

# THE WALL STREET JOURNAL.

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WEDNESDAY, SEPTEMBER 25, 2024 ~ VOL. CCLXXXIV NO. 73

WSJ.com

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DJIA 42208.22 ▲ 83.57 0.20%

NASDAQ 18074.52 ▲ 0.6%

STOXX 600 519.70 ▲ 0.7%

10-YR. TREAS. ▲ 1/32, yield 3.736%

OIL \$71.56 ▲ \$1.19

GOLD \$2,651.20 ▲ \$24.70

EURO \$1.1181

YEN 143.23

## What's News

### Business & Finance

◆ **The Justice Department** sued Visa on allegations that it illegally monopolized the market for consumers' payments worth trillions of dollars every year, a sweeping antitrust complaint that seeks to open the debit-card market to new competition. **A1**

◆ **Caroline Ellison**, the star witness in FTX founder Sam Bankman-Fried's criminal trial, was sentenced to two years in prison for her role in what prosecutors called one of the largest financial frauds in U.S. history. **A1**

◆ **The S&P 500** and Dow rose 0.3% and 0.2%, respectively, to records after China's central bank moved to support the country's weakening economy. The Nasdaq gained 0.6%. **B1**

◆ **Invitation Homes** agreed to pay \$48 million in a settlement with the FTC, which alleged that the rental-house owner engaged in deceptive business practices. **B1**

◆ **TikTok** will close its music service two years after parent ByteDance set its sights on taking on streaming giants Spotify and Apple Music. **B2**

◆ **Smartsheet** agreed to be acquired and taken private by Blackstone and Vista Equity in an all-cash transaction for the work-management-software company valued at about \$8.4 billion. **B4**

◆ **Roche** is narrowing the diseases it targets with its research and development as it pushes into the market for weight-loss drugs. **B3**

◆ **Meta Platforms** was expected to preview its latest tech-enabled glasses at its annual developer and hardware conference Wednesday. **B1**

### World-Wide

◆ **Biden**, in likely his final address to the U.N., acknowledged his administration was nearing its end amid worsening international tensions and unresolved wars in the Middle East and Europe, but expressed optimism that "things can get better." **A6**

◆ **Israel launched airstrikes** targeting senior Hezbollah military leaders as thousands of Lebanese fled their homes in the country's south a day after a barrage of strikes killed hundreds. **A7**

◆ **A man arrested after** allegedly lurking around Donald Trump's Florida golf course with a loaded rifle was indicted on a charge of trying to assassinate the former president. **A4**

◆ **Trump used a speech** in Georgia to pitch himself as a national economic development recruiter, wooing foreign manufacturers with tax breaks and federal land while using tariffs to punish companies that don't move production to the U.S. **A4**

◆ **Ukraine's President Zelensky** told the U.N. Security Council that "Russia can only be forced into peace" as he presses allies for more support to resist intensifying Russian onslaughts. **A6**

◆ **West Virginia Sen. Joe Manchin** said he won't endorse Kamala Harris for president after she emphasized that she supported bypassing the Senate's filibuster rule if needed to protect abortion rights. **A4**

◆ **A Missouri man** convicted of breaking into a woman's home and stabbing her to death was executed over the objections of the victim's family and the prosecutor. **A2**

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## Heads of State, Eyes of the World Focus on U.N.



TESTA A TESTA: President Biden speaks to Italian Prime Minister Giorgia Meloni (A16) at an event in New York on Tuesday for the Global Coalition to Address Synthetic Drug Threats. Biden earlier addressed the United Nations General Assembly. **A6**

## Hezbollah Built Vast Arsenal In Lebanon to Confront Israel

BY JARED MALSIN  
AND ADAM CHAMSEDDINE

BEIRUT—Israel launched devastating attacks on Hezbollah in recent days with airstrikes and remote-control explosions that put the Lebanese militant group on the defensive and demonstrated Israel's vast superiority in intelligence gathering and technology.

A ground war between the two, if it occurs, would likely be a different story.

Hezbollah, which has been regularly striking targets in Israel for nearly a year, has kept in reserve a massive arsenal of

rockets, drones and antitank missiles that it can deploy to counter Israeli advances. Among its most dangerous new weapons is an Iranian-made guided antitank missile called Almas—the Persian word for diamond—which gives Hezbollah a much higher degree of precision in its strikes than it had when it last fought a war with Israel in 2006.

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As in that war

# U.S. NEWS

## U.S. WATCH



**INTO A RING OF FIRE:** A statue of country music star and Arkansas native Johnny Cash was unveiled on Capitol Hill Tuesday with lawmakers and kin present.

### NEW YORK CITY Schools Chancellor Leaving at Year-End

New York City Schools Chancellor David Banks said he is stepping down from his post, marking the latest in a string of departures from Mayor Eric Adams's administration.

Banks, a close adviser to the mayor, has been in the role for nearly three years and was appointed by Adams, a Democrat. Banks's resignation is effective Dec. 31.

Federal investigators this month executed search warrants on Banks's home, along with the homes of several other senior aides of Adams. Banks has said that he isn't a target of a probe and is cooperating with investigators. Investigators took his work and personal phones, he said.

He joins a growing list of high-ranking officials who have announced plans to leave their posts.

—Joseph Pisani

### FLORIDA Tropical Storm in Sea Heads to U.S.

Tropical Storm Helene formed Tuesday in the Caribbean Sea and could strengthen into a major hurricane while moving north toward the U.S., forecasters said.

Heavy rains and big waves already lashed the Cayman Islands, and some Florida residents began to evacuate or fill sandbags days ahead of anticipated flooding.

Hurricane watches were issued for parts of Cuba, Mexico and a stretch of the Florida coastline, the National Hurricane Center said. A tropical storm warning was issued for parts of the Florida Keys.

The storm had sustained winds of 45 mph. It was expected to strengthen into Hurricane Helene on Wednesday as it approached the Gulf Coast and could become a major hurricane Thursday.

—Associated Press

### OHIO Chemical Leak Spurs Evacuation Order

A dangerous chemical leak from a railcar has spurred an evacuation order Tuesday in Grandview, Ohio.

Hamilton County Emergency Management advised anyone within a half-mile of the area near U.S. Route 50 and the Great Miami River in Grandview, west of Cincinnati, to leave immediately.

Three nearby school buildings also were being evacuated, according to Lisa Whitley, a spokesperson for the Three Rivers Local School District.

Tom Ciuba, a spokesman for the Central Railroad of Indiana, said it was notified around 1 p.m. about a railcar in the area of Cleves that was venting styrene, which is used to make plastic and rubber. He said firefighters were at the site and environmental response agencies were mobilized.

—Associated Press

### MISSOURI State Executes Man Over 1998 Killing

A Missouri man convicted of breaking into a woman's home and repeatedly stabbing her was executed Tuesday over the objections of the victim's family and the prosecutor, who wanted the death sentence commuted to life in prison.

Marcellus Williams, 55 years old, was convicted in the 1998 killing of Lisha Gayle, who was stabbed during the burglary of her suburban St. Louis home.

It was the third time Williams faced execution. He got reprieves in 2015 and 2017, but his last-ditch efforts this time were futile.

Williams was among death row inmates in five states who were scheduled to be put to death in the span of a week. The first was carried out Friday in South Carolina. Texas also executed a prisoner on Tuesday evening.

—Associated Press

### WASHINGTON Jan. 6 Rioter Freed Early by Mistake

The Federal Bureau of Prisons mistakenly released an Iowa man from custody before he finished serving his 30-month sentence for storming the Senate chamber during a mob's attack on the U.S. Capitol. Justice Department prosecutors said in a court filing this week.

Leo Christopher Kelly of Cedar Rapids was freed last Thursday after an appeals court agreed to throw out one of his convictions stemming from the Jan. 6, 2021, riot.

Prosecutors believe Kelly's release was a mistake because he only served 11 months of his sentence. The Bureau of Prisons said Kelly was "inadvertently released" last week after a misinterpretation of a court order. Kelly reported to a probation officer and remains free while awaiting a resentencing hearing.

—Associated Press

## Star FTX Witness to Go to Prison

*Continued from Page One*  
never inconsistent, the judge said. But, he said, in a case of this magnitude, "a get-out-of-jail-free card is not something I can see my way clear to."

The judge also ordered that she forfeit \$11 billion, although she likely lacks the ability to do so. Under an agreement with prosecutors, she must give the government any income she receives from selling the rights to her story.

Kaplan requested prison officials send Ellison to a low-security prison near the Boston area, where her family lives. He said prison officials would determine her surrender date, but it would be after Nov. 7.

Lawyers for Ellison told the judge that she repeatedly sought to find a paying job, but was unsuccessful due to her notoriety.

She spent time volunteering, working at a soup kitchen, fostering rescue dogs and helping low-income families in the Bronx with their taxes. She has been contributing to a nonprofit that sends books to people in prisons and jails, according to a letter the nonprofit wrote to the judge. Her favorite task is writing personal notes of encouragement to inmates, the letter said.

Ellison used the past year to pursue another passion: writing. She completed a novella and is working on a novel, her mother wrote in a letter to the judge. The novella is "set in Edwardian England and loosely based on her sister Kate's imagined amorous exploits, to Kate's great delight," said her mother. The choice of genre is in keeping with her fondness for Jane Austen books and the Netflix drama "Bridgerton."

She is also collaborating with her parents, both economics professors, and a Harvard professor on a math textbook



**Caroline Ellison, ex-head of FTX's sister investment firm, leaving court in New York Tuesday.**

for advanced high-school students.

Ellison has a current boyfriend, who a former colleague described as kind, honest and empathetic. Their relationship dates at least to October 2022, the colleague said.

"He finds even the small white lies of corporate politics distasteful," said the colleague, a software engineer, in a letter to the judge.

After her guilty plea, Ellison met about 20 times with the government to prepare for Bankman-Fried's trial, prosecutors said. "The 'what' and 'how' of the crimes, as well as the 'why,' would have been difficult to prove without Ellison's testimony," prosecutors wrote.

Since the trial, she has continued to help prosecutors and regulators, according to her lawyers. She assisted the New York attorney general's office with a crypto-related investigation and met with Justice Department prosecutors to provide information on people who enabled the FTX fraud and others involved in potential cryptocurrency-related criminal activity, they said.

Ellison was an unlikely candidate to become a central figure in a criminal conspiracy. Growing up in the Boston suburbs, she was able to read at an adult level by age 4 and

spent hours working on logic puzzles with her father, according to her parents.

Family friends were surprised to see Ellison go into finance, but in college she was drawn to effective altruism, a moral philosophy that examines how to do the most good. While she shopped at the Gap and rarely wore jewelry, her mother said, she chose her career to earn more money to donate to worthy charities.

Ellison met Bankman-Fried during her summer internship at Wall Street trading firm Jane Street Capital. The couple bonded over their mutual vegetarianism during a dinner the firm held at a Brazilian steakhouse, her lawyers said.

Three years later, the pair reconnected over coffee in Berkeley, Calif. Also an effective altruist, Bankman-Fried convinced her that at Alameda, she could earn even more to make charitable contributions.

As part of Bankman-Fried's inner circle of achievers, Ellison helped FTX grow from a startup operating out of a California apartment to a crypto juggernaut. At the exchange's height, it oversaw billions of dollars in funds and recruited the likes of Tom Brady and Larry David to appear in ads. Bankman-Fried, Ellison and other employees lived in a

\$30 million penthouse in the Bahamas.

At Bankman-Fried's trial last fall, Ellison candidly answered questions in front of a packed courtroom about her role in the crypto scheme and her romantic entanglements with her then-boss. She told jurors that she and Bankman-Fried secretly dated on and off for two years, causing stress.

"I think when Sam and I are sleeping together, or are in 'flirty mode,' I feel better about work and life, and don't have the same negative spirals," she wrote in a 2020 digital file included by her lawyers in a sentencing submission. "A lot of what stresses me out about work is specifically failing Sam, or Sam's disapproval or something."

Kaplan, the judge, said at Ellison's sentencing that she was a very strong person, but Bankman-Fried was her "kryptonite."

In addition to helping Bankman-Fried use FTX customer funds for risky investments, Ellison testified that she misled lenders about the firm's precarious finances, knowing one day the lies would catch up with her.

FTX imploded in early November 2022 after a news report on a leaked Alameda balance sheet sparked a run on

customer funds. Days later, FTX filed for bankruptcy protection.

"I was terrified," Ellison told jurors, calling it the worst week of her life. "This is what I had been worried about the past several months, and it was finally happening."

Prosecutors and lawyers for Ellison had urged Kaplan to be lenient, citing her remorse and extensive cooperation with the criminal investigation. Her lawyers had asked the judge not to sentence her to prison.

Not only was Ellison's cooperation "exemplary," prosecutors said, but she endured harassment and public scrutiny to help the government.

Before the trial, Bankman-Fried leaked her private writings and her therapist disclosed confidential information about her treatment that was subsequently published in a bestselling book.

During the proceedings, she required protection by federal agents because of mobs of photographers and reporters, and her ex-boyfriend laughed and scoffed while she testified in court.

### Watch a Video

Scan this code for a video on the sentencing of Caroline Ellison.

## CORRECTIONS & AMPLIFICATIONS

**Google paid** a licensing fee of about \$2.7 billion for technology from Character.AI. An Aug. 7 Page One article about artificial-intelligence startups incorrectly said \$2 billion.

**The Federal Reserve** sets benchmark interest rates. A U.S. News article on Friday about a slide in mortgage rates incorrectly implied that the Fed sets mortgage rates.

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## Consumer Confidence Declined This Month

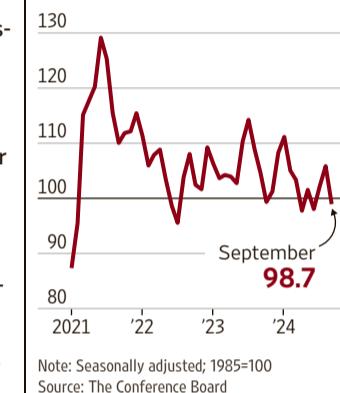
By PATRICK SULLIVAN  
AND PAULO TREVISANI

U.S. consumer confidence weakened in September, driven by fears of a cooling job market and lingering concerns about inflation.

The Conference Board's consumer confidence index dropped to 98.7 in September from an upwardly revised 105.6 in August. Economists polled by The Wall Street Journal had expected a September reading of 104.0.

While consumption is a major driver of economic growth in the U.S., "lower confidence may mean lower consumer spending; less demand will continue to bring down inflation," Gina Bolvin, president of Bolvin Wealth Management Group, said in a note. "Over time, this will continue to help the consumer."

Conference Board consumer confidence index



## U.S. Growth Seen Slowing Next Year

By STEPHEN NAKROSIS

U.S. economic growth is expected to slow next year, to 1.8% from 2.7% this year, S&P Global Ratings said in a report.

S&P said it expected consumers would rein in spending in coming quarters.

While the Fed is expected to continue on its rate cutting, S&P said "we view the upcoming gradual easing period as more of a preventative measure for growth from slipping too far below potential than instantly juicing the real economy."

Aside from continued sluggishness in housing and manufacturing, S&P said, most recent activity indicators suggest economic growth momentum remains slightly above trend.

The agency also said it raised growth forecasts for 2026 and 2027 as potential growth has risen.

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## U.S. NEWS

# Plant Closure Hits Hard in Rural Virginia

Laid-off Boar's Head workers need jobs as manufacturing in region disappears

By CHAO DENG

GREENSVILLE, Va.—A line of about a dozen laid-off workers of Boar's Head formed outside the redbrick assembly hall before doors opened at 9 a.m. It was the second day of one-on-one severance discussions with the company, and for many newly unemployed, the stress of finding a new job was taking over.

Lamont Ferguson arrived, ducking out of rain showers, manila envelope in hand. As he returned to his mother's car, the father of six took a moment to ponder where they would go next. He held an advertisement for a hiring event by Reser's Fine Foods that wasn't until later in the month. "We'll go file for unemployment," he said, resignation in his voice.

For decades, the Boar's Head deli meat plant has been one of few economic pillars holding up this rural, downbeat part of southern Virginia. This plant was shut down after it was linked to a deadly listeria outbreak. The company has begun recalling

seven million pounds of sausages, ham, frankfurters and bacon made in the plant, where inspectors found multiple health violations, from mildew and insects to black mold on walls and equipment, according to U.S. Agriculture Department records.

The sudden loss of the county's biggest employer has shocked the community and put 500 people, mostly Black workers, out of jobs. Many are scrambling to figure out how to pay their bills and whether they can even stay in a region battered by waves of layoffs and closed businesses.

## Few opportunities

Many former workers say they will now have to commute long distances in an area where manufacturing has long been hollowed out, starting in the 1990s when the elimination of trade barriers invited global competition.

Textiles and furniture-making went by the wayside, joining tobacco production as industries that have largely faded from the area.

"The job opportunities there are not good," said Fletcher Mangum, founder of an economic consulting firm in Richmond and an adviser to the Virginia governor's office. Mangum placed much of the cause on the North American



Brian Newell says he is now supporting himself and his girlfriend, who lost her job at the Boar's Head facility.

KRISTEN ZEIS FOR WSJ  
Greensville County has encouraged people to attend job fairs and told them how to file for unemployment. About 200 of the 500 workers lived in Emporia and its surroundings; some were also based in Jarrett, the nearest town to the meat-processing facility.

## A little bit in shock'

"Everybody is a little bit in shock," said county economic development director Natalie Slate.

Manufacturing makes up about 30% of the economy in Greensville, compared with about 7% for the state, according to federal data. The plant accounted for about a fifth of its private-sector jobs; other top employers are a prison and the public school system.

The economic challenges in Greensville have followed resident Marvin Tiller most of his career. Before getting laid off from Boar's Head, the 51-year-old worked for two companies that shut operations in the area more than a decade back—he was a crane operator for a steel company called Emporia Foundry, and a delivery man for Fujifilm Pharmaceuticals.

"The economy is really tough right now with the cost of living going up," said Tiller. He had worked at Boar's Head for 10 years and was now

thinking about getting out of factory work altogether to try to join Amazon or a firm that, to him, felt more stable.

At CornerStone Crossroads, the closest convenience store to the factory, the cooks and cashier had come to know and befriend Boar's Head workers who ordered burgers, fries and bacon biscuits regularly. These days the lunchtime crowds have thinned out considerably.

At the company event Tuesday, workers huddled to console each other. One man in a Boar's Head sweatshirt who had been with the company for 20 years teared up.

Brian Newell, 46, said his girlfriend lost her job at Boar's Head after working there 10 years. He now feels pressure to cover financial expenses for the two of them. He works full time as a production supervisor at a nearby metal chassis factory, while also putting in a few hours a week at Dollar General.

Another employee, who declined to give her name, emerged from the building after learning, to her surprise, that she would get to keep the job she had for nearly three decades, albeit at another Boar's Head facility in Petersburg, about 30 miles north.

