cheap Euro Multiplies Thrill of Travel Abroad

By JACOB PASSY

The strength of the dollar is making European trips more affordable for American travelers. Just don't expect a cheap flight overseas.

The euro has slid to near parity with the U.S. dollar. The two currencies were last valued the same in 2002.

The strong greenback won't make the flight to Europe any cheaper, as those flights are priced in dollars, but it will make euro-priced inter-Europe flights more affordable, among other things.

Where Americans will likely see the most bang for their literal buck is in gifts and souvenirs, travel professionals say. The price tags that Americans see in European stores are now on par with the cost in dollars, and that can represent a significant savings. For instance, a designer purse purchased in Paris or Milan might now cost less than one bought in New York, not accounting for value-added tax.

When paying, make sure to use the local currency. Credit-card terminals will often give the option of paying in dollars or the currency of the country you are in. Your bank or credit-card company will typically offer a better exchange rate, says Brian Tan, founder and chief executive of travel company Zicasso.

Rima Brindamour, a photographer from Brooklyn, N.Y., is in Sicily after eloping in Rome. She says the favorable exchange rate made her feel better about spending money to celebrate on her honeymoon.

“We have been splurging on conveniences we wouldn't normally splurge on,” Ms. Brindamour says. Treats have included a private airport shuttle, wine tours and poolside lunches, she says.

Airfares within Europe

are where some of the savings due to the favorable exchange rate could come into play. To get the best deal, pay attention to the point of sale.

“If you are in Europe booking a flight from Paris to Berlin, you may see a different price than if you were in the U.S. looking at that same flight,” says Hayley Berg, lead economist at travel-booking app Hopper.

Booking through a larger travel provider, such as an online travel agency, can be useful in these circumstances, Ms. Berg says. The online travel agencies typi-



The strong dollar goes even further in destinations beyond Paris and Rome. Tourists photograph Rovinj, Croatia.

cally maintain points of sale in various parts of the world, allowing them to perform transactions in the cheapest way.

Another option to get the euro price when booking intra-European flights is to toggle to the local website for the airline and book that way. One way to get to the local site: Visit an airline's website and switch which country you are in from the main home page (such as a flag icon in the top corner of the site). Or, when typing in the url, you can use the country-specific url, such as Airfrance.fr for Air France.

More travelers are com-

ing to Europe, which means daily rates for hotels are higher than they were a year ago. In some of Europe's most popular destinations, such as Rome and Florence, rooms are completely booked, Mr. Tan of Zicasso says. Your dollar will go further in less touristy destinations such as Portugal and Croatia, or in smaller towns that might still be recovering from the hit they took during the pandemic.

Meanwhile, the dollar's strength can offset the added cost of splurging on nicer accommodations.

Paul Bachant, founder of New York- and Amsterdam-based travel agency Insider Voyages, says he has clients who have opted to upgrade to a higher room category.

“Let's say they're booking a deluxe room, they'll go for a suite because the prices are more reasonable now,” Mr. Bachant says. Financial savings aren't the only appeal when a dollar is essentially equal to a euro. Parity removes the currency-conversion guesswork for American travelers when they're spending money overseas. “When you're not always constantly doing the math, you can enjoy your trip a little bit,” says Donna Quadri-Felitti, the Marvin Ashner endowed director of the School of Hospitality Management at Penn State. “It'll be an easier trip.”

DENIS LOVROVIC/AGENCE FRANCE-PRESSE/GETTY IMAGES

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

A TikTok Smash Expands Her Palette

IT'S BEEN SAID that pop-music nostalgia moves in 20-year cycles, that two decades is the right amount of time for a trend to fade out and then re-emerge as a revival. Those who were there during the first go-round can relive memories from their younger days, while the next generation gets to project their own fantasies onto what seems to them a simpler era. By now it's clear that the renewed interest in the sound of '90s alternative rock among youthful musicians in the indie-rock sphere is extending the timeframe of this retro wave beyond its typical lifespan. In the past five years, 20-something artists like Snail Mail, Soccer Mommy and Jay Som channeled inspirations like Liz Phair and the Breeders into highly personal styles, and the trend shows no sign of slowing down. The most hyped new rock band of the year is the English duo Wet Leg, who mix some of those '90s influences with post-Britpop sounds from the early 2000s, and strong recent albums from lesser-known bands such as Chicago's Horsegirl and L.A.'s Momma suggest there's a lot more of this sort of thing to come.

Beabadoobee, the performance moniker of the London singer-songwriter born Beatrice Laus, who now goes by Beatrice Kristi, fits squarely within this movement, but she's enjoyed industry success few mentioned here can match. She was born in 2000, grew up listening to the alternative rock her parents loved, and came on the scene in 2017 with "Coffee," a downcast ballad recorded in her bedroom. Canadian rapper Powfu sampled the track, and it became an enormous hit on TikTok in 2019 and then elsewhere, and currently has more than a billion plays on Spotify. Beabadoobee songs like 2019's "I Wish I Was Stephen Malkmus," a paean to the outsider cool of the Pavement frontman, made her inspirations explicit, and her 2020 debut album, "Fake It Flowers," was filled with catchy pop-grunge tunes. Her second LP, "Beatopia" (Dirty Hit), out Friday, seems like an attempt to expand her palette.

In interviews, Ms. Kristi has described "Beatopia" as a kind of childhood refuge, a place of imagination to which she'd retreat as an anxiety-riddled kid acclimating to life as an immigrant in England (she was born in the Philippines). The first track, "Beatopia Cult-



Beabadoobee, the performance moniker of the London singer-songwriter born Beatrice Laus, who now goes by Beatrice Kristi, performing at Coachella

song," is largely instrumental, a lightly psychedelic collage of acoustic guitar; ethereal, wordless vocals; and samples of children's voices. It's the sort of album-opener that suggests a portal into another world, but she shifts gears with "10:36," a buzzing rocker that moves from quiet verses to pumping chorus in the classic '90s style. Like many songs on the first half of this record, it's about a youthful crush and romantic yearning. This is the type of sugar-rush guitar pop at which Ms. Kristi excels, but she doesn't stay in this mode long.

A handful of tracks on "Beatopia" capture the mix of sticky-sweet melodies and crunchy guitars that made her debut stand out, but quite a few others hark back to her earlier, quieter bedroom recordings. Track three, "Sunny Day," a shuffling folk-pop number, introduces the sound that dominates much of this record—

acoustic guitar, a lightly syncopated beat and a tone of breezy heartbreak. While these tunes are melodically solid—she cowrites most songs here with her band's guitarist, Jacob Bugden—Ms. Kristi's ballads lack distinction. On the spare acoustic tracks, she sounds like a Taylor Swift acolyte without the latter's narrative skill.

In her past work, Ms. Kristi's songs featured doses of quirky humor and unexpected phrasing, but here those qualities are in short supply. The songs about relationships are mostly free of insight, with hardly a clever line to be found, and after a few weepy ballads, they start to grate. Both "Lovesong" and "Ripples" have appealing arrangements, augmenting the folksy guitars with strings, but the words are perfunctory, and Ms. Kristi's voice has fairly limited expressive range. There are welcome change-ups here and there. "The

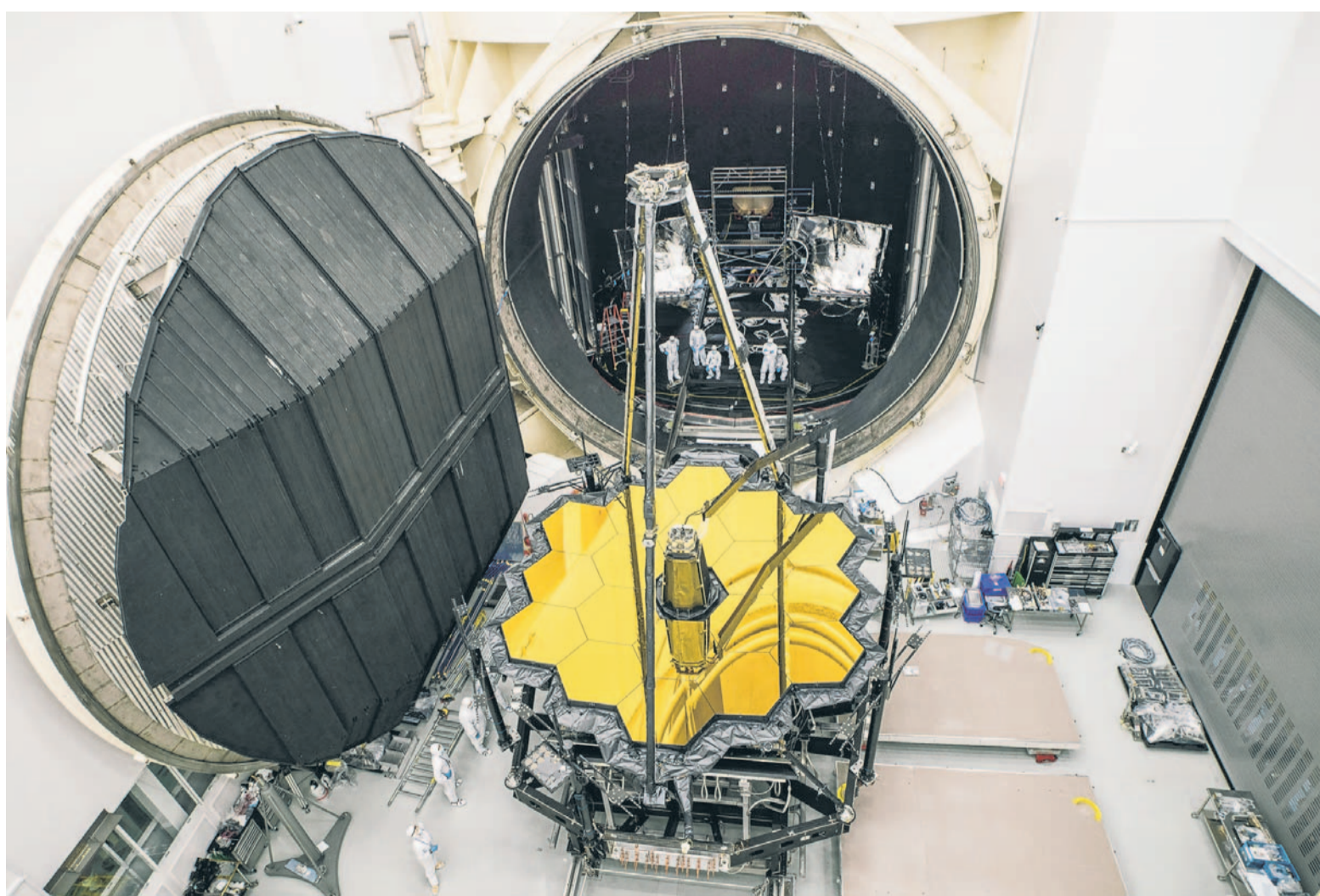
Perfect Pair" coasts on a likable bossa nova beat, while the central metaphor of "Broken CD"—repeating the same thing over and over, as on a scratched disc—is a nice callback to a marginalized format.

One of the best cuts here, advance single "Talk," represents the strongest connection to the energetic blasts found on her debut record, and it kicks off a stronger run of tracks, most of which move past the simplistic romantic scenarios that dominate early on. "Pictures of Us," with writing and production from Matt Healy, leader of Beabadoobee label-mate the 1975, is a particular highlight. It seems to be about something heavy that has passed between two friends but we're not sure what—"She reminded me that God starts with a capital" goes one line, while another mentions "last night's emergency" without saying what it was—and

the ambiguity is welcome.

When the album is teary and serious, it wears thin, but there's a course correction in its second half. The surging "Don't Get the Deal" has an impossible-to-resist blast of dreamily distorted guitars on its chorus and lines such as "It feels like we'll stop eventually / For now I guess we were meant to bed" move beyond the generic sadness that weighs down earlier songs. And the closing "You're Here That's the Thing," another co-write with Mr. Healy, is mid-tempo folk-pop but it's wry instead of sentimental. On the whole, "Beatopia" is less tied to a single sound or era than her debut while remaining deeply referential, and it highlights Ms. Kristi's strengths and weaknesses in equal proportions.

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



The James Webb Space Telescope emerging from a chamber after cryogenic testing

As a member of the astrophysically challenged, I would have appreciated a bit more explanation of what looking into the past actually means, and what the intended goals of the JWST are, although one mission member put the whole project, as well as the spirit of exploration, in perspective: "I'm most excited about what we will discover that we weren't expecting to discover." The unknown unknowns, so to speak. It's not the easiest argument to make to Congress, however, especially when your telescope is taking two decades and nearly \$10 billion to complete. Part of the problem was that the JWST "was based on a lie," as one mission member puts it quite bluntly—the "lie" being the crazily optimistic estimate of how much money and time the Webb was going to consume. (Originally it was supposed to cost \$500 million and launch in 2007).

But space exploration is not making widgets: As Mike Menzel, the lead systems engineer, said—in an observation that could apply to entrepreneurial endeavors everywhere—you can't be put in a position where people are afraid to make mistakes and self-preservation dictates that they cover up errors. People make mistakes, said Mr. Menzel. The Webb folk made their share.

The JWST—28 feet tall, over seven tons in weight and losing screws as late as a 2018 vibration test—also had its share of luck. Congress threatened to cancel it in 2011 but didn't; in 2017, after a trip from the Goddard Space Flight Center in Maryland, the telescope found itself in Houston at the same time as Hurricane Harvey. Fortunately, the \$125 billion in damage caused by Harvey did not include a \$10 billion telescope, which is currently at work 3,000 times farther from the Earth than the Hubble, and four times as far as the moon.

Ultimate Space Telescope
Wednesday, 9 p.m. PBS

TELEVISION REVIEW | JOHN ANDERSON

'Ultimate Space Telescope': Eyes in the Sky

WITH A TITLE that suggests a '50s sci-fi movie or a '70s punk band, "Ultimate Space Telescope" tells the story of the James Webb Space Telescope, the most advanced, expensive, delicate and thus-far-successful instrument of cosmic exploration ever designed—or built, or sent a million miles into the stars. It's a breathless account of a long-delayed and wildly ambitious project and it constitutes breaking news: NASA just release the first color images from the telescope

this week and "NOVA" says it plans to add them to its show hours before broadcast.

What was available to review is staunchly pro-telescope, which is to say pro-science, though the program could hardly have overlooked the troubles that have beset the development—and sometimes, more critically, the funding—of the JWST since it was inspired by the discoveries of the Hubble Space Telescope in the mid '90s. As is explained, the Hub-

ble, despite some scientific debate, was allowed to peer into a seemingly black patch of nothingness. After 10 years, thousands of galaxies appeared before it, bringing revelations about the nature of light as it traveled through space, light's relationship to time, and the need to penetrate the infrared spectrum with our looking glass if we were to make further discoveries. The phenomenon known as "redshift"—in which the light from a distant galaxy is so

old we perceive it as having departed the ordinary color spectrum and become infrared—was something revealed by Hubble. What was also made clear was that to peer further back into the light—into the past, to speak—required an instrument that wouldn't orbit the Earth like the Hubble, but the sun, like the Webb, thus evading the kind of frequencies that interfere with and obscure the resolution of the pictures it captures.

SPORTS

Inflation Hits NBA Trade Market

Recent deals have set an increasingly high bar on what teams will have to give up to acquire Nets star Kevin Durant

By Andrew Beaton

Inflation is rocking the economy. And the NBA.

Kevin Durant is one of the league's greatest players and, when he requested a trade from the Brooklyn Nets, it set up one of the most unusual sweepstakes in the sport's history. With four years left on his current contract, Durant perhaps became the most valuable asset ever to hit the trade market.

Then he somehow became even more valuable.

One day after Durant's trade request became public, the Minnesota Timberwolves traded a remarkable haul of assets to the Utah Jazz in exchange for star center Rudy Gobert, setting the market for Durant's talents at a price so high that most teams now can't even fathom paying it.

To acquire Gobert, Minnesota sent Utah four first-round draft picks, a rookie the team had just selected in the first round and five players on the Timberwolves' roster. The Jazz came away with 10 unique assets, including what amounts to five first-round picks through 2029—a staggering return for someone who is a three-time NBA defensive player of the year but not a primary scoring option for his team.

That wasn't the only recent deal in which a team forked over much of its future draft capital for a player lesser than Durant. One day before Durant's trade request, the Atlanta Hawks shipped three future first-round picks to the San Antonio Spurs for Dejounte Murray, a talented young guard who has averaged 20 points per game just once.

The rest of the league couldn't help but look at those deals and wonder: If that's what Gobert and Murray fetched, how much can the Nets demand for Durant?

None of this happened in a vacuum. It isn't hard to look around sports and see teams in the NBA and even the NFL increasingly willing to mortgage their futures to bet on stars in the present. Draft picks, and the chance to select young players on team-friendly deals, were once such prized commodities that many in the industry turned their nose at giving them up in droves for expensive veterans. That has quickly evolved.

The Los Angeles Rams last used a first-round pick in 2016—and don't have another until 2024. Their general manager, Les Snead, celebrated at the Super Bowl parade wearing a T-shirt that said a certain four-letter word about "them picks." What followed after their championship was a number of NFL teams beginning to think the Rams' strategy might not be so crazy. Teams like the Miami Dolphins, Philadelphia Eagles and the



Kevin Durant requested a trade from the Brooklyn Nets. But with four years left on his current contract, the asking price might be too high for most teams.

Las Vegas Raiders gave up their first rounders in this spring's NFL draft to get established stars.

Even before Gobert there were trades that reset this market in the NBA. The Los Angeles Lakers' trade for Anthony Davis in 2019, the Milwaukee Bucks' deal for Jrue Holiday in 2020 and then the Nets' acquisition of James Harden in 2021 established that the cost of acquiring a phenomenal basketball player would be nearly every available draft asset a team is allowed to trade.

In some ways, the markets in sports can be completely bizarre. In other ways, they're completely rational. When there are more buyers for the same types of assets, the price tends to go up.

That means costs are surging at the precise moment a unicorn asset wants to be traded. The Gobert deal was so massive that it seemed like a good thing for the Nets. Then it dawned on everyone that the swap made it difficult to put a fair price on Durant.

The Phoenix Suns and Miami Heat are two of the teams on Durant's wish list, according to ESPN, which first reported Durant's trade request. But after the recent series of deals, it seems clear that either of those teams could offer the

Teams are increasingly willing to mortgage their futures to bet on stars in the present.

maximum first-round picks allowable under NBA rules—and it still might not be enough to land him.

The Suns and Heat are already two of the best teams in the league and would only get better with Durant. Their picks also decrease in value the moment they get Durant because the Suns and Heat would get better so the selections would be projected to come

toward the end of the first round. NBA restrictions also prevent teams from trading unlimited picks into the far distant future.

That leaves the teams that will bid on Durant with a difficult proposition. In addition to draft capital, they would likely have to offer talented players, which risks breaking up their cores to take a stab at building a champion.

For the Suns, that would likely mean unloading not just all of their available draft picks, but maybe offering two of the league's better young players in Mikal Bridges and Deandre Ayton, a restricted free agent due an expensive new deal whose own contract negotiations only complicate trade discussions. It would leave them with a team of Devin Booker, Chris Paul and Durant—and not much else.

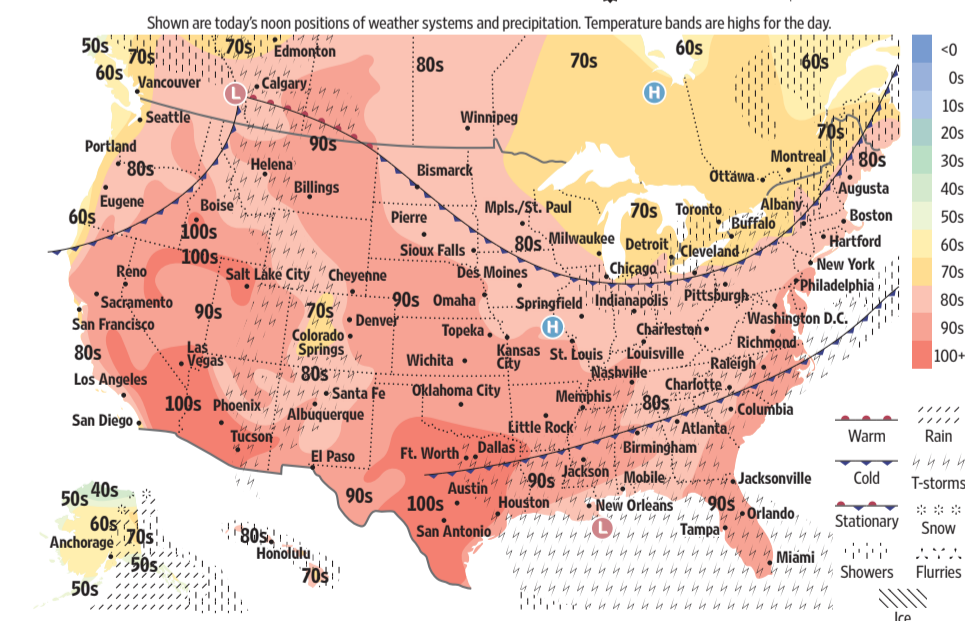
The Nets, meanwhile, have to weigh any offers against their vision for the future. The roster was built around Durant, Kyrie Irving and, briefly, James Harden—a su-

perstar-laden team that seemed inevitable to win a championship, until the implosion. Irving missed much of last season over his refusal to get vaccinated against Covid-19. Harden's frustrations with the situation boiled over, which eventually forced a midseason trade to the Philadelphia 76ers in a deal that sent another mercurial talent, Ben Simmons, to Brooklyn. Then Durant, the centerpiece of it all, decided he wanted out.

The Nets still have Simmons, and for now they also have Irving, too. But after bouts of tension, it isn't unreasonable to think that Brooklyn might just want to hit the reset button and recoup even more assets for a rebuild by trading Irving if Durant has to go.

The Nets also have weighty leverage as teams across the league bid on Durant. He wants a trade. They have him under contract for four more seasons. They're technically under no obligation to move him—so they can wait until an offer is just right, or rich, enough.

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U.S. Forecasts

s...sunny; p.c...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; ft...snow flurries; sn...snow; l...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	64	56	c	64	57	r
Atlanta	84	71	t	83	71	t
Austin	105	75	pc	102	73	pc
Baltimore	91	71	pc	90	69	pc
Boise	100	67	s	101	66	s
Boston	86	68	pc	79	65	t
Burlington	81	60	pc	75	57	pc
Charlotte	87	71	t	86	69	pc
Chicago	80	62	pc	80	61	s
Cleveland	80	63	t	79	61	s
Dallas	103	79	pc	102	80	s
Denver	96	66	s	96	66	s
Detroit	79	60	t	81	60	s
Honolulu	87	76	c	86	75	c
Houston	100	79	t	95	76	t
Indianapolis	86	65	s	84	62	s
Kansas City	89	69	s	93	71	s
Las Vegas	107	88	s	106	89	pc
Little Rock	93	72	t	95	71	s
Los Angeles	80	62	pc	83	65	pc
Miami	92	79	t	91	79	t
Milwaukee	74	62	pc	75	64	s
Minneapolis	83	65	s	85	69	pc
Nashville	91	69	t	93	69	s
New Orleans	87	76	r	84	75	r
New York City	89	73	s	87	70	pc
Oklahoma City	96	70	s	100	71	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	76	54	pc	71	53	pc
Athens	87	72	s	89	76	s
Baghdad	111	86	s	111	85	s
Bangkok	89	78	t	89	79	sh
Beijing	90	73	s	92	73	s
Berlin	84	57	pc	74	55	pc
Brussels	81	59	pc	75	52	pc
Buenos Aires	58	50	s	56	51	pc
Dubai	102	94	s	106	94	s
Dublin	69	51	pc	67	54	c
Edinburgh	66	53	c	67	52	c

Today Tomorrow

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	90	63	pc	84	56	pc
Geneva	88	63	s	93	65	s
Havana	91	73	t	91	71	t
Hong Kong	92	83	t	91	83	t
Istanbul	83	67	s	84	69	s
Jakarta	87	77	t	87	77	t
Jerusalem	85	63	s	85	64	s
Johannesburg	63	42	s	64	41	s
London	83	60	pc	78	56	s
Madrid	105	76	pc	107	76	s
Manila	89	80	t	91	80	t
Melbourne	55	45	sh	55	43	c
Mexico City	76	56	t	73	58	t
Milan	90	70	s	94	72	s
Moscow	76	58	pc	71	57	r
Mumbai	82	79	r	83	79	r
Paris	96	67	pc	90	60	s
Rio de Janeiro	74	69	sh	78	69	pc
Riyadh	108	86	pc	110	84	s
Rome	85	66	s	85	67	s
San Juan	85	77	t	86	77	pc
Seoul	79	75	r	84	72	t
Shanghai	105	88	pc	104	86	pc
Singapore	86	79	c	87	80	pc
Sydney	57	51	sh	59	47	pc
Taipei City	96	81	c	96	81	t
Tokyo	82	75	t	81	75	r
Toronto	76	60	pc	78	59	s
Vancouver	71	56	t	71	56	s
Warsaw	79	61	pc	74	54	pc
Zurich	86	60	s	90	60	pc

The WSJ Daily Crossword | Edited by Mike Shenk

WHEN YOU GET THE CHANTS... |
By Mike Shenk

Across

- Breezy send-off
- Nationals baseman Hernández
- Poor, as chances go
- Exclude
- "The Good, the Bad and the Ugly" director Sergio
- Big brass
- Typical shopper at a store?
- Émigré's goal
- Stabs, so to speak
- 1974 role for Marty Feldman
- Trip around the track
- How to Make Your Own Beer?
- Key ingredient?
- Make blank
- Recipe verb
- "Why don't we!"
- Causes for car jankings?
- Modest skirt
- Table scrap
- Pizzeria serving
- Talked incessantly
- Charity from a two-time Best Actor winner?
- Stirrup setting
- Diggs of "All American"
- They're paid when a work isn't published
- Percussion shaker
- Interior feature of a blockhead's car?
- Hardly prosperous
- Still available for potential tenants
- Do a semester's worth of studying, say
- Seamen
- Army chaplain, informally
- Designer Spade

Down

- Roman robe
- Site of Iowa State
- Minute
- Art studios
- Racket
- Sinuous swimmer
- Caribbean dance music
- "Some Kind of ___" (1969 Dick Van Dyke movie)
- Fidgety
- Rhythmic jazz compositions
- Gravy problem
- "Yeah, right!"
- Jezero Crater locale
- Game in which a try scores five points
- Mock jocularly
- Successfully entice
- Liliuokalani Gardens setting
- Undisguised
- "Be Prepared," e.g.
- Subject to suffering
- Newest news
- Arabian Peninsula native
- 31 Only president born in California
- 35 Activity for Deer and Peds
- 37 Erupts, as fighting
- 38 Nonconforming type
- 40 Putter part
- 41 Money of Mecca
- 43 Shoppers sometimes thump them
- 44 Sperm or ovum
- 47 Garb for a caber tosser
- 48 Notion
- 49 Teller of tales
- 50 "Saints and Sinners" writer O'Brien
- 51 "You've got yourself a deal!"
- 53 Pearl Mosque city
- 54 Casual conversation
- 55 Billie Eilish's "Don't Smile ___"
- 57 Sea, to Satie

Previous Puzzle's Solution

C	A	B	O	T	S	T	O	P
O	R	O	N	O	A	R	E	A
L	I	N	E	D	A	N	C	E
T	A	D	P	O	L	E	S	T
A	S	A	R	E	I	N	E	D
M	P	G	S	E	A	S	T	R
F	O	D	E	T	M	I	P	A
T	O	A	M	O	U	N	T	P
R	E	N	O	I	R	M	C	I
E	M	O	N	E	M	A	B	O
P	A	S	T	E	O	N	N	P
E	R	I	E	D	I	A	P	E
S	O	M	A	Y	O	G	A	S
O	D	O	R	N	O	R	A	N

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

OPINION

Putin and the UFO Puzzle



BUSINESS WORLD
By William W. Jenkins, Jr.

Now we know that the UFOs are not secret Russian systems, commented a number of bloggers and analysts, after Russia's botched invasion of Ukraine failed to produce evidence of advanced capabilities.

We know no such thing. True, the so-called Unidentified Aerial Phenomena, or UAPs, as the U.S. military calls them, likely aren't Russian. The most credible alleged sightings have been by U.S. military pilots in training missions in airspace reserved for U.S. military training operations. If the objects are real and the product of any government, they're likely ours.

But such technology would be destabilizingly risky and likely would not be revealed by any power that had it. If the mysterious sightings are what they seem—impossibly speedy, impossibly maneuverable small flying objects—they would immediately upset the nuclear balance. The presumably unmanned systems could be used to destroy nuclear forces quickly and thoroughly on the ground, without resorting to nuclear weapons.

In invading Ukraine, Russia has bitten off a lot of strategic risk. It would bite off a lot more if it revealed transformative military capabilities. China and India would be as

deeply alarmed as the U.S. and NATO, likely washing away whatever ambivalence now keeps them quasi-neutral in Russia's war.

For those who haven't noticed, the UFO question emerged with new urgency after the Pentagon's 2017 publication of pilot videos of unexplained encounters. Last year, an unclassified report by the U.S. Director of National Intelligence threw up its hands saying it couldn't resolve the mystery. In May the Pentagon's chief spokesman called follow-up House hearings "very important." Former Obama CIA chief John Brennan told an interviewer that the evidence suggests a "type of activity that some might say constitutes a different form of life."

The DNI report cited 80 cases between 2004 and 2021 in which unexplained aerial phenomena were detected by multiple types of military sensor, including the human eyeball. The ostensible conclusion of our intelligence community: "Most of the UAP reported probably do represent physical objects."

In a previous column, I suggested why, for space-time reasons, they are unlikely to be alien spacecraft. An alternate view can be found in a new book by ex-banker Mark Guber, who rests his case mainly on the credibility of numerous credentialed people who believe or suspect they've seen evidence of alien encounters.

But anyone coming to this

debate should also be tweaked by the recent and seemingly unrelated words of Russian dissident Yulia Latynina, who on these pages last week called for a "new arms race," including "precision weapons that can take out Russia's nuclear silos—and let Mr. Putin know that [we] aren't afraid to use them."

The debate may herald not alien visitors but destabilizing new weapons systems.

For the U.S., revealing such capabilities would be no less a strategic pickle than it would be for the Kremlin. These weapons, if they exist, would have to be tested somewhere—most likely on an existing testing range.

Between a feature and a bug would be the inevitability of their being observed by trained personnel using military-grade instruments. The DNI report somewhat ironically allows that secret government programs may indeed explain the sightings. Left out is the possibility that the UFO show is being orchestrated to test the waters for revealing such capabilities, or to gaslight U.S. rivals—or maybe being tested aren't super-maneuverable military drones, but the ability to spoof human eyeballs and sensors into seeing them, which is also consistent with

known or suspected U.S. government research interests.

Mass hysteria is still a possibility too, sparked by everyday phenomena whose explanation, if known, would be "boring," as Sen. Marco Rubio once put it.

The documented military sightings, after all, are a tiny subset of unexplained claims that are always surfacing around the world and have for centuries, so far amounting to nothing. For somebody writing this particular column, a can of worms is the long association of UFOlogy with nuclear-weapons dread. A large and surprisingly developed lore concerns the testimony of U.S. military personnel who profess that alien visitors have used other-worldly technology to deactivate our nuclear weapons. The so-called Rendlesham Forest incident is only the most well-aired of these episodes.

Other nations' intelligence agencies are certainly paying attention to our UFO debate, if not publicizing their own "conclusions."

Vladimir Putin, the cold-blooded ex-KGB agent, has reasons of his own for occasionally touting Russian superweapons that don't exist or exist only on the drawing board. His nuclear threats don't emerge in a vacuum. When the archives are opened, we may find he's been seeking to counter what he fears are U.S. mind games to put Russia's government in doubt about the possible existence of unrevealed Pentagon super-capabilities.

BOOKSHELF | By Shlomo Angel

Plane And Polis

Imagine a City: A Pilot's Journey Across the Urban World

By Mark Vanhoenacker
(Knopf, 404 pages, \$30)

The great champion of liberal democracy Thomas Jefferson was not fond of large cities. He wrote in 1787 that "when we get piled upon one another in large cities, as in Europe, we shall become as corrupt as in Europe." The fathers of communism, Karl Marx and Friedrich Engels, also disliked urban life. In 1872 Engels proclaimed that "to want to solve the housing question while at the same time desiring to maintain the modern big cities is an absurdity. The modern big cities, however, will be abolished only by the abolition of the capitalist mode of production." The communist disdain for cities had a devastating influence on the leadership of the Khmer Rouge, who in 1975 ordered the forced evacuation of the Cambodian capital, Phnom Penh—a city of two million people at the time—because of their conviction that large cities were anathema to the ideal communist society.

More than half of the world's population now reside in cities, and while in 2020 there were 579 cities with more than one million people, cities are still often decried as places of filth, contagion, pollution, corruption and inequality. Cities—homes to so many of us—need champions who believe in them. Mark Vanhoenacker has crafted an eloquent personal tribute to them in "Imagine a City," a love song to cities the world over.

This is Mr. Vanhoenacker's third book, after "Skyfaring" and "How to Land a Plane"—two titles that help explain the author's unique perspective on urban life: He is a commercial pilot who flew first a Boeing 747 and later a 787 from one large city to another, making short one- or two-day stops, and then taking off only to return again and again, sometimes as many as 50 times to a single city. "Imagine the view," he writes of a typical aerial approach, "around dusk, from the camera of a low-orbit satellite moving above a densely populated part of the world, and how this perspective allows us to watch a glowing web of glowing cities, each flat, and etched as finely as circuitry."

The author keeps a diary when he travels. He takes long walks, visits places that interest him and reads about the city. Like any airline pilot, he comes and goes, landing as a butterfly on a fragrant flower and then flying off again. "Our stays in cities—in so many cities!—are typically short but frequent," he writes. "Twenty-four hours is common for long-haul pilots, more than seventy-two is not."

This is not a scholarly book on cities, yet Mr. Vanhoenacker does enjoy digging into the literature on the cities he loves. He is thus able to tell wonderful stories: of Brasilia's architecture, Jeddah's historic gates, Sapporo's snow, the air in Nairobi, Cape Town's fascination with the color blue, and Tokyo's circular Yamanote train line. His own observations, as well as his research on cities, are always highly particular: They cluster around whatever aspect of a city has caught his eye and led him to explore the place further. The 11 chapters in the book are thus titled "City of Signs," "City of Gates," "City of Snow," and so on, a structure that lends the book a certain original design.

In "City of Poetry," for instance, the author allows even seasoned visitors to look on the Indian capital of Delhi with new eyes. "It never occurred to me that poets and poetry might form part of a city's magnificence," he confesses, but describes his discovery of Delhi's poetic greatness and delves into the written record of its once-oral treasures. "Poetry in Delhi was not a matter of literature," he adds, quoting the

A commercial pilot pays tribute to the many cities he has flown to—alighting on aspects that caught his eye and led him to explore further.

scholar Shamsur Rahman Faruqi, "it was life itself." The 19th-century poet Ghalib, who lived in Delhi during the sunset of the Mughal empire, is cited: "Inside the fort a few princes get together and recite their verses. Once in a while I attend these gatherings. Contemporary society is about to vanish. Who knows when the poets would meet next or meet again at all." Delving into Delhi poetry seems to deepen the author's connection with the city, and he shares an appropriate bit of verse by a friend made there: "Then, / tires slamming down on pitch / . . . a taxi driver turbaned in a tongue of flame."

In Delhi and all his other beloved cities, Mr. Vanhoenacker takes us along for the ride. Yet the author always remains a visitor, and only an occasional visitor, to the cities he lands in. He never really penetrates under the skin of a place. He cannot form lasting friendships or engross himself in intimate conversations. And he can take no risk of any sustained open-ended engagement for even a few days, since he must always report back to the airport at the appointed hour.

In this sense, every time he returns to the city, Mr. Vanhoenacker starts from scratch—maybe in a different direction, but still from scratch. His commitments are always elsewhere. His close relationships are back home in Pittsfield, Mass., a city he returns to time and again, as he returns to his husband, who typically cannot accompany him on his travels. While "Imagine a City" never reflects on the loneliness of the life of commercial pilots, that theme does come across between the lines. Visiting great cities has never been known to relieve one's loneliness.

But visits to the great cities, especially in the company of one who loves them as Mr. Vanhoenacker does, can have a way of inspiring us and urging us to follow him and go there too. The author sees these places in their entirety—from great heights and from close by—as he strolls down their streets taking in their views, sounds and smells. He writes as someone who, from a very early age—looking at a metal globe—wanted to explore the world, to get to know it all, to touch it, so to speak, everywhere. I share that urge. Many of us still do. And for those of us who do, "Imagine a City" will hold us in a warm, welcome embrace.

Our cities, for their part, need our love too. Much as they are self-organized and self-correcting, they remain vulnerable, now more than before. They require our thoughtful and loving attention. There is too much at stake to just let them be and go about our business. Like Mr. Vanhoenacker, we may need to learn to look at them with new eyes, and to look at our planet as a planet of cities.

Mr. Angel is a professor of city planning at New York University.

Lauren Boebert Is Half-Right on Religion



POLITICS & IDEAS
By William W. Jenkins, Jr.

Colorado Republican Rep. Lauren Boebert caused a stir in late June when she denounced the separation of church and state as "junk" and proclaimed that "the church is supposed to direct the government, the government is not supposed to direct the church." Bettering her usual performance, she was half-right.

The Constitution ensures the free exercise of religion, creating a wide zone in which religious organizations are protected against government interference. But Mrs. Boebert seems to have overlooked the Establishment Clause, which prohibits the government from giving any one religion—or religion in general—preferred standing to "direct" public policy.

This doesn't mean—and never did—that religion should be without influence in American culture or that culture should have no effect on public matters. Religion shapes beliefs about what is good and bad, just and unjust, and these beliefs help shape public policy.

But so do forces in our society whose views don't rest on or include religious belief. There is no religious test for public office in the U.S., or for citizenship. Atheists and agnostics have as much right

as anyone else to influence public affairs. No citizens, or groups of citizens, enjoy a preferential right to direct the government. It is through the interplay of diverse, often discordant views in legislatures and courts as well as in civil society that the direction of our government is determined.

When Mrs. Boebert speaks of "the church" in the singular, she is ignoring the obvious reality that America is religiously diverse and that religions differ in ways that influence views on public questions. For example, Orthodox Jews disagree with Catholics and Baptists about the status of the fetus at different stages of development—and therefore about the circumstances in which abortion can be justified.

Perhaps Mrs. Boebert is tacitly elevating the public standing of one religion above all others. If so, she is not alone. In the annual American Values Survey conducted by the Public Religion Research Institute last year, 63% of Republicans agreed that being Christian is an important part of being truly American. This implies that non-Christians are less than fully American and that their views can lead the country away from its true identity.

This helps explain why 57% of white evangelical Protestants prefer a mostly Christian society to today's religiously diverse America. It also helps explain why 80% of Republicans believe that

America today is in danger of losing its culture and identity. As religious diversity and the share of religiously unaffiliated Americans continue to increase, this sense of loss will only intensify.

Oddly, this fear of losing what they hold dear is one of the few sentiments that the left and the right have in common. Since the Supreme Court overturned *Roe v. Wade*, liberals have asked: What rights

The core beliefs of many faith groups determine decisions on public policy.

are safe? In his majority opinion in *Dobbs v. Jackson Women's Health Services*, Justice Samuel Alito insists that the decision concerns only abortion and doesn't affect other entrenched rights such as contraception. But liberals point to Justice Clarence Thomas's concurring opinion, which argues forcefully that the court's decisions on contraception and other controversial social issues rest on the same jurisprudential basis as *Roe* and should be reconsidered when the occasion arises.

As usual, I recommend a strategy of mutual de-escalation. The court has no obligation to follow public opinion, but it does have an interest in regaining public support and has suffered a series of self-

inflicted wounds from its decisions on voting rights, guns and now abortion. In a recent YouGov survey, only 24% of Americans wanted to overturn the decision establishing a right to same-sex marriage, only 19% wanted to eliminate the legalization of same-sex sexual activity, and only 8% want to reverse the case that legalized access to contraception nationwide. The court would be both wrong and self-destructive to reconsider these cases.

For their part, liberals should pull back from their excessively doctrinal approach to church-state relations. At the end of its most recent term the court held that it was unconstitutional for the state of Maine to exclude religious schools from the program of financial support for private-school tuition it had created for parents in sparsely populated areas without public schools. Maine was under no obligation to establish such a program, the court said, but once it did, there was no constitutional basis for confining it to nonreligious schools. Most Americans, I suspect, will see this as reasonable and fair. Liberals should stop invoking Thomas Jefferson's "wall of separation" metaphor to oppose the court's decision.

These steps won't overcome the deep cultural divisions in American society, but they would begin a process that could allow the contending parties to stop viewing one another as existential threats.

The National Apology Advisory Committee

By Michael Taube

Toronto
We Canadians have a reputation for apologizing a lot, and I'm not ashamed to admit there's truth to the stereotype. Last year the government even impaneled a National Apology Advisory Committee.

A March press release from the Canadian Armed Forces noted the committee "was established in June 2021 as a consulting arm to the Government of Canada in the shaping of the upcoming official apology" to the all-black No. 2 Construction Battalion. The Canadian army raised No. 2 in Nova Scotia during World War I. Its members, barred from combat service on account of their race, were assigned to help build roads, clear trees and maintain railway tracks—duties they performed with bravery and honor.

Prime Minister Justin Trudeau delivered the official apology July 9: "For the blatant

antiblack hate and systemic racism that denied these men dignity in life and in death, we are sorry."

Plans for the apology got surprisingly little attention. A few articles on the Canadian Broadcasting Corp. website were buried under Nova Scotia news. I learned about it

Sorry doesn't seem to be the hardest word for Justin Trudeau.

only last month when a reader alerted me to a June 23 tweet from National Defense Minister Anita Anand, who had "met with the co-chairs of the National Apology Advisory Committee."

Perhaps the low profile was because Canada had already made some official amends. The Ontario Legislature dedicated a plaque to the battalion in 1920, and the national government declared

its formation a national historic event in 1992. Or maybe it was because Mr. Trudeau has weakened the currency of national apologies by issuing so many of them.

This list isn't comprehensive: He apologized for the 1914 Komagata Maru incident, in which a ship of mostly Sikhs was turned away and sent back to India. He apologized for turning away the MS St. Louis in 1939, dooming hundreds of Jewish refugees, after Cuba and the U.S. also refused entry. He apologized to Italian-Canadians for their World War II internment. He has made several apologies to Indigenous Canadians. He apologized to "LGBTQ2 communities"—the numeral stands for "two-spirit identities"—for past discrimination. In June 2020 he took a knee at a Black Lives Matter demonstration in Ottawa.

His acknowledgments of his own faults tend to be more grudging. He said he "deeply,

deeply" regretted three instances of wearing blackface as a student and a young teacher and "made a mistake" when he elbowed a female member of Parliament during a 2016 vote. He likewise called it a "mistake" to take a surfing vacation in British Columbia last September instead of attending a ceremony for the first National Day of Truth and Reconciliation, a statutory holiday for Indigenous victims of residential schools. He did say he was "sorry" for an ethics violation after a family trip to the Aga Khan's private island.

As for the National Apology Advisory Committee, "this is only for the issue at hand," a National Defense Department spokesman told the National Post. "It's not for all apologies." Maybe it should be.

Mr. Taube, a columnist with *Troy Media* and *Loonie Politics*, was a speechwriter for former Canadian Prime Minister Stephen Harper.

OPINION

REVIEW & OUTLOOK

The Incredible Falling Euro

Every month seems to find a different currency somewhere in the world in sharp decline, and the unlucky winner for July is the euro. The eurozone currency, shared by Germany, France, Italy and 16 others, is flirting with parity to the U.S. dollar for the first time since 2002.