The majority of workers, along with their family members, weren't so lucky.

# Ancient Hunters Anchored Pikes in Ground, Study Says

By AYLIN WOODWARD

Ancient hunters are typically depicted as bands of spear-hurling, weapon-thrusting men, taking down multiton woolly mammoths and mastodons with brute force.

But new research is disrupting the narrative of how Ice Age peoples of North America hunted between 12,000 and 13,000 years ago. A group of archaeologists suggests that those early humans planted sharp, stone-tipped pikes nearly twice their height into the ground at an angle to impale charging prey—and fend off hungry predators like saber-toothed tigers.

A spear flung by even the strongest *Homo sapiens* would have felt like a pinprick to an elephantine mammoth. But impaling it with a braced pike would have resulted in a force 10 times as damaging, according to experiments using replicas and estimates of an animal's momentum.

"There's nothing more compelling than the idea of using its weight against it as it comes at you," said Jun Sunseri, a University of California, Berkeley, archaeologist and co-author of a study examining the weapons, pub-



lished in the journal PLOS One last month.

The weapon tip of choice 13,000 years ago in North America was something archaeologists call the Clovis point, a rock honed into a razor-sharp blade with scalloped edges. Named after the New Mexican town in which they were first found nearly 100

years ago, thousands of Clovis points have been uncovered across the continent, some even inside mammoth remains.

Crafting these points from rocks like flint, chert or basalt is time intensive, according to Scott Byram, a study co-author, so it stands to reason hunters wouldn't have wanted to risk shattering one in a

spear attack or having a wounded mammoth run off with it embedded in its hide.

Scientists have yet to find an intact Clovis point-tipped weapon—the wooden shafts that likely completed the assemblage would have disintegrated over time—leaving scientists to guess how the points were used.

But Clovis points have often been discovered alongside shorter shafts fashioned from bones like mammoth femurs.

The study authors think these foot-long segments of bone were lashed to the ends of 10-foot-long pikes to help keep the points in place. As the weapon pierced a mammoth, the bone would break away



An Ice Age hunter is depicted using a pike braced in the ground, left. Top, replicas of Clovis points, which hunters in North America used during the last Ice Age. Scientists have yet to find an intact Clovis point-tipped weapon.

from the wooden shaft, the experiments suggest, widening the animal's wound while cushioning the Clovis point.

Such a weapon would have allowed all early peoples to face the largest Ice Age animals, according to Sunseri.

It may have also enabled them to expand their hunting range.

# Penn Suspends Law Professor Over Past Comments

By GARETH VIPERS AND VICTORIA ALBERT

The University of Pennsylvania is suspending Amy Wax, a tenured law professor accused of making racist, sexist and antigay comments, in a case that has tested the limit of academic freedoms and freedom of speech.

The outcome of the closely watched case, following more than two years of university proceedings, marked a rare instance of a tenured U.S. professor being severely reprimanded for his or her comments. However, the decision fell short of her being let go, which some student groups have called for over the years.

Wax, a former assistant to the U.S. Solicitor General who has argued 15 cases before the Supreme Court, will be suspended for a year on half pay, taking effect in the fall of 2025, according to a public letter sent by the university dated Tuesday. The measure also includes the loss of her named chair and the loss of summer pay in perpetuity.

The university said Wax has "a history of making sweeping, blithe, and derogatory generalizations about groups by race, ethnicity, gender, sexual orientation, and immigration status," both inside and out of the classroom. It also said she breached grade-privacy requirements by



University of Pennsylvania law professor Amy Wax in 2018.

speaking about law students' grades by race.

The decision, which follows a three-day hearing held in May last year, was approved by the university's interim President J. Larry Jameson.

Wax, 71 years old, declined to comment on the suspension but has previously said her comments have been taken out of context. The professor has written extensively, including in an essay for The Wall Street Journal, on the importance of academic freedom, "free speech and the values of free inquiry."

In the letter announcing the decision, university administrator John L. Jackson, Jr. defended the institution's stance, saying Wax had failed to provide a fair and equal environment for her students.

"Academic freedom is and should be very broad," Jackson said. "Teachers, however, must conduct themselves in a manner

"better off with fewer Asians and less Asian immigration," Magill said. Wax also faced criticism for a 2017 opinion column she co-wrote that said, "All cultures are not equal. Or at least they are not equal in preparing people to be productive in an advanced economy."

The politics of freedom of speech in universities has been in focus in recent years, particularly as protests spread across campuses last year in response to the conflict between Israel and the militant group Hamas in the Gaza Strip.

Last year, Magill apologized for comments she made during a House committee about harassment of Jewish students.

Magill, who oversaw the initial proceedings against Wax, later announced she was resigning as Penn's president amid pressure from donors, lawmakers and other critics.

Attempts to sanction scholars have risen in recent years and peaked in 2021, according to the Foundation for Individual Rights and Expression.

The group criticized Penn for its decision to suspend Wax, saying the university didn't provide sufficient evidence of wrongdoing.

"After years of promising it would find a way to punish professor Amy Wax for her controversial views on race and gender, Penn delivered today," said Alex Morey, FIRE's vice president of campus advocacy.

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## U.S. NEWS

# Trump Outlines Manufacturing Push

Plan includes tax breaks, tariff threats in bid to shift more production to U.S.

By RICHARD RUBIN  
AND CHAO DENG

Donald Trump is pitching himself as a national economic-development recruiter, wooing foreign manufacturers with tax breaks and federal land while using tariffs to punish companies that don't move production to the U.S.

"Foreign nations will be worried about losing their jobs to America," he said in a speech in Savannah, Ga., promoting what he called a New American Industrialism.

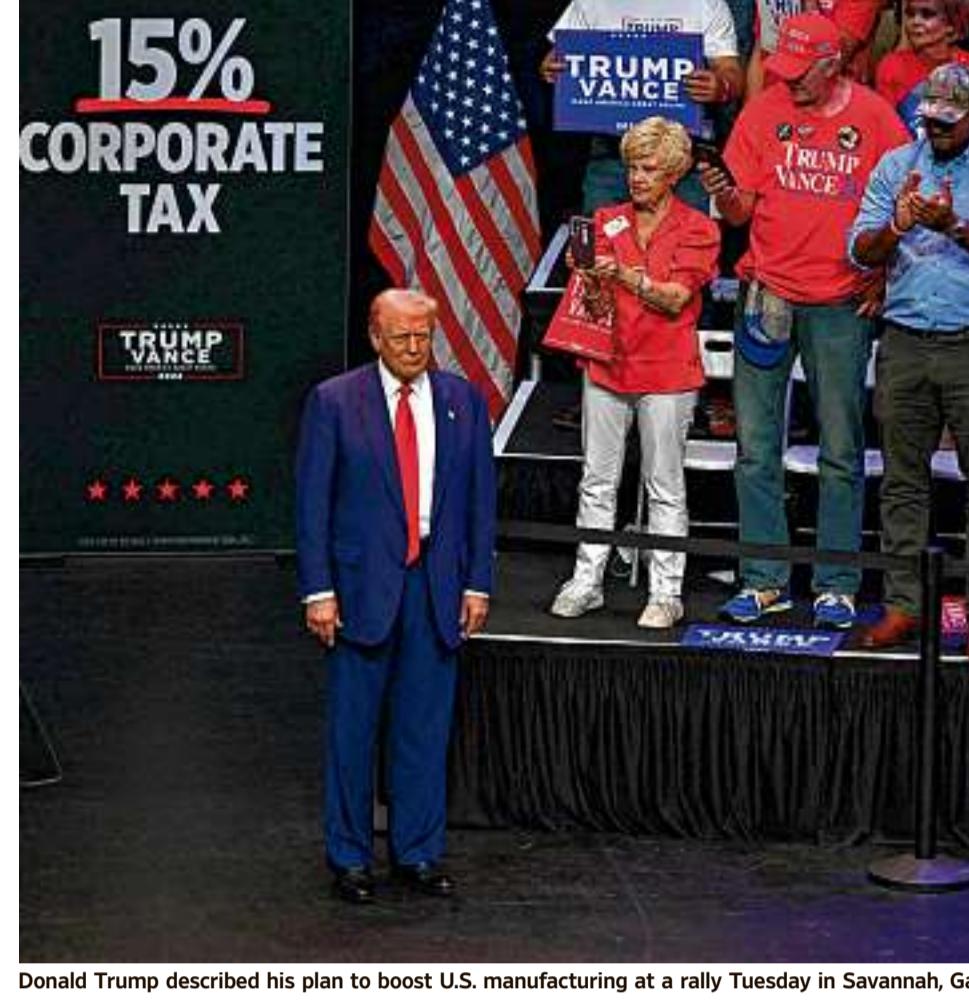
"It won't even be difficult. Your only worry will be deciding which job to take," he told supporters.

Trump said in a second term as president he would appoint a manufacturing ambassador to attract foreign companies to the U.S. as he uses a carrot-and-stick approach to bring jobs and factories stateside. A senior adviser said Trump plans to personally recruit foreign companies and ask them what they need to shift their manufacturing to the U.S.

"When they have to pay tariffs to come in but they have incentive to build here, they're going to come roaring back," Trump said in his speech, arguing that the U.S. would become a hub for robotics, shipbuilding and auto manufacturing.

Trump's approach combines some traditional Republican themes—light regulation and low corporate taxes—with his own embrace of high tariffs and assertive government involvement in businesses' location decisions.

He would allow faster write-offs of business investments for tax purposes, bringing back a tax break that his



Donald Trump described his plan to boost U.S. manufacturing at a rally Tuesday in Savannah, Ga.

conomy. Harris allies have called Trump's economic policies nonsensical and harmful to Americans.

"He says things off the top of his head that tend to be ridiculous if not insane," billionaire investor Mark Cuban said on a call with reporters organized by the Harris campaign.

Senate Minority Leader Mitch McConnell (R., Ky.) told reporters Tuesday he was "not a fan of tariffs. They raise the prices for American consumers."

Economists have said the proposed tax breaks fall far short of what companies need to move back, while tariffs would exacerbate inflation as companies pass on costs to consumers. The U.S. Trade Representative and Commerce Department, as well as the foreign service within the State Department, already have officials reaching out to companies including manufacturers, so a manufacturing ambassador would likely amount to a figurehead position.

Trump didn't elaborate how special industrial zones would work. The U.S. already has free-trade zones allowing companies to import products for re-export tax-free. Economists have said that finding appropriate land near ports, rail yards and other transportation hubs might be challenging.

As a share of the economy, manufacturing slid slightly to 10.3% in 2023 from 10.9% in 2016. That is even as private-sector manufacturing employment has rebounded from 2010 lows to around 12.9 million in August.

*Alex Leary and Bob Tita contributed to this article.*

## Watch a Video

 Scan this code to watch Trump say foreign manufacturers will come to U.S.

# Manchin Won't Back Harris Over Filibuster

By JOSEPH DE AVILA

West Virginia Sen. Joe Manchin said he won't endorse Kamala Harris for president, after she emphasized that she supported bypassing the Senate's filibuster rule if needed to protect abortion rights.

"She knows the filibuster is the holy grail of democracy," Manchin said in an interview with CNN. "It's the only thing that keeps us talking and working together. If she gets rid of that, then this would be the House on steroids."

In an interview that aired Tuesday, Harris reiterated her support for eliminating the filibuster on abortion-rights legislation. Such a move would enable a bill to pass with a simple majority, rather than the 60 votes currently required for most legislation.

"I think we should eliminate the filibuster for Roe," she said. "And get us to the point where 51 votes would be what we need to actually put back in law the protections for reproductive freedom and for the ability of every person and every woman to make decisions about their own body and not have their government tell them what to do."

President Biden in 2022 said he backed an exception to the filibuster to restore abortion access as a constitutional right, after the Supreme Court overturned Roe v. Wade. Harris, who as vice president would cast the tiebreaking vote in the Senate if needed, quickly followed him in saying she also supported that position. But the effort stalled, after Manchin and fellow centrist Sen. Kyrsten Sinema (I., Ariz.) declined to support the move.

The Senate has already discarded the 60-vote threshold for confirming judicial and executive branch nominees, but Manchin as well as many Republicans have argued for preserving the filibuster for legislation, saying it increases pressure on both sides to negotiate. Democrats have grown increasingly frustrated by Republicans' ability to block legislation on abortion, voting rights and other progressive priorities.

The filibuster promotes bipartisan cooperation and guards against partisan whiplash and dysfunction, Manchin said. He was backed up by Sinema. "To state the supremely obvious, eliminating the filibuster to codify Roe v. Wade also enables a future Congress to ban all abortion nationwide," she said on social media.

The Harris campaign didn't respond to a request for comment.

# Suspect Is Charged With Attempted Assassination

BY SADIE GURMAN

A man arrested after allegedly lurking around Donald Trump's Florida golf course with a loaded rifle was indicted Tuesday on a charge of trying to assassinate the former president, which could mean life imprisonment if he is convicted.

Ryan Wesley Routh, 58, was charged with attempted assassination of a major presidential candidate, as well as two other new offenses, the Justice Department said. The new indictment adds to a pair of firearms charges brought against Routh last week.

The new charges stem from a Sept. 15 encounter in which

officials said a Secret Service agent saw Routh pointing a semiautomatic rifle through a golf-course fence while Trump was playing nearby. The agent fired, and Routh took off but was arrested shortly later.

Routh didn't get a shot off, but authorities found the gun loaded with 11 rounds in a magazine and one in the chamber.

Prosecutors said Routh had created his own "sniper's nest" by hanging two backpacks with bullet-resistant plates on the fence where he was hiding and then positioning the rifle between them, suggesting he intended to fire and be shot at in return.

A witness later gave law en-

forcement a note Routh wrote suggesting he had planned the attack and that it was a failed assassination attempt, prosecutors said. The unidentified witness found the scribbled note inside a box that Routh had dropped off months before the golf-course incident. The witness only opened the box, which also contained ammunition, tools and a metal pipe, after Routh's arrest.

Trump survived an earlier attempt on his life in July, when a gunman opened fire at a Pennsylvania rally, grazing the former president's ear. A sniper quickly shot and killed that attacker.

Routh is currently scheduled to be arraigned on Mon-

day. The indictment indicated the case has been assigned to U.S. District Judge Aileen Cannon in Fort Pierce, Fla., who in July dismissed the federal prosecution of Trump for allegedly retaining classified documents and impeding efforts to get them back.

The assassination attempts are the highest profile examples in a series of threats and attacks on politicians and public officials that experts say are on the rise ahead of November's bitterly fought elections.

"The Justice Department will not tolerate violence that strikes at the heart of our democracy," Attorney General Merrick Garland said Tuesday. "This must stop."

government said.

Visa's deal with Apple says the iPhone maker can't deploy payment technology that would compete with Visa or prod consumers to move away from Visa cards, the lawsuit said. In return, "Visa shares its monopoly profits with Apple," the Justice Department said, describing "massive" payments without specifying how much.

A former Visa chief financial officer summed up the strategy in a message cited in the lawsuit: "Everybody is a friend and partner. Nobody is a competitor."

Visa sometimes cooperated with startups such as Square, now part of Block, but threatened to terminate contracts if its partners went too far in competing with the card network. After signing one such contract with Square in 2014, a Visa executive said, "we've got Square on a short leash," according to the lawsuit.

The lawsuit asks a court to order Visa to cease several anticompetitive practices, but doesn't demand the company be broken up.

The lawsuit could take several years to resolve, meaning it will be inherited by a new administration next year. Though Republicans have taken a more limited approach to antitrust enforcement, a Donald Trump win in November might not necessarily affect the government's willingness to litigate. The department's suit to block Visa from buying Plaid came when Trump was president.

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## U.S. Accuses Visa of a Monopoly

Continued from Page One

Justice Department said. Consumers are also losers from the arrangement, the government said, because card fees can prompt merchants to recoup the costs by raising prices for goods and services.

"Visa has unlawfully amassed the power to extract fees that far exceed what it could charge in a competitive market," Attorney General Merrick Garland said. "Visa's unlawful conduct affects not just the price of one thing—but the price of nearly everything."

Visa General Counsel Julie Rottenberg said the lawsuit "ignores the reality that Visa is just one of many competitors in a debit space that is growing, with entrants who are thriving."

Rottenberg added: "We are proud of the payments network we have built, the innovation we advance and the economic opportunity we enable. This lawsuit is meritless, and we will defend ourselves vigorously."

The company has about a 60% market share in debit payments, and it earns about \$7 billion a year in debit-swipe fees, according to the Justice Department. It dwarfs the other players in debit-card ser-

vices, which include Mastercard, American Express and Discover. For nearly two decades, Visa has been at the center of complaints from merchants, lawmakers and regulators over its dominance in the payments industry.

The Justice Department's antitrust division under the Biden administration has been targeting middlemen that enjoy a lucrative cut of transaction fees. It sued Live Nation in May, alleging that the owner of Ticketmaster thwarted competition. The department filed an antitrust lawsuit against Apple in March. Part of that case targeted fees that Apple charges to process credit-card transactions initiated when consumers pay with their iPhones.

Visa and other major networks, including Mastercard, have been concerned about increased competition from newer payment firms in the fintech industry. Visa tried in 2020 to buy Plaid, a financial-software provider, but the

Justice Department sued to block that deal, accusing Visa of attempting to take out a nascent competitor.

The government said in its lawsuit over the Visa-Plaid deal that the smaller company was a threat to Visa's grip in online debit transactions. Visa abandoned the transaction in January 2021, just a few months after the Justice Department sued. In 2022, Visa went on to acquire Tink, a Swedish fintech startup that does much of what Plaid offers.

Visa's share price fell by around 5% on Tuesday.

In the new lawsuit, the department alleged that Visa made illegal incentive payments to technology firms such as Apple and Amazon.com to stay out of the market. It also threatened fintech firms PayPal and Square with exorbitant fees if they introduced options for sending money using a payment network other than Visa's, the



Attorney General Merrick Garland spoke Tuesday about Visa.

AL DRAGO/BLOOMBERG NEWS



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# WORLD NEWS

## Biden Offers a Message of Hope at U.N.

In what is likely his last speech to the body, president says 'things can get better'

BY ALEXANDER WARD  
AND LARA SELIGMAN

UNITED NATIONS—President Biden, in likely his final address to the United Nations, acknowledged his administration was nearing its end amid worsening international tensions and unresolved wars in the Middle East and Europe, but expressed optimism that "things can get better."

It was a bittersweet coda for Biden, who entered office promising a new era of U.S. engagement overseas after the tumult of the Trump administration. He suggested that time still remained in his term to reach a truce in Gaza and shift the direction of the Ukraine war. "I have hope," he said, addressing the U.N. General Assembly. "It always seems impossible until it is done."

But his tone was more defiant than triumphant. He de-

fended his efforts to strengthen a North Atlantic Treaty Organization alliance shaken up by his predecessor, limit Russia's advances in Ukraine and prevent Israel's war against Hamas from expanding into a regional conflict.