This is a dramatic shift since the start of the year, when one euro bought about \$1.14. Parity signals a 12% depreciation. This may seem like no big deal unless you're a currency trader. But sharp movements in exchange rates create uncertainty and can lead to economic and financial instability.

Several factors are contributing to the euro plunge. Europe has been hit as badly as the U.S. by the pandemic and its inflationary aftermath. Europe may be worse off because its economies tended to grow more slowly before Covid arrived, and stricter regulations and higher taxes make Europe less resilient.

Vladimir Putin's invasion of Ukraine has created geopolitical uncertainty and is driving up energy prices. Monday's shutdown of the Nord Stream 1 natural-gas pipeline into Germany, ostensibly for maintenance, contributed to the latest pressure on the euro.

But the most important cause is monetary policy. Confronted with the highest inflation in 40 years, the U.S. Federal Reserve is normalizing policy, although belatedly and slowly. Chairman Jerome Powell has raised the target short-term rate by 1.5 percentage points to a range of 1.5%-1.75%, with another 0.75-point increase expected this month. The Fed in March finally stopped new asset purchases and has begun allowing assets to run off its balance sheet as they mature.

The European Central Bank is even less aggressive in fighting inflation. It stopped net asset purchases only last month and says it won't start reducing its balance sheet until 2024. The short-term policy rate remains minus-0.5% with a quarter-point increase expected this month. Officials hint that maybe—maybe—a second increase in September will deliver a zero nominal rate. The growing chasm in yields between the U.S. and eurozone explains much of the exchange-rate swing.

Instead of fighting inflation, the ECB is focused on extending the monetary ease as long

as possible at least for some eurozone members. Officials are busy trying to design a mechanism to avert "fragmentation," by which they mean divergence between government bond yields of some countries and the German bund. The practical effect, if the scheme works, would be ongoing suppression of rates especially for Italy.

The risk is that if the lack of coordination among major central banks continues, Italy's dysfunctional fisc could become the least of anyone's problems. The dollar-euro exchange rate is the most important in the world, as the late Nobel economist Robert Mundell observed. When the rate starts to shift, companies must spend ever greater sums hedging against exchange risks, can be deterred from job-creating investments, and risk currency mismatches when they borrow. All of this weighs on financial stability, and on the Main Street economy.

Note how the conventional wisdom that a weak euro boosts European exports is already proving false. Euro weakness earlier this year boosted corporate profits in export-powerhouse Germany, mainly by allowing companies to book higher euro-denominated earnings on products made and sold abroad. But the good times appear to be ending as Germany reported its first monthly trade deficit since 1991. Energy imports are the main explanation. Energy markets mostly set prices in dollars, so the weaker euro is raising euro-denominated costs for German manufacturers.

* * *

Europeans have company in currency depreciation. The Japanese yen has tumbled this year, breaking through Tokyo's red line of 125 yen to the dollar and now hovering near 137. After thinking a weaker yen might help the economy, Bank of Japan chief Haruhiko Kuroda and other officials are trying to talk the yen into stability. They're having mixed success.

The die may be cast. Monetary authorities have decided that as they struggle to navigate an exit from their unprecedented policies of the last 15 years, they will each do it in their own ways. But this year's exchange gyrations are a warning there is a price for this seeming independence—and that price is often paid in depreciating currencies.

The slide to dollar parity signals higher costs and economic risks ahead.

Biden told a tale of a 10-year-old rape victim no one can identify.

An Abortion Story Too Good to Confirm

All kinds of fanciful tales travel far on social media these days, but you don't expect them to get a hearing at the White House. That's nonetheless what seems to have happened Friday as President Biden signed an executive order on abortion.

With Vice President Kamala Harris and Health and Human Services Secretary Xavier Becerra nearby, Mr. Biden repeated a tale making the rounds on social media in the wake of the Supreme Court's decision to overrule *Roe v. Wade*. He said a 10-year-old girl he didn't identify by name was forced to travel from Ohio to Indiana to have an abortion because Ohio now prohibits abortion after a fetal heartbeat is discovered. The girl had been raped, he said, and Ohio law now includes no abortion exceptions in cases of rape or incest.

Mr. Biden grew agitated as he spoke: "Ten years old. Raped, six weeks pregnant. Already traumatized. Was forced to travel to another state. Imagine being that little girl. Just—I'm serious—just imagine being that little girl."

Imagine, indeed. The tale is a potent post-*Roe* tale of woe for those who want to make abortion a voting issue this fall. One problem: There's no evidence the girl exists. PJ Media's Megan Fox was first to point this out, and so far no one has been able to identify the girl or where she lives.

The claim originated in a July 1 Indianapolis Star piece headlined, "Patients head to Indiana for abortion services as other states restrict care." Caitlin Bernard, an obstetrician-gynecologist, told the paper's medical reporter that after the Ohio ban went into effect she'd fielded a call about the girl from a "child abuse doctor" in the Buckeye State. The 10-year-old soon "was on her way to Indiana to Bernard's care." Presumably Dr. Bernard performed an abortion.

Medical professionals have a duty to report child rape to law enforcement, but Dr. Bernard won't say where the alleged crime occurred or identify the Ohio doctor who referred the case. Ohio Attorney General Dave Yost told Fox News on Monday that his office had heard "not a whisper" of such a crime from prosecutors, police and sheriffs in his state. You may not be surprised to learn that Dr. Bernard has a long history of abortion activism in the media.

What we seem to have here is a presidential seal of approval on an unlikely story from a biased source that neatly fits the progressive narrative but can't be confirmed. The abortion debate is intense and passions run high. But the American people deserve better from their President than an unproven story designed to aggravate those passions.

No Business Experience Needed

A troubling trend in the Democratic Party in recent years is its increasing detachment from the private economy. That's shown itself in the Biden Administration's economic management, and one reason may be that few of its officials have experience in private business.

That's the headline of a report to be released Wednesday by the Committee to Unleash Prosperity, compiled by Stephen Moore and Jon Decker. The pair studied the résumés of 68 top executive-branch officials whose work shapes the economy—from President Biden and Treasury Secretary Janet Yellen to White House special assistants on economic policy.

"Average business experience of Biden appointees is only 2.4 years," the authors found. Any fresh-faced 25-year-old on Wall Street has clocked more private business hours than most of Washington's top officials. Sixty-two percent have "virtually no business experience." By contrast, the average Donald Trump cabinet official had 13 years of experience in the private economy, the authors say.

Some familiarity with business is especially important given that President Biden and Vice President Kamala Harris have spent their lives in law or politics. But the authors found that Biden economic officialdom is dominated by careers in law (20), politics and government (21), and academia or policy-making (12). The

main business experience is in venture capital or investing (five).

There are prominent exceptions. Commerce Secretary Gina Raimondo was a successful venture capitalist before entering government, and Interior Secretary Deb Haaland ran operations at a New Mexico tribal casino.

Yet it's fair to wonder if the Biden policies and their results reflect a lack of even a basic understanding of how business works. One example is the Labor Department's quest to classify millions of contractors as employees, despite evidence that many workers prefer independent status.

Health and Human Services Secretary Xavier Becerra has no experience in healthcare. Transportation Secretary Pete Buttigieg was a mayor and management consultant with little experience in supply chains or America's vast transportation network. Deputy Treasury Secretary Wally Adeyemo has spent nearly all of his career in politics and government.

Innocence of profits, payrolls and competition seems to count as a virtue among today's progressives. But that isn't a virtue when modern government has so much power to regulate and punish private business. Presidents are free to appoint whoever they wish, but the results of business ignorance in this Administration are speaking for themselves.

LETTERS TO THE EDITOR

Church-and-State Debate: How High a Wall?

Regarding "Religious Liberty Divides American Jews" (Houses of Worship, July 8): Nathan Lewin rightly reports that we in the Orthodox Jewish community welcome the recent demise, in *Kennedy v. Bremerton*, of the Lemon test—a 1971 Supreme Court precedent that essentially mandated government hostility to religion. This ruling should be applauded by all who value, as Justice Neil Gorsuch put it, "a free and diverse Republic" in which there is "respect for religious expressions."

The Lemon test's approach would have prohibited Jewish parochial schools at risk of anti-Semitic attacks from receiving government grants to bolster their security, denied disaster aid to rebuild houses of worship after a hurricane and excluded religious entities from Covid-relief loans. Such outcomes would run counter to the policy goals of those programs and undermine the equitable treatment of religious communities in favor of an aggressive secularist regime.

Fortunately, this extreme view of "strict separationism" is held by a fringe minority. The inclusion of synagogues, churches and parochial schools in the federal-aid programs above has been broadly supported by both parties in Congress. At the state level, there has been bipartisan support for new government funding for private schools, both religious and secular, for STEM teachers (New York), scholarship funds (Pennsylvania) and school nurses (New Jersey). In its pair of religious-liberty rulings, the Supreme Court has ensured that religious Americans are treated equally in government programs. That is as it should be.

NATHAN J. DIAMENT
Washington

Mr. Diament is executive director for public policy of the Union of Orthodox Jewish Congregations of America.

There is a good reason the Jewish organizations that represent the views of the overwhelming majority of American Jews are upset with the Supreme Court's recent decision. In overturning *Lemon v. Kurtzman*, the court obliterated the 51-year-old legal test that had helped ensure our full acceptance as equal citizens.

During our careers as advocates for religion-state separation, we assisted hundreds of students, teachers and others who were denied admission to colleges, scholarships, jobs, promotions and participation in adoption programs simply because they were not Christian. The Lemon test was a bulwark against "No Jews Allowed."

While a minority in the Jewish community may celebrate the court opening wide the door for government money to flow to religious schools, we must ask: At what cost? The crumbling of the public-school system that has served the majority of our community so well? The possibility that Jews will again be excluded and marginalized? That taxes will now fund the religious indoctrination of others?

The court has given permission to government-funded employees and programs to engage in religious activities that impinge on the rights and well-being of others. American Jews, and others who care about equality and democracy, have cause to worry.

ABRAHAM FOXMAN AND DEBORAH LAUTER
Bergen County, N.J., and Brooklyn, N.Y.
Mr. Foxman was director of the Anti-Defamation League, 1987-2015. Ms. Lauter was the ADL's civil-rights director, 2006-16.

The debate about the Lemon test complicates the analysis. To me, it is simple: Sure, the coach in *Kennedy v. Bremerton* has the right to pray at the 50-yard line after a game. The question is: Will his players feel pressure to join him? How can they not? They are high-school students who don't want to lose the support of their coach. They will undoubtedly fear that if they don't join the coach, they will pay a price—not starting in the next game, for example. That is coercion and it should be prohibited.

As to state aid to private schools, ostensibly to fund the teaching of secular subjects: Money is fungible. Whatever the private schools receive will allow them to use that same amount to fund their religious programs.

ROBERT SUGARMAN
New York

Mr. Sugarman was chairman of the ADL, 2009-2012, and the Conference of Presidents of Major American Jewish Organizations, 2013-15.

Trade With China and the New War on Drugs

Regarding your editorial "Biden's Missing Trade Agenda" (July 6): What should have been a precondition to the Trump administration's trade talks with China, and what should now be a precondition to the Biden's administration's decision to lift tariffs, is a demand that China stops the production and export of synthetic opioids, like fentanyl, and their precursor chemicals. Concerns about prices of pork, soybeans and solar panels are small beer in light of this scourge, which is now responsi-

ble for the annual deaths of tens of thousands of Americans.

Chinese manufacturers make this stuff. The Chinese Communist Party knows this and knows who they are. It allows the material to be shipped to Mexico for distribution by the drug cartels, enabled by a porous southern border. This is the new war on drugs. Fight it with trade policy. China fought the same war against the British opium trade for the same reasons.

JAMES GOTTSCHALK
Tequesta, Fla.

Public Schools Will Never Simply Stay Neutral

In "The Hard Truths of American History" (op-ed, July 1), William Bennett maintains that "the vast majority of Americans . . . are united against indoctrination but are supportive of candid instruction and thoughtful debate." Yet "candid instruction" is itself doctrine. Every school has a doctrine; the question is what doctrine

we should be teaching our children.

Thomas Jefferson believed that we should have a public-school system to make sure that the citizenry understood the history, philosophy and structure of our nation. He believed that American liberty had to be taught. Our doctrine, our virtue, is built into our Constitution. Teach that thoroughly: You will ignite the founding fires and our children will dazzle the world.

DAVID FITZMORRIS
West Hills, Calif.

A Fear That U.S. Leaders Should Not Try to Overcome

In "The West Needs an Arms Race" (op-ed, July 7), Yulia Latynina writes, "The West must build precision weapons that can take out Russia's nuclear silos—and let Mr. Putin know that they aren't afraid to use them." But there's good reason to fear such an action: Russia's nuclear forces, like America's, are not solely placed in silos. Any attempt to target Russian silos, even if successful, would unleash hundreds, if not thousands, of nuclear weapons at America.

The U.S. isn't displaying weakness when it considers Russia's nukes. It is dealing with the facts, regardless of whether we like those facts.

JACK LECHTEL
Leesburg, Va.

Arriving at a Moral Chasm

A letter writer (July 9) states that a baby's life depends on whether the mother wants it. But a person's life, rights and importance derive from his or her humanity, not from what anyone else thinks. Saying "I am important, but you are a nonperson" opens the philosophical door to slavery, eugenics and a host of unspeakable ills.

ROBERT BALES
Portland, Ore.

Another Great Convergence

Reading Katie Mack's review of "The Elephant in the Universe" (Books, July 9), I was struck that some of our most brilliant minds are doggedly searching to find answers about an entity for which they cannot find proof but have observed its effects. It is also huge, representing most of the universe. Some find me rather naive in believing in something with similar characteristics: God.

JUDITH GALLAGHER-BRAUN
Yardley, Pa.

Pepper ... And Salt

THE WALL STREET JOURNAL



"But would your two-year old know how to contextualize it?"

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

The West Leaves Ukraine Outgunned

By Jillian Kay Melchior

Ukrainian civilians are “dying in our sight, 100 meters away,” and “we can’t get near to them” amid the barrage of Russian shelling, Mamuka Mamulashvili says. “They’re losing hands, legs. Sometimes we cannot even find the parts of civilians who were bombed. . . . It’s not one incident. We are seeing it every day.”

Mr. Mamulashvili, 44, is commander of the Georgian Legion of Ukraine’s Armed Forces. He oversees special operations targeting Russian command centers and logistics. The job puts him and his men close to the front line, where they witness Russia’s brutal tactics firsthand. “We are permanently bombed,” he says. “They’re shelling mostly blocks where there are more people, more populated areas. It’s the so-called Russian strategy: to kill everybody and then get inside.”

Russia has far more and longer-range artillery. Kyiv’s allies are helping, but it isn’t nearly enough.

Ukraine is smaller but nimbler than its enemy, and in the first phase of the war it inflicted heavy casualties on the Russians as it drove them back from around Kyiv. But Russia has adjusted during the second phase of the war by hiding its men behind its fearsome artillery. “Russian artillery has been the decisive factor, but only because it’s had to be the decisive factor,” says Mason Clark, a senior analyst and Russia team lead at the Institute for the Study of War.

Russia has at least 10 times as many artillery and missile systems as Ukraine, and in some places on the front line the disparity is closer to 20 to 1, former Defense Minister

Andriy Zagorodnyuk says.

With a range of hundreds of miles Russian missiles can strike anywhere in Ukraine. Recent attacks in the western region of Lviv were a short distance from the Polish border. On June 27, President Volodymyr Zelenskyy estimated that Russia had used “almost 2,800 different cruise missiles” and “hundreds of thousands” of air bombs and rockets against Ukraine.

In contrast, Ukraine’s Western partners have imposed political constraints on the use of donated systems for attacks on Russian territory, and the range of Ukraine’s weapons is limited even on its own soil. Ukraine’s surface-to-surface systems can reach some 75 miles away at maximum with its Vilkh and Tochka missiles, but those are in short supply, Mr. Zagorodnyuk says. Along much of the front line, Ukraine fights with howitzers that have a range of only some 15 miles. Russia often relies on similar systems, but its ground-based rockets can also reach much farther into Ukrainian-controlled territory.

Russia can produce bullets, shells and, more slowly, missiles to replace what it has used in this war. Ukraine lacks such regenerative capabilities, and as Kyiv makes the transition from Soviet-era equipment to NATO weaponry, it becomes wholly reliant on Western support. Ukraine needs weapons systems and ammunition “like, yesterday,” says Brig. Gen. Hennadi Shapovalov, who oversees military cooperation between the Ukrainian armed forces and its Western partners. In his assessment, the delays are “completely a political problem.” Poland, Slovakia and the Baltics have responded to the war with appropriate urgency, he says. The U.S. has been supportive but slow to act. Germany’s hesitation has been particularly frustrating, though there have been recent signs of improvement.

The disparity in quantity and range of munitions has serious battlefield consequences. When Ukrainians want to take out enemy command



Ukrainians fire a Himars rocket.

PAVLO MAROZHNYI VIA REUTERS

posts or supply depots, they have to get close, jeopardizing lives and equipment. “It’s impossible to move artillery systems on the front line and not be seen by anyone,” Mr. Mamulashvili says. “As soon as they detect our concentration, they’re bombing us.”

On the battlefield, Ukrainians are using four U.S.-provided High Mobility Artillery Rocket System, or Himars, which have a range of some 50 miles. Four more are expected to arrive soon. In recent days Ukraine has used its Himars to strike Russian weapons depots and fuel-storage facilities, and the Pentagon last week approved the provision of four additional Himars, bringing the total delivered or promised to 12.

Ukrainian officials say they need about 100 Himars. Meanwhile, a U.S. Senate source told me the tranche that included the first four Himars included fewer than 20 missiles per launcher, though a subsequent tranche included significantly more. The Biden administration has said it would provide additional ammunition but hasn’t disclosed specifics.

With less ammunition to use, “the Ukrainians have to be much more careful, much more selective, and they can’t hit the same number of targets,” says Fred Kagan, director of the Critical Threats Project at the American Enterprise Institute. The Russians often have multiple posts

behind the front line performing the same supportive functions, so even a successful Ukrainian strike on a target may not cause much disruption.

Meanwhile Russians can lob far more shells and rockets at Ukrainian targets that support front-line operations, and their range advantage means they can conduct these attacks from a distance where Ukrainians can’t easily hit back. Russia’s firepower is “absolutely not precise,” but “they’re just coming one, next one,” says Yuri Tkachenko, a board member and part of the Kyiv ground team for the nonprofit Ukraine Aid Operations.

His group raises money for equipment like medical kits, body armor and other protective gear for Ukrainian soldiers, then delivers it to military units near the front line. Mr. Tkachenko calls me en route to Donetsk and describes how Russian artillery has held up deliveries of much-needed equipment. Once recently, “for two hours, we were sitting, waiting. They were shelling for two hours nonstop,” Mr. Tkachenko says. “You don’t know—will they miss, or will they get you?” His teams haven’t been hit so far. “But we come very close.”

The disparity also means the Russians can aggressively attack Ukrainian units and take out soldiers as they approach the front. In recent weeks some Ukrainian soldiers “say

it feels like Russians have built a munitions-productions factory on the front,” says Yuriy Sak, an adviser to Ukraine’s defense minister. The invaders face no comparable reciprocal attack.

The Russians can also sometimes strike behind the Ukrainians after they arrive at the front line. Near Severodonetsk the invaders used artillery to target a highway and bridges behind the Ukrainians in an effort to isolate them, disrupt their communications, and impede the flow of supplies and any withdrawal.

The Russians’ scorched-earth approach has also caused significant civilian casualties, says Samer Attar, a Chicago physician who returned to the U.S. over the Independence Day weekend from Zaporizhzhia region, where he was operating on wounded civilians and soldiers. “You’re seeing civilians with military injuries, and these are just kids and moms and dads,” he says. He saw mangled limbs, ripped bellies, exposed intestines, and one patient who endured a blast “so severe it pushed his eyeballs out.”

A prompt rescue “can mean the difference between life and death” or “the difference between saving a limb and losing a limb,” Dr. Attar says. The unrelenting barrage of artillery “really impedes the paramedics, those on the front lines, that have to brave shelling and fire to get to the wounded” and move them to help.

The West has been too slow, and the need to even out the artillery disparity is urgent. Long-range artillery in particular has the potential to “change the war’s direction,” Mr. Mamulashvili says. “We are still standing and waiting when the United States and other countries will help defend democracy. . . . We are still waiting and going through bureaucracy. We could put one camera on the front line and let politicians see how many people will die during their hesitation.”

Ms. Melchior is a Journal editorial page writer.

The Pursuit of ‘Social Justice’ Is Getting People Killed



UPWARD MOBILITY
By Jason L. Riley

It’s difficult to keep track of all the public policies being advocated in the name of “social justice,” but the damage is mounting. And no one is harmed more than the people in whose name the policies are promoted.

Sunday’s Philadelphia Inquirer reported on its front page that the City Council president wants “to revisit stop-and-frisk,” a police tactic that involves officers’ stopping, questioning and sometimes searching pedestrians engaged in suspicious behavior. For decades, police departments around the country have used stop and frisk to remove illegal guns from the street and re-

duce crime rates. But social-justice activists—who, ironically, support gun control—have decried the practice because blacks and Hispanics are stopped more often than other groups.

For critics, the racial imbalance in stops is evidence of racial bias, rather than a reflection of higher violent crime rates among blacks and Hispanics versus other racial and ethnic groups. Men are also stopped more often than women. Is that evidence of sexism? In big cities such as Philadelphia, Chicago, St. Louis and Baltimore, violent crime is highly concentrated, not only among certain groups but also geographically. “A small sliver of blocks—just 4 percent in Chicago, for example—can account for a majority of shootings in a city or a county,” the New York Times reported recently.

Yet in their efforts to correct racial disparities in policing, social-justice activists play down or ignore the racial disparities in crime victimization. When Michael Nutter was mayor of Philadelphia, from 2008 to 2016, he supported stop and frisk, and “its use—combined with other law-enforcement strategies—coincided with the city’s lowest murder rate in 50 years,” according to the Inquirer. Under pressure from the American Civil Liberties Union and other activists, however, the current mayor curtailed the practice, the number of stops plummeted, and violent crime spiked.

Meanwhile, Philadelphia’s district attorney, Larry Krasner, prides himself on not prosecuting lawbreakers, and the results are what you might expect. The city set an all-time record for homicides in 2021 with 562 deaths. Blacks are a little more than 40% of the city’s population but about 85% of those killed. In addition, 1,800 people were shot and wounded last year, which might be related to the fact that more than 60% of people arrested on gun charges faced no penalty and were turned loose.

After Mr. Krasner nevertheless insisted that “we don’t have a crisis of lawlessness, we don’t have a crisis of crime, we don’t have a crisis of violence,” Mr. Nutter unleashed on his fellow Democrat in an Inquirer op-ed. “It takes a certain audacity of ignorance and white privilege to say that right now,” Mr. Nutter wrote. “I have to wonder what kind of messed up world of white wokeness Krasner is living in to have so little regard for human lives lost, many of them Black and brown, while he advances his own national profile as a progressive district attorney.”

Soft-on-crime policies may be one of the more dramatic illustrations of how social-justice activism can backfire to the detriment of its intended beneficiaries, but there are others. Recent efforts to diminish or eliminate education standards effectively amount to giving up on low-

income minority children in the name of helping them. Ending use of the SAT in college admissions won’t close the learning gap that the test exposes. It will merely delay the exposure until some future date.

This misguided focus on even or proportionate group outcomes is what distinguishes social justice from traditional concepts of justice, where the focus is on impartial processes. As Thomas Sowell has written, “a defendant in a criminal case would be said to have received justice if the trial were conducted as it should be, under fair rules and with the judge and jury being impartial.

After such a trial, it could be said that ‘justice was done’—regardless of whether the outcome was acquittal or execution.” By contrast, “rules and standards equally applicable to all are often deliberately set aside in pursuit of ‘social justice.’ ”

Exempting favored minority groups from academic or behavioral standards that apply to others in society fuels racial tensions and does nothing to address the disparities and gaps that ostensibly motivate social-justice advocates. Permanent welfare-state expansions in the guise of “temporary” pandemic relief will increase dependency and

hamper economic growth insofar as able-bodied adults spurn the labor market. By reducing the need for people at the bottom to enter the labor force, a growing welfare state contributes to the economic inequality that liberals never tire of lamenting.

In a New York Times/Siena College poll released this week, President Biden’s job-approval rating sits at 33%, and only 13% of voters say the country is on the right track. No single development fully explains the malaise, but the administration’s social-justice agenda probably isn’t helping.

No More ‘Pay to Slay’

By Sander Gerber
And Michael Koplow

President Biden visits Israel and the West Bank Wednesday and is expected to meet with Palestinian Authority President Mahmoud Abbas. Mr. Abbas will undoubtedly press Mr. Biden to reopen the Palestine Liberation Organization’s office in Washington, which President Trump closed in 2018. Mr. Biden must make clear that for the PLO mission to open, the Palestinians must stop paying terrorists, and families of terrorists, who have attacked Israelis.

This U.S. dispute with Palestinian policy isn’t new. Washington ended direct budgetary support for the Palestinian Authority in 2014 over concerns that the prisoner and “martyr” payments create incentives for terrorism. The lack of Palestinian responsiveness led Congress in 2018 to pass the bipartisan Taylor Force Act, prohibiting U.S. assistance to the West Bank that directly benefits the Palestinian Authority (with limited exceptions for the east Jerusalem hospital network and childhood vaccinations). Although Mr. Trump closed the mission on other grounds, Congress later

amended the Anti-Terrorism Clarification Act to link its reopening to the abandonment of the policy informally called pay for slay. While Congress has few issues of bipartisan agreement, holding the Palestinian leadership accountable for prisoner and martyr payments is one.

Biden should condition reopening of the PLO’s Washington office on ending cash for terrorists.

The Palestinians would be wise to heed these messages from both sides of the congressional aisle as well as administrations of both parties. Having a system of payments pegged to the extent of the violence inflicted is a moral stain on the Palestinian Authority.

The authority defends the payments on the grounds that they are required to keep families from destitution if the main breadwinner has died or been jailed. In private conversations with U.S. officials, Palestinian leaders further claim that the payments are necessary to prevent

Hamas from making its own payments and currying favor among West Bank Palestinians. But these attempts to justify money for violence are specious. The authority writes checks regardless of whether the terrorist was a breadwinner, or even employed.

The Palestinian Authority should repeal its pay-for-slay law and budget and instead build a social safety net open to everyone—including terrorists’ families and released prisoners—that is based solely on need. The infrastructure for this exists. A legitimate social-welfare system must be built around welfare and job programs, not encouraging violence. There is plenty of money for it: According to a report by the Jerusalem Center for Public Affairs, in 2018 the Palestinian Authority spent some \$344 million paying 37,500 martyrs and prisoners and only \$205 million to support 118,000 welfare recipients.

Mr. Biden took office with a stated goal of rebuilding ties with the Palestinians, and despite Palestinian dissatisfaction, policies have been implemented that do just that. Economic and humanitarian assistance to the West Bank that is consistent with Taylor Force restrictions has resumed, and the president’s budget request for the next fiscal year continues that aid. American diplomats have met regularly with Palestinian officials, including Mr. Abbas.

If the Palestinian leadership wants the PLO mission in Washington reopened, they must take seriously the U.S. bipartisan message on terrorism payments. And if the Palestinians genuinely want to reset relations with the U.S. and begin to regain what they have lost, this week they should seize what may be their only opportunity to speak with Mr. Biden on their own turf.

Mr. Gerber is CEO of Hudson Bay Capital and a member of the MEPPA Advisory Board. Mr. Koplow is chief policy officer of Israel Policy Forum.

Notable & Quotable: Biden

Jason Nichols writing for Newsweek, July 12:

It was the meme of the week: Joe’s gotta go. It felt like every liberal news outlet took part in a week of scathing critique of President Joe Biden and Vice President Kamala Harris, with many even from the President’s own party suggesting he commit to not running in 2024.

It’s not just wishful thinking. If the Democrats successfully push President Biden to retire, they will be doing something that Republicans refused to do after two impeachments, a horrendous pandemic

response, and a detailed attempt to undermine American democracy: They will be tacitly admitting they picked the wrong person to run the country. It’s hard to see how they recover from that politically for generations to come.

This is not to say that Joe Biden’s presidency has been entirely successful. . . . And yet, the truth remains that Democrats chose Biden and Harris to lead them. Quickly casting them aside would be politically disastrous because it would signal to the rest of the country that the Democrats by their own admission can’t choose someone to lead the nation.

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THE WALL STREET JOURNAL.

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Ackman to Close \$4 Billion SPAC

Hedge-fund manager fails to find acquisition target as the shell companies lose favor

By Julie Steinberg

Hedge-fund manager William Ackman is winding up the largest-ever special-purpose acquisition company after failing to find a target.

In a letter to shareholders in Pershing Square Tontine Holdings Ltd. on Monday, Mr.

Ackman said the company couldn't find a target that met its investment criteria and was returning \$4 billion in shareholder capital.

The vehicle had raised \$4 billion in an initial public offering on the New York Stock Exchange in July 2020. A shell company that raises money from outside investors, a SPAC trades on a stock exchange and merges with a private company to take public. It typically has two years to do a deal or it must return the money to investors. The dead-

line for Mr. Ackman's SPAC is fast approaching.

Investors initially poured money into SPACs but hundreds are now facing looming deadlines to find deals amid a selloff in their share prices. Meanwhile, some companies that merged with SPACs are already warning they might go bust.

Mr. Ackman said in the letter that high-quality businesses had been taking the traditional IPO route to go public, owing to the quick recovery of capital markets since

the pandemic. He also blamed the poor performance of SPACs that have done deals, which he says contributed to negative perceptions of the vehicles, as well as high redemption rates of SPACs and regulatory scrutiny.

Pershing Square Tontine last summer backed away from plans to invest in Universal Music Group, saying the Securities and Exchange Commission couldn't be convinced the deal met the rules for SPAC investments.

Mr. Ackman also last sum-

mer told shareholders he might have to wind up the SPAC owing to a lawsuit questioning the vehicle's legality. Mr. Ackman called the lawsuit meritless at the time.

Mr. Ackman in the letter said he is working on launching a new vehicle called a SPARC, or special-purpose acquisition rights company, through which investors could buy stock in a company once it has already merged with the vehicle. Such structures have "many favorable attributes" compared with SPACs, he said.

Stocks, Oil Decline On Fear Recession Looms

By Gunjan Banerji and Joe Wallace

Fears about a recession on the horizon weighed on stocks, oil and bond yields, continuing a volatile stretch for global markets.

The S&P 500 fell for a third consecutive session, losing 35.63 points, or 0.9%, to 3818.80. The Dow Jones Industrial Average declined 192.51 points, or 0.6%, to 30981.33. The technology-focused Nasdaq Composite shed 107.87, or 0.9%, to 11264.73. Losses accelerated in the final hour of the trading session.

Worries about an economic slowdown have stoked a rapid reversal in oil prices, which had raced higher for much of the year. Brent crude futures, the benchmark in international energy markets, fell 7.1% to \$99.49 a barrel, snapping a three-session streak.

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Dividend Payouts Hit Quarterly Record

By Hannah Miao

Dividend payouts set another record in the second quarter, a reassuring sign to investors who have flocked to steady, income-generating stocks during the market downturn this year.

The companies in the S&P 500 paid out a record \$140.6 billion in dividends in the most recent quarter, according to S&P Dow Jones Indices. That is up from \$137.6 billion in the first three months of the year and \$123.4 billion in the same quarter last year.

Annual dividend payouts have notched new highs every year for a decade, excluding a slight decrease in 2020. Howard Silverblatt, senior index analyst at S&P Dow Jones Indices, expects dividends to set records in the current quarter and for the year as well.

Payments this year are projected to grow at a faster pace than usual, as companies have logged strong sales and are passing on a slice of the elevated profits to shareholders, according to Mr. Silverblatt. He estimates dividend payments will jump more than 10% in 2022 from last year's record \$511.2 billion, which would mark the first double-digit increase since 2014.

"Businesses want to send a message to investors that they are in good health," said Brian Jacobsen, senior investment strategist at Allspring Global Investments. "If they can maintain their dividends and grow their dividends, despite the challenges, that tends to signal that they're confident about their business outlook." Corporate earnings are in



Levi Strauss is among the major companies that have increased their dividends recently.

focus for investors as inflation hovers at a four-decade high and the Federal Reserve moves to aggressively raise interest rates to curb rising prices. Consumer spending has cooled, and worries of a potential recession lurk.

Investors are eyeing fresh inflation data and the unofficial kickoff of the corporate

earnings season this week for the latest reading of how rising prices are affecting consumers and company profits.

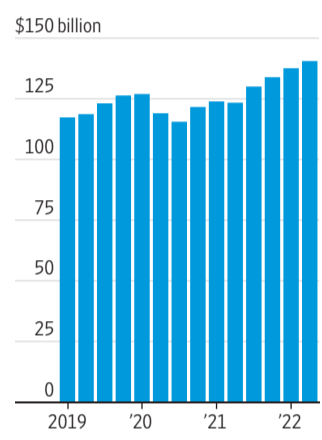
The broader equity market has struggled this year amid the challenging crosscurrents, but dividend stocks have seen a resurgence in 2022 as investors seek a regular stream of cash to weather the economic

turmoil.

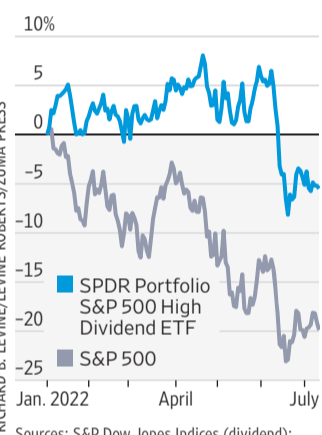
The S&P 500 High Dividend Index, made up of 80 high-yield S&P 500 companies, is down 4.7% in 2022, narrower than the S&P 500's 20% drop.

Among the dividend stocks that are beating the market are Coca-Cola Co., AT&T Inc. and Valero Energy Corp. All three stocks are up for the

S&P 500 quarterly dividend payouts



Dividend stocks and index performance this year



Sources: S&P Dow Jones Indices (dividend); FactSet (performance)

Google To Slow Pace of Hiring

By Miles Kruppa

Alphabet Inc.'s Google will slow hiring for the rest of the year, Chief Executive Sundar Pichai told employees, making the search company the latest tech company to either pull back on new hires or trim staff.

In an email sent to employees on Tuesday, Mr. Pichai said Google would be "slowing the pace of hiring for the rest of the year, while still supporting our most important opportunities." Google hired about 10,000 new employees in the second quarter and more who are committed to start this quarter, he added.

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Electric-car maker Rivian looks to cut costs, including by halting some hiring. **B2**



BUSINESS NEWS
PepsiCo sales rise 5.2%, driven by higher prices and strong demand for treats. **B3**

Netflix Seeks New Deals to Show Ads

By Joe Flint

Netflix Inc. is seeking to amend its programming deals with major entertainment studios to allow the streaming giant to put content on an advertising-supported version of the service, people familiar with the matter said.

Among the studios Netflix has begun talks with are Warner Bros., which makes the hit stalker drama "You"; Univer-

sal, producer of the dark comedy "Russian Doll"; and Sony Pictures Television, producer of "The Crown" and "Cobra Kai," the people said.

In addition to shows created for Netflix, the company will need to renegotiate agreements for the old television shows it carries, such as "Breaking Bad" from Sony and "NCIS" from Paramount Global.

Seeking permissions from content providers is among

several steps Netflix must take as it seeks to get an ad-supported version of its service off the ground. The streaming giant is studying a range of potential pricing schemes, and has discussed joining with Alphabet Inc.'s Google or Comcast Corp.'s NBCUniversal to provide technology and sales manpower for the effort, The Wall Street Journal reported. Netflix is searching for an executive to lead up the effort.

Netflix is looking to launch a low-cost ad-supported option to generate a new stream of revenue and boost subscriber growth. In April the company posted its first subscriber loss in more than a decade. Netflix has told content suppliers it wants the ad-supported version to be launched by the fourth quarter.

While Netflix makes a large amount of its own content, it

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Microsoft on Offensive Over Cloud Scrutiny

By Aaron Tilley and Kim Mackraal

Microsoft Corp. has embarked on a campaign in Europe to create allies and disarm critics as it comes under greater scrutiny in one of its largest markets.

Competitors accuse the software giant of abusing its position as the world's second-largest cloud company after Amazon.com Inc. to outflank European companies. Microsoft is responding with a mixture of perks and persuasion—and in some cases struggling to make headway.

After German cloud-computing company Nextcloud

GmbH filed an antitrust complaint against Microsoft with the European Commission, a lawyer for the U.S. giant called Nextcloud with an offer, said its chief executive, Frank Karlitschek.

Nextcloud had accused Microsoft of suppressing competition by pushing customers to use its rival cloud software by bundling it with its Windows operating system. The German company had also formed a consortium of European companies concerned about Microsoft. The Microsoft lawyer asked Nextcloud if the companies could work together in some way, offering benefits—

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Investors Dip Back Into Chinese Market

A nascent recovery in Chinese stocks is stirring a debate among global investors that were previously burned by Bei-

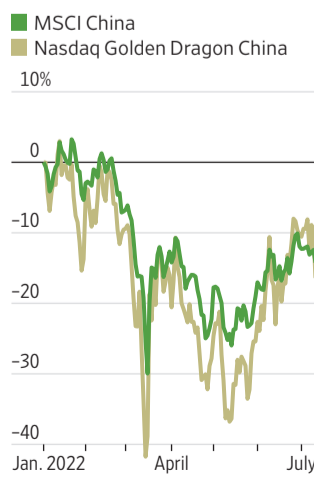
By Jing Yang in Hong Kong and Michelle Chan in New York

jing's harsh regulatory crackdowns: Is it time to get bullish again on China?

Last month, more than \$6 billion flowed into the 30 largest international mutual funds that focus on Chinese equities—the highest level since at least early 2021—according to Morningstar Direct, signaling fresh investor optimism about the battered asset class.

The MSCI China Index, which slid to a five-year low in March, has recovered some losses but was still down 14% in the year to date as of Monday. The Nasdaq Golden

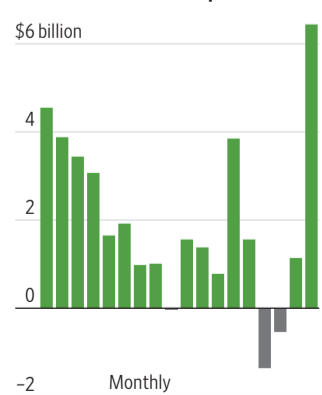
Index performance this year



*ETFs and open-end funds domiciled in the U.S., Europe and Asia, excluding domestic Chinese funds. Sources: FactSet (performance); Morningstar Direct (net flows)

Dragon China Index, which includes dozens of U.S.-listed Chinese companies' American depositary receipts, was down 16% for the year.

Net flows into the 30 largest international mutual funds* focused on China equities



China-based companies collectively lost close to \$3 trillion in market value, according to data compiled by S&P Global Market Intelligence. A barrage of regulatory measures against internet-platform companies, economic weakness caused by Beijing's zero-Covid policy and heightened geopolitical tensions continue to drag on the market.

As evidence of that, technology, consumer, energy and other Chinese stocks tumbled again on Monday and Tuesday, after a regulator imposed small fines on internet companies Alibaba Group Holding Ltd. and Tencent Holdings Ltd., and the country again reported rising Covid-19 cases. The Hong Kong-listed shares of Alibaba, the industry's bellwether stock, dropped 11% over the two days.

"There are still several un-

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Netflix Seeks Deal Revamp

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also licenses many of its original shows and acquires content from other companies. Obtaining such permissions is crucial for Netflix if it wants an ad-supported tier to offer programming as robust as the lineup in its commercial-free plans.

Studios likely will seek a premium of 15% to 30% over existing contracts to grant Netflix the right to put their content on an ad-supported platform, some entertainment executives said.

"Any distributor being approached by Netflix is going to take steps to ensure they get proper value," said Jeffrey Schlesinger, a former president of Warner Bros. Worldwide Television Distribution who now heads the media advisory firm Former Bros. Media LLC.

A Netflix spokeswoman said, "We are still in the early days of deciding how to launch a lower-priced, ad-supported option, and no decisions have been made."

Amending deals isn't unheard of in the industry. When Netflix wanted to offer customers the ability to download content, it had to renegotiate its licensing agreements with outside suppliers. The price tag for download rights was an additional 10% to 15% of the agreement, one studio executive said.

In discussions with content providers, Netflix has declined to provide details on its advertising plans, including where it will place commercials, what content will be on the platform or what it will charge consumers for the service, studio executives said. Netflix has enlisted its content-acquisition team to lead discussions for the streamer.

Typically, Netflix shares very little data about how many people watch the service. Studio executives have long complained about the lack of transparency, arguing that it puts them at a disadvantage in negotiating fair value for content.

One potential issue in the negotiations is whether Netflix will need to obtain permission for every show or if it will claim it has rights to show ads in certain programming under existing deals.

One executive whose studio makes several original shows for Netflix said its contracts are ambiguous and don't spell out whether ads can be part of the content. Talent involved in some shows and movies believed the content was meant for a commercial-free video platform, studio executives said.

The contracts for older movies and reruns are much more specific with regards to Netflix's ability to put that content on an ad-supported platform, studio executives say. Shows that Netflix has rights for on its commercial-free platform, such as "Seinfeld," have deals on other ad-supported platforms. That could make moving them to a new Netflix service with commercials a challenge.

BUSINESS & FINANCE

Rivian Looking to Cut Costs, Jobs

By CHRISTINA ROGERS



The company reported its net loss had nearly quadrupled to \$1.6 billion in the first quarter.

Electric-vehicle startup Rivian Automotive Inc. is looking to realign its business by cutting costs, halting hiring of non-factory workers and making other reductions, according to an internal letter from Chief Executive RJ Scaringe.

The belt-tightening moves are intended to keep Rivian's operations nimble and efficient and are a response to the changing economic conditions, Mr. Scaringe said in the letter, sent to employees Monday night and reviewed by The Wall Street Journal.

The letter didn't offer specifics on what else the company had planned, only to say that it is trying to be as thoughtful as possible about any workforce reductions. Mr. Scaringe said he plans to share more details on Friday at an all-hands meeting with employees.

On Monday, Bloomberg News reported that Rivian is planning hundreds of layoffs, focusing on nonmanufacturing jobs, with the aim of an overall 5% reduction of its 14,000-person workforce.

A Rivian spokeswoman on Tuesday declined to comment beyond the information conveyed in the letter.

"We will always be focused on growth, however, Rivian is not immune to the current economic circumstances," Mr. Scaringe said in the letter.

Rivian has expanded rapidly in the past year as it has worked to roll out its first all-electric models and start pro-

duction at its factory in Illinois. In November, it raised billions of dollars in new capital in one of the U.S.'s biggest public offerings in years, and it has tapped talent from a range of big-name companies, including EV rival Tesla Inc.

In recent months, Rivian has struggled to meet its production targets, cutting its 2022 forecast in half earlier in the year, and has raised prices on its debut models: the R1T pickup truck and R1S sport-utility vehicle.

The company's stock—at one point trading as high as \$179 a share last fall—has tumbled more than 70% this year, closing at \$29.93 on Monday. The stock closed up about 1% Tuesday.

Mr. Scaringe has pointed to

supply-chain constraints, particularly on sought-after semiconductors, for the manufacturing setbacks and told investors recently that he expects the situation to improve in the back half of the year.

Last week, Rivian said it had built about 4,400 vehicles in the second-quarter, a sharp increase over the previous quarter and a sign the line rate is improving, after earlier difficulties.

Still, the company is posting heavy losses and is burning through cash. It reported its net loss had nearly quadrupled to \$1.6 billion in the first quarter off \$95 million in revenue for the period. At the end of March, it had about \$17 billion in cash and liquidity.