The address was in many ways vintage Biden—sweeping in scope, aspirational in nature, stubborn despite contrary facts. He reminisced about how past wars in the Middle East led to historic diplomatic agreements, polarization in the U.S. ended in national unity and the international community rallied to solve global problems. He touted how NATO grew stronger and more united on his watch, noting that Sweden and Finland became the alliance's newest members. He addressed lagging support worldwide for Ukraine, urging world leaders not to walk away from Kyiv.

The Middle East in particular has left Biden's aspirations for sweeping foreign policy successes in tatters. He came into office saying he would seek a new deal that would restrict Iran's nuclear program, a goal he eventually had to abandon.

In Ukraine, Biden's refusal to lift restrictions on the use of Western-provided long-range missiles to strike inside Russia has angered Kyiv. Andriy Yermak, head of Ukrainian Presi-



President Biden urged world leaders at the U.N. General Assembly not to walk away from Ukraine in its war against Russia.

MICHAEL M. SANTIAGO/GETTY IMAGES

dent Volodymyr Zelensky's office, told the Council on Foreign Relations office in New York: "Ukraine has been fighting with one arm tied—untie it."

Biden said "the world now has another choice to make: Will we sustain our support to

help Ukraine win this war and preserve its freedom or walk away and let aggression be renewed and a nation be destroyed?" He added, "I know my answer.... We will not let up our support for Ukraine—not until Ukraine wins a just and a durable peace."

Rather than dwelling on decisions he still faces before leaving office, Biden was more intent on delivering a farewell to the U.N. and highlighting the sentiments behind his decision not to seek a second term.

"As much as I love the job, I love my country more. I decided after 50 years of public service, it is time for a new generation to take our nation forward," Biden said. "Some things are more important than staying in power."

## Zelensky Calls for More Pressure on Russia in Speech

BY JAMES MARSON

NEW YORK—Ukrainian President Volodymyr Zelensky told the United Nations Security Council that "Russia can only be forced into peace," as he presses allies for more support to resist intensifying Russian onslaughts.

Zelensky is in the U.S. to present what he has called a

"victory plan," an effort aimed at refocusing waning Western attention on Ukraine as Russia's invasion slides toward the three-year mark.

He didn't elaborate on the plan in his short speech Tuesday, but has said he wants more weapons, permission to use longer-range missiles to strike within Russia, and security guarantees. The Biden ad-

ministration has refused to remove U.S. restrictions on long-range strikes in Russia, frustrating Kyiv, which says it has to fight with one arm tied behind its back.

Zelensky is scheduled to meet President Biden at the White House on Thursday, and hopes to meet both main candidates in November's U.S. presidential election.

"This war can't simply fade away. This war can't be calmed by talks," Zelensky said Tuesday. "Action is needed."

Zelensky's visit comes amid a worsening military situation for his forces in Ukraine, as Russia is pressing at several points along the front line in the country's east.

Russia is closing in on the key logistics hub of Pokrovsk

in Ukraine's east and advancing in other nearby cities such as Vuhledar, a mining center nearly surrounded by Russian forces, and Toretsk, which sits on the end of a ridge.

Ukraine in August invaded Russia's Kursk region, which Zelensky said was part of his plan to increase Ukrainian leverage over Russia.

Russia has launched limited

counterattacks that have squeezed Ukrainian troops occupying dozens of towns and villages in Kursk, but has been unable to fully oust them.

Zelensky on Tuesday accused Russia of "international crimes" by targeting Ukrainian civilians and energy infrastructure, and accused Russia of planning to target Ukrainian nuclear power plants.

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## WORLD NEWS

# Lebanese Flee Homes Amid Attacks

It is the worst bout of bloodshed between Israel and Hezbollah since 2006 conflict

By RORY JONES

Israel launched airstrikes targeting senior Hezbollah military leaders Tuesday, as thousands of Lebanese fled their homes in the country's south a day after a barrage of strikes killed hundreds and heightened fears of an all-out war.

Israel's military said an airstrike killed Hezbollah's top missile commander, Ibrahim Muhammad Qabisi, and two other missile commanders in the southern Beirut suburb of Dahiyeh. The military said Qabisi was head of the group's missile and rocket force and was close to senior military leaders. Hezbollah, a U.S.-designated terrorist group, confirmed Qabisi's death. Lebanon's Ministry of Health said six people were killed and 15 wounded in a strike in the Beirut suburb.

The strike is another blow to Hezbollah, already reeling from the loss on Friday of its top military commander and elite Radwan commanders and a series of blasts in pagers and walkie-talkies that wounded many among its rank and file.

Israel's military also launched dozens more airstrikes against Hezbollah military infrastructure and buildings it said housed weapons. It warned Lebanese residents to avoid buildings connected to the militant group. Israeli military spokesman Daniel Hagari said Hezbollah fired 300 projectiles into Israel, in-

juring six people.

Roads were blocked as people fled southern Lebanon, photos and videos online showed, after the Israeli military broadcast evacuation orders on Monday that it said were designed to move civilians out of harm's way.

Many people were stuck overnight on the roads to Beirut, with some even returning home because of the traffic jams. The Lebanese minister of health said Monday that thousands were displaced from the targeted areas. Airlines canceled flights to and from Beirut's international airport.

Israel has sharply raised the intensity of its military operations against Hezbollah during the past week in hopes of persuading the militia to stop firing on Israel's north, which would allow tens of thousands of displaced residents to return to their homes.

The U.S. and Arab governments are concerned that the surge in fighting risks spiraling into an all-out war after nearly a year of lower-intensity fighting, sparked when Hezbollah began firing rockets across the border shortly after the deadly Hamas-led Oct. 7 attacks on southern Israel.

Monday's strikes were by far the deadliest day of skirmishes in the current hostilities, and the worst bout of bloodshed between Israel and Hezbollah since their month-long conflict in 2006. Since Monday, the strikes have killed more than 550 people, including dozens of women and children, and wounded more than 1,800, according to Lebanon's authorities.

Thousands of people have fled the bombing in the south



People carry mattresses into a school being used as a shelter in a southern suburb of Beirut. Thousands have fled Israeli strikes.

for Beirut and continued to arrive by car after drives that were taking six to 12 hours, up from the normal one or two.

Many people abandoned their homes after the heavy bombing began Monday, leaving with little more than the clothes they were wearing. Some slept in their cars or in schools along the way. They said there was very little food available, as shops and restaurants closed amid the bombardment. A number of people said they were on the road when airstrikes hit nearby.

Some people are checking into hotels or taking refuge in private apartments, while many others are sheltering in government-run schools that are quickly filling up.

The U.K. government said Tuesday that its citizens should leave Lebanon immediately.

The Israeli military has said Hezbollah uses civilian infrastructure to launch attacks on Israel and published what it said were photos of weapons, including long-range missiles,

inside homes in Lebanon.

The U.S. has sought to negotiate a cease-fire between Israel and Hamas in Gaza that could calm fighting with Hezbollah, which has vowed to maintain its rocket attacks on Israel in support of Hamas until there is a truce in Gaza.

The Pentagon said Monday that it was sending additional forces to the Middle East but didn't say how many, for how long or for what mission.

Iran backs both Hamas and Hezbollah.

Iranian President Masoud Pezeshkian said the fighting in Lebanon risks expanding to the rest of the Middle East.

"Hezbollah cannot stand alone against a country that is being defended and supported and supplied by Western countries, European countries and the United States of

America," he told CNN in comments broadcast Tuesday.

The Israeli bombing campaign during the past week, which its military has dubbed "Northern Arrows," has come in addition to the targeted killings of Hezbollah commanders and attacks on its members involving exploding devices.

Israel isn't interested in a full-scale war. Foreign Minister Israel Katz wrote in a letter to the United Nations Security Council.

Katz urged the

U.N. to enforce Security Council resolution 1701—a decision intended to settle the 2006 Lebanon war between Israel and Hezbollah and which called for a withdrawal of armed groups from the area south of Lebanon's Litani River.

Israeli Prime Minister Benjamin Netanyahu is expected

## The surge in fighting risks spiraling into an all-out war, say U.S. and Arabs.

## Hezbollah Has Built Big Arsenal

*Continued from Page One*  
the past 11 months can return. Israeli strikes have displaced tens of thousands of people from southern Lebanon.

Those with knowledge of Hezbollah said the group accelerated its war preparations in recent months, expanding its network of tunnels in southern Lebanon, repositioning fighters and weapons and smuggling in more arms. Iran has increased supplies of small arms and rocket-propelled grenades, along with guided and unguided long-range missiles, U.S. and regional officials said.

"The south is like a beehive right now," said a former Hezbollah military officer referring to the military preparations. "Everything the Iranians have, we have."

The preparations come on top of other advances since 2006, when Hezbollah's month-long conflict with Israel left 121 Israeli soldiers and more than 40 Israeli civilians dead along with more than 1,000 Lebanese.

Since then, Hezbollah has acquired thousands of new missiles and drones from Iran and attached guidance kits to its older, unguided rockets. Its fighters have been further hardened from combat in the war in neighboring Syria, where they fought alongside Russian and Iranian forces and learned the battle techniques of conventional armies.

Hezbollah's upgraded drones successfully struck Israeli military equipment in recent months, including a radar surveillance balloon called Sky Dew in May and a multimillion-dollar antitrone system called Drone Dome in June. The militant group said Sunday that it had attacked the headquarters of an Israeli defense company near Haifa. Israel didn't confirm the target but said the group had struck deeper than usual into Israel.

Last November, Russia's Wagner mercenary group planned to give Hezbollah an advanced SA-22 antiaircraft system. The Wall Street Journal

nal reported. It couldn't be determined if the system was delivered.

Military analysts said Hezbollah could copy tactics used by Russia in Ukraine, launching salvos of missiles and swarms of drones in efforts to overwhelm or disable Israel's air defenses and strike military bases or ports and the country's electrical grid. Israeli officials anticipate that hundreds of people could be killed.

"It's not going to be a walk in the park" if there is a full-scale war, said Assaf Orion, a retired Israeli brigadier general. "There's no way we're not getting a bloody nose."

It is unlikely Hezbollah could overpower Israel or decisively defeat it in a conventional war. Israeli airstrikes since Oct. 7 have taken a toll on Hezbollah's leadership and likely degraded some of Hezbollah's military capabilities, including rocket-launching sites and arms stockpiles.

Israel's overwhelming advantage in surveillance and intelligence operations was on display over the past week as it executed a sophisticated plot in which thousands of Hezbollah members' pagers and walkie-talkies exploded, wounding thousands and killing at least 37 people. An airstrike in Beirut's southern suburbs Friday killed a group of Hezbollah's elite military commanders.

Israel's military also has far more advanced weaponry, including F-35 jet fighters and multilayered air defenses. Israel's air superiority would allow it to unleash devastating airstrikes and cripple Lebanon's civilian infrastructure, as it did in 2006.



Hezbollah militants at the funeral of a comrade killed by the Israeli army this month in Lebanon's Bekaa Valley.

strategic disadvantages. Hezbollah wouldn't seek to win a war with Israel in a conventional sense. Rather, it would aim to mire Israeli forces in a war of attrition, much as Hamas, a smaller and less well-armed group, has managed to survive Israel's 11-month assault on Gaza.

"Israel can cause destruction in Lebanon, it's not up for discussion. There is a gap in the military balance," said Elias Farhat, a retired general from the Lebanese army. "But Hezbollah has asymmetric weapons. They proved their skill in using antitank missiles in 2006. They are well-trained."

Hezbollah is probably the world's most heavily armed nonstate paramilitary force, with tens of thousands of troops and an extensive missile arsenal, military experts said.

In 2006, Israeli officials estimated Hezbollah had about 12,000 rockets and missiles. Qassem Qassir, a Lebanese analyst with knowledge of Hezbollah, said the group's stockpile had swelled to 150,000 before Oct. 7, a figure that matches Israeli and Western estimates.

The Almas guided antitank missile is thought by military analysts to be a reverse-engineered version of an Israeli missile called the Spike, which was likely captured by Hezbollah and sent to Iran in 2006.

Comparable to other advanced antitank missiles such as the American Javelin, which Ukraine used to blow up invading Russian armored vehicles in 2022, the Almas lets Hezbollah hit targets with more precision than in past years.

—Summer Said, Anat Peled and Stephen Kalin contributed to this article.



## HOLLYWOOD HISTORY ELIZABETH TAYLOR'S OPAL PENDANT

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## FROM PAGE ONE

# Tough Jobs, Tougher Living

*Continued from Page One*  
two-bathroom unit he had leased in a house in town. There, too, they slept on floors. At one point, 30 or more people were living there, workers said. When the power went out in the winter, they cooked in their coats. They were charged \$60 a week in rent.

Some workers worried that if they complained, they would lose their jobs.

After The Wall Street Journal approached JBS with questions about the treatment of the immigrant workers in Greeley, it opened an investigation, then fired the plant's human-resources director and another HR official, but not the supervisor.

A spokeswoman for JBS, a Brazilian company with its U.S. headquarters in Greeley, said in an email that the company found "reports about living conditions unacceptable and alarming," and that it wants all employees to have access to safe housing and the opportunity for a better life. The Greeley beef plant, she said, recently appointed new human-resources leaders and set up new recruitment training programs to ensure compliance with hiring policies.

The meatpacking industry has long struggled to find people willing to do some of the hardest and most dangerous work in America. Workers stand shoulder-to-shoulder on production lines, slaughtering cattle, breaking down carcasses and slicing meat.

Many don't last long. The meat sector has one of the highest turnover rates of any U.S. industry—more than 30% a year, search firm Korn Ferry has estimated.

Meatpackers such as JBS, which processes about a quarter of all American beef, have long turned to immigrants to keep their plants running. In places like Greeley, there aren't nearly enough Americans willing to take the jobs.

"A lot of people simply won't do it," said Greeley Mayor John Gates, a retired policeman and lifelong resident. "That is damn hard work."

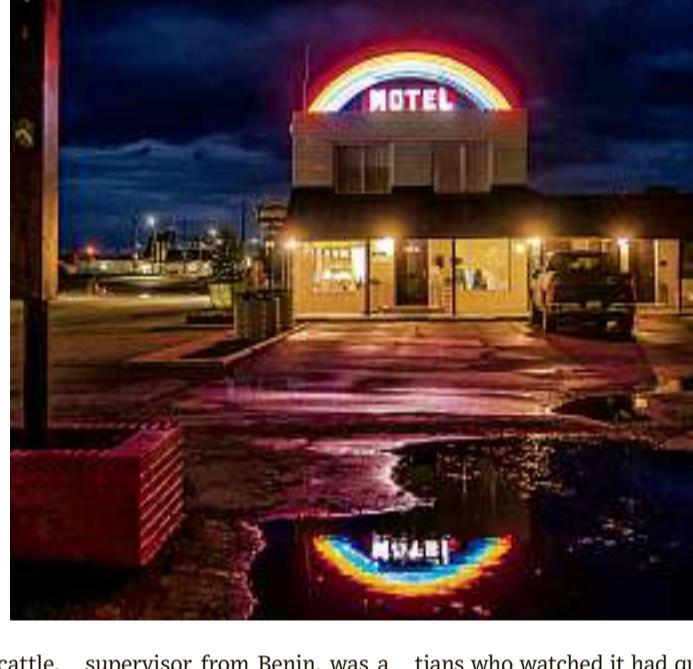
Haitian immigrants have become a political flashpoint in the presidential election, but JBS has welcomed them in Greeley. The Haitians working at the plant there have authorization from U.S. immigration authorities to work temporarily in the country, according to the plant's union. JBS requires immigrants it hires to provide evidence of their work status.

In recent years, some meat companies have begun relying on plant managers and processing line employees to help recruit immigrant workers, said Debbie Berkowitz, a former chief of staff at the Occupational Safety and Health Administration. She referred to the practice as an "underground recruitment network," and said it was ripe for exploitation.

At JBS, Edmond Ebah, the



The JBS meatpacking plant in Greeley, Colo., above. Immigrant workers slept as many as eight to a room at the Rainbow Motel. Many walked to the plant for their shifts.



supervisor from Benin, was a living advertisement of the opportunities available to immigrants. He came to the U.S. in 2017, began working on the beef production line in Greeley a year later and eventually rose to become an HR supervisor.

In 2021, with JBS and other meatpackers struggling to recruit workers amid the Covid-19 pandemic, he helped bring at least 30 new workers from Benin. He collected referral bonuses, which can run as high as \$1,500 per worker, and used the money to buy a van to transport workers to the plant. Some new arrivals stayed in his home.

JBS trumpeted his contributions in a two-minute video posted to its website, highlighting the time he dedicates to helping new employees.

A banner with his picture and the word "humility" hung in the plant's main hallway.

## Workers needed

Last year, as rising cattle costs began squeezing profits, JBS cut back on hiring perks like signing bonuses and moving reimbursements. At the same time, the company was trying to hire more night-shift sanitation workers.

In December, a solution materialized when a Haitian immigrant named Mackenson Remy drove up to the plant's front gate. Remy had lived in Boston and Colorado Springs, driving a taxi and for Uber.

Remy had posted on TikTok a video in Haitian Creole that extolled Colorado's beauty. Hai-

tians who watched it had queried him about jobs there. An acquaintance mentioned a company that was always hiring: JBS.

That same month, Remy posted a new TikTok video saying JBS was paying \$23 an hour for jobs on its beef-processing line, which he said was double what entry-level jobs in other places paid. His phone blew up with messages, and soon he had a new business—funneling workers to JBS.

"Everyone at JBS knows Haitian people because of me," he said in an interview. "I help them come here."

Remy doesn't work for JBS. He works for himself.

Using TikTok's messaging function, he provided instructions for Haitian immigrants living in other states about how to book a flight to Denver. When they arrived, he charged them \$120 for the roughly 60-mile ride from the airport to Greeley. Workers said he charged another \$200 to secure them a spot at JBS. Remy told them he wouldn't pass their information to company hiring managers until they paid in full, some workers said.

Remy said no one ever paid him to get hired by JBS, and that the \$200 covered two weeks of his transportation services.

Some of those new employ-

ees stayed with Remy. Then Ebah and JBS came up with a new solution. JBS struck a deal with the Rainbow Motel to provide newly arriving workers and family members two weeks of free accommodation. The company put Ebah in charge of the arrangement.

Ebah didn't respond to phone calls and texts requesting comment for this article, and the company declined to make him available for an interview.

Haitian immigrant Remy Luc arrived at the 16-unit motel in March. Cattle trucks rumbled up and down the street. At around 2 each afternoon, workers would leave their rooms, hard hats in hand, to trudge to the factory for their 3 p.m. shifts.

Luc, 27 years old, had studied dentistry in

Port-au-Prince, but in 2023, after gang violence surged, he immigrated to Florida, where he secured asylum. After months of job hunting, he discovered Remy on TikTok. Soon, he was on a plane to Colorado.