Mr. Scaringe said in May

that its cash pile should be enough to start production in 2024 at a second factory it is building, but to conserve cash, the company is slashing R&D spending by simplifying the future vehicle lineup.

Rivian's actions come as other car companies and auto-focused startups are also starting to prepare for leaner times ahead.

On Friday, driverless-car firm Argo AI said it would cut about 6% of its more than 2,000-person workforce after years of fast-pace hiring.

Executives at General Motors Co. and Ford Motor Co. have also said they are preparing for a potential economic downturn, including being more conservative on hiring decisions.

Startup Gopuff Pares 10% of Staff

By SEBASTIAN HERRERA AND PREETIKA RANA

Rapid-delivery startup Gopuff told its investors in a note Tuesday that it is cutting 10% of its workforce, or about 1,500 employees amid growing concerns about the economy.

In addition, Microsoft Corp. is cutting a small percentage of its staff, the latest in a string of layoffs by high-profile tech companies.

Philadelphia-based Gopuff announced its layoff plans in a Tuesday note to investors, reviewed by The Wall Street Journal. It also said it plans to shut 76 of its warehouses, covering roughly 12% of its network. The company cut 3% of its workforce in March. The note from Gopuff said the additional cuts are an attempt to get ready for tougher times "as we prepare for what could be a much more significant macroeconomic downturn than we are experiencing currently."

The company said it would make investments that drive

more profit, including technology to run ads on its app, and continue to focus on overseas markets such as the U.K. that are leading revenue growth. Gopuff said it hopes to become profitable in 2024 on the back of these changes.

Gopuff, founded in 2013, leads the instant-delivery market in the U.S.

Investors raced to pour money into fast-delivery startups during the pandemic as customers grew accustomed to ordering household essentials online. Many startups that promised delivery in under 15 minutes piled up fast losses and some folded within a year.

Microsoft said it is cutting a number of positions, affecting less than 1% of its total workforce. Microsoft, which employed about 181,000 people as of June 2021, is making the cuts as a part of a regular adjustment at the start of its fiscal year, a spokesman said. The company's overall workforce will still rise in the coming year, he said.

Google To Slow Hiring

Continued from page B1

Parent company Alphabet reported 163,906 employees as of the end of March, up 17% from a year earlier.

"Moving forward, we need to be more entrepreneurial, working with greater urgency, sharper focus, and more hunger than we've shown on sunnier days," Mr. Pichai wrote in the email. "In some cases, that means consolidating where investments overlap and streamlining processes. In other cases, that means pausing deployment and re-deploying resources to higher priority areas."

A Google spokesman declined to comment.

Google joins other tech companies of all sizes that are scaling back expansion of their staff as rising inflation and other economic challenges contribute to a cool-down in the tech sector.

Microsoft Corp. said on Tuesday it would cut a small

percentage of its staff, attributing the layoffs to regular adjustments at the start of its fiscal year. That came on the same day rapid-delivery startup Gopuff told its investors that it was cutting 10% of its workforce, or about 1,500 employees, amid growing concerns about the economy.

Before that, Facebook-parent Meta Platforms Inc.'s head of engineering told managers to identify and push out low-performing employees, according to an internal post. Snap Inc. CEO Evan Spiegel also recently told staff the company would slow hiring, warning that the economy "has definitely deteriorated further and faster than we expected."

Mr. Pichai said Google would focus on hiring in engineering, technical and other critical roles for the rest of the year. The memo cited Google's earlier pace of hiring this year as the reason for the planned slowdown.

"Scarcity breeds clarity—this is something we have been saying since the earliest days of Google," Mr. Pichai wrote. "It's what drives focus and creativity that ultimately leads to better products that help people all over the world."

Microsoft Responds To Scrutiny

Continued from page B1

including promoting Nextcloud's logo in Microsoft's marketing material—if the German company dropped the complaints, said Mr. Karlitschek.

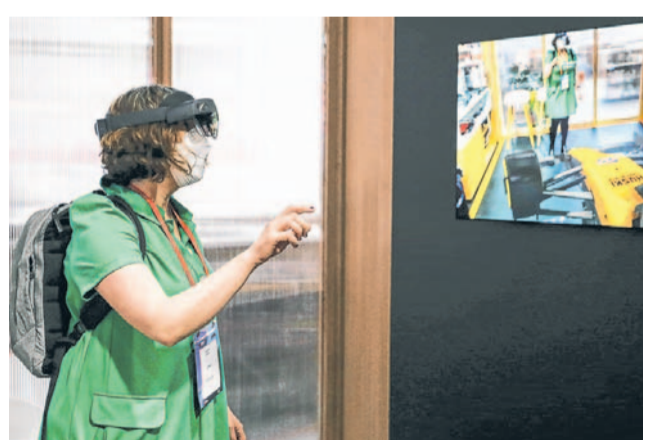
The overture didn't succeed. Mr. Karlitschek refused.

"He was basically offering us a cookie," he said. "It isn't about having a logo somewhere or doing a quick deal. We're not interested in that. We are concerned about the overall antitrust situation."

Microsoft President Brad Smith said the company is just attempting to listen to and address issues European companies are worried about.

"You can't become allies until you stop being adversaries, and can't stop being adversaries until we address the concerns that they legitimately have raised," Mr. Smith said.

The European Union has been at the forefront of a global wave of increased scrutiny of giant technology companies, including how they compete and how they handle data. Microsoft and more broadly the cloud-computing business haven't been the top targets for the new regulations. The company's lobbying marks an important new front in the



The company seeks to woo critics in Europe. Its HoloLens 2 headset.

emerging battle between governments and tech companies.

Even though Microsoft doesn't have the largest cloud market share, its cloud business is getting attention in Europe, in part because of rivals' claims that it is using its dominance with its Windows operating system and Office productivity apps to give it an unfair edge in pushing customers to use its other cloud services.

Its interactions on cloud concerns could also impact how regulators see Microsoft when they consider whether to approve its \$75 billion deal for videogaming company Activision Blizzard Inc., some lobbyists in Europe said. The company needs regulatory approval in many markets, a process that could be impacted by any antitrust claims. Britain's antitrust regulator last week opened a probe into whether the takeover might reduce competition.

Mr. Smith said the Activi-

tion acquisition is one of the reasons behind its European charm offensive. "We have to sustain public confidence that we will grow in a responsible way," he said.

European lawmakers last week approved sweeping digital regulations that will impose competition rules on several large U.S.-based companies including Microsoft. Another EU regulation under consideration could push cloud providers to make it easier for customers to move data from one platform to another.

Microsoft's main cloud rivals—Amazon and Alphabet Inc.'s Google—also face regulatory headwinds in Europe. Unlike Microsoft in recent years, both companies have been charged with alleged antitrust violations related to their non-cloud businesses.

Getting to know regulators, competitors and other stakeholders is part of doing busi-

ness for most major tech companies. Microsoft has dealt with the most recent challenges in Europe the same way it handles regulations in the U.S.—pre-emptively reaching out to policy makers and sometimes co-opting critics.

While Microsoft doesn't break out sales by geography, analyst Brad Reback of Stifel Financial Corp. estimates Microsoft earns around 35% of its sales from the European region.

Microsoft's escalation in Europe has created problems for some companies. Late last year, Microsoft contracted public relations giant Burson Cohn & Wolfe to do additional work in Europe. Slack Technologies LLC had been working with the firm to back its own attempts to fight Microsoft in Europe through a 2020 antitrust filing. After Microsoft hired BCW for the additional work, the firm dropped Slack as a client due to a conflict of interest, infuriating Slack executives, said people familiar with Slack's efforts in Europe.

A BCW spokeswoman said business conflicts may emerge as its clients' goals change.

Despite its efforts, Microsoft continues to face resistance.

Last summer, French firm OVHcloud and other European companies filed a complaint against Microsoft, saying the way it licenses products pushes users toward Microsoft's Azure cloud.

A spokeswoman for the European Commission said it had received complaints against Microsoft and is assessing them.



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BUSINESS NEWS

Higher Prices Boost Pepsi Sales

Demand for snacks and soda stays strong, but executive voices worry over recession

By Alex Harring

Consumers are continuing to buy treats like soda and chips at rising prices, even as their pocketbooks get more squeezed by inflation.

PepsiCo Inc. reported a 5.2% increase in revenue in the latest quarter from a year earlier, as prices on average rose 12% and the company benefited from strong sales of its snacks and packaged foods.

“Unlike things like cars and houses and durable goods like washing machines, we’re just sort of an affordable treat,

even when times are tougher,” PepsiCo finance chief Hugh Johnston said in an interview Tuesday.

PepsiCo has used price increases in recent months to help offset the rising costs of trucking, packaging and agricultural commodities. Year over year, prices were up 10% in the first quarter of this year and 7% in the fourth quarter of last year.

Chief Executive Ramon Laguarta said the company and its retail partners are concerned about how inflation affects lower-income shoppers.

“That’s where we’re all looking more carefully and we’re making decisions on entry point in the categories,” Mr. Laguarta said Tuesday on a call with analysts. Mr. Johnston added that in some com-

munities, the company is stocking stores with more low-price offerings such as Santitas tortilla chips.

Sales grew in the latest quarter even in restaurants and convenience stores, which the company would expect to see take hits as consumers cut their expenses, Mr. Johnston said.

Still, he said a recession is likely coming. The company is preparing for different scenarios, with potential plans including a reduction in capital spending, an increase in automation and a shift in investments from growth to productivity, he said.

At PepsiCo’s North American snacks unit, which sells Doritos and Lays potato chips, revenue rose 14% for the quarter ended June 11. The unit’s sales volume fell 2%, largely because of a

quality-control issue that disrupted production of its Sabra hummus for a few weeks during the quarter, Mr. Johnston said. PepsiCo’s North American packaged-food business, which sells the Quaker Oats and Rice-A-Roni brands, had a 17% increase in revenue and a 2% increase in sales volume.

PepsiCo’s international snack brands had a 20% increase in organic revenue, which strips out currency swings as well as acquisitions and divestitures, the company said.

Overall, the company’s revenue rose to \$20.2 billion from \$19.2 billion.

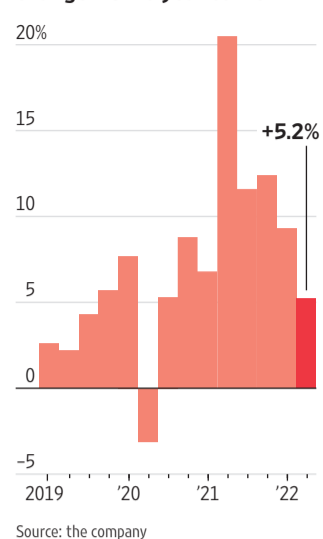
PepsiCo earlier this year sold its Tropicana juice business to private-equity firm PAI Partners in a bid to boost growth. Its juice brands had performed well during the pandemic but

had smaller profit margins than other brands. The divestiture contributed to a 1% decrease in revenue for the company’s North American beverage business in the latest quarter, Mr. Johnston said.

The soda and snacks giant posted a second-quarter profit of \$1.43 billion, or \$1.03 a share, compared with \$2.36 billion in the prior-year period. On an adjusted basis, excluding certain items like the conflict in Ukraine, PepsiCo had per-share earnings of \$1.86, better than the consensus forecast from analysts polled by FactSet of \$1.74.

The Purchase, N.Y., company on Tuesday also lifted its forecast for a key sales metric, projecting that organic revenue will rise 10% this year, compared with its previous

Pepsi’s quarterly net revenue, change from a year earlier



forecast of 8%. Shares of PepsiCo closed down 0.6%. The stock is down about 2% for the year, compared with a decline of 20% in the S&P 500.

Renault Revenue Plunges in Wake Of Russia Exit

By Nick Kostov

PARIS—Sales at Renault SA fell sharply after the French auto maker withdrew from Russia, its second-largest market, in response to the country’s invasion of Ukraine and the wave of sanctions that followed.

The car maker, which is considering a wide-ranging restructuring, saw its global sales fall by almost 30% over the first six months of the year to just over one million vehicles. Excluding Russia, Renault’s sales volume dropped 12%, due in part to disruptions caused by the shortage of semiconductors.

The large fall in first-half sales volume was expected by the market, with Renault shares gaining 1.6% in trading in Paris on Tuesday.

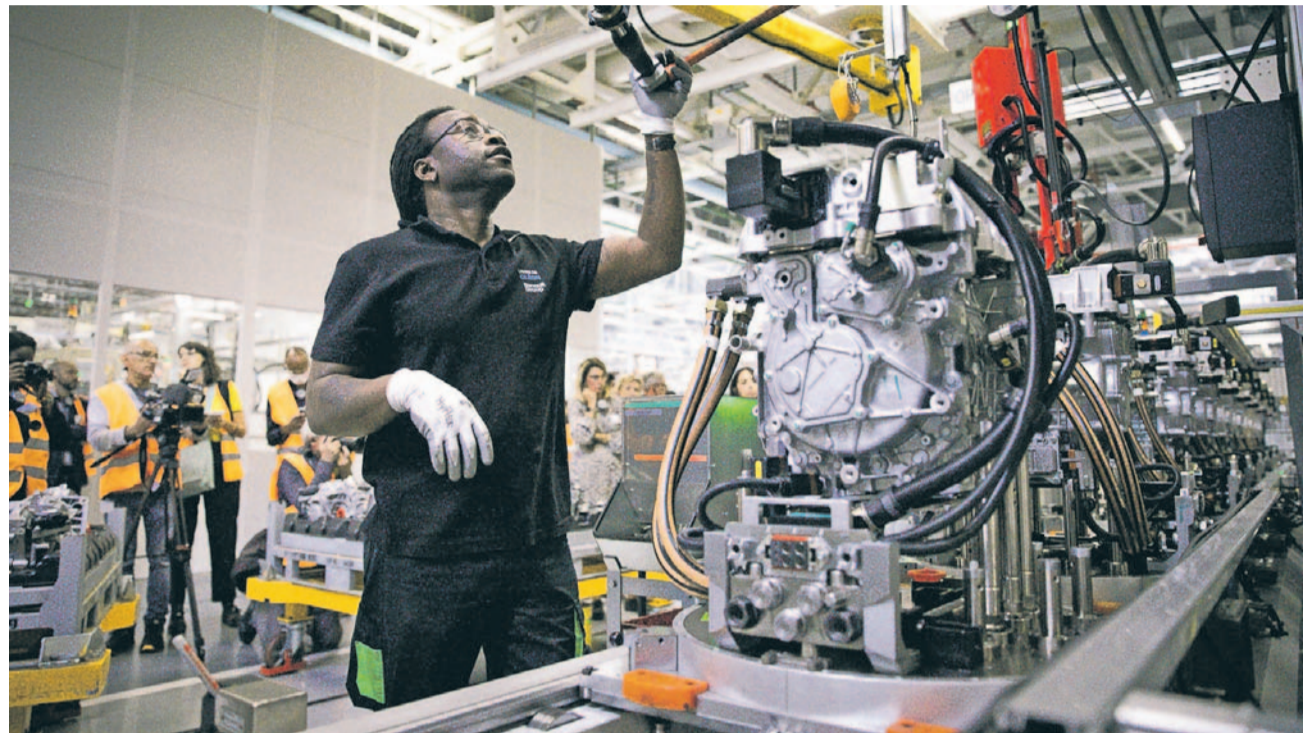
The auto maker in May an-

nounced a deal to cede its 68% stake in Russia’s biggest car company, which produces the Lada brand, to a state-backed entity for one ruble and a six-year option to buy back its shares.

The group’s Russia volumes had exceeded 270,000 vehicles in the first half of 2021, but the country disappeared from Renault’s top 15 markets for the six months ended June 30. Italy is now the group’s second-largest market, behind France.

Having to unload its Russia business—valued in its accounts at 2.2 billion euros, equivalent to about \$2.2 billion—was the latest misfortune to hit the French car maker following the pandemic and the arrest in Japan of its former chief executive officer, Carlos Ghosn, in 2018.

Luca de Meo, the group’s



The car maker’s global sales fell by almost 30% over the first half of the year as it withdrew from Russia, its second-largest market.

chief executive, is now exploring the possibility of splitting Renault into two business units, one focused on electric and the other on conventional car production.

A number of working

groups are exploring the creation of two separate entities, with the projects code-named “Ampere” for the electric unit, and “Horse” for the unit that will house the traditional assets. Renault executives re-

cently traveled to Japan to sound out their counterparts at Nissan Motor Co. about investing in the two new divisions.

Sales of electrified vehicles made up 36% of the car maker’s passenger vehicles in

Europe in the half-year, compared with 26% for the first half of 2021. Renault also increased its share of sales to individuals, as opposed to fleet sales which tend to be less profitable.

Dollar General CEO to Leave, Insider Tapped as Successor

By Will Feuer and Sarah Nassauer

Dollar General Corp. said Chief Executive Todd Vasos is retiring and will be replaced by one of his top lieutenants as the discount retailer navigates high inflation and a tight labor market.

Chief Operating Officer Jeffery Owen, age 52, will assume the top job on Nov. 1, when Mr. Vasos’s retirement takes effect, the company said Tuesday.

Mr. Vasos, age 60, has led the company since 2015, overseeing the addition of around 7,000 new Dollar General locations that primarily serve rural communities across the U.S. He helped push the chain into new categories such as selling more fresh produce, and annual sales revenue grew by more than 80% during his tenure.

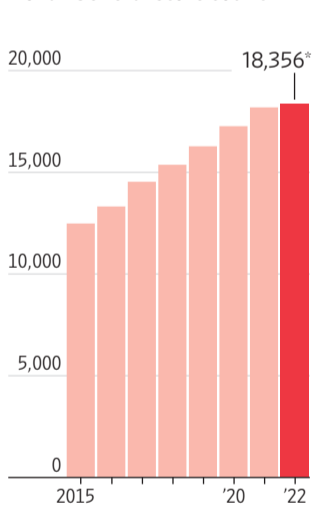
In recent years Dollar General’s business has fared better than its direct competitor Dollar Tree Inc. after it lost the battle to buy smaller chain Family Dollar in 2015. Dollar Tree purchased Family Dollar, but has struggled to integrate the business and reported slower sales than Dollar General, which has focused on building thousands of mostly rural stores.

However, shares of Dollar Tree have recently outperformed its rival after activist investors replaced the chain’s leadership and Dollar Tree last year raised prices at its flagship stores from \$1 per item, boosting sales and profit.

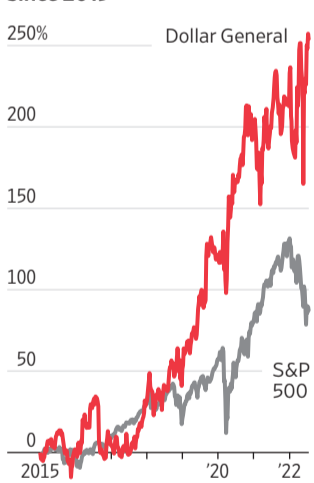
Shares of Dollar General have gained about 15% in the past year, while Dollar Tree shares have jumped 68% and the S&P 500 index has lost about 11%.

Dollar chains, which often sell lower-priced items in small packages, tend to see sales rise when the economy weakens. Dollar General said same-store sales decreased 0.1% as fewer shoppers visited its locations in the April-ended period. Quarterly profits came in ahead of expectations and the company raised its annual forecast for growth

Dollar General store count



Share and index performance since 2015



The discount chain has added about 7,000 new locations since 2015, primarily in rural areas, and plans 1,000 more this year.

in same-store sales.

More recently Dollar General opened Popshelf, a new chain selling more home decor items with around 200 locations planned for this year. Dollar General plans to open over 1,000 new stores this year, adding to its current fleet of around 18,300 U.S. stores.

Mr. Vasos will continue with Dollar General in a senior advisory role through April 1, 2023, and is expected to enter into a two-year consulting agreement. He will also continue to serve on the company’s board.

Mr. Owen is a 30-year veteran of Dollar General, having

started in 1992 as a store manager trainee in a Nashville, Tenn., location. He rose up the management ranks, overseeing store operations before rising to COO in 2019.

Dollar General said in a securities filing it will increase Mr. Owen’s annual base salary to \$1.13 million from \$925,000. The board also approved an increase in his annual bonus opportunity to 150% of his base salary from 100% of his base salary.

Additionally, the board plans to award Mr. Owen about \$6 million in stock options over time as a long-term incentive plan.

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Blast Halts SpaceX Rocket-Booster Test

Elon Musk's company closes Texas launchpad for safety reasons following the incident

By MICAH MAIDENBERG

Elon Musk's SpaceX sustained an apparent setback Monday during a test of one of its rocket boosters, with a video showing a fiery explosion under the vehicle.

The video captured by NASASpaceFlight.com shows a burst of fire under a booster, followed by flames that surrounded the bottom of the vehicle before dissipating.

"Yeah, actually not good. Team is assessing damage," Mr. Musk, chief executive of Space Exploration Technologies Corp., the formal name for SpaceX, said in a tweet Monday

in response to that video. Later, Mr. Musk said he visited the site himself and that the base of the booster seemed OK. The company shut down the pad where the test was taking place for safety reasons, he added.

SpaceX didn't immediately respond to a request for comment.

SpaceX has been pushing to prepare for a first orbital test flight of Starship from its site in Texas, recently winning regulatory approval to conduct such a mission. The Starship rocket system consists of a spacecraft also called Starship that would be blasted toward orbit on top of a massive Super Heavy booster.

Challenges during spacecraft testing aren't uncommon, as teams of engineers and other staff work to prepare vehicles for flights into orbit. It

wasn't immediately clear what Monday's explosion would mean for the company's plans to blast Starship into space.

About a month ago, SpaceX said in a tweet that the company was "one step closer" to such a mission, after the Federal Aviation Administration gave the company the green light to pursue such operations, provided it met a number of conditions.

Mr. Musk said in another tweet Monday that cryogenic fuel, a type of propellant that is kept at very cold temperatures, creates an added challenge, "as it evaporates to create fuel-air explosion risk" when oxygen is partially present in the atmosphere, like on Earth. He also indicated the problem that arose was tied to a particular test of the booster's engines.

During a presentation about Starship in February, Mr.



SpaceX's Starship rocket, at its Texas launchpad last month, suffered a setback during a test Monday.

Musk said SpaceX had made progress on Starship's engines, called Raptors, adding power to a new version of them while reducing costs. Recently, the company tweeted out a photo of what it said were 33 Raptor engines clustered together at the bottom of a booster.

Yesterday's event doesn't fall under the FAA's purview ensuring that space launches and re-entries are conducted safely, an agency spokesman said. However, the FAA is in close contact with SpaceX as the company looks into the fire, he added.

In addition to working on Starship, SpaceX has been busy with other launches, most of which have been to loft its own Starlink satellites into orbits relatively near Earth using the company's workhorse Falcon 9 rockets, according to FAA data.

Peloton to Stop Manufacturing Bikes and Treadmills

By SHARON TERLEP

Peloton Interactive Inc. will outsource all manufacturing of its stationary bikes and treadmills as the money-losing maker of connected fitness equipment races to overhaul its business model.

The New York company said Taiwanese manufacturer Rexon Industrial Corp., which has been working with Peloton for years, will become the primary maker of hardware for its bike and tread product lines.

The change reverses a pandemic-driven strategy to bring its production in-house. It will reduce the cash burden on the business, said Peloton Chief Executive Barry McCarthy, who had already scrapped plans to build a factory in Ohio.

Peloton also said it will suspend operations at its Tonic Fitness Technology Inc. plant

for the rest of the year. The company acquired Tonic, one of its longtime Taiwan-based bike-manufacturing partners, in October 2019.

Peloton spent hundreds of millions of dollars in the past couple of years to build in-house U.S. production capacity, believing that pandemic-driven demand for its products would remain elevated for years and that it could avoid ocean-shipping logjams by operating U.S. sites.

But sales of equipment have fallen more than 40% from a year ago as people return to gyms and pre-Covid-19 routines.

Mr. McCarthy, a former Netflix Inc. and Spotify Technology SA chief financial officer who took over the CEO role earlier this year from founder John Foley, wants to turn Peloton primarily into a subscription-based company



The stationary-bike maker, whose value has dropped from about \$50 billion to under \$3.4 billion, plans to outsource all production.

rather than an equipment manufacturer.

Peloton has substantially cut the prices of its bikes and treadmills, which are equipped with a tabletlike screen that

connects users to online workout classes, while raising the price of monthly subscriptions to \$44 from \$39. Though subscription growth has slowed, millions more people sub-

scribe to Peloton than before the pandemic.

Under Mr. Foley, Peloton spent \$420 million to buy Precor Inc., a maker of commercial exercise equipment with two U.S. factories. Then it announced plans for a \$400 million Ohio factory—which it now intends to sell once construction is complete—in a strategy shift for a brand that until then had relied largely on third-party manufacturers in Asia.

With the plan to outsource manufacturing, Peloton again will be relying on a global supply chain that has been unreliable, hurting U.S. companies' results as they struggled to keep up with demand.

Supply won't be a problem for Peloton in the near term. Peloton in May said its inventory of unsold equipment had swelled to \$1.4 billion, up from \$19 million two years earlier

when the company was scrambling to meet demand. Meanwhile, online reselling sites have swarms of sellers looking to offload relatively new Pelotons at substantial discounts.

Separately, the company said it rolled out incentives for hourly workers who remain in good standing with the company through January next year in an effort to ensure adequate staffing throughout the holiday season.

In May, Peloton reported its biggest quarterly loss as a public company and said it had raised \$750 million to help sustain its business.

The company has laid off hundreds of workers and is saddled with a glut of unsold inventory.

Peloton, once worth around \$50 billion, now sports a market capitalization of less than \$3.4 billion.

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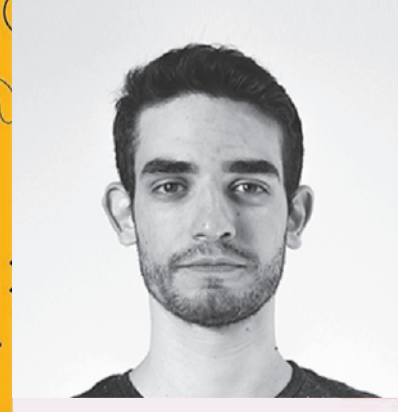
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BUSINESS NEWS

Ride-Hailing Startup Overtakes Gig Model

By Marc Vartabedian

Alto Experience Inc., a startup founded in 2018, thinks it can do ride hailing better than Uber Technologies Inc. and Lyft Inc. That means, in part, shifting back toward how taxi companies operate.

The Dallas-based company has tapped investors on its contrarian thesis that owning vehicles and employing drivers will solve challenges that have plagued the gig-economy model pioneered by incumbents Uber and Lyft. Both companies have struggled to turn consistent profits as public companies and drawn ire from regulators.

“We needed to flip the business model on its head,” Alto Chief Executive and co-founder Will Coleman said. In starting the company, Mr. Coleman said he wanted to challenge the notion that owning assets in the ride-hailing business was too

Alto Experience owns its vehicles and classifies drivers as W-2 employees.

capital-intensive.

Last week, Alto began offering rides in parts of San Francisco, the sixth area in which the company offers service. The expansion follows a \$45 million Series B capital raise last summer from Franklin Templeton, Tuesday Capital and Goff Capital and a debt fundraise in March, Mr. Coleman said. Alto has raised nearly \$60 million in total.

Alto's emergence follows one of the biggest investor frenzies in the history of venture capital as Uber and Lyft attracted billions of dollars before their initial public offerings in 2019.

Alto leases a fleet of luxury vehicles and classifies its drivers as W-2 employees, which

Mr. Coleman says will allow Alto to increase earnings and offer users a better experience.

By owning the assets, Alto is able to keep vehicles on the road almost continuously, which increases the profit margin per vehicle, Mr. Coleman said. Drivers work set schedules and swap out of cars, keeping vehicles on the road to maximize their use. Alto says its ability to place its vehicles where demand is highest is also advantageous.

“I think of it more as capital-efficient, not capital-intensive,” Mr. Coleman said.

Uber and Lyft's model of having drivers largely classified as independent contractors is weighed down by having to pay for incentives such as bonuses to retain drivers, Mr. Coleman said.

A Lyft spokesperson said Lyft is constantly working to improve the driver experience on its platform, aiming to allow drivers to work efficiently and independently. Uber declined to comment.

Bradley Tusk, a venture capitalist and political strategist who previously served as an adviser to Uber on growth and regulatory issues, said that he thinks Alto's model is promising in part because employing its own drivers cuts down on expensive driver-retention efforts that have plagued Uber and Lyft.

At the same time, Mr. Tusk cautioned that Alto's growth could come slowly, which could test investor patience.

Alto charges users a \$12.95-a-month subscription fee in addition to the price of each ride and says that wait times for rides range between 10 and 15 minutes. Alto says it vets and hires professional drivers and is targeting the premium ride-hailing segment of the market, similar to the Uber Black service.

In addition to San Francisco, Alto offers rides in several Texas cities, Los Angeles, Miami, Washington and Silicon Valley.



The South Korean band plans to release a concert film and a documentary series, which the channel would stream outside the U.S.

Disney+ Lands Deal With BTS

By Alyssa Lukpat

The K-pop boy band BTS is set to release a documentary series and a concert film on **Walt Disney Co.'s** streaming services, including Disney+, as part of a deal between the entertainment company and the band's label.

The band members said last month that they would be taking time to focus on solo music, but they have shown few signs of slowing down. Disney said in a statement that it was working with HYBE, the band's label, to release five titles on its streaming services.

BTS would star in at least two of the titles: a concert film,

“BTS: Permission to Dance on Stage—LA” and a documentary series, “BTS Monuments: Beyond the Star,” Disney said.

One of the band members, V, is also set to star with four of his friends on a travel reality show for Disney.

“We can't wait to show you these shows,” one of the band members said in a video released by Disney Monday.

The band said the concert film would “soon be available” and that the documentary would be released next year. The series would show “how we have grown in the past years and the story of our music.”

A Disney spokeswoman said Tuesday that the company

didn't “have exact timing for the series quite yet,” but that the content would stream on Disney+ in countries outside the U.S. She said it was too soon to know if the titles would stream in the U.S. on Disney+ or Hulu, which the company owns a majority stake in. She didn't disclose financial details about the deal.

Representatives for the band didn't return requests for comment.

The South Korean band surprised fans last month when it said that its members would pursue solo work.

BTS has yet to say when its members would take time away from the group, but a

person familiar with the matter said the band expected to eventually come back together.

A HYBE spokeswoman said the band would “remain active as a group” while its members worked on solo projects.

Park Ji-won, HYBE's chief executive, said that the deal marked the “start of a long-term collaboration.”

Disney said that the concert film was recorded in November in Los Angeles.

The partnership will offer a boost to Disney's streaming catalog. The company said in May it added subscribers to Disney+ in its most recent quarter, avoiding a slowdown that hurt rival Netflix Inc.

Walmart Sets Pact for E-Fleet

By Will Feuer

Walmart Inc. has agreed to buy 4,500 of **Canoo Inc.'s** forthcoming electric delivery vehicles, as the retail giant looks to bolster its e-commerce delivery service with a fleet powered by electricity.

Under the purchase agreement, Walmart has an option to purchase up to 10,000 of Canoo's all-electric delivery vehicles, called the Lifestyle Delivery Vehicle.

The delivery vans, which Canoo says is optimized for last-mile delivery, is expected to be-

gin hitting the road next year. The companies plan to kick off advanced deliveries in the Dallas-Fort Worth area in the coming weeks to refine vehicle configuration, they said Tuesday.

The companies didn't place a dollar figure on the deal or say when Canoo, which has previously aired concerns that it may not have enough cash on hand to continue operating for long, would receive payment.

The deal sent shares of Canoo, which last year put its headquarters in Walmart's hometown of Bentonville, Ark.,

soaring nearly 80% to \$4.25 a share. At one point on Tuesday, the stock had more than doubled to \$5 a share. The stock is still down some 45% so far this year.

Walmart said it would use the vehicles to fulfill online orders, including groceries and general merchandise, while helping push the company to reach its goal of achieving zero-emissions by 2040.

Walmart is locked in a battle with Amazon.com Inc. and other rivals in the U.S. e-commerce space, with a particular focus on last-mile delivery.

Canoo's share price this year



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THE PROPERTY REPORT

Offices Get Upgraded Amid Remote Shift

Companies are still betting employees would benefit from regular office use

By KONRAD PUTZIER

Medical-software provider **CentralReach** decided last year to allow all 373 of its employees to work remotely on a permanent basis. Then the company signed a lease for a splashy new office.

CentralReach's office deal is the latest sign that even companies embracing remote and hybrid work still may want new workspaces, betting that employee collaboration would benefit from regular office use.

The company is relocating to the Bell Works development in Holmdel, N.J., in September. CentralReach will occupy 25,000 square feet of space, the largest office footprint ever for the 10-year-old company. Its current office is in an aging building in nearby Matawan, N.J., and it has sat mostly empty during the pandemic.

CentralReach's modern headquarters is a way to entice employees back to the office without having to force them, said



CentralReach hopes new offices will entice employees to the office.

Chief Executive Chris Sullens. A common kitchen area will feature an island with bar chairs, and collaborative work areas will offer couches and armchairs. There will be fewer assigned desks and more wheeled furniture and whiteboards.

"I want people to take advantage of the office, but I want them to do it in a way that makes sense where

they're not wasting time commuting when they don't have to," Mr. Sullens said.

CentralReach's new home offers some encouraging news for office-building owners, who have worried that the rise of remote work might lead some companies to cut costs by dumping most or all workspace. Many companies are finding they prefer a mix.

But CentralReach's new headquarters signals other challenges for property owners. Companies are largely shunning older buildings and usually need less space overall. Even though CentralReach's new office will be larger than the one it is leaving, the company is hiring more staff and anticipates it will ultimately have less space per employee.

Companies say they can have a smaller office footprint under a hybrid approach. If all employees were to come in five days a week, CentralReach would have leased two to three times as much space, Mr. Sullens said. Instead, he expects only about a quarter of the company's local workforce to be in the office on a typical day.

Ralph Zucker, CEO of Bell Works developer **Somerset Development**, said a number of companies relocating to the complex are downsizing from larger spaces. One new tenant is leaving behind a 350,000-square-foot office to move into 27,000 square feet at Bell Works, he said.

This consolidation is helping to drive up vacancy rates. About 17.5% of U.S. office space wasn't leased or was available for sublease at the end of June, according to Cushman & Wakefield PLC, up from 13.2% five years ago.

Jeremy Witikko, global director of smart buildings at **Cisco Systems Inc.**, said he has about three conversations a day with companies looking to reduce their office space. Cisco, which has embraced hybrid work, has said it plans to shrink its office space by about 30%.

Rather than sit at their desks all day, Cisco employees in the Manhattan office are expected to move around between lounges, meeting rooms and quiet rooms based on the type of work they do, said Cisco's smart-buildings leader for the Americas, Bob Cicero.

The goal is that a more homey, collaborative and modern office will give workers a reason to come in. "We fundamentally believe the office needs to earn the commute from our employees," Mr. Cicero said.

Mr. Sullens said his vision of the postpandemic office is similar to a university campus, where students rarely work in one place, but split their time between dorm room, library, classrooms and lecture halls.

CentralReach's move to the Bell Works building, a property that dates to the early 1960s but was redeveloped in the past decade, comes with plenty of modern amenities.

The 2-million-square-foot complex—where the hit Apple TV+ series "Severance" was filmed—includes shops, restaurants, a Montessori school, a plastic-surgery center, a hairdresser, indoor golf and an indoor basketball court.

Expansion Plans In Silicon Valley Ease Commutes

By PETER GRANT

Real-estate developers are ramping up new office projects in Silicon Valley, confident that big technology companies will expand their workplaces and capitalize on the area's new transportation and housing initiatives.

In San Jose, Calif., alone, three developers have office projects under way even though they have signed few or no leases in advance. **Alphabet Inc.**'s Google is planning a new 80-acre mixed-use development, where work will begin on infrastructure for the project by next year, according to city officials. **Meta Platforms Inc.**'s Facebook and **Apple Inc.** are also expanding their Silicon Valley space, according to real-estate brokers.

San Jose's new office development makes it stand out from other large cities, where developers are holding back until it becomes clearer how the hybrid work world will affect workspace demand.

Boston Properties Inc. earlier this year restarted construction that it had shelved after the pandemic began in 2020. "You don't see, other than our San Jose [project,] us

announcing major office developments at the moment," said Douglas Linde, president of Boston Properties, on a May earnings call.

Overall, property developers added around 1.6 million square feet of new office space in Silicon Valley during the first quarter, up about 46% from the first quarter last year and more than double the first quarter in 2020, according to real-estate firm CBRE Group Inc.

San Jose is becoming more popular because the city is confronting two of the biggest problems facing Silicon Valley: the shortage of affordable housing and traffic.

"We have a pro-growth mind-set here," said San Jose Mayor Sam Liccardo.

Developer **Westbank Corp.**, of Vancouver, British Columbia, for example, recently began work on the first phase of a development that calls for 3 million square feet of office space and 2,000 to 2,500 residential units, according to Andrew Jacobson, the firm's head of U.S. development.

The office space will be within a 12-minute walk of the apartments, enabling tenants to offer their workers traffic-free commutes. "If you're not going to offer something that



Traffic is one of Silicon Valley's biggest problems. A commuter bus at Google headquarters in Mountain View, Calif., in 2018.

fits their lifestyles, why should they come back to work?" Mr. Jacobson said.

The planned Google development adjoining Diridon Station, San Jose's main rail depot, will include 4,000 residences as well as 7.3 million square feet of office space, 15 acres of parks and a community center.

Silicon Valley cities are also investing in public transportation. The Bay Area Rapid Transit system, known as BART, is planning an extension to the city of Santa Clara through Diridon. The Caltrain commuter line is over halfway through a project switching to

electrically powered trains from diesel.

San Jose later this year is expected to choose a transportation company to create a new transit line, city officials say. It will likely run near or through the new Google campus, connecting Diridon Station and the San Jose International Airport. Elon Musk's **Boring Co.**, a tunnel boring company, is among dozens of firms to express interest in working on the new line.

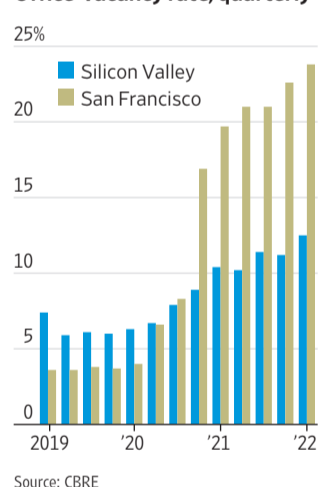
The Valley's office growth contrasts with neighboring San Francisco. Both markets are experiencing low return-to-office rates because they

depend largely on technology businesses where remote work is possible. But San Francisco is facing higher rates of crime and homelessness, which are discouraging workers from returning and companies from expanding, according to brokers and analysts.

Meanwhile, companies with hybrid workforces need to have enough office space to accommodate workers coming in on the same days.

"If that's Tuesday, Wednesday and Thursday, it doesn't matter if Monday and Friday are completely dark," he said. "You need enough space for those days."

Office-vacancy rate, quarterly



End of Tax Incentive Threatens New York Rentals

By REBECCA PICCIOTTO

New York City's multifamily development faces an unsettled future following the expiration of the main tax incentive for affordable housing, real-estate investors and analysts say.

The Affordable New York tax provision known as 421a offered a property-tax exemption for housing projects in New York City that include a percentage of units earmarked for lower-income renters. Nearly 70% of rental housing built over the past decade used the tax abatement, according to New York University's Furman Center.

But the 51-year-old program expired in June when state lawmakers ended their session without renewing or replacing it. That left plenty of New York City developers scrambling to complete rental projects they started before the provision lapsed or switching gears and building other types of properties.

"People are working on their current projects, but come the later summer we'll have this 'holy cow' moment, like 'What do we do now?'" said David Dishy, chief executive of LMXD, an affiliate of **L+M Development Partners** that specializes in affordable housing.

At the end of the first quarter, New York City issued 38.1% more permits than the same



The Durst Organization had plans to develop seven mixed-income and fully affordable buildings in Queens, but the tax-incentive expiration stalled three buildings' construction.

time last year, according to the city's Rent Guidelines Board.

Real-estate investors had to install a project's foundation with a permit before June 15, and will have to complete construction before June 15, 2026, to receive the tax break.

Daniel M. Bernstein, an attorney and property tax specialist with Rosenberg & Estis P.C., has had to tell developers who sought his advice on rental projects, "I'd like to help you but you missed the deadline." These projects, he said, can't "make

the numbers work" without a tax tool like 421a.

Many developers will likely stop pursuing their rental projects, either waiting for a 421a replacement or looking to shift to constructing condominiums or nonresidential properties.

The **Durst Organization** had plans to develop seven mixed-income and fully affordable buildings in Astoria, Queens. The first building is completed, and the next three broke ground in time to qualify for the tax break. But the last three build-

ings, which were to include 600 to 700 new mixed-income and affordable rental units, "won't move forward until there's a comparable tax tool to 421a," said Jordan Barowitz, Durst's vice president of public affairs.

His company, like many others, has no plans to turn its rental units into condominiums. Condos offer better tax treatment and might generate larger profits, but the cost of converting mid-construction coupled with current fluctuations in demand make these conversions

high-risk, developers say.

"In this market, with the uncertainty around office [demand], flipping to another use is not really feasible" for projects already under way, said David Lombino, managing director of external affairs at **Two Trees Management**. The Brooklyn-based developer is going ahead with projects approved under 421a but is waiting for a new tax abatement before launching new construction.

New York's 421a program expired in the past only to be renewed not long after. Its last sunset was in January 2016 when lawmakers similarly let it expire without a replacement. It was brought back in November of that year with a renewed emphasis on incentivizing affordable housing. But 421a is unlikely to come back in its current form, said New York state Sen. Brian Kavanagh, a Democrat representing lower Manhattan and parts of Brooklyn. Many legislators in his party felt the policy offered tax breaks for developers that built mostly for upper-middle-income renters.

Some lawmakers proposed an overhaul of the property-tax system in the wake of 421a. But since the legislative session ended in June, it will be at least six months until new negotiations can take place. In the in-

terim, the state Legislature created a 25-member Affordable Housing Commission to hold public hearings and produce a report on how best to boost the city's affordable housing supply. The commission will go into effect once New York Gov. Kathy Hochul signs it into law.

Not all multifamily construction will cease. Some officials say the rise in building permits will keep it going long enough to buy time before the tax program's absence is felt in the housing supply. The surge of permits will likely be enough to boost rental supply for the next couple of years, said New York City Comptroller Brad Lander.

A similar surge took place in 2015 when nearly 18,000 units were built with the 421a tax exemption, a 44% increase from the year before, which kept housing development afloat while lawmakers decided whether to renew. And there is still a patchwork of tax support that housing projects can rely on without 421a.

In the long term, the city's most economically viable developments will likely become luxury units and highly subsidized affordable housing for extremely-low-income tenants, said Peter Fine, chief executive of New York City-based real-estate company **Bolivar Development**. "Everyone in the middle will get nothing," he said.

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.

Footnotes:
N-New 52-week high.
n-New 52-week low.

dd-Indicates loss in the most recent four quarters.

FD-First day of trading.

h-Does not meet continued listing standards.

lf-Late filing.

Q-Temporary exemption from Nasdaq requirements.

†-NYSE bankruptcy.

v-Trading halted on primary market.

vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code.

or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like ABB, AECOM, AES, etc.

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Interest Rate Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, etc.

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Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, Euro, etc.

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Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Mini DJ Industrial Average, Mini S&P 500, etc.