Ebah was usually the first from JBS to meet prospective hires. He asked them the same question: Did they want to work on the plant's "hot side," where cattle are slaughtered, or its "cold side," where carcasses are sliced up. Luc chose the cold side.

At the Rainbow, Ebah showed Luc to his assigned room, which he would share with three other new hires. There was one bed and one bathroom. Luc picked a spot on the floor. He eventually bought an air mattress and moved the mini fridge into the bathroom.

Remy has said his measures are delivering results. He is projecting annual inflation of 18% next year, down from the current 237%, one of the world's highest rates, as he works to tame the never-ending fiscal deficits at the root of Argentina's decadeslong economic turmoil.

But the government still faces substantial challenges. Bringing inflation down even further after being stuck at about 4% a month in recent months will be difficult, with little room for more spending cuts amid demands to restart public works and increase pensions and wages, some

between December and April, other rooms were shared by as many as eight men, women and children, according to workers who stayed at the Rainbow. Motel workers later found knife marks in a bathtub that was used as a cutting board, and carpet burns from hot plates.

Some workers said they couldn't bear to tell loved ones in Haiti about the conditions, and that the U.S. wasn't supposed to be like this. "It was worse than being in jail," said

Remy said it was fair to seek compensation for his time and transportation, and that his efforts fostered a Haitian community in Greeley.

JBS said it doesn't charge employees or applicants for services, including transportation, applications or housing, and that it is adding training requirements and enhanced human-rights policies and processes.

The plant's HR director—Ebah's boss—was fired last month, along with another HR official. The company said Ebah was in violation of its conflict-of-interest policy and was reprimanded. It said it found no evidence he violated any recruitment policies or was associated with any alleged employee mistreatment, adding that the punishment wasn't related to his relationship with Remy.

The company said Ebah, on his own time, had helped would-be workers to complete job applications, find temporary housing and understand the benefits offered by the company, translating for them as well. The banner with his picture, though, is gone.

As recently as August, some workers said, more than a dozen people were still living in the rental property in town.

Some of the workers said they regretted coming to work for JBS, wishing they had gotten a job with a different meatpacker or at an Amazon warehouse. Others said they were grateful to have any job in the U.S., and that they hoped their work would pay off down the road.

# Argentine Capital Sees Rental Leap

*Continued from Page One*  
culture—many apartments long sat empty, with landlords preferring to keep them vacant, or lease them as vacation rentals, rather than comply with the government's rent law.

In 2022, there were some 200,000 empty properties in Buenos Aires, up 45% from 2018, according to a report by Cedesa, a Buenos Aires-based policy group that focuses on urban development. Finding an affordable apartment under the rent-control law was difficult.

Aldana Oliver spent about 18 months looking for a place to rent when she left home for the city of La Plata to study dentistry.

"There were few places to rent and those available were very expensive," Oliver said. After rent control was scrapped, she quickly found a studio apartment for about \$200 a month. "I found something really nice. And I got a good price," she said.

Many new contracts—now permitted in dollars as well as pesos—stipulate rent increases every three months, real-estate agents and tenants said. That has made housing costs unaffordable for some people struggling to pay higher food and utility prices, said Gervasio Muñoz, who represents an association of tenants in Buenos Aires.

Romina Misenta, a 40-year-old teacher, said rent on her small apartment increased almost threefold when her previous contract ended.

"My situation has worsened a lot," she said. "I would be paying a lot less in rent if the previous law was still in effect."

Still, rental prices appear

to be stabilizing. Monthly price increases are now at their lowest rate since 2021 as more apartments become available, according to Zonaprop, Argentina's largest real-estate website.

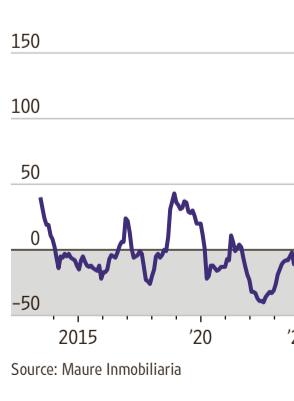
The Milei administration has also scrapped price controls on staples such as milk and sugar. The president lifted controls on cooking gas, removed export controls on beef and cut government requirements to import steel, hoping to ease construction costs.

And he ditched the restrictions he said made renting an apartment an odyssey that hurt those it was trying to help.

Critics of Milei said he is deepening the economic pain of the working class. And while he remains popular, some polls show his support eroding. In August, he had a 45% approval rating, down from nearly 60% earlier this year, according to pollster Giacobbe Consultores.

"By freeing up prices, it's

## Rental property supply in Buenos Aires, change from a year earlier



very difficult for all these people, including us, to get to the end of the month," said Amalia Roggero, whose soup kitchen in La Plata has experienced a surge in people seeking food.

Milei, a libertarian economist, long warned Argentines that his free-market changes would initially make condi-

tions worse before they got better as he slashed public spending to tame inflation. He said it was necessary to unravel tight economic controls he inherited from the previous, left-wing Peronist government, which implemented price controls on some 50,000 products from food to clothing as part of its Fair Prices program.

Milei has said his measures are delivering results. He is projecting annual inflation of 18% next year, down from the current 237%, one of the world's highest rates, as he works to tame the never-ending fiscal deficits at the root of Argentina's decadeslong economic turmoil.

But the government still faces substantial challenges. Bringing inflation down even further after being stuck at about 4% a month in recent months will be difficult, with little room for more spending cuts amid demands to restart public works and increase pensions and wages, some

economists said.

"They inherited a disastrous economic situation, and getting out of this mess will take time," said Alberto Cavallo, a professor at Harvard Business School who has studied Argentina's price controls.

At least for now, the housing market is thriving. Opponents of price controls said Argentina is a cautionary lesson for officials from the U.S. to Europe who have looked to curb surging housing costs with rent controls.

President Biden, a Democrat, recently called for some rent increases to be capped at 5% annually. Vice President Kamala Harris, the Democrats' 2024 presidential nominee, said that if she wins the race for the White House she "will take on corporate landlords and cap unfair rent increases."

González Rouco, the economist, warned against such plans. "With good intentions or a law," he said, "you can't modify how markets work. They have their own dynamic."

# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, September 25, 2024 | A9

BY SHARA TIBKEN

**W**orkers are getting too comfortable venting on their employers' chat apps. We tend to forget that nothing we say there is private.

Disney last week said it was quitting Slack, after a hacker gained access to an executive's account and leaked millions of intraoffice messages. They included computer code, details about unreleased projects—and photos of employees' dogs.

It's a good reminder that collaboration apps such as Google Chat, Microsoft Teams and Slack are the opposite of Vegas: What happens there doesn't necessarily stay there.

Your chat logs could be reviewed by IT admins, human-resources representatives, potentially even managers. And the AI that summarizes employee meetings and emails could also help management monitor the workforce. In regulated industries such as finance, companies are required to retain communication records, and even casual chats are subject to subpoena.

It's OK to be social. You can share your puppy pics with colleagues on Slack. Your impressive GIFs and memes probably won't get you in hot water, either. But don't complain or type everything that comes to mind, says Lorna Hagen, co-founder of workplace consulting firm Win Consulting.

"It is not a marketplace for free expression," she says. "It is a tool used for work productivity."

Before venting to your work spouse on Slack, here's what to consider.

## No privacy

Employers are typically logging chats—including direct messages—whether deliberately or because it's the default setting. If your company retains a backup for regulatory, legal or data-loss prevention reasons,

even deleted conversations might live on in the servers, say workplace experts.

Same goes for edited messages: If you write something problematic then tweak it, you might not be in the clear.

On Slack, for instance, your company IT admin decides if edits and deletions will be kept along with all messages—and for how long. If your company doesn't specify, Slack by default keeps messages indefinitely.

"We do not, and

should not, decide for our customers what data should be deleted and when," Slack said.

"Even if you delete it right after you type it in, it can go somewhere where it stays for a little while, or it can go somewhere where it stays for quite a long time," says Gartner analyst Adam Preset.

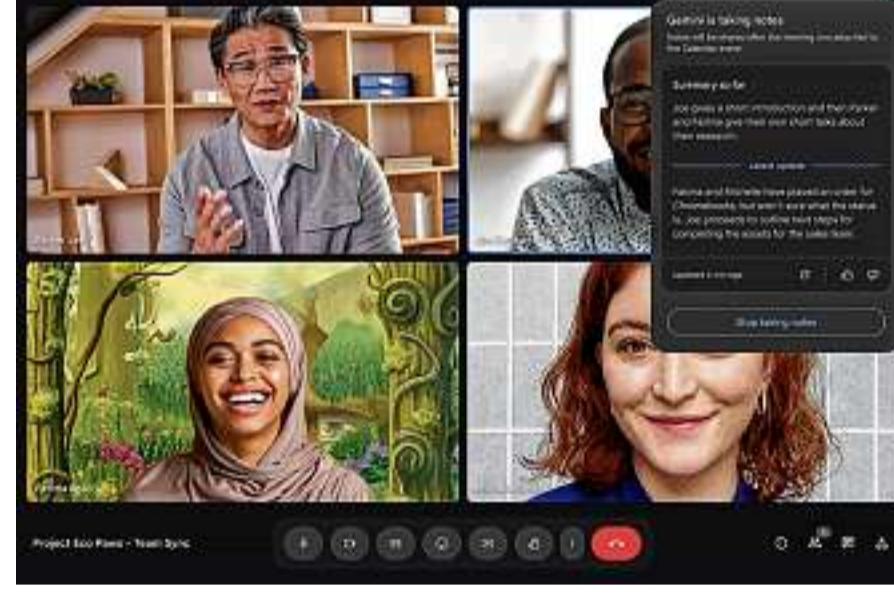
Just because a company saves



## PERSONAL TECHNOLOGY

# Bellyaching on Work Platforms Is an Occupational Hazard

Deleting incriminating chats on Slack, Microsoft Teams and Google Chat won't protect you



▲ Google's 'Take notes for me' AI feature can summarize gatherings in Google Meet.

messages doesn't mean it will sift through them all to find your gripes, however.

The "vast majority" of companies aren't actively monitoring individual employee conversations

"unless there's a sustained pattern of true malfeasance," says Brian Kropp, president of growth at World 50 Group, an executive-networking business. That could include things like sexual harassment or suspicion someone is leaking customer data.

And even if a manager is allowed to access private messages, it can be difficult.

Google's Vault saves Google Workspace files for compliance purposes, but only certain people can access them. "It's very controlled," says Andy Wen, senior director of security product management for Google Workspace. "Not just anyone can see your data."

## AI everywhere

AI can supercharge employers' ability to monitor workers, from what they do on their computers to the tone they use with customers.

That includes logging conversations in audio and video calls. Often, it's clear that a call is being recorded and transcribed, but not always. AI tools can also "proactively and pre-emptively" examine content as it's created to protect an organization from risk or monitor employee sentiment, says Gartner's Preset.

Arizona-based startup AskRadar.ai sells Maxwell, which leverages ChatGPT and its own software to take the emotional temperature of a workforce in Slack channels—if we're generally happy or hate our jobs. Maxwell anonymizes the data and only analyzes public channels, Chief Executive Nils Bunde says. Still, if a company wants to know who made a specific comment, it's probably an easy search, he says.

## Safer spaces

It's a little smarter to complain via encrypted apps such as Apple's iMessage, Meta's WhatsApp, and Signal. In most cases, anything logged or intercepted would be gibberish, and some have settings to automatically delete messages on a schedule.

These messages might still be recorded on company devices, if other monitoring software is in place. Also anyone in the chat can always take a screenshot.

And these safer spaces aren't safe if your industry's regulations or your company's legal situation prohibit them. Goldman Sachs and Morgan Stanley have punished—and fired—workers for talking on WhatsApp and other unapproved messaging apps. The Federal Trade Commission and Justice Department in January reminded companies being investigated for antitrust violations to preserve chat-app messages.

The safest way to complain about work is live and in person, says Rita J. King, founder of workplace consulting firm Power Pairs. "Anything that you say in a digital format could easily come back to bite you," she says.

Hey, at least it gives us a reason to go into the office.

FROM TOP: WSJ STOCK (2); PIXELSQUID GOOGLE

# Before Retiring, Test Drive Your Spending

BY JEREMY OLSHAN

**B**efore buying a new car, most people go for a test-drive. They should do the same for retirement.

To take retirement life for a spin while still working, try living for a month on your expected budget.

This makes the years of abstract financial plans and calculations real. These trial runs help reveal whether your vision for how to spend time and money really is a good fit, says Christine Benz, Morningstar's director of personal finance.

Vacations are also a good way to test the waters on any big retirement decisions—especially for those considering relocation. Check out local restaurants, the social scene, airports and transportation. Retirement takes daily practice, trial and error.

Though her new book is called "How to Retire," Benz admits there isn't really an answer. There are a lot of questions though, which she puts to a range of researchers and advisers.

We focus too much on money and not enough on the philosophical side of the retirement question,

she said. Aside from how to invest your 401(k) or the optimum time to claim Social Security, cultivate activities and relationships that bring joy. For Benz, it is birding.

"Those things are more important to a happy and satisfying retirement than a well-designed portfolio and a carefully calibrated spending rate," she says.

We spoke with Benz about other ways to prepare for the transition to retirement financially and emotionally.

**WSJ:** You suggest taking practice withdrawals from your nest egg early in retirement to get comfortable shifting from saving in a 401(k) to spending it.

**Benz:** People sometimes really struggle with spending from their portfolios. I like the idea of practicing to get used to how that feels. In a down market, for example, that won't necessarily feel great, but trying your hand at it, I think, is a really valuable thing.

**WSJ:** Underspending seems like a problem I would like to have. But you mention a big part of it is the



▲ Christine Benz says that people are too literal about aging in place.

not-unreasonable fear over long-term care costs.

**Benz:** Big long-term care needs happen to a fairly small subsection of the population, but unfortunately, you don't know in advance where you land, and so that makes it super tricky. The long-term-care insurance

market has been so troubled, many older adults have decided to go without insurance and self-fund instead.

**WSJ:** The other source of underspending you mention is that so much retirement wealth is in home equity and people don't want to tap into it.

**Benz:** All of the decision-making around housing is criminally under-

rated in the whole retirement planning discussion, and really frankly, in the whole financial planning discussion. It's sort of over there; it's not considered part of the whole financial plan when it's very much should be.

**WSJ:** Because everyone wants to age in place?

**Benz:** People are too literal about aging in place, though. It does not have to be an impractical house with a bunch of stairs. What you probably value most about your community—or your home—is its proximity to the things and people that you value.

**WSJ:** Do we need a new word for retirement? Isn't it a bit crazy to talk about 30 years of your life as a one-shot deal?

**Benz:** One of my big takeaways has been that we need to think of retirement as a series of stages and not a hard stop. People need more nuance to the way they talk about the end date of work. So can you first find a way to do maybe a little bit less, but continue to do the things that you find fun?

WSJ MICHELLE KANATA FOR WSJ MORNINGSTAR

## PERSONAL JOURNAL.

# Real-Estate Sales Test Friendships

Buying property with pals in pandemic was easy; co-owners face tough choices on exits

BY DALVIN BROWN

**B**uying a home with friends sounds like a dream. Until you try to get out. Celeste King invested \$100,000 to buy and renovate a lake house with two friends near Austin, Texas, in 2021. She envisioned weekend getaways, work retreats and lazy days at the pool—at a fraction of the cost of solo ownership.

After roughly two years, the 35-year-old event planner wanted out, frustrated by the time it took to fix the place up and install the pool. Once complete, vacation renters provoked anxiety when they broke the pool safety rules. She had to make a choice: lose her share of the 50% appreciation in the home value, or risk losing her friendships.

More friend groups bought homes together in recent years, data show, especially those who couldn't afford to go it alone in the feverish pandemic housing market. There is the fantasy of hanging out around the fire pit together and splitting up solo weekends, all at a cut-rate.

Now, as some look to exit, they are facing a dilemma: How do you untangle shared finances without damaging friendships?

King's friends were understanding when she asked them to buy her out. But because they couldn't afford to pay upfront, she agreed to monthly installments of up to \$2,000 for a few years. They also held back some money to pay the costs associated with selling, which they plan to do one day. She expects to recoup

her \$100,000, eventually.

"That's the big con to doing business with friends," King said. "Because I still care about those people, I'm willing to be less self-interested."

## Breaking up the gang

The number of co-buyers with different last names hit a record in data going back a decade in 2021. It fell 29.5% over the following two years, according to real-estate analytics firm Attom Data Solutions. The percentage of co-buyers who reported purchasing with friends was 7% this year, compared with 14% during the same period in 2023, according to Zillow.

The appeal of buying with friends stands to recede further with the Federal Reserve cutting interest rates, real-estate analysts said. Lower mortgage rates could make traditional homeownership more affordable to first-time home buyers.

Depending on when the home was co-purchased, falling rates could open up the option to refinance or move to a new home with better terms.

When co-ownership ends, it is usually not because of conflict, according to real-estate lawyers.

"The vast majority of people who want out are leaving just because they want to move, or they are getting married, or their job is in a different city," said Andy Sirkis, a real-estate lawyer specializing in co-ownership agreements.

▼ Jeremy Werden wanted to keep the four-bedroom home he bought with two friends.



But close quarters can spark difficulties.

In November 2019, first-time owners Kristen Sarah, now 37, and her husband Siya Zarribi, 38, bought their full-time house with friends, a couple with two young children. Sarah said she hoped her newborn would be surrounded by a nurturing community in the three-bedroom cabin in the Blue Mountains region in Ontario, purchased for \$770,000 Canadian dollars, equivalent to \$568,856.

The community was at times too close. Pandemic shutdowns in

▲ From left: Stephanie Douglass, Celeste King and Kristina Modares remain friends after co-buying a lake house near Austin, Texas.

2020 made things worse. "Having disputes in front of another family was hard and awkward," he said. The sound of children crying was inescapable. "It felt like we were in a daycare."

After a year, the families moved out. They remain friends, but sold the house in 2021 for C\$1.02 million, netting a C\$127,500 profit.

## Five-year crossroads

The number of co-owners planning for potential exits rose significantly between 2021 and 2023, according to a survey this year by CoBuy, an app for shared homeownership.

Even compatible co-owners with well-planned arrangements face complex decisions as the end approaches.

Before buying a three-bedroom home in Portland, Ore., in 2020, friends Veronica Vest, 30, and Tara Takano, 35, included a clause in their contract to reassess their arrangement at the five-year mark—a milestone they'll reach next year.

The home, purchased with a 2.9% interest rate, has appreciated in value, Vest said. They say their living situation, which was featured in a 2021 Wall Street Journal article, has been harmonious. Takano and her husband, who also lives there, can comfortably stay as long as needed to find their ideal home with an attractive interest rate, Vest said.

When they do move, it will be costly. "If they leave next year, I'll

have to be prepared to buy them out," Vest, a project engineer, said. "But if they stay longer and the house keeps appreciating, I'll have to pay them out more when they do leave."