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Food

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Fats and Oils

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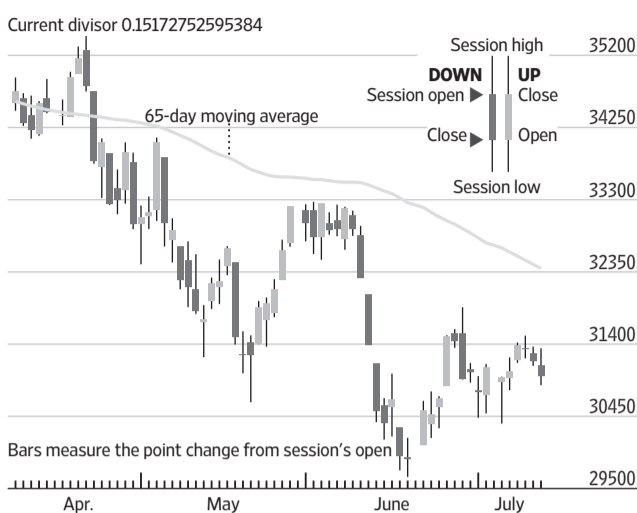
Source: Dow Jones Market Data

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

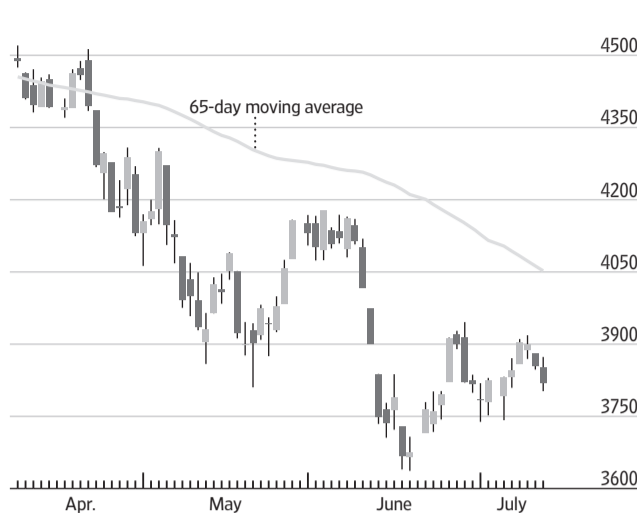
30981.33 ▼192.51, or 0.62%
 Last Year ago
 Trailing P/E ratio 17.72 28.97
 P/E estimate * 16.60 20.16
 Dividend yield 2.26 1.80
 All-time high 36799.65, 01/04/22



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

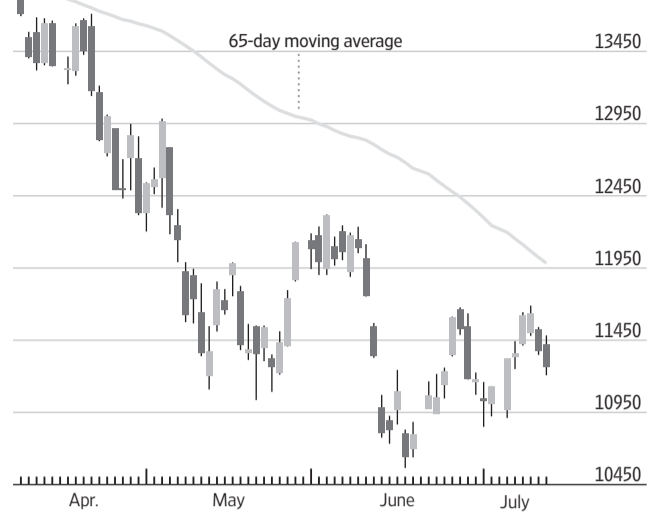
S&P 500 Index

3818.80 ▼35.63, or 0.92%
 Last Year ago
 Trailing P/E ratio * 21.07 37.70
 P/E estimate * 16.69 22.72
 Dividend yield * 1.68 1.33
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

11264.73 ▼107.87, or 0.95%
 Last Year ago
 Trailing P/E ratio ** 25.28 38.25
 P/E estimate ** 20.96 26.61
 Dividend yield ** 0.89 0.68
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	31346.10	30860.51	30981.33	-192.51	-0.62	36799.65	29888.78	-11.2	-14.7
Transportation Avg	13367.59	13071.47	13171.95	-73.79	-0.56	17039.38	12868.60	-10.2	-20.1
Utility Average	973.74	956.77	960.72	-6.23	-0.64	1071.75	869.74	7.9	-2.0
Total Stock Market	38890.62	38176.71	38348.66	-335.09	-0.87	48929.18	36759.60	-15.4	-21.1
Barron's 400	878.19	864.25	868.35	-5.27	-0.60	1127.20	852.16	-13.6	-21.5
Nasdaq Stock Market									
Nasdaq Composite	11483.17	11207.08	11264.73	-107.87	-0.95	16057.44	10646.10	-23.3	-28.0
Nasdaq-100	11990.44	11684.02	11744.99	-115.29	-0.97	16573.34	11127.57	-21.0	-28.0
S&P									
500 Index	3873.41	3802.36	3818.80	-35.63	-0.92	4796.56	3666.77	-12.6	-19.9
MidCap 400	2316.29	2278.58	2289.53	-4.18	-0.18	2910.70	2200.75	-14.3	-19.4
SmallCap 600	1138.02	1121.23	1126.99	-1.36	-0.12	1466.02	1087.48	-15.8	-19.6
Other Indexes									
Russell 2000	1743.17	1719.24	1728.18	-3.83	-0.22	2442.74	1649.84	-22.8	-23.0
NYSE Composite	14537.13	14343.83	14395.04	-107.40	-0.74	17353.76	14097.05	-13.2	-16.1
Value Line	531.69	523.80	526.17	-1.63	-0.31	696.40	510.18	-20.8	-21.7
NYSE Arca Biotech	4827.70	4721.90	4789.10	-33.41	-0.69	6019.57	4208.43	-17.2	-13.2
NYSE Arca Pharma	842.32	829.96	831.99	-8.84	-1.05	887.27	732.23	9.7	0.6
KBW Bank	103.81	101.10	101.87	-0.24	-0.24	147.56	99.66	-17.8	-23.0
PHLX ^S Gold/Silver	108.44	104.89	105.66	-1.94	-1.80	167.76	105.66	-24.9	-20.2
PHLX ^S Oil Service	61.10	59.46	59.97	-2.40	-3.86	88.37	48.31	-2.0	13.7
PHLX ^S Semiconductor	2588.38	2542.54	2558.17	4.48	0.18	4039.51	2458.46	-22.5	-35.2
Cboe Volatility	27.75	25.82	27.29	1.12	4.28	36.45	15.01	59.4	58.5

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

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
SPDR S&P 500	SPY	6,791.9	380.83	...	unch.	386.76	380.30
Adtran Holdings	ADTN	4,348.5	19.85	...	unch.	19.85	19.48
Ford Motor	F	3,383.4	11.53	-0.04	-0.30	11.59	11.36
Vanguard Small-Cap	VB	2,447.8	178.04	-0.06	-0.03	181.55	177.73
Viatri	VTRS	2,288.7	10.15	-0.07	-0.68	10.33	10.15
Invesco QQQ Trust I	QQQ	2,069.1	286.22	-0.02	-0.01	301.70	271.10
Southwestern Energy	SWN	1,934.0	5.84	...	unch.	5.85	5.81
ProShares UltraPro QQQ	TQQQ	1,865.6	25.34	-0.01	-0.04	27.24	25.25

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Stitch Fix CIA	SFIX	543.2	5.57	0.43	8.37	5.85	5.12
Marten Transport	MRTN	75.4	17.77	0.84	4.96	17.77	16.73
Service Properties Trust	SVC	487.6	6.23	0.29	4.88	6.23	5.85
Insmid	INSM	259.5	24.00	1.07	4.67	24.00	22.93
KeyCorp	KEY	894.3	17.99	0.68	3.93	17.99	17.31

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Atara Biotherapeutics	ATRA	492.9	5.88	-2.78	-32.10	9.45	5.82
Regional Hlth Properties	RHE	134.2	3.58	-0.15	-4.02	3.93	3.58
Rhythm Pharmaceuticals	RYTM	140.6	6.47	-0.20	-3.00	6.70	6.33
Kosmos Energy	KOS	245.0	5.07	-0.15	-2.97	5.28	5.00
United Therapeutics	UTHR	60.1	233.00	-6.72	-2.80	239.72	232.78

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	870,995,260	11,347,711
Adv. volume*	329,605,076	2,832,393
Decl. volume*	524,772,716	8,156,269
Issues traded	3,355	294
Advances	1,428	123
Declines	1,773	151
Unchanged	154	20
New highs	10	1
New lows	158	18
Closing Arms*	1.21	1.27
Block trades*	4,296	101

*Primary market NYSE, NYSE American NYSE Arca only.

†(TRN) 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
World	MSCI ACWI	596.10	-4.72	-0.79	-21.0
	MSCI ACWI ex-USA	271.53	-1.48	-0.54	-21.1
	MSCI World	2554.18	-18.15	-0.71	-21.0
	MSCI Emerging Markets	967.31	-13.84	-1.41	-21.5
Americas	MSCI AC Americas	1452.54	-13.71	-0.93	-20.5
Canada	S&P/TSX Comp	18678.64	-138.16	-0.73	-12.0
Latin Amer.	MSCI EM Latin America	1964.61	-16.05	-0.81	-7.8
Brazil	BOVESPA	98271.21	58.75	0.06	-6.2
Chile	S&P IPSA	3127.03	9.75	0.31	11.4
Mexico	S&P/BMV IPC	47651.52	281.63	0.59	-10.6
EMEA	STOXX Europe 600	417.04	2.02	0.49	-14.5
Eurozone	Euro STOXX	386.88	1.18	0.31	-19.2
Belgium	Bel-20	3738.88	-33.74	-0.89	-13.3
Denmark	OMX Copenhagen 20	1704.92	-0.83	-0.05	-8.5
France	CAC 40	6044.20	47.90	0.80	-15.5
Germany	DAX	12905.48	73.04	0.57	-18.8
Israel	Tel Aviv	1863.49	2.11	0.11	-5.8
Italy	FTSE MIB	21485.70	-82.00	-0.38	-21.4
Netherlands	AEX	670.68	1.51	0.23	-15.9
Russia	RTS Index	1142.37	-11.91	-1.03	-28.4
South Africa	FTSE/JSE All-Share	67163.71	-63.04	-0.09	-8.9
Spain	IBEX 35	8014.80	-50.40	-0.62	-8.0
Sweden	OMX Stockholm	778.18	12.16	1.59	-25.0
Switzerland	Swiss Market	11069.83	42.67	0.39	-14.0
Turkey	BIST 100	2434.02	...	Closed	31.0
U.K.	FTSE 100	7209.86	13.27	0.18	-2.4
U.K.	FTSE 250	18854.96	17.98	0.10	-19.7
Asia-Pacific	MSCI AC Asia Pacific	154.95	-1.74	-1.11	-19.8
Australia	S&P/ASX 200	6606.30	4.14	0.06	-11.3
China	Shanghai Composite	3281.47	-32.12	-0.97	-9.8
Hong Kong	Hang Seng	20844.74	-279.46	-1.32	-10.9
India	S&P BSE Sensex	53886.61	-508.62	-0.94	-7.5
Japan	NIKKEI 225	26336.66	-475.64	-1.77	-8.5
Singapore	Straits Times	3145.77	14.52	0.46	0.7
South Korea	KOSPI	2317.76	-22.51	-0.96	-22.2
Taiwan	TAIEX	13950.62	-389.91	-2.72	-23.4
Thailand	SET	1546.80	-10.60	-0.68	-6.7

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Sharps Compliance	SMED	8.44	5.59	196.14	10.47	2.83	-12.5
Canoo	GOEV	3.63	1.26	53.16	13.35	1.75	-59.5
Rhythm Pharmaceuticals	RYTM	6.67	1.98	42.22	20.21	3.04	-65.6
Greenwich LifeSciences	GLSI	11.98	3.36	38.98	48.50	6.82	-72.9
Regional Hlth Properties	RHE	3.73	1.01	36.88	13.90	2.04	-68.1
Histogen	HSTO	3.76	0.81	27.46	22.20	2.06	-79.0
Lucira Health	LHDH	3.02	0.59	24.28	11.10	1.36	-54.2
Blue Hat Interactive	BHAT	3.31	0.61	22.59	9.10	0.60	-62.0
Alpha Teknova	TKNO	9.20	1.60	21.05	28.64	5.80	-60.1
MyMD Pharmaceuticals	MYMD	5.00	0.73	17.10	9.95	1.88	-10.6
Atara Biotherapeutics	ATRA	8.66	1.26	17.03	20.04	4.61	-37.1
Nortech Systems	NSYS	18.38	2.52	15.86	19.56	8.79	96.6
Verrica Pharmaceuticals	VRCA	3.40	0.46	15.65	14.79	1.77	-69.0
Indonesia Energy	INDO	6.73	0.91	15.64	86.99	2.61	17.9
InMode	INMD	26.73	3.59	15.51	99.27	20.60	-50.9

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Exela Technologies	XELA	174,579	158.2	0.09	-8.86	5.45	0.09
Canoo	GOEV	172,848	6003.8	3.63	53.16	13.35	1.75
ProShares UltraPro QQQ	TQQQ	158,626	-7.6	25.35	-2.91	91.68	21.32
ProSh UltraPro Shrt QQQ	SOQQ	102,402	-14.8	54.78	2.89	67.69	28.15
Endo International	ENDP	84,347	127.2	0.41	-19.67	7.07	0.28
Advanced Micro Devices	AMD	77,763	-26.5	76.36	-0.77	164.46	71.60
Apple	AAPL	77,445	-16.4	145.86	0.68	182.94	129.04
American Airlines Group	AAL	74,722	106.0	14.77	9.98	22.35	11.93
Carnival	CCL	65,404	48.3	9.13	7.54	27.39	8.10
SPDR S&P 500	SPY	61,577	-37.8	380.83	-0.88	479.98	362.17

NEW HIGHS AND LOWS

WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. %CHG Daily percentage change from the previous trading session.

Table with columns for Stock, 52-Wk % High/Low/Change, and Stock, 52-Wk % High/Low/Change. Lists various stocks like ACAC, ARBG, BRID, etc., and their performance metrics.

Biggest 1,000 Stocks | WSJ.com/stocks

Table showing the top 1,000 stocks by market cap. Columns include Stock, Net Change, and Net Change. Lists major companies like Amazon, Microsoft, Apple, etc.

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

Table with columns for Bond Type, Yield, Spread, and High/Low. Includes categories like Broad Market, U.S. Corporate, U.S. Agency, High Yield, and Global Government.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Table showing corporate debt spreads. Columns include Issuer, Symbol, Coupon, Yield, Maturity, Spread, and Last week.

High-yield issues with the biggest price increases...

Table showing high-yield bond price increases. Columns include Issuer, Symbol, Coupon, Yield, Maturity, Current Price, and Last week.

...And spreads that widened the most

Table showing widening bond spreads. Columns include Issuer, Symbol, Coupon, Yield, Maturity, Current Price, and Last week.

...And with the biggest price decreases

Table showing bond price decreases. Columns include Issuer, Symbol, Coupon, Yield, Maturity, Current Price, and Last week.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table showing global government bond yields and spreads. Columns include Country, Maturity, Yield, Spread, and Last week.

Mutual Funds

Data provided by LIPPER

Table showing mutual fund performance. Columns include Fund Name, Net YTD, and Net YTD %.

Dividend Changes

Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury, 100 basis points=one percentage pt.; change in spread shown in % Z-spread.

Table showing dividend changes. Columns include Company, Symbol, Yield, Amount, and Record Date.

MARKETS

Crypto Hedge Fund, Liquidators at Odds

Officials say founders can't be located and aren't cooperating with investigation

By JONATHAN RANDES

Court-appointed liquidators for cryptocurrency hedge fund **Three Arrows Capital** Ltd. said its founders can't be located and aren't cooperating in the investigation of its assets, allegations that the founders denied.

Liquidators installed to take charge of Three Arrows and protect its assets said in court filings last week that founders Su Zhu and Kyle Davies haven't offered any meaningful cooperation with their investigation. Since then, the founders turned over only a pro-

forma disclosure of corporate assets that lacked bank account and other information, the liquidators' lawyer, Adam Goldberg, said in a court hearing Tuesday.

"We don't know where they're located, today," Mr. Goldberg said.

In a statement to The Wall Street Journal, Messrs. Zhu and Davies denied the allegation that they haven't cooperated, given that they applied for the liquidation of the hedge fund themselves in the British Virgin Islands.

Messrs. Zhu and Davies said they have cooperated through Three Arrows' former lawyers at Solitaire LLP and now through their personal lawyers at Advocatus Law LLP.

Three Arrows' collapse during the recent rout in cryptocurrencies has rippled out,



Three Arrows liquidators have petitioned for bankruptcy.

firms also have exposure to Three Arrows, Mr. Goldberg said Tuesday.

He said although liquidators have spoken with a lawyer saying they represent Messrs. Zhu and Davies, court approval was needed to subpoena the founders because they haven't cooperated with an inquiry into Three Arrows' assets and any potential legal claims that could benefit creditors.

Judge Martin Glenn of the U.S. Bankruptcy Court in Manhattan granted that request on Tuesday.

An executive at the liquidators' advisory firm, Teneo, visited the hedge fund's Singapore office last month and found the front door was locked, the space appeared to be vacant and several letters addressed to Three Arrows had accumulated at the en-

trance, court papers show.

The co-founders said in their statement they are surprised that liquidators sent a team to Singapore since "there was no longer any management of funds" in that country, while adding that the hedge fund also doesn't have any substantial assets in the U.S. Mr. Zhu is also a creditor of Three Arrows, the statement said.

Mr. Goldberg said in the court hearing that in the last 24 hours the liquidators received from the founders' legal counsel a listing of certain Three Arrows assets. But the list is incomplete, doesn't contain bank-account information and "is by no means a sufficient form of cooperation," Mr. Goldberg said.

—Vicky Huang and Serena Ng contributed to this article.

Stocks Move Lower

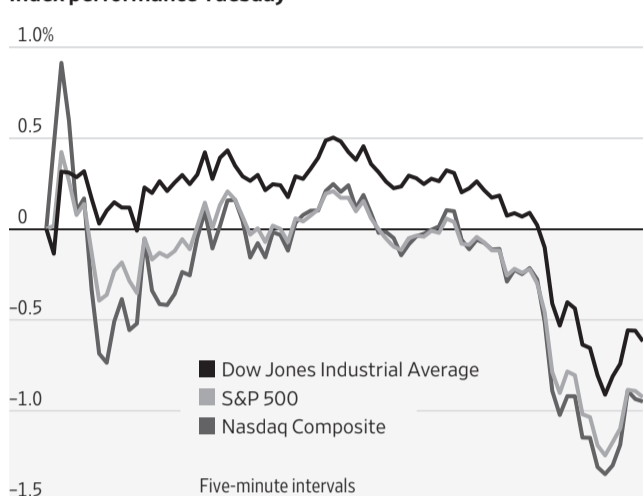
Continued from page B1
sion winning streak and hitting the lowest settlement value since April.

Falling oil prices pressured shares of energy companies, which were the biggest losers within the S&P 500 on Tuesday, continuing a stretch of volatility for a group that had been a star performer for much of the year. The energy sector lost 2%. Shares of **Hess** fell 3.9%, while **Marathon Oil** dropped 3.1%.

Many investors are waiting for fresh inflation data, due on Wednesday. Major indexes, oil prices and bond yields have fallen ahead of the release. Some investors appeared reluctant to make big moves ahead of the inflation data, leading to modest gains and losses throughout the session before major indexes turned lower late in the trading day.

"We don't really see any-

Index performance Tuesday



Source: FactSet

body making any big bets right now in equities," said R.J. Grant, director of equity trading at KBW. "Nobody wants to be heroic right now."

Some traders attributed the worsening late-afternoon declines to a tweet from the White House director of the National Economic Council, saying that the coming inflation figures would be "significantly affected by stale gas price data." Some traders interpreted the message as a sign that tomorrow's data would be

worse than many had expected.

High inflation and the Fed's path forward have roiled markets for months, and some analysts said they weren't expecting Wednesday's data to stoke optimism about inflation.

"We think it is unlikely that [the June consumer-price index] will be the first in the string of softer inflation prints," wrote Citigroup analysts in a note to clients. "Markets could still be particularly sensitive to another upside surprise."

For now, though, the Fed is

intent on pushing rates up to tame high prices. Investors say that campaign, coupled with signs that the U.S. economy is losing momentum, could spell more pain for markets after a rough first half.

Chatter about a recession has dominated Wall Street lately. Data from the National Federation of Independent Business showed confidence among small-business owners fell to its lowest level in almost a decade in June.

In the bond market, the yield on 10-year Treasuries slipped to 2.958% from 2.990% Monday. Yields, which move inversely to prices, have drifted lower since late June on expectations that an economic slowdown would prod the Fed to pull interest rates back down in 2023.

Earnings season among major U.S. companies will pick up speed later in the week with results due from major financial institutions. Investors will pay particular attention to bank executives' commentary on the economy, and to the effects of higher input costs on profit margins.

Copper prices fell 4.1% to the lowest level since November 2020, continuing a recent decline. The industrial metal, a barometer for the world economy because of its use in con-

struction and heavy industry, has fallen to more than 30% below its high recorded in March.

The Stoxx Europe 600 added 0.5%. Early Wednesday, Japan's Nikkei 225 was up 0.3%, Hong Kong's Hang Seng was up 0.4%, China's CSI 300 was up 0.3% and South Korea's KOSPI was up 0.9%. S&P 500 futures rose 0.1%.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

52-WEEK BILLS	
Applications	\$112,245,136,400
Accepted bids	\$38,548,854,700
* noncompetitively	\$1,024,208,300
* foreign noncompetitively	\$0
Auction price (rate)	97.007111 (2.960%)
Coupon equivalent	3.070%
Bids at clearing yield accepted	11.99%
Cusip number	912796XQ7
The bills, dated July 14, 2022, mature on July 13, 2023.	
NINE-YEAR, 10-MONTH NOTES	
Applications	\$81,564,065,400
Accepted bids	\$37,206,110,400
* noncompetitively	\$11,623,000
* foreign noncompetitively	\$0
Auction price (rate)	99.274623 (2.960%)
Interest rate	2.875%
Bids at clearing yield accepted	4.70%
Cusip number	91282CEP2
The notes, dated July 15, 2022, mature on May 15, 2032.	