## Split, but unequal

Sometimes the real challenge comes in deciding when—and whether—to sell at all.

Jeremy Werden wanted to keep the four-bedroom home he bought with two friends for just over half a million dollars a few years ago. His friends, however, wanted to sell the South Florida rental property.

They were equal owners, he said, and they had expected to wait five years before deciding whether to sell the investment property. They were also supposed to share the management duties equally, he added.

Werden, 27, believed he was more hands-on than his partners. Living in New York, he says he spent more time checking on the house in person than a friend who lived within driving distance. He says he handled city permits and contractors to build a tiki hut, while his friends went on vacation.

Despite the challenges, they remained good friends. Werden wanted to stick to their plan. But he said his friends, eyeing rising insurance costs, vacation-rental competition and the current value of the house, were ready to sell.

"If it was only my house, I'd be in it for the long run," he said. "But it is a partnership. We need to be aligned, and it is uncomfortable when we're not."

They listed the house in September.



about the stainless-steel panel above the front bumper becoming a massive graveyard for bugs.

He at one point guessed there were upward of 3,000 squashed bugs on the truck front. (Seeking a more accurate count, he later submitted a photo of the bug massacre to ChatGPT, which estimated about 4,600 deceased.)

Costco's Kirkland-brand baby wipes are the new cleaning weapon for Kevin Tieman, of Buford, Ga., who took home his Cybertruck in June.

He discovered their power while visiting his grandchildren. Frustrated by pesky water spots on the truck, he tried alcohol wipes unsuccessfully, then remembered he had baby wipes stashed away.

With its unconventional looks, the Cybertruck is a head-turner, Tieman



A Tesla Cybertruck on display in Berlin in May.

said. But that can make him self-conscious if the pickup is less than pristine.

"You just feel like so many people are looking at the vehicle," Tieman said. "They're going to get the wrong idea."

Some owners have been eager to experiment—just not on their trucks.

One Reddit user, while still on the wait list for the truck, said he tested dish detergent, vinegar, WD-40 and mineral spirits on a stainless-steel cooking range hood—a stand-in for the Cybertruck's panels. His efforts showed Bar Keepers Friend yielded the best results.

That doesn't surprise Paul Ser-

Vaas, president of SerVaas Laboratories, which owns Bar Keepers Friend. He said the product was a fan-favorite among owners of the DeLorean, the last vehicle released with an exterior made of unpainted stainless steel more than 40 years ago.

Douglas Moody, of Chico, Calif., has been selling a gel to remove graffiti from road signs and restaurant walls for three decades. When his son bought a Cybertruck, he saw a potential new use.

CyberKleen was born. The spray, which he sells for \$29 a bottle, would take paint off any car if left there long enough, but that isn't a concern for the Cybertruck, he said.

Tesla has its own \$130 detailing kit for the Cybertruck, but as of Monday, it was sold out on the company's website.

For McClure, a credit risk director at Freddie Mac, his step-by-step method isn't only meant to clean the truck but protect it from unsightly smudges.

His process: Wash with car shampoo. Apply a stainless-steel rust remover. Clean with Bar Keepers Friend and Windex. Dry thoroughly. Wipe the vehicle down with isopropyl alcohol. Finish with Protecta-Clear, a coating for metal that helps hide fingerprints.

McClure admits he probably spent too much time researching the topic. "But if you're not a crazy person like me, watching YouTube videos until your Cybertruck arrives, it's easy to make mistakes."

## How Owners Clean Their Cybertrucks

Continued from Page One

no painting, leaving it with a dullish finish that enhances its futuristic, sci-fi vibe.

But cleaning it—well, that requires some extra thought.

Since the truck went on sale last year, Cybertruck-cleaning advice has flooded the internet. Debates roar over what products to use—and avoid.

Joint-lubricator WD-40 is the way to go, one Reddit user claims. No, retorted another—glass cleaner is the safest option. Adhesive-remover Goo Gone has its proponents too, while others swear by Bar Keepers Friend, an all-purpose cleaner created in 1882 that can tackle "rust, mineral deposits, baked-on food and other tough stains," according to its website.

Then, there is the Windex controversy. Some say it effectively shines up the truck's panels, while others argue the ammonia in the blue spray can damage window tinting.

Tesla has taken a side. Sort of. The Cybertruck owner's manual recommends hand-washing with a soft sponge and a mixture of water and a pH-neutral soap, such as a car

shampoo. Window cleaner and isopropyl alcohol are also OK for small stains.

But owners beware. The manual cautions they should steer clear of the following: hot water, detergents, highly alkaline cleaning ingredients and windshield treatment fluids. Rough cloths and washing in direct sunlight are also no-nos.

Automatic carwashes are discouraged too, although the truck does come with a "car wash mode" to seal gaps.

Adding to the pressure, Tesla advises Cybertruck owners to "immediately remove corrosive substances (such as grease, oil, bird droppings, tree resin, dead insects, tar spots, road salt, industrial fallout, etc.)"

"Do not wait until Cybertruck is due for a complete wash," it warns.

Tesla didn't respond to requests for comment.

Chris Leiter, an information-technology specialist in Maryland, who got his Cybertruck in April, said he pays little mind to Tesla's specific guidance.

"If you read any manual of any car, it'll say to clean things a certain way," Leiter said. "Don't leave stains on. Clean it immediately. Clean off the bugs. Blah blah blah blah."

He gave Bar Keepers Friend a try and now it is his go-to for cleaning the truck. His first attempt took about two hours.

"I did a wax on, wax off situation," he said.

In daily use, Leiter often worries

FROM TOP: STEPHANIE DOUGLASS; JEREMY WERDEN

## ARTS IN REVIEW

TELEVISION REVIEW | JOHN ANDERSON

**'Midnight Family': Siren Songs**

An Apple TV+ drama follows 'bootleg' ambulance drivers navigating a dysfunctional healthcare system in Mexico City



**'AMBULANCE CHASERS'** usually means injury lawyers, but in the Mexico City of "Midnight Family" the ambulances are chased by other ambulances—each trying to be first on the scene of disaster and maybe even get paid. Based on the 2019 documentary of the same name, this Spanish-language Apple Original production belongs to several oft-visited genres—the medical show, the disaster film, the family drama. But it dislocates a few conventions in each.

Far grittier than any medical-themed program of recent vintage—there are no special visual effects to speak of, and no one is guaranteed to live—"Midnight Family" is based on nation's healthcare dysfunction. As explained by paramedic, medical student and central character Marigaby Tamayo (the magnetic Renata Vaca), Mexico City has 100 government-operated ambulances to serve 10 million people. Even if the figures are a bit debatable, the

upshot means an open lane for entrepreneurs, aka "bootleg" ambulance drivers, a motley collection of nocturnal EMTs who are drawn to disaster zones the way insomniacs and police are drawn to all-night diners.

For the Tamayos, the whole thing is a family tradition. "I've been in an ambulance as long as I can remember," says Marigaby.



Diego Calva, Renata Vaca, Sergio Bautista and Joaquín Cosío, above; Ms. Vaca, below.

Every member of the clan—from papa Ramón (Joaquín Cosío of "Narcos: Mexico") to the schoolboy Julito (Sergio Bautista)—performs as a paramedic in some way. Are they licensed? Trained?

Who knows? The system is sufficiently lax that the cops feel free to harass them for bribes, and money is tight: Marcus (Diego Calva, "Babylon"), the oldest of Ramón's children, is the part-time driver and full-time head of accounts receivable, who fails as often as he succeeds in getting the family paid for whatever they do—wrangling electrocuted *turistas*, extracting passengers from car crashes, or saving earthquake victims. (Episode 3 is dedicated to the calamitous 2017 quake in Mexico and re-creates the disaster, albeit in rough-hewn fashion). To the quick and the clever go the spoils. It's almost a western.

The novelty of "Midnight Family" isn't the Spanish—the options available on most TV services for languages and/or subtitling are reminders that we will all soon be walking around with translation devices on lanyards. No, the hook is the buccaneer flavor of a story about freelance first responders,

and the versatility of the series, which comes in 10 episodes and seems to go as many action-packed ways.

Ramón has a bad heart and doesn't tell anyone about it, except Julito. Ramón's wife has deserted the family and is in thrall to an evangelical church; Marcus's girlfriend, Cris (Mariana Gómez), is pregnant and wants to go to the U.S.; the brilliant Marigaby is enrolled in a medical school that forbids its students from practicing any kind of outside medicine, which makes her night job a secret and a danger to a promising career; and a thirsty Julito has drunk all the holy water in the ambulance, so when it runs into trouble he blames himself. Catholic guilt? No, all kinds. And all kinds of stories.

**Midnight Family**  
Begins Wednesday, Apple TV+

*Mr. Anderson is the Journal's TV critic.*

## MUSIC REVIEW

**An Original Tribute To Louis Armstrong**

BY LARRY BLUMENFELD

**F**our cymbal strikes establish a march beat, and then an eight-piece ensemble kicks in. A melody, played in unison by horns and reeds, is punctuated by growling trombone. "Mr. Jenkins' Lonely Orphans Band," the first track of Allen Lowe's "Louis Armstrong's America Vols. 1 & 2" (ESP Disk, out now), might place us back a century in time. Yet, 90 seconds in, a trombone solo slides up to one ringing note, which gets promptly and precisely matched by the bent tone of an electric guitar. Soon enough, that guitar solos wildly, with distortion worthy of good blues-rock, as the rhythm shimmies.

Mr. Lowe—whose brief tenor saxophone solo on that song displays his customary fluidity and humor—uses his Constant Sorrow Orchestra to bend senses of tone and time throughout this two-volume, four-CD release. That opening number is named for the Jenkins Orphanage, in Charleston, S.C., whose jazz band developed significant talents—including trumpeter Cat Anderson, of Duke Ellington's orchestra—not too long after Armstrong, beginning in 1913, played in the Colored Waifs Home brass band in New Orleans.

The unruly beauty of Mr. Lowe's music has long been grounded in specific lineages yet also consistently blurs styles and eras. Here, his original compositions em-

brace, among other things, Ellingtonia, punk rock, the Bo Diddley beat, free jazz, gospel-blues and bebop.

"But where does Louis Armstrong fit into all of this?" he asks in his liner note. Armstrong listened to everything: The handwritten playlists on his reel-to-reel mixtapes ran from opera to the Beatles, from far-flung folk music to all manner of jazz. Mr. Lowe isn't alone in proposing Armstrong as "the first true post-modernist," but the directive he draws from the trumpeter—"the past is the present, to be re-used and even abused"—is an entirely personal credo.

Mr. Lowe is a noteworthy historian, whose books are both eccentric and essential. In the introduction to his two-volume "Turn Me Loose, White Man, or: Appropriating Culture: How to Listen to American Music, 1900-1960," he wonders: "Where does one start with American music, and where does one end? . . . Sometimes certain things seem to disappear, only to reappear



as something else or something that seems like something else." Case in point, his new composition "The Seven Foot Policeman," which starts like a march yet slips easily into something like loft-era free-jazz without losing its essence.

Mr. Lowe thinks on an absurdly grand scale. His most recent book was more than 700 pages. His new release presents 69 original compositions, spanning more than five hours. His "orchestra" is 14 different ensembles, from duo to octet, drawn from a cast of 23 musicians. Somehow, none of this music sounds gratuitous or disjointed. And it tells a story, however circuitous:

**Mr. Lowe (on tenor saxophone) and members of his orchestra in a recent performance at Yale.**

one man's version of tradition.

Mr. Lowe isn't the only historian on hand. Lewis Porter, who wrote the definitive biography of John Coltrane, plays both piano and Wurlitzer organ here, admirably balancing convention and invention on both. The piano playing of Loren Schoenberg, the National Jazz Museum in Harlem's senior scholar, primarily known as a tenor saxophonist, is a shining revelation on several tracks, especially in duet with Mr. Lowe on "Under the Weather."

The roster of pianists

here runs deep. Ursula Oppens, best known in classical circles, lends spare and strange beauty to "Aaron Copland Has the Blues." On "Red's Revenge," Danish pianist Jeppe Zeeberg captures the sense of "accelerating tempo, even while the time remains unchanged," of Speckled Red, a pianist Mr. Lowe's book championed with such a description. Mr. Lowe's playing is most affecting in duet with Matthew Shipp, a para-

gon of bold and searching modern pianism, especially on "The Sorrow Song: On the Cooling Board."

Guitarist Marc Ribot, a singular master, displays a range of blues expression, from pious to greasy to proto-punk, on several tracks. Ray Suhy summons admirable power on electric guitar, too, yet most entrancing is his elegant weirdness on banjitar (a six-string banjo), especially on "Bathing With Doc Walsh."

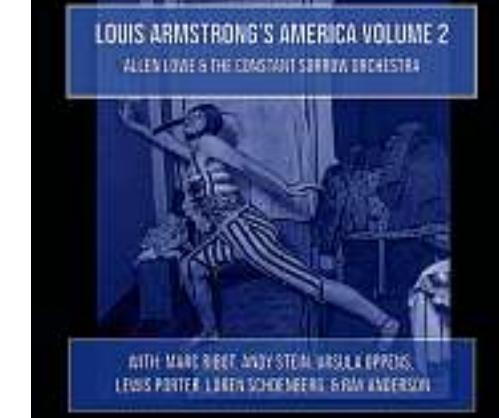
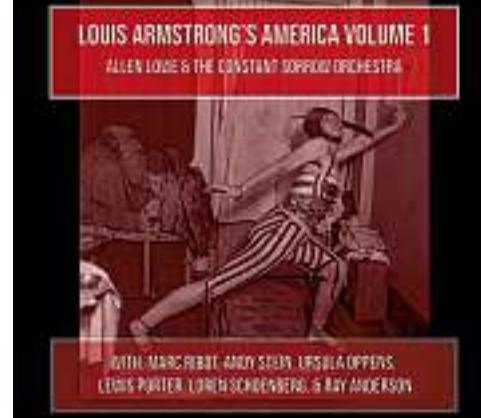
Still, this album's real achievement is the variety of en-

semble sounds Mr. Lowe curates—their combination of cohesion and ragged edges—and his ability to straddle eras. On "Calling All Freaks," his octet conjures legacies of both Luis Russell's swing and Charles Mingus's bop. On "Mr. Harvey Turn Me Loose," he and Mr. Shipp fold shards of a ragtime hit within something John Coltrane and McCoy Tyner might have played.

In books and social media, Mr. Lowe, who is 70 years old, gets cantankerous in response to lazy assumptions. Yet there's a sweetness too, an earnestness—what Greil Marcus, in an introduction to "Turn Me Loose, White Man," identified as his "mission" regarding the relationship "between people long dead and those listening to them now in disbelief that they could ever die." The title of one new composition, "I Should Have Stayed Dead," offered here in three distinct versions, alludes to Mr. Lowe's own mortality.

He recorded these tracks in between treatments and surgeries for sinus cancer. Yet this is the music of a wild-eyed optimist who shows no signs of slowing down.

*Mr. Blumenfeld writes on jazz and Afro-Latin music for the Journal. He is the 2024 recipient of the Robert Palmer-Helen Oakley Dance Award for Excellence in Writing from the Jazz Journalists Association.*



# SPORTS

## How the White Sox Sank to the Bottom

Fed up with mediocrity, the team embarked on a bold plan to turn themselves into one of baseball's great dynasties. It led to them making history—only not in a good way.



The Chicago White Sox have scored 320 fewer runs than they have allowed this season—nearly 100 runs worse than the next closest team.

BY LINDSEY ADLER

**T**he Chicago White Sox, at one point, had a plan to become one of baseball's next great dynasties. Tired of being what one former executive described as "mired in mediocrity," they were going to tank, suffer some short-term pain, and rebuild for the long haul.

It wasn't an original idea, but it was a tactic that had worked wonders elsewhere. Across town, tanking had led the Chicago Cubs to a stunning turnaround. More recently, the White Sox had watched the Houston Astros tear everything down and win a World Series.

But instead of sparking a renaissance, the White Sox grand rebuild resulted in them plumbing previously unknown levels of blight. With 120 losses this season heading into Tuesday's play, they

are on the cusp of becoming the worst baseball team of the modern era. Their winning percentage of .231 through 156 games ranks as the lowest since 1901—worse even than the abject mark set by the 1962 New York Mets.

"We did not arrive here overnight," said owner Jerry Reinsdorf, whose personal history now includes owning both the unstoppable 1998 Chicago Bulls and the unwatchable 2024 White Sox. "And solutions won't happen overnight either."

The numbers underline the full extent of their futility. The White Sox have scored 320 fewer runs than they have allowed this season—nearly 100 runs worse than the next closest team.

But perhaps the most painful statistic is this: The White Sox's \$130 million payroll is higher than five teams that will be headed to the playoffs next week.

"It sucks to go through it," veteran outfielder Andrew Benintendi said after Sunday's 120th loss of the season, "but that's where we're at."

How the team wound up in such a sorry state comes down to a plan that began eight years ago. The roster built by then-general manager Rick Hahn and vice president Kenny Williams, was going nowhere fast. So the duo embarked on an ambitious rebuilding project.

Chris Sale, the fiery ace, was the first man shipped out of Chicago. The next day, centerpiece outfielder Adam Eaton was also traded away. In return for those two franchise favorites, the White Sox acquired six prospects that they believed had the potential to become superstars.

It turns out that was an epic miscalculation. Years later, on the day the White Sox clinched their

place in infamy with loss No. 120, only one of those hyped-up prospects was still a member of the organization. An expensive bet on Cuban prospect Luis Robert Jr. the following year hasn't panned out, either. Robert has struggled with injuries and after making the AL All-Star team in 2023, slumped to a .223 average, with a .277 OBP and a .380 slugging percentage this season. The core that the White Sox had chosen to build around never coalesced into a champion team.

"It was just like being in a bad relationship," said Michael Kopech, who was traded to the Dodgers this season. "Things always seemed like they could be great, but the timing just never worked out."

The underlying problem with the White Sox rebuild is that it never went quite far enough. The Astros brought in brash and radi-

cal executives to execute their long-term plan and an analytically savvy manager in AJ Hinch. The Cubs nabbed former Red Sox general manager Theo Epstein when he was at the height of his powers and paired him with a progressive manager in Joe Maddon from the Tampa Bay Rays.

The White Sox, meanwhile, chose to forge ahead with the same executives who had helmed the team through their years of mediocrity. Reinsdorf only made matters worse when he abruptly installed then-76-year-old legend Tony La Russa as manager before Hahn and Williams had chance to interview other candidates for the job, people involved in the process said.

The dissonance between Reinsdorf's vision and that of the baseball operations department was made explicit on the day the team announced La Russa's hiring. In a stunning blunder, the team published a graphic featuring Hinch's signature rather than La Russa's.

Still, the White Sox finally reached the playoffs in 2020 for the first time and did so again under La Russa in 2021—the first consecutive appearance in franchise history. But injuries and underperformance kept the team from becoming the machine that Reinsdorf, Williams, and Hahn dreamed about.

"There was not a real clubhouse vibe," said Reynaldo Lopez, now of the Atlanta Braves. "No matter if you have the best players in the clubhouse, if you don't feel like a unit, you're not going far."

To many inside and outside the organization, Reinsdorf's decision to bring in La Russa was the beginning of the end. The franchise lacked cohesion. A past-his-prime manager couldn't understand the modern evolution of the game and a general resistance to data and analytics stunted the development of their players.

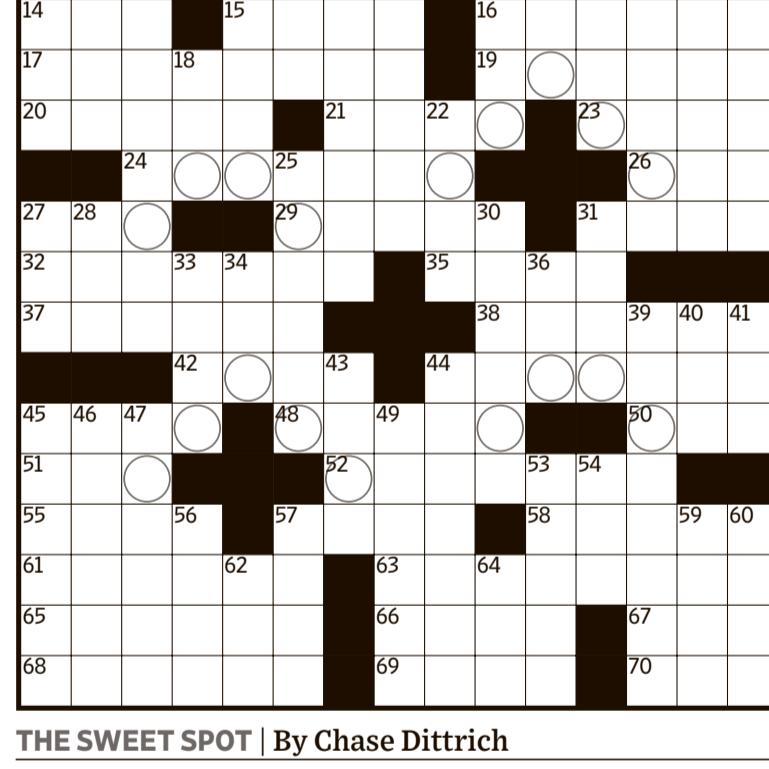
All told, the White Sox took the trendy approach of tanking, but without the progressive thinking that had made it a success for others. In 2023, they lost 101 games, cleared out their top baseball executives, and stripped their roster for parts.

What they never expected was that 2024 could get even uglier.

"I bet that 162-game season feels like 500 games for them," Lopez said.

ORLANDO RAMIREZ/REUTERS

### The WSJ Daily Crossword | Edited by Mike Shenk



### THE SWEET SPOT | By Chase Dittrich

Across	32 L'Oréal competitor	63 Expectant sign, and what each group of circles represents	10 Piece of sitar music
1 Small amount	35 Bone-dry	11 Small restaurant	11 Beta carotene, for one
4 Curiosity operator	37 Clever one	12 Beta carotene, for one	13 Very wee
8 Highest-grossing film of 2023	38 App with Beachfront, Farms and Treehouses tabs	13 Name of MIT's beaver mascot, for obvious reasons	18 Clue cube
14 Spanish gold	42 Sufficient, informally	14 Reacts to a weak hand	22 Proposes as a price
15 Lager alternatives	44 Doubter's words	15 Gather	25 Irish accent
16 Serve as a go-between	45 One of the Jackson 5	16 Many SAT takers	27 Rap wordsmiths
17 Avocados and olive oil are high in them	48 First name on "Captain Blood"	17 Disgusted utterance	28 Maximum amount
19 Provokes	49 First name on "Captain Blood?"	50 Liquide essentiel	30 Pfizer subsidiary
20 Concede to be true	51 Disgusted utterance	51 Had misgivings about	52 Peak performer?
21 Junior in the Pro Football Hall of Fame	52 Peak performer?	52 Peak performer?	53 Had misgivings about
23 Bill producers	53 Had misgivings about	53 Taking after	54 Honest Abe
24 Chilean (marketers' name for the Patagonian toothfish)	54 Honest Abe	55 Leave the dock	55 Wyo.
26 "A life outdoors is a life well-lived" retailer	55 Wyo.	56 Gauge	56 Roquefort relative
27 Ticked off	56 Roquefort relative	57 Roquefort relative	58 Honest Abe
29 Concerns for an investor	58 Honest Abe	59 Insurer bailed out in 2008	59 Insurer bailed out in 2008
31 Extra	60 Expert guide, perhaps	61 Expert guide, perhaps	62 Contend
			63 Supporter of a sort

### Previous Puzzle's Solution

A	C	T	S	A	L	E	M	A	Y	T	A	G
B	L	O	C	P	U	P	A	B	U	E	L	O
A	U	T	O	T	U	N	S	C	R	A	P	E
S	E	E	T	O	G	E	T	S	I	T	I	S
E	S	S	R	U	E	H	O	C	A	N	G	A
J	E	R	S	E	Y	N	U	M	B	E	R	E
A	L	G	A	S	A	C	P	U	L	E	R	E
R	O	I	D	A	T	L	A	S	Z	E	K	E
E	M	B	E	R	A	I	L	A	S	A	S	I
W	A	R	N	I	N	G	T	R	A	C	K	A
E	L	A	P	O	E	F	T	C	S	P	A	G
G	I	L	T	F	E	A	R	C	R	U	E	A
O	N	T	A	P	E	Y	E	P	I	E	C	E
O	D	A	M	A	E	R	V	O	M	A	R	E
D	A	R	E	R	S	O	R	E	T	E	N	T

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).



At road games, Fever fans show up by the hundreds or even thousands to see Caitlin Clark.

## Caitlin Clark Fever Upended One of the WNBA's Worst Teams

BY RACHEL BACHMAN

**CHRISTIE SIDES** has spent most of her life in basketball. She played on Louisiana Tech's 1999 Final Four team, was an assistant coach for Louisiana State's Final Four teams and spent a decade as an assistant in the WNBA.

But none of that prepared Sides for her second season as head coach of the Indiana Fever. That was when the team used the No. 1 overall pick to draft a sharpshooter from the University of Iowa named Caitlin Clark—and their entire world was turned upside down.

An early hint of how dramatically different this year would be came when the team went on an early-season road trip.

Before this year, Sides says, she had never received a call on her hotel phone from a random member of the public. This season, she got a bunch of voice mails from people—"wanting to meet players, wanting tickets, wanting, you know, an autograph."

Like any good coach confronted with an unfamiliar situation, Sides said she "made some adjustments."

That included checking into hotels under aliases to avoid the sudden burst of outsize attention.

"Yeah, I think there's some of us that have some fake names out there, you know, at hotels," Sides said.

Entering the season, the Fever were a young, rebuilding team that Sides thought would take until 2025 or 2026 to reach the playoffs. Instead, with Clark averaging more than 19 points and 8.4 assists per game—and winning WNBA rookie of the year—they made it this season. Indiana is down 0-1 to the Connecticut Sun and faces a must-win road game in a best-of-3 first-round series on Wednesday.

When the Fever started the season 1-8, a legion of mostly new fans had strong and sometimes ornery opinions about their play on the court. Sides would often trend on social media—mostly because people were calling for her to be fired.

"I've talked to some NFL coaches, I've talked to some NBA head coaches, and they've gone through this," Sides said. "This has been their life for years, so they're used to it. We didn't have a scouting report on it, so we weren't prepared."

At road games, Fever fans show up by the hundreds or even thousands. (At the first playoff game, a Connecticut announcer trolled visitors by putting them on a "Band-

wagon Cam" and labeling them "Fever Fan Since 2024.")

The fervor around Clark started building at Iowa, where she became major-college basketball's all-time leading scorer. Clark mania jumped to the Fever last Feb. 29, when she declared she would skip her extra year of eligibility for the Covid-19 pandemic and go to the WNBA.

Even before Indiana selected Clark No. 1 overall, an unprecedented ticket-buying frenzy ensued.

In 2022, the team played at the state-fairgrounds venue Indiana Farmers Coliseum, because their regular arena was being renovated. The Fever went a franchise-worst 5-31 that season and averaged fewer than 2,000 fans per game.

This year, Indiana drew an all-time WNBA-record 17,036 fans per game. That's more than the 16,526 average for the 2023-24 Pacers—the Eastern Conference finalists with whom the Fever share Gainbridge Fieldhouse.

"We used to play in a barn with six fans," third-year Fever forward NaLyssa Smith marveled, a few weeks before Indiana's May 14 season opener. "Now we're going to be playing in sold-out arenas."

NORIK MURRAY/ASSOCIATED PRESS

## OPINION

## JD Vance's Working-Class Pander



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

A longer road leads to GOP-style JD Vance welfarism for the working class than you might imagine. Ronald Reagan be-stowed protectionism widely and indiscriminately to get manufacturing workers through the 1982 recession, although his "voluntary" restraints on Japanese auto imports are best remembered now.

The same mindset was ideologized for the era in the populism of House Democratic Leader Dick Gephardt of Missouri, who brought distrust of immigration as well as imports into the mix. Later, a visitor to a 1996 Democratic

couple of years, few questioning a shibboleth about saving the "family farm." The law of dispersed cost and concentrated benefits worked its magic, yet nobody really benefited except farm lobbyists. The deadweight loss through inefficient production decisions hurt farmers and consumers alike. Expect the same from Mr. Vance's right-wing intervention allegedly designed to leave the world sweeter for factory employment.

His bruited \$20 minimum wage is a device to make sure that jobs aren't available for people whose productivity can't justify \$20 an hour. His tariff and industrial policies will only institutionalize a K Street lobbying army to corral or compete away most of the benefits.

He and his backers put a tautological spin on a study showing that high wages drive investment in productivity-enhancing technology to support high wages. Of course they do, when they don't cause a business to shut down altogether. But why should government be better at balancing opportunities for high-skilled workers vs. opportunities for low-skilled workers than the market would be?

And how much is the Vance phenomenon just a product of a one-time, never-to-be-repeated upset when a 100 million Chinese peasants entered the global division of labor almost overnight?

Technology also played a role, with automated, containerized shipping that allowed low-value goods to be distributed at low cost to consumers around the world.

The impact on U.S. manufacturing towns is debated



Vance at a campaign event.

if its economic base disappears, although better tax and regulatory policy can always improve opportunities for all. Yet the world is also looking up for people able to do smart things with their hands given the arrival of artificial intelligence and an aging workforce.

Mr. Vance, as an Iraq veteran, might be forgiven for sharing the instant intuition of so many small-town Americans that overseas wars aren't our business or our problem.

An old quote comes to mind: You may not be interested in war, but war is interested you. LBJ was far less in love with the cause of South Vietnam than many elites are now with Ukraine, and LBJ sent 530,000 troops to South Vietnam at the war's peak. If Vancism doesn't end in the same way, it'll be because the U.S. effectively enabled Ukraine, Taiwan and other allied frontline states to defend themselves.

An effusion simultaneously and mysteriously hit all the cable-news shows on Tuesday morning: Such policy talk is irrelevant anyway. The 2024 election will be a gestalt test. Which candidate "feels" like the "better" option?

This is probably true of many elections, but particularly today's truncated, oddly distorted contest. It may also be a mistake by Kamala Harris supporters who most loudly promote a decision-by-vibe.

An American voter thinks: Things will come up and somebody has to handle them. The singular vacuum in the Harris strategy has been in conjuring a picture in the voter's mind of Ms. Harris handling things.

**BOOKSHELF** | By Brenda Cronin

## Her Ambition Required Allure

## Kingmaker

By Sonia Purnell

*Viking, 528 pages, \$35*

Pamela Beryl Digby Churchill Hayward Harriman, who was the U.S. ambassador to France from 1993 until her death in 1997, had many names and was called many things. Among them: "Span," "that red-headed tart," "the greatest courtesan," "gold digger" and "the widow of opportunity."

But she was far more than a racy caricature, according to Sonia Purnell's "Kingmaker: Pamela Harriman's Astonishing Life of Power, Seduction, and Intrigue." This exhaustive account doesn't stint on Harriman's parade of paramours, which included Prince Aly Khan, Fiat heir Gianni Agnelli, shipping magnate Stavros Niarchos and journalist Edward R. Murrow. But Ms. Purnell recasts her subject as a shrewd diplomat and political operator, not a cooing sidekick adept at flirting with codgers and parrying their litigious relatives. In her telling,

Harriman's appointment as America's envoy to France crowned an unorthodox apprenticeship that began when she was a 20-year-old at the side of her father-in-law, Winston Churchill, during World War II.

Born in 1920 in Farnborough, England, as a girl Pamela grew up wanting to escape her family's arc of dwindling wealth and prestige. Her father, the 11th Baron Digby, had a title but was so short of money that he had to take a job and his wife had to sell some of her jewels. With no hope of inheritance—and no education beyond boarding-school classes in housekeeping—their first-born's best prospect was an advantageous marriage.

England's young aristocrats mercilessly mocked Pamela's plump figure and red hair, with one observing: "I see the chestnut mare is in foal again." Kathleen Kennedy, daughter of the American ambassador, Joseph Kennedy, dismissed her as a "fat, stupid little butter ball."

Such hazing presumably toughened Pamela for marriage in 1939 to Randolph Churchill, the boorish, scandal-pocked son of the First Lord of the Admiralty. His surname opened doors, but his reputation as an alcoholic wastrel and womanizer had kept fiancées at bay. Randolph wanted a son; Pamela wanted to swirl among the powerful. Two weeks after meeting, they were engaged. During the week he proposed, Randolph "had asked nine women to marry him—including three on a single night—but Pamela was the only one to say yes," Ms. Purnell writes.

Although "Randolph kicked furniture, punched walls and spewed torrents of verbal abuse," Pamela cultivated warm relations with his parents by bearing a son and naming him Winston. While her husband was off with his regiment, she moved in with her in-laws, eventually to 10 Downing Street. "Nobody ever had the chance to see politics as much from the inside as I did," Pamela later recalled.

Among the American guests crucial to Britain's war effort was Averell Harriman, son of a wealthy railroad baron, who was in England managing President Franklin Roosevelt's Lend-Lease military-aid program. Harriman was married and, at 49, almost 30 years older than Pamela, who assessed him as "a hick from America." Pamela's parents-in-law kindled their liaison, relying on her to pass along "anything she gleaned about what the Americans were thinking." According to Ms. Purnell, "she had positioned herself as a vital go-between with Britain's most strategic allies."

In short order, Pamela set herself up in London, enlisting Averell to pay her expenses and "provide a generous allowance." She often stashed her young son with relatives and friends or in boarding school, later crediting Marion Martin, her longtime Scottish housekeeper, as the person who "brought up Winston."

Averell, dispatched to Moscow by Washington, suspended their affair after his wife cabled warning that if he wasn't discreet, he risked "the most costly divorce in the history of the republic." Pamela and Randolph would divorce in 1945. Through the war she juggled "an astonishing collection of bedfellows," Ms. Purnell says, including Murrow, whose wartime broadcasts for CBS transfixed American listeners.

**Born with an aristocratic name but little else, Pamela Digby married a Churchill, then moved on. She wound up a U.S. ambassador.**

When Murrow balked at leaving his wife, Pamela launched a campaign to marry the Italian playboy Agnelli. He lavished on her, as Ms. Purnell puts it, "a swanky apartment in Paris, a butler, a blue custom-built Bentley Cresta, a chauffeur and accounts with top couturiers. After one brief visit, her befuddled father exclaimed, 'How clever my daughter is to manage such a wonderful life on her tiny allowance!'" But even Pamela's conversion to Catholicism didn't seal the deal. Agnelli wed an Italian princess in 1953, and Pamela looked to America for her next act. She found it with the Broadway producer Leland Hayward (the husband of a friend). He actually did get divorced, clearing the way for Pamela, with Elizabeth Taylor-level optimism, to become the fourth Mrs. Hayward. "Coming up to her fortieth birthday," Ms. Purnell writes, "the truth was that she had few other options."

Hayward died in 1971, and Pamela's focus shifted from American theater to politics. At a party hosted by Washington Post publisher Katharine Graham, she reunited with Averell, now a widower, and they married. She renovated Averell's Georgetown home, making it a hothouse for current and future stars of Democratic politics. "Pamela's primary enterprise appeared to be to help her husband feel like he was, even in his mid-eighties, still relevant, by having Washington's power players dining at their table or mingling in their library."

Ms. Purnell keeps the momentum going throughout her tale, though she occasionally lapses into the purple prose—"glowing milky skin, magnificent curves"—of a bodice-ripper. But the author undermines her own arguments for Pamela's "politically significant" role during World War II. "We will never know exactly what she told to whom," Ms. Purnell writes of the pillow talk with Averell and others, or how Pamela's "special brand of contact" influenced trans-Atlantic relations.

Before Averell's death in 1986, Pamela had become a power player herself, cramming with briefing books to supplement her "painfully empty CV." When President Bill Clinton named her ambassador to France, South Carolina Sen. Strom Thurmond bristled: "They're sending the Whore of Babylon to Paris!" But the woman who chose to be addressed as "Madame l'ambassadeur" had the last laugh, if not the final word.

*Ms. Cronin is an associate editorial features editor at the Journal.*



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

During the Sept. 10 presidential debate, Donald Trump asserted that Haitian immigrants in Springfield, Ohio, have been eating local residents' pets: "They're eating the dogs. The people that came in, they're eating the cats. They're eating, they're eating the pets of the people that live there." This specious claim has a sorry history.

The Journal last week published a front-page story with an arresting headline: "Told Pet-Eating Was Untrue, Trump Team Spread It Anyway." According to the story, the day before the debate, Springfield's city manager told a staff member of JD Vance's campaign team that internet claims about pet-eating were "baseless." The same day, the Journal reports, Mr. Vance tweeted about the rumors to his nearly two million followers. The next evening in the debate, Mr. Trump spread these rumors across the globe.

Challenged to verify or withdraw their claims about immigrants eating pets, neither Republican candidate has done so—although in a tweet on Sept. 10, Mr. Vance conceded: "It's possible, of course, that all of these rumors will turn out to be false." At a Sept. 17 event in Eau Claire, Wis., he acknowledged that he hadn't checked the rumors on which he had built his stories.

Now, Mr. DeWine reports, the city is enjoying a resurgence, thanks in part to the dramatic influx of Haitians in recent years. They did not sneak in to commit crimes and collect welfare, he insists: "They are there legally. They are there to work." Prior to writing the op-ed, Mr. DeWine interviewed employers who testified to the Haitians' work ethic and said they're indispensable.

Mr. DeWine was born in Springfield. He and his wife have lived their entire lives within 10 miles of the city. For decades, he recounts, Springfield was a thriving center of commerce and manufacturing—until it was hit by a wave of deindustrialization in the 1980s and 1990s and well-paid middle-class jobs dwindled.