Listen to a Podcast



Scan this code for a podcast on the outlook for stocks in the second half.

Dividend Payouts Increase

Continued from page B1

For the past decade, megacap technology shares and stocks with high valuations led the major indexes higher. This year, rising rates and hot inflation turned the market upside down, with investors ditching highflying companies for overlooked stocks like dividend payers that offer greater stability.

Dividends finished the first half as the only investment factor with a positive return, according to a Bank of America analysis.

Companies paying out a slice of their earnings to shareholders typically have a record of strong profits, an appealing trait as investors worry elevated costs and strapped consumers could dent corporate results.

These companies also tend to be in industries like utilities, telecommunications and consumer staples, which consumers rely on regardless of the economic environment.

"They're profitable. They're making money. They're paying dividends. In a rising-interest-rate environment, that's very effective," said Eric Ditton, president and managing director of investment advisory firm the Wealth Alliance.

Companies are also using their cash to repurchase their own shares at record levels, with second-quarter buybacks expected to set a high of



Retailer Target recently boosted its quarterly dividend.

\$286.4 billion, according to S&P Dow Jones Indices.

Corporations tend to favor buybacks over dividends, Mr. Silverblatt said, because share prices typically respond more immediately to repurchase programs.

But the ratio of buybacks to dividends, which is currently

higher than the historical average, should come back down as the year goes on and the effects of the tough economic environment increasingly weigh on earnings, he said.

"If companies want to pull back, it'll be towards those buybacks. They're not going to pull their dividends," Mr. Sil-

verblatt said. "Dividends are the last thing you cut. You don't want to tell the whole world you have a cash-flow problem."

Still, the road ahead for dividend growth is tricky, investors and analysts say. Year-over-year comparisons will get harder and rising yields from bonds and other fixed-income assets could prove worthier competition.

"The dividend-growth outlook will be more muted as we go into the next couple of years versus the last year," said Chris O'Keefe, lead portfolio manager at Logan Capital Management. "But the outlook is still attractive for dividend strategies. Consistent growth and earnings and dividends are going to mean a lot more to people in a slowing growth environment than it had in the past."

Investors Dip Back Into China

Continued from page B1
certainties lingering in investors' minds, but we've come off the rock-bottom in terms of confidence," said Tommie Fang, head of China global markets at UBS.

He said any sustained recovery will depend on the Chinese government delivering on policies that support the economy, how it implements regulations for internet companies and how businesses respond and perform.

In the past couple of months, extreme investor pessimism about China has been replaced by fragile confidence and opportunistic buying and selling.

At several low points in the market this year, Chinese officials released supportive comments that sparked big rallies, before stocks began wavering again.

Whether China is investible has been a hot topic since last July, after Beijing launched a regulatory assault against ride-

hailing company Didi Global Inc. within days of its listing. That same month, Chinese authorities caused a massive selloff in education stocks and other Chinese ADRs by banning for-profit tutoring for most school-age children, effectively putting an entire sector out of business.

Some investors have found it hard to shake off the past trauma.

"The last thing I want to do is buy one company and have that be the one that gets absolutely killed," said Dan Niles, a senior portfolio manager at hedge fund Satori Fund.

Mr. Niles said he began adding Chinese tech to his portfolio again from mid-May this year but has mostly refrained from picking individual stocks. Instead, he has been buying and selling exchange-traded funds such as the **KraneShares CSI China Internet ETF** to diversify the risk. He reckons that Chinese tech companies' valuations are about half that of their U.S. counterparts, making the former seem relatively cheap but remains concerned that regulators could do more harm.

"When you aren't sure who they are going to come after next, or how much they might ramp up regulation at this point, buying an ETF enables you to participate on the upside without dealing with com-

pany-specific risks," he said.

The KraneShares ETF pulled in around \$1.6 billion in May and June combined. "A lot of people see that these names have been oversold," said Jonathan Krane, founder and chief executive officer of the New York-based asset manager.

Other funds that saw large inflows in June include the **iShares MSCI China ETF** and the **Xtrackers Harvest CSI 300 China A-Shares ETF**, ac-

A lingering concern is the leadership's reluctance to end its zero-Covid policy.

ording to Morningstar's data. The latter invests in the biggest stocks listed in Shanghai and Shenzhen.

Some portfolio managers are starting to see bottom-fishing opportunities as valuations of Chinese stocks have fallen a lot, said Germaine Share, a Hong Kong-based director at Morningstar Investment Management Asia.

Vivian Lin Thurston, a portfolio manager at William Blair Investment Management in Chicago, said her firm recently

began increasing investments in Chinese tech stocks as she believes the regulatory environment in China has stabilized.

"Chinese government does things in such a fashion when coming to regulations and policies," she said. "They tend to come out in a big magnitude with fast speed initially. But once the government sees the results, they move on."

Ms. Lin Thurston added she remains optimistic about the long-term prospects of internet companies in China, where there is a growing middle-class population, an accelerating shift to a consumption-driven economy and a push for technological advancement.

Others remain on the fence and said they need to see more evidence that the regulatory tide is shifting. While senior Chinese leaders have called for more support for internet-platform companies, there have been few big changes so far. Chinese regulators recently resumed approving new videogames for some firms and lifted a ban that had earlier prevented two U.S.-listed tech companies, **Full Truck Alliance** Co. and **Kanzhun** Ltd., from registering new users.

Beijing and Washington also have yet to reach an audit deal that could prevent mass delistings of Chinese companies

from American stock exchanges.

Numerous new regulations that were rolled out over the past year, meanwhile, likely mean the days of unchecked growth are over for many Chinese companies.

"I'm a skeptic," said Lawrence Brainard, chief emerging-market economist at TS Lombard. "The idea that the regulatory crackdown has ended is wrong. What you can say is that it is essentially creating a structure in which the tech sector is much more like utilities which have very strong regulatory boundaries, and this is going to impact prospects for the sector," he said.

The biggest concern still lingering is China's top leadership's reluctance to end its zero-Covid policy, Mr. Brainard said, adding that constant threats of lockdowns and frequent rounds of mass testing will continue to cripple consumer activities. "China's economy will remain in limbo until zero Covid is ended," he said.

Similarly, Arthur Budaghyan, chief emerging-market strategist at Montreal-headquartered BCA Research, said the recent rebound in Chinese tech stocks is only temporary because the fundamental problems, including delisting risks and increasing regulatory oversight persist.

UBS Shifts Leadership In Wealth Business

By MARGOT PATRICK

UBS Group AG named Iqbal Khan sole head of wealth management and said the other co-head, Tom Naratil, is stepping down.

The Swiss bank said it hired Naureen Hassan from the Federal Reserve Bank of New York to succeed Mr. Naratil in the additional roles he holds as president of UBS Americas and the chief executive of its Americas holding company. The changes take effect Oct. 3.

The move puts a recent push by UBS into the U.S. in the hands of Mr. Khan, a seasoned Swiss wealth executive who started out as an auditor, and Ms. Hassan, who before working for the Federal Reserve was at Morgan Stanley as chief digital officer in wealth management. The appointments underscore UBS's efforts to serve its international, ultrarich clients alongside a lower-end but still wealthy U.S. clientele that it wants to increasingly reach through digital platforms.

In January, UBS said it would pay \$1.4 billion for Wealthfront, a digital investment advice platform. Mr. Naratil at the time said the purchase set out UBS's ambition to bring in more U.S. customers, especially millennial and Gen Z investors.

UBS is making the push in the U.S. to scale up and make its business there more profitable. In addition to managing money for the wealthy, it competes with Wall Street banks in trading and corporate advice and fundraisings.

The Swiss bank is one of the best performing in Europe by stock price and financial results. It is valued at far less than American banks with a similar business mix of wealth management, investment banking and retail and corporate banking.

A new chairman, former Morgan Stanley executive Colm Kelleher, started in April and is seeking to polish the bank's image and increase its valuation.

Mr. Naratil was at UBS and PaineWebber, the brokerage UBS bought in 2000, for 39 years. He was on the executive board for 11 years in roles including chief financial officer. He was co-president of global wealth management with Mr. Khan since Mr. Khan joined from Credit Suisse in 2019. Mr. Khan was an auditor earlier in his career, with UBS as a main client.

Mr. Khan made international headlines when he confronted a private investigator on the street in Zurich in September 2019. It turned out he was being followed at the behest of Credit Suisse while in the process of moving from that bank to UBS. Credit Suisse's CEO at the time had to resign over the reputational fallout.

Mr. Khan settled legal cases related to the events last year. Ms. Hassan will lead growth and digital initiatives in the Americas region, UBS said, including handling the Wealthfront acquisition. She was first vice president and chief operating officer at the New York Fed since March 2021.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Peloton Backpedals in Right Direction

Fitness company says it will outsource its manufacturing as it steers toward more sustainable growth

Peloton Interactive built its business to delight its customers. Now it must do the same for its shareholders.

Peloton said Tuesday that it will stop producing its own hardware, exiting all owned manufacturing operations and expanding its relationship with its Taiwanese manufacturer, **Rexon Industrial Corp.** The move comes as Peloton's new Chief Executive Barry McCarthy works to right the company's financials, unwinding big, and in hindsight naive, bets co-founder John Foley made.

Peloton's shares, which lost 92% of their value over the past year, rose by almost 4% on Tuesday. A shift to outsourced manufacturing came as a relief. The about-face highlights what Mr. Foley got spectacularly wrong: Peloton acquired Taiwan manufacturer Tonic

Fitness Technology in 2019—a move Mr. Foley said was meant to help Peloton own the supply chain to increase scale and capacity, as well as to “delight” its members.

But, as online retailer **Stitch Fix**, another business undergoing major restructuring and suffering a similar stock-price implosion also is learning, it is very hard to own every piece of your customers' experience and grow exponentially without losing your investors. The numbers simply don't add up.

Customers probably won't care where their exercise bike is made, and in fact Rexon and other contract manufacturers had been building some of Peloton's components and equipment. **Apple**, a company with a reputation for design and a loyal customer base, outsources its manufacturing,

largely to China. That wasn't always the case, but outsourcing went a long way toward making the company highly profitable, courtesy of current Chief Executive Tim Cook. In Peloton's case, it is worth noting that Rexon builds the company's Tread treadmill and built its recalled Tread+, the sales of which are on hold. As long as there are no more recalls, Peloton users are there for the company's content, with the pretty hardware just a means to the end.

Mr. Foley wanted Wall Street to see Peloton as a growth company, and that is how it was valued at its peak. Ultimately, there are going to be only so many people interested in sweating profusely on an expensive stationary bike alongside kindred endorphin seekers the world over. As BMO analyst Simeon Siegel put it, Peloton

is a company with a phenomenal stable of existing users and right now, it should be focused on “bear hugging” those loyalists.

Data from UBS show that adoption levels of Peloton's cheaper app, which the company views as a key customer-acquisition tool toward its more expensive subscription, continued to decline in May and early June. It also showed active users declining since January. YipitData shows subscriber retention for fiscal 2022 slightly underperformed historical averages and that churn increased in June year over year. More broadly, Similarweb data shows “home fitness” web traffic declining 24% year over year for the most recently tracked two-week period in late June—the largest annual declines logged by the firm this year.

Wall Street will have to wait for

Peloton's fiscal fourth-quarter report for more granular details on how exactly Tuesday's announcement will affect the company's cost structure. A Peloton representative confirmed the company would cut about 570 employees in Taiwan, but that 100 employees would remain in that business unit focused on quality control, engineering and research and development. And Peloton will get a new chief financial officer in Liz Coddington—previously of Amazon.com and Netflix—after the company said Jill Woodworth, who served in that role since 2018, will step down.

The company we once knew as aspirational is quickly becoming a commodity. It will try to prove to its investors that it can at least be a hot one.

—Laura Forman

Walmart Won't Take Prime Bait

Retailer's pass on competing with Amazon event signals a steady strategy

If **Walmart** still wants to compete with **Amazon's** Prime membership program, it isn't exactly showing its best game face. But there could be a strategic rationale for its shyness.

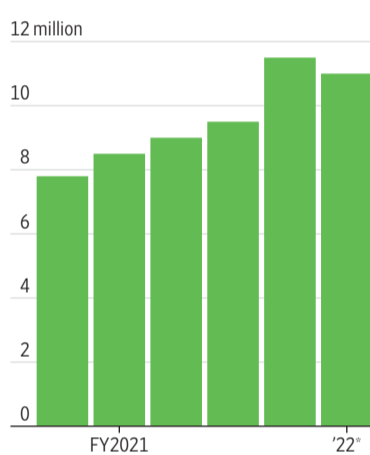
Walmart, which last year held a “Deals for Days” promotion to coincide with Amazon's Prime Day, won't be holding any competing event this year. That is despite the fact that piggybacking off Prime Day has a clear halo effect. In June 2021, when Prime Day and Walmart's “Deals for Days” event occurred, Walmart's web traffic surged 11% from the month prior, according to data from SimilarWeb, beating Amazon's 7.5% bump over the same period.

Though Walmart hasn't said why it won't be holding a Prime Day-adjacent event, one reason could be that directing more clearance and deals through stores—rather than online—would be better for its already-declining bottom line. In a report published last week, Oppenheimer analysts including Rupesh Parikh observed that Walmart stores in northern New Jersey had higher-than-normal levels of clearance inventory, especially in apparel. The retailer said earlier it had roughly 32% more inventory in its quarter ended April 30 than a year earlier.

Walmart launched its Amazon Prime-like membership program Walmart+ in September 2020. While most Walmart+ members join because of free shipping (83% of members cited that as a reason for joining, according to a Numerator survey), fulfilling those orders has gotten much more expensive. Diesel prices are nearly 73% higher than a year ago, according to AAA. The retailer cited higher-than-expected e-commerce fulfillment costs as one reason its gross margins deteriorated last quarter. The company recently told some suppliers that it will impose a fuel surcharge to transport goods to its warehouses and stores.

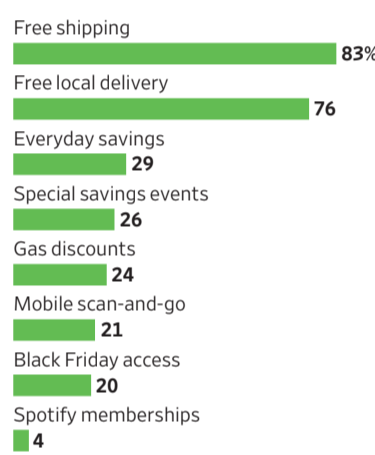
And while Walmart did hold its own deal event in early June, Walmart+ Weekend was relatively low-

Estimated number of Walmart+ members, quarterly



*Fiscal first quarter ended April 24 †Survey of Walmart.com shoppers June 2-5, 2022
Sources: Consumer Intelligence Research Partners (members); Numerator (reasons for joining)

Reasons for joining Walmart+ membership*



profile. Walmart.com web traffic that month was up 3.7% from the preceding month, according to SimilarWeb. Only a third of shoppers that weekend said they were aware of the event before shopping, according to a survey by Numerator. By contrast, 94% of Prime Day shoppers in 2021 knew of the event beforehand.

Walmart has shied away from tangible updates on the Walmart+ program since its introduction. An

Walmart's membership program will likely take a while to compete with Amazon Prime's perks.

estimate from Consumer Intelligence Research Partners pegs total membership at roughly 11 million as of the three-month period ended April, compared with Amazon's estimated 170 million U.S. members. Walmart+ membership numbers declined slightly in the most recent quarter, CIRP estimates.

That might not be such a bad thing for Walmart. In a research

note last year, Cowen analysts said they don't expect a “major acceleration” in Walmart+ membership growth, as the company's management remains focused on “strengthening execution before stepping up marketing efforts.” John Furner, chief executive of Walmart U.S., said on a call with investors last month that the early days of the membership program were tough because availability and process issues left customers frustrated. He said the company is still ironing out some features, including one that allows communication between the person picking up goods and the customer.

And while Walmart added some new benefits this year, it will likely take a while to compete with Amazon Prime's perks, which now include free one-year access to Grubhub's food-delivery membership. Walmart in March announced a free six-month subscription to Spotify Premium for Walmart+ members, and in April introduced a larger fuel discount for members (to 10 cents a gallon from 5 cents).

Improving the Walmart+ experience may be one reason to postpone a membership-marketing push. This year's surging expenses could add yet another speed bump.

—Jinjo Lee

Soda Brands to Get Possessive of Their Trash

A fight is brewing over who gets first dibs on the plastic drinks bottles that consumers throw away.

Bottle trash has become a hot commodity as companies try to make their goods and packaging more sustainable. The price of recycled polyethylene terephthalate, or PET, flake, which is usually made out of old drink containers, is up around 35% in Europe since January, according to data from Independent Commodity Intelligence Services. Higher oil and petrochemical prices pushed up the cost of virgin PET plastic, but not by as much.

Recycled PET became more expensive than virgin plastic in 2019 in Europe and the U.S., not long after big brands such as **Coca-Cola** and **Nestlé** began making green-packaging commitments. The premium in Europe hit a record €460, the equivalent of about \$460, a metric ton in late June this year, according to S&P Global Platts. Prices for recycled plastic eased slightly since then—supply increases in summer, when more bottled drinks are consumed and containers find their way into the recycling system.

The relief will be temporary. Government policies that set out minimum recycled content levels for plastic packaging are driving more companies into the market for recycled PET. In California, companies will need to use 50% recycled material in bottles by 2030. The European Union introduced deadlines covering all plastic packaging.

This will be challenging as bottle-collection rates are low—about 27% in the U.S., based on the latest data from the National Association for PET Container Resources. To get 30% recycled content in bottles by decade's end, output of recycled PET needs to rise by an annual compound rate of 45%, ICIS calculates.

The trend points to higher plastic bills for consumer-staples companies. One of their responses will likely be trying to prevent nonfood industries from taking all old bottles. Around 70% of used bottles go to other sectors, often to make clothes, carpets or cosmetics packaging, leaving less than a third for the industry that produces them.

That looks unsustainable as the

beverage industry faces tougher plastic regulations than fashion brands. The rollout of extended producer responsibility schemes for packaging—all EU countries must have one in place by 2024—means companies that put plastic on the market will pay for its collection and recycling after use in many places.

Trade bodies for the soft-drink industry say this could lead to a situation where clothing companies benefit from increased investment in bottle-recycling infrastructure without any obligation to pay for it. In Europe, beverage companies are lobbying for priority access to bottle waste. If they succeed, it would be a blow for fast-fashion chains such as **H&M** and **Zara**, who haven't figured out how to recycle their waste at scale. Only 14% of global polyester is made from recycled material, almost all of it spun from drinks bottles.

Any new rules would be resisted by other sectors such as carpet makers and auto companies, which rely on bottles to manufacture goods and components. The recycling industry, currently enjoying high prices after decades of poor returns, may argue that restrictions would deter investment and prove counterproductive.

Still, the more beverage companies step in to fund bottle recycling programs, the stronger their claim on the industry's increasingly valuable trash.



KYLE GRILLOT/BLOOMBERG NEWS

Lithuania's Dispute With China Shows Complexity of Global Trade

International relations are full of David and Goliath stories right now—most notably Ukraine and Russia—but one of the most interesting ones has gone largely unnoticed by the U.S. public, and carries lessons for the global economy.

In mid-2021 the small Baltic republic of Lithuania—a European Union member and former Soviet satellite state—irked Beijing by permitting Taiwan to open a local representative office with “Taiwan” in the name. Most countries with friendly but unofficial relations with Taiwan have long used “Taipei” instead to avoid provoking Beijing, which claims the self-ruled island as its own. China responded by restricting Lithuanian imports and exports in late 2021—and eventually targeting supply chains that run through it.

How the saga has played out so

far illustrates both the strengths and the weaknesses of the global trading system in an era of heightened geopolitical tensions.

One might expect that a global heavyweight like China would find it easy to punish a minnow like Lithuania, whose economy in 2021 was about 0.4% the size of China's. But in fact Beijing's initial response—an unofficial block on Lithuanian exports to China, which plunged by about 80% between September 2021 and March 2022—was relatively ineffective.

China is a crucial trading partner for Germany and several other key European economies, but the same can't be said for Lithuania. Even before tensions began spiraling in 2021, only around 1% of Lithuania's exports went to China directly. The story in investment is similar. China has become an enormous investor

abroad, pumping out \$145 billion in direct investment last year. But the lion's share of that, \$112 billion in 2020, goes to Asia or back into the mainland via Hong Kong. The stock of Chinese investment in Lithuania amounted to just 28 million euros in 2020, equivalent to about \$28.1 million, up 70% since 2015 but still less than 1% of total FDI in the country.

None of this means that China is without leverage.

In December, media outlets including Reuters and the Financial Times reported that German manufacturers in Lithuania, including car-parts heavyweight Continental AG, were being pressured by Beijing to cut ties with the country. German exports to China containing Lithuanian components were struggling to clear Chinese customs. Some shipments of goods and raw materials from

China to Lithuania were also disrupted. Ultimately the EU filed a World Trade Organization case against China and announced a lending facility for affected Lithuanian firms worth 130 million euros, but the Lithuanian government was clearly spooked—in early January Lithuania's president said the decision on the representative office name had been a mistake.

The way the confrontation unfolded has interesting echoes of other trade conflicts. Recent attempts to force change by targeting an antagonist's direct exports—for example the Trump administration's trade tariffs on China, China's boycott of Australian wine or the European boycott of Russian oil—have often been relatively ineffective, in part because so many exports are fungible. U.S. tariffs on China curbed

direct imports, but Chinese exports as a whole held up well and simply went elsewhere. European sanctions on Russian crude have forced a discount on Russian oil, but also dramatically lifted global prices, diluting most of the impact.

For now Lithuania's government has refused to back down: finance from the EU, the U.S. and Taiwan, as well as the unfavorable optics for any major Western firm contemplating pulling out, has buttressed its position. For the West, unity helps ward off economic coercion, and so do commanding positions atop key global technological supply chains. Should either of those advantages ebb in the future, developed democracies—small and large—may find themselves toeing a far different line.

—Nathaniel Taplin