Some politicians set a better example. Springfield Mayor Rob Rue, a registered Republican, told the Journal that although he'd "told those at the national level that they are speaking these things that are untrue," the rumors have been "repeated and doubled down on," inflicting serious damage on his community.

City Hall, state motor-vehicle offices and several schools received bomb threats after the presidential debate. Parents

kept their children home from school until police had investigated the threats.

Enter Mike DeWine, Ohio's popular two-term Republican governor, who calls himself "a supporter of former President Donald Trump and Senator JD Vance." Mr. DeWine refused to leave baseless rumors unchallenged. In an op-ed for the New York Times, he drew on his own experience to rebut them.

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**By Eddie Benton**

I grew up in a middle-income home with parents who taught me to save. I paid for most of my college education with money I'd put away since I was 12.

To pay for graduate school, I worked for a year before matriculating. My wife worked full-time while I studied, and we saved whatever income we didn't absolutely need.

In my first job after graduating, promotions and salary increases allowed for a little more discretionary spending, but the company's benefits department encouraged its employees to save for retirement. The company offered a 401(k) plan that included a generous employer match based on the government's

promise to defer tax liability on the funds I contributed.

That seemed like a good idea. For the next four decades, my wife and I saved as much as we could while also providing for our children.

**Her proposed tax on unrealized gains will eventually hit your retirement account.**

The government promised that saving money would create financial independence in retirement, and I am happy it worked out that way for me. It required a great deal of delayed gratification, but that's how saving works.

Now I hear Kamala Harris has a nifty idea for raising revenue: taxing unrealized gains. That would mean that if your stocks, bonds or property increased in value, you'd owe taxes on that increase, whether you drew income from those gains or not. Such a tax would almost certainly force those liable to sell assets they otherwise would have retained. The government would effectively discourage saving.

I take no comfort in her assurances that this proposal would affect only those with a net worth of more than \$100 million. The "rich," Democrats insist, need to "pay their fair share." Yet what counts as rich is always dropping, and what counts as "fair" is always rising. Never mind that

the top 1% of wage earners in the U.S. pay nearly half of total federal income taxes. If Ms. Harris's proposal became law, the government wouldn't be satisfied with its newfound revenue. Soon the \$100 million threshold would fall, and the modestly well-off would find themselves having to dip into their savings.

For decades, the government encouraged Americans to save and invest for future financial security. Now the same government wants to say: Save and invest now, so you can hand over a chunk of it to Uncle Sam later. Many will conclude that it's better not to save and invest at all.

Mr. Benton is chief operating officer of Smith Robinson, a South Carolina law firm.

## OPINION

## REVIEW &amp; OUTLOOK

## A Deere in Trump's Headlights

**H**ard to believe, but Donald Trump is giving U.S. companies a reason to think Kamala Harris might be better for their business. On Monday he gave her an assist by threatening tariffs on Deere & Co. for shifting some of its U.S.-based production to Mexico.

"As you know, they've announced a few days ago that they are going to move a lot of their manufacturing business to Mexico," Mr. Trump said in Pennsylvania. "I am just notifying John Deere right now that if you do that, we are putting a 200% tariff on everything that you want to sell into the United States."

The back story is that Deere this summer said it plans to move manufacturing of compact construction equipment to Mexico from Iowa. The company is also laying off more than 2,000 workers after bulking up during the pandemic recovery. It blamed "lower commodity costs, lower order volumes and a softening construction market."

Deere is trying to stay globally competitive after striking a costly labor agreement in 2021 with the United Auto Workers that included a 30% raise over six years, cost-of-living adjustments, \$8,500 signing bonuses and paid parental leave. Deere also provides health coverage with no premiums, deductibles and coinsurance, plus defined-benefit pensions.

At the time Deere had a \$14.8 billion order backlog. But demand for its equipment has cooled amid a slump in commodity prices and rising interest rates. Deere's rising labor costs have become more of a burden. Laid-off workers can thank their UAW leaders.

What Mr. Trump fails to understand is that U.S. manufacturers compete in global markets. Many customers aren't in the U.S. and don't

## A tariff is the former President's solution to every problem these days.

care if a product is stamped "made in America." Chinese equipment makers are increasingly vying for business in those markets.

Deere's competitors are also expanding south of the border. Caterpillar has nearly doubled its workforce in Latin America since 2016. Farm equipment manufacturer CNH plans to shift work from Racine, Wis., to Mexico. Bobcat last year announced a \$300 million investment in Mexico for compact construction equipment.

Mr. Trump thinks he can bully Deere as he did Carrier, which in 2016 wanted to move air-conditioning manufacturing from Indiana to Mexico. He threatened to impose tariffs on Carrier imports. Carrier scaled back U.S. job cuts after Indiana dangled subsidies.

But Washington and the states can't afford to subsidize every U.S. manufacturing job, and slapping tariffs on imports from Mexico would violate the USMCA trade agreement. It would also raise U.S. prices. Meantime, his threats help Democrats argue that Ms. Harris would be friendlier to business.

That's no easy feat given the punitive Biden-Harris regulatory and tax policies, and it's political malpractice for Mr. Trump not to highlight how the Administration's green-energy agenda harms U.S. manufacturers. Or how Ms. Harris's proposed increase in the corporate tax rate to 28% from 21% would hit American workers. He sometimes talks about deregulation and extending his 2017 tax reform, but he doesn't explain how they will help U.S. manufacturers invest more at home and raise wages.

The former President's biggest selling point is the first-term economy his supply-side policies helped promote. But these days he's making tariffs his highest priority, and that won't help the economy if he wins.

## Harris Wants the Filibuster Gone

**K**amala Harris is still keeping most of her agenda incognito, but she gave a strong hint about its direction on Tuesday when she blessed the Democratic plan to blow up the Senate's filibuster rule. This would turn the Senate into the House for the purposes of passing legislation, which means a wide open door for progressive priorities.

"I think we should eliminate the filibuster for Roe [v. Wade], and get us back to the point where 51 votes would be what we need to actually put back in law the protections for reproductive freedom," the Vice President said on Wisconsin Public Radio.

She's couching this procedural coup as related only to imposing a national abortion law on all 50 states. But anyone paying attention knows that's a ruse. Once the 60-vote filibuster rule ends for one piece of non-budget legislation, it will end for everything.

Chuck Schumer, the Senate Majority Leader, recently said he wants to break the filibuster for a national abortion law and pass a bill that would impose California-style voting rules on all 50 states. Good-bye voter identification, and hello nationwide ballot harvesting.

It won't stop there. Sen. Sheldon Whitehouse says he wants to break the filibuster to restructure the Supreme Court. Sen. Bernie Sanders has recently given up on his former institutional objections and now favors 51 votes to pass his proposals.

Every interest group in the Democratic coalition will demand that its priorities pass with 51 votes too. Think statehood for the District of Columbia. And think Big Labor's PRO Act that

would ban right-to-work laws nationwide, among other ideas that would normally require bipartisan majorities to pass the Senate.

If you think we exaggerate, listen to Sen. Joe Manchin, who isn't running for re-election this year after having protected the filibuster while Democrats ran the House and Senate in the first two years of the Biden Presidency.

"Shame on her," the West Virginia Senator said Tuesday. "She knows the filibuster is the Holy Grail of democracy. It's the only thing that keeps us talking and working together. If she gets rid of that, then this would be the House on steroids."

Mr. Manchin knows from long experience that the filibuster forces compromise, giving Senators leverage to demand legislative concessions. Mr. Manchin used that leverage to force Mr. Schumer to pare back President Biden's Build Back Better cradle-to-grave entitlement state. The Inflation Reduction Act that Mr. Manchin voted for was bad enough, but it could have been worse.

Mr. Schumer said recently that he'll have enough votes to change the filibuster rule if Democrats win 50 Senate seats. If they also take the House and White House in November, Vice President Tim Walz would become the 51st vote to break the 60-vote rule and ram through whatever Democrats want. With Mr. Manchin and Arizona's Kyrsten Sinema both gone in January, don't expect another Democrat to stand on the progressive crowd.

That's especially true now that Ms. Harris has urged them on. Her filibuster stand gives her secret agenda away.

## Biden Tilts at Hezbollah Windmills

**P**resident Biden was right on one point in his speech to the United Nations General Assembly on Tuesday: "Hezbollah, unprovoked, joined the Oct. 7 attack launching rockets into Israel." But when he vowed that "a diplomatic solution is still possible" and "remains the only path to lasting security," we wonder where he's been for the past 11 months.

Israel gave those months over to diplomacy on its northern front, even as Hezbollah fired 8,500 rockets and forced 60,000 Israelis from their homes. But the U.S.-led talks went nowhere as Mr. Biden pressed Israel not to hit Hezbollah too hard and allowed billions of dollars in oil revenue to flow to the terrorists' masters in Iran.

"My fellow leaders, I truly believe we're at another inflection point in world history," Mr. Biden said. "Will we stand behind the principles that unite us? Will we stand firm against aggression?" The rhetoric is only as powerful as the foreign policy it promotes, and as important as the forum that received it.

U.N. Secretary-General António Guterres warned Tuesday of Lebanon "becoming another Gaza." Nice of him to wake up; since 2006, U.N. peacekeepers have done nothing to stop Hezbollah from taking over the Security Council-mandated buffer zone in southern Lebanon. Now Israel has to do it for them.

Following the exploding pagers and the successful attack on Hezbollah's elite Radwan Force commanders, Israel this week dropped evacuation notices and bombed Hezbollah's missile stores. Israel says it destroyed tens of thousands of missiles and launchers, most hidden in civilian homes, leaving Hezbollah

without half its strategic arsenal.

Lebanon says more than 550 people have been killed, including terrorists. Two strikes Monday and Tuesday on Beirut look to have wounded Hezbollah's new military chief (his predecessor was killed Friday) and killed the commander of its missile division.

Hezbollah has replied with hundreds of rockets but failed to do much damage. It has expanded its range to the cities of Safed and Haifa, but notably it has avoided Tel Aviv. Perhaps it knows it can expect Israel's retaliation on Beirut.

Mr. Biden said, "Full-scale war is not in anyone's interest." But by shredding Hezbollah's missile supply, communications and command structure, Israel is trying to prevent the group from launching the large, coordinated barrages that might overwhelm the Iron Dome rocket defenses. If Hezbollah can't do that damage, "full-scale war" won't mean what it used to.

One lesson of Oct. 7 is that Israel can't let terrorists build up armies, even if they seem deterred. Northern Israel could never be safe if Hezbollah retains its arsenal. The Israeli strikes will degrade Hezbollah's capabilities, perhaps for many years.

This is progress against Iran's "ring of fire" around Israel. Hezbollah came to Hamas's aid, but Hamas is now too weakened to return the favor. The wrecking of one proxy weakens the network. The wrecking of another would peel back the Iranian nuclear program's layers of defense. These are the strategic stakes as Israel fights to return its citizens to their homes and remove the sword of Tehran overhead.

## Diplomacy has failed for 11 months, but he proposes more of it.

## OPINION

# Iran Is Waiting for a President Harris

By Reuel Marc Gerecht  
And Ray Takeyh

**W**hy hasn't Iran retaliated against Israel for the July 31 killing of Hamas political leader Ismail Haniyeh in Tehran? The Biden administration wants to believe that it has intimidated the Islamic Republic into better behavior—that the successful American-led effort to intercept 300 Iranian missiles and drones fired at Israel in April depressed and deterred Supreme Leader Ali Khamenei. The real answer may be that Iran is playing a longer game and showing restraint to advance its nuclear ambitions.

**The mullahs haven't avenged Haniyeh's killing because they're playing a longer—nuclear—game.**

Fear of U.S. military power has always been the primary brake on the clerical regime. That fear has been fading where it matters most: Tehran's nuclear program has rapidly advanced in the past four years. Iran's proxies, when not ignored, have been ineffectually countered—Yemen's Houthis so far have the upper hand in their conflict with the U.S. Navy in the Red Sea. With relatively crude Iranian-supplied missiles, the Houthis continue to curtail shipping through the Suez Canal despite American and European efforts to protect the sea lane. And a Kamala Harris presidency would surely com-

ound the errors of her predecessor.

The Democratic Party's approach to Tehran is now inextricably and counterproductively tied to U.S. policy toward Israel: Washington tries to limit Israeli military action against Hezbollah, the Islamic Republic's most feared offshoot, and stamp out any possibility that Jerusalem will launch a military assault against Iran's nuclear sites. This mindset flows from a deep fear of a U.S.-Iran confrontation and a guess by many in Washington that Mr. Khamenei hasn't yet decided to build a bomb. The best course of action, therefore, is to maintain the status quo, which the cleric finds acceptable.

That guess is wrong: The Islamic Republic now gains far more than it loses by going nuclear. Indeed, Mr. Khamenei made a mistake by not developing a bomb sooner. The increasing conversation in Tehran about how easy and useful it would be to develop a nuclear weapon is surely a byproduct of the clerical regime's realization that Israel has significant tactical and intelligence advantages—many of Iran's senior officials may be within Mossad's reach—and America's conventional capacity remains pulverizing. At a minimum, an Iranian bomb would check Israeli and American aggression in the Persian heartland.

When the Islamic Republic gets the bomb, as it eventually will unless military intervention or regime collapse derails the program, war between Israel and Hezbollah will become a high-wire act for Jerusalem. Israeli attacks on Islamic Revolutionary Guard Corps commanders and installations in the Levant will become dicey if Tehran threatens to extend



A medium-range missile in a Tehran military parade.

its nuclear umbrella. America's freedom to move against the clerical regime—Iran has repeatedly killed U.S. servicemen with no American reprisals in a conventional age—will shrink further.

Democrats and the American left have achieved what Iranian revolutionaries once would have dismissed as impossible: Tehran sees exploitable divisions between America and Israel. Demonstrations against the Gaza war, rising anti-Israel sentiments within the Democratic Party, and overtly antisemitic language in elite American circles have muddled the traditional Iranian take on America—that Democrats and Republicans are both hopeless Zionist stooges. The opening that Barack Obama made with his nuclear concessions, which Mr. Khamenei explored and exploited, has become Democratic Party orthodoxy: Engagement with the theocracy is in itself a good thing.

This is surely the reason behind the supreme leader's apparent willingness to restart nuclear negotiations with Washington. He wants to explore whether Mr. Biden and, more importantly, Ms. Harris can be neutralized through diplomacy. Mr. Khamenei's enmity for America doesn't "mean that we cannot interact with the same enemy in certain situations."

The Islamic Republic's diplomats are accustomed to dealing with Democrats. They negotiated a nuclear agreement with them and still engage them at various international forums. Ms. Harris spent the Trump years denigrating the "maximum pressure" campaign. She condemned Donald Trump's decision to kill Qasem Soleimani, the Revolutionary Guard dark lord who was the father of the "ring of fire" strategy against Israel. Like the Soviets in the 1970s, who preferred realist, establishment

Republicans, Iran's ruling elite see Democrats as more predictable.

Mr. Khamenei and his diplomats are waiting for a President Harris. Given that Democrats believe there is no tolerable alternative to the Iran nuclear dilemma other than diplomacy, they probably won't leave the table no matter how Iran transgresses. Mr. Obama watched Iran, Russia and their Syrian allies slaughter tens of thousands of Syrian civilians while pushing the nuclear talks forward. Iran thinks it can count on Democrats to restrain the Israelis.

The Islamic Republic has exploited its proxy-war strategy brilliantly. But its success has also highlighted the theocracy's weaknesses. A nuke would allow the Islamic Republic to stay on the offensive in the Middle East with fewer concerns about blowback. In practice, the doctrine of mutually assured destruction would work against Israel, allowing the Iranian theocracy more maneuvering room.

The mullahs are now so close to obtaining a nuke—given what we can see in the Iranian nuclear-weapons archives stolen by the Mossad—that it's unlikely any serious technical hurdle remains. Neither diplomacy nor sanctions will stop the advance. Ms. Harris probably knows this. The search for peace and regional stability, the oft-heard aspiration of U.S. policy in the Middle East, now means, when translated into Persian, giving Tehran the bomb.

*Mr. Gerecht is a resident scholar at the Foundation for Defense of Democracies. Mr. Takeyh is a senior fellow at the Council on Foreign Relations.*

## Some Elite Colleges Dodge the Racial-Preferences Ruling



"They're cheating. Everyone knows they're cheating. They know they're cheating. What they are trying to do is cheat in a way that doesn't get them caught in court."

That was John Yoo's response when I asked for his reaction to the racial breakdown of freshmen at some of the most selective U.S. colleges and universities. In *Students for Fair Admissions v. Harvard* (2023), the Supreme Court held that race-conscious admissions policies violated the Constitution and the Civil Rights Act of 1964. Given that Asian applicants tend to have higher test scores than other groups, the expectation was that their enrollment at top schools would increase once racial double standards were no longer permitted.

That's what happened at the University of California's Los Angeles and Berkeley campuses after voters approved a ballot initiative prohibiting race-conscious admissions in 1996. And it's what happened this

year at Harvard, Columbia and the Massachusetts Institute of Technology. But at other elite institutions, Asian enrollment somehow declined. Mr. Yoo, a Justice Department official in the George W. Bush administration and now a law professor at Berkeley, said he's concerned about how schools with declining Asian enrollment responded to the ruling. But he's not surprised.

Prior to the Harvard decision, Mr. Yoo co-authored an article in the New Criterion with Wen Fa, vice president of legal affairs at the Beacon Center of Tennessee, that speculated on how schools might respond to a ban on racial preferences. "Even if the Court strikes down the formal use of race in college admissions, the campaign to enforce the Constitution's colorblindness principle will still have work to do," the authors wrote. "The history of resistance to *Brown v. Board of Education* suggests that universities will respond to a loss at the Supreme Court not by abandoning their goal of meeting some ideal racial balance, but by pursuing the same end through less obvious means."

In its landmark 1954 *Brown* decision, the Supreme Court said that ra-

cially segregated schools were unconstitutional. Southern states refused to acknowledge the legitimacy of the ruling, and the backlash was fierce. In some cities officials opted to close public playgrounds, swimming pools, parks and schools rather than desegregate them. Other places enacted one-grade-a-year desegregation plans

of the lower federal courts," Judge Wilkinson wrote. The NAACP's Thurgood Marshall and other civil-rights activists filed hundreds of lawsuits post-*Brown* to fight segregation on a school-by-school and district-by-district basis in more than a dozen Southern states.

Edward Blum, head of Students for Fair Admissions, likewise fears that some selective schools are thumbing their noses at the *Harvard* ruling and continue to discriminate against Asian applicants. He sent letters last week to three institutions—Duke, Yale and Princeton—where Asian admissions fell in this year's entering class. Mr. Blum told Duke and Yale that "based on SFSA's extensive experience, your racial numbers are not possible under true race neutrality."

In his letter to Princeton, he said that "your racial numbers are not possible without substantially increasing socioeconomic preferences and eliminating legacy preferences," which go to the offspring of alumni. "Yet you've announced no such changes, and you've reported no substantial increase in the number of students receiving Pell Grants," which go to undergraduates

to slow-walk the process. It largely worked. Judge J. Harvie Wilkinson reported in his study of the period that Charlotte, N.C., enrolled three black students in white schools in 1957, four in 1958, and only one in 1959.

The high court was aware of these stalling tactics but for the most part opted not to intervene. "From 1955 to 1968, the Supreme Court remained largely inactive in school desegregation" and "ducked a leading role by refusing even to review most rulings

my view, the SB 1047 model offers a sensible middle path between major command-and-control regulation and no regulation at all. By incrementally refining and enhancing the law of torts—a nimble and well-established body of law—the bill would create a measured and flexible regulatory scheme.

The most common criticism of SB 1047 is that it would stifle innovation by holding AI companies liable when wrongdoers use their systems to cause harm. Critics seem to think that such liability is a radical new legal invention. They are wrong. If you negligently store, test or release a highly dangerous tool such as powerful explosives—and, as a result, you foreseeably enable bad actors to harm innocent people—tort law holds you liable. Will the law give special treatment to big tech companies if their negligent AI development foreseeably enables bioterrorist attacks or other grievous harm? The odds are low.

Many CEOs and employees of AI companies, along with several scholars who helped invent the field, be-

lieve that immensely dangerous AI could arrive in a few years. Whether or not that happens, the possibility that careless AI development could cause massive harm over the coming years and decades is entirely foreseeable. That is why every leading AI company has promised, in summits convened by the White House and

**California's SB 1047 would make clear that companies face legal liability if they negligently cause harm.**

the governments of the U.K. and South Korea, to take robust precautions against releasing systems that enable biological attacks, cyberattacks on critical infrastructure, and other such calamities. And tort law is especially unforgiving to those who cause harm by dishonoring their commitments.

So why is new legislation like SB 1047 needed? For one thing, much of

ates from low-income families.

Mr. Blum is right to be suspicious. Citing data from the College Board, which administers the SAT, Nicholas Lemann recently wrote in the Chronicle of Higher Education that in 2023 "the gap between average Asian and Black test scores on the SAT was more than 300 points, and . . . nationally, fewer than 2,300 Black students got combined scores of 1400 or above, which is generally considered what a student needs to be admitted to an Ivy Plus school." Nevertheless, black enrollment at Duke, Yale and Princeton was essentially flat this year, while Asian enrollment dipped by 6% at Duke and Yale and by 2.2% at Princeton. How?

Mr. Blum wants the schools to explain their admissions procedures, and he ends all three missives with a warning: "SFSA is prepared to enforce Harvard against you through litigation. You are now on notice."

Too aggressive? Not for Mr. Yoo. "I think Blum is right to do what he's doing. I think this diversity industry has so embedded itself in schools, and it's going to take a long time to uproot it. They have to feel that they're constantly under scrutiny."

the AI industry seems unaware that AI developers are already exposed to tort liability if they negligently inflict or enable harm. Tort law is supposed to deter negligent behavior, but it can't deter people who don't understand the law, or who falsely believe the law doesn't apply to them. SB 1047 puts it beyond any doubt that big AI developers must heed one of the law's oldest commands: When risking harm to other people or their property, you must take reasonable care.

But SB 1047 is more than a codification of existing tort law. It also remedies some of tort law's most significant limitations. Discovery procedures and the trial process can foster transparency and public accountability, but only after a defendant's negligent behavior has already resulted in harm. The public should know about unsafe development practices at big AI companies well before they cause catastrophe. Thus SB 1047 creates important new whistleblower provisions and basic transparency requirements for companies developing the most powerful new AI systems. The bill also draws on innovative measures pioneered by the industry—such as OpenAI's Preparedness Framework, Google's Frontier Safety Framework, and Anthropic's Responsible Scaling Policy—to help clarify what reasonable care involves in this novel domain.

AI developers have a duty to take reasonable care. If they don't, and they cause grave harm as a result, tort law will hold them accountable. That is true whether or not Gov. Newsom signs SB 1047. But California, and the world, will be safer if he does.

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## Notable & Quotable: Dolan

*Cardinal Timothy Dolan, Roman Catholic archbishop of New York, commenting Monday on Kamala Harris's decision not to speak at the Oct. 17 Al Smith dinner:*

We're disappointed. We were looking forward to giving the vice president an enthusiastic welcome, and we kind of—we were confident that she would find this—you know, she speaks very much about the high ideals and how it's good to get away from division and come together in unity and all. Well, that's what the Al Smith dinner is all about. We haven't given up yet. We're not used to

this. We don't know how to handle it. This hasn't happened in 40 years, since Walter Mondale turned down the invitation, and remember he lost 49 out of 50 states. I don't want to say there's a direct connection there, but so we're not used to this, and we're not giving up. You know, who's been a help to us . . . is Sen. [Chuck] Schumer and Gov. [Kathy] Hochul. They're both—they both are working hard to see that they convince her to come, . . . and Sen. Schumer said to me, "I don't think she made the decision. I think her schedulers are saying she can't make it." So we're not giving up. We hope she's here.

## WORLD NEWS

# Telegram Relents on Aiding Police Probes

Social-media app shifted after Durov's arrest in France over activity on platform

BY GEORGIA WELLS  
AND SAM SCHECHNER

For years, police have complained that Telegram would ignore most of their requests for help in tracking down suspected criminals who were using the platform.

Now, following the arrest of its founder in France, the messaging and social-media app has reversed course and is regularly turning over phone numbers and other information about users suspected of illegal activity, French prosecutors said.

The change started immediately after French police arrested Pavel Durov in late August, French prosecutors said. Durov faces preliminary

charges from French authorities for complicity in distributing child pornography, illegal drugs and hacking software on the app, which says it has almost one billion users. Authorities also alleged he refused to cooperate with investigations into illegal activity on Telegram.

In a Telegram post late Monday, Durov, who has denied wrongdoing in the French case, acknowledged the platform's use for illegal activity. He said the company had updated its terms of service and privacy policy to make it clear that "the IP addresses and phone numbers of those who violate our rules can be disclosed to relevant authorities in response to valid legal requests."

French prosecutors said Durov's new cooperative attitude was a reversal from the company's previous posture, when they would hardly ever hear from the app except in cases involving terrorist



Founder Pavel Durov said Telegram changed its privacy policy.

threats. They add that there has been no formal agreement with Telegram that it will continue to cooperate, nor any deal with Durov to do so, though French law could permit a plea bargain.

Durov was released on bail, but he remains under investigation in France and must re-

port to a Paris police station twice a week. Investigating magistrates in France will now decide whether Durov should face trial or the preliminary charges should be dropped.

Some of the Telegram's avid users have long warned Durov of the need for less-freewheeling management.

Durov this month said Telegram removes millions of harmful posts and channels daily.

A Telegram spokesman said strengthening its moderation capabilities is the company's main priority for 2024.

As Telegram's popularity increased, its user count grew, rising above 950 million. The site also went from a place for dissidents, journalists and activists to a home for terrorist groups and other extremists, including Islamic State, al Qaeda and neo-Nazis.

The criminal groups were drawn to many of the same features that had excited Telegram's mainstream users, including massive groups and controls on who can see a user's phone number.

The Telegram spokesman said the app's moderators remove content that encourages violence, such as target lists and instructions for making weapons, and added that the app doesn't tolerate groups

that exist to promote violence.

Telegram has made efforts through the years to combat some of the most dangerous content on its platform. The company has said it developed artificial-intelligence tools and hired teams of moderators in addition to forbidding certain types of content.

Researchers, though, continue to find Telegram hosting dangerous content related to terrorism, child sexual-abuse material, drugs and hacking.

Following French authorities' move to charge Durov, Telegram updated its website to add that users can report illegal content with a button that forwards messages to moderators.

The changes appear to contradict other policies on Telegram's website. "All Telegram chats and group chats are private amongst their participants," Telegram's website says. "We do not process any requests related to them."

# Italy's Meloni Balances Rightist Causes, Kyiv Support

BY LARA SELIGMAN

NEW YORK—Clad in a long black dress and red lipstick, Italian Prime Minister Giorgia Meloni hailed Elon Musk's "precious genius," while the tech mogul called her "even more beautiful on the inside than she is on the outside."

The mutual admiration between Italy's right-wing firebrand and the Trump-backing billionaire is nothing new, but the optics of the event, which took place in a room full of world leaders on the eve of the opening of the United Nations General Assembly, was aimed at a wider audience.

Musk on Monday evening

was presenting Meloni with a "Global Citizen" award from the Atlantic Council, a prominent Washington think tank premised on strengthening trans-Atlantic cooperation. The Italian leader had specifically requested that Musk, the billionaire behind Tesla, X and SpaceX, present her with the award.

"I don't know if nationalism is the correct word because it often recalls doctrines of aggression or authoritarianism," Meloni said in her speech to a packed crowd in Manhattan's Ziegfeld Ballroom. "However, I know that we should not be ashamed to use and defend words and concepts like nation and patriotism."

Despite the nods to conservative values, the Italian leader appears to be performing a high-stakes balancing act ahead of a U.S. presidential election that European leaders have been watching closely, and some warily. Among the concerns are what a possible Trump return to the White House could mean for Ukraine.

Meloni's surprise election in 2022 sparked fears for what her far-right platform could

mean for the Ukraine conflict. Before Russia's full-scale 2022 invasion of Ukraine, Meloni had spoken in favor of better relations with Moscow and peeling back sanctions against the Kremlin.

But since becoming prime minister she has proved to be a strong supporter of Kyiv, condemning the invasion and pledging millions to the war effort. As a right-wing politician, she could also potentially be a persuasive Euro-

pean advocate for supporting Kyiv if Donald Trump wins.

Musk is just one of the close ties Meloni has forged to Trump and his supporters. Before she became prime minister, she was a regular attendee at events where Trump was speaking, and has hailed his policies. In 2018, Trump's former adviser Steve Bannon was the keynote speaker at a political festival hosted by Meloni's right-wing Brothers of Italy party.

Meloni seemed well aware she was threading the needle between trans-Atlantic values and MAGA retreat from international engagement. Her speech referenced the effort to defend Ukraine, while also

warning that the West is in danger of losing its influence to the autocracies of the world, as developing nations perceive it as "more and more like a closed and self-referential fortress."

Her speech in some ways mirrored how she navigated politics at home, where she has appealed to her party's far-right base on issues such as Muslim immigration, while also offering center-right voters the promise of stability.

She was careful to avoid American domestic politics, and focused on a passionate defense of her own conservatism, urging Western leaders to "recover awareness of who we are."

# Cheaper Electricity Is Energizing Europe

BY MATTHEW DALTON

KERKDRIEL, Netherlands—For much of the spring and summer, Jeroen van Diesen got paid for using electricity.

Sometimes his neighbors came over to power up, too, generating even more cash.

Van Diesen's situation reflects the strange, new dynamics of electricity that could soon become the norm in many parts of the world: A big increase in wind and solar power has pushed wholesale prices to zero or below for many hours of the year, spurring a sea change in the way people use power—based on whether the sun is shining or the wind is blowing.

Most people pay a fixed price for each kilowatt-hour of electricity they consume throughout the day. The price is set by their power company and only changes at infrequent intervals—once a week, a month or even only once a year.

Van Diesen, a software salesman, recently signed up to receive electricity from two providers that charge him the hourly price on the Dutch wholesale power market, rather than a fixed price that resets monthly or annually. When the price of electricity falls low enough, smart meters in his house begin charging his two electric cars.

Wholesale prices across continental Europe have fallen to zero or below in 6% of all hours this year, up sharply from 2.2% in 2023 and just 0.3% in 2022, according to data collected by Entso-E, the group of European transmission-system operators.

tricity demand.

Electricity-market dynamics get weirder when renewable-energy producers don't have an incentive to stop feeding power into the grid, usually because of government subsidies. Then grids can be flooded with excess power, pushing prices into negative territory.

Van Diesen said he has made 30 euros, equivalent to around \$34, over the past five months charging his car, enough to cover the service fee from his power supplier, a Norwegian company called Tibber.

"I'm charging the car for free," said van Diesen, who is part of a group of clean-energy enthusiasts in the Netherlands who call themselves green nerds. "To me it's also like a hobby and a game—how far can I go?"

In the U.S., most states don't currently allow such real-time pricing, but many think that will change.

Wholesale prices across continental Europe have fallen to zero or below in 6% of all hours this year, up sharply from 2.2% in 2023 and just 0.3% in 2022, according to data collected by Entso-E, the group of European transmission-system operators.

In markets with lots of renewable capacity, this year's figure was higher.

The changes sweeping Europe's electricity markets, which were accelerated by the energy crisis brought on by the war in Ukraine, show what could happen in the U.S. in a few years when renewable capacity reaches a similar scale.

In 2023, 44% of EU electricity was generated by renewables, compared with 21% in the U.S.

Wholesale prices swing wildly each hour of the day, and even more so as a larger share of electricity flows from wind and solar installations.

Because the generation costs of wind or solar farms are negligible, market prices will be near zero when there is enough renewable power to cover most of a region's elec-



OLD LINES: Analyzing images with the help of AI, scientists at Japan's Yamagata University added 303 geoglyphs to the catalog of Nazca Lines, figures scratched in the Peruvian desert some 2,000 years ago and visible only from high above.

## CENTRAL BANKS RBA Bucks Trend; Others Talk Steady

The Reserve Bank of Australia kept interest rates unchanged Tuesday, while Bank of England Governor Andrew Bailey told the Kent Messenger newspaper that continued cuts to the BOE's key rate are likely but that there is no rush and Bank of Japan Governor Kazuo Ueda damped speculation over another rate increase in October.

The BOE left its key rate unchanged Thursday, having cut it in August for the first time in more than four years. Investors expect another cut in November. The BOJ ended a policy of negative interest rates in March, raising its benchmark for the first time since 2007. It raised the rate again in July.

The RBA's decision to hold its official cash rate at 4.35%, widely expected by economists, deepened a split with global counterparts that are loosening policy as they grow increasingly confident inflation is under control. Those include the Federal Reserve, which lowered its key rate Thursday.

## THAILAND Same-Sex Marriage Bill Becomes Law

Thailand's landmark same-sex marriage bill was officially written into law Tuesday, allowing same-sex couples to legally wed. It will take effect in 120 days, meaning LGBTQ+ couples will be able to register their marriage in January. Thailand will become the third place in Asia, after Taiwan and Nepal, to allow same-sex marriage.

The bill, which grants full legal, financial and medical rights for marriage partners of any gender, sailed through the House of Representatives in April and the Senate in June. Bangkok Deputy Governor Sanon Wangsrangboon said last week that city officials will be ready to register same-sex marriages as soon as the law is enacted.

Marriage equality was a major goal of the government led by the Pheu Thai Party. It sought to identify itself with the annual Bangkok Pride parade in June, in which thousands of people celebrated in one of Bangkok's busiest commercial districts.

—James Glynn

## SINGAPORE Former Minister Admits to Bribery

Former Transport Minister S. Iswaran pleaded guilty Tuesday to one count of obstructing justice and four of accepting gifts from people with whom he had official business, in Singapore's first ministerial criminal trial since 1975.

Iswaran, 62 years old, was initially charged with 35 counts but at the start of the trial prosecutors said they would proceed with only five, while reducing two counts of corruption to receiving illegal gifts. They said they would apply for the remaining 30 charges to be considered in sentencing.

The gifts Iswaran received, valued at more than \$57,000, included Formula One tickets, wine and whiskey and a luxury bicycle. Prosecutors called for six to seven months in jail. Singapore's ministers are among the world's best-paid.

—Associated Press

## SWITZERLAND Suspected Suicide Leads to Arrests

Police said Tuesday that several people have been detained and a criminal case opened in connection with the suspected death of a person in a "suicide capsule."

The "Sarco" capsule, never used before, appears designed to allow a person reclining inside to push a button that injects nitrogen gas into the sealed chamber, causing the person to fall asleep and die by suffocation in a few minutes. Exit International, an assisted-suicide group based in the Netherlands, said it is behind the 3D-printed device.

Swiss law allows assisted suicide as long as the person takes his or her life with no "external assistance," and those who help the person die don't do so for "any self-serving motive," according to a government website.

A law firm informed prosecutors in Schaffhausen canton that an "assisted suicide" involving the Sarco had taken place Monday in Mervishausen, regional police said.

—Associated Press



Sheep graze in front of solar panels in the Netherlands.

FRANCISCA ANGELA FOR WSJ

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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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## Landlord Settles Unfair Tactics Case

**Invitation Homes to pay \$48 million over security deposits, hidden fees charges**

By WILL PARKER

**Invitation Homes** has agreed to pay \$48 million in a settlement with the Federal Trade Commission, which alleged that one of the country's largest owners of single-family homes engaged in deceptive business practices.

The FTC said Tuesday that Invitation Homes unfairly withheld renters' security deposits, charged them hidden fees and rented out houses in poor condition.

Invitation Homes, which owns some 85,000 rental houses nationwide, has agreed to pay the settlement to the FTC to refund consumers. The agreement must be approved by a federal judge before it can go into effect, the FTC said.

"Invitation Homes believes that its disclosures and practices are industry leading," the

company said in a written statement about the settlement, which it said "contains no admission of wrongdoing."

This is the FTC's first action against a major single-family rental landlord, the commission said. But under Chair Lina Khan, the FTC has stepped up scrutiny of several major industries, including technology, retail, pharmaceuticals and rental housing.

As housing costs have accelerated in recent years, federal and local regulators are evaluating the effects corporate

business practices have on housing markets and renters, including how companies set prices and fees. In August, the Justice Department was joined by eight state attorneys general in suing RealPage, a software company used by some of the country's largest apartment landlords, over an alleged conspiracy to coordinate rent increases nationwide.

The single-family rental industry has faced criticism since it arose after the 2008 financial crisis, when large real-estate investors began buying

up foreclosed homes and turning them into rentals in cities such as Atlanta and Phoenix. Opponents say these large firms often use all-cash offers to outcompete smaller buyers.

More recently, concern over the prevalence of rental landlords in single-family housing markets has prompted legislative proposals, mostly from Democrats, to limit these companies' ability to buy homes.

Institutional owners have countered that their business enables families to rent homes

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**China Threatens To Blacklist Calvin Klein Owner**

By CHUN HAN WONG AND AUSTIN RAMZY

Beijing said it is investigating **PVH**, the owner of Calvin Klein and Tommy Hilfiger, setting up a potential block on the American apparel firm's sales in China just as the U.S. introduces measures to limit Chinese access to its own market.

China's Commerce Ministry said Tuesday that the probe would determine whether PVH is placed on an "unreliable entities list" over allegations that it boycotts cotton products from the Xinjiang region. Being blacklisted would prohibit the company from selling to and buying from China.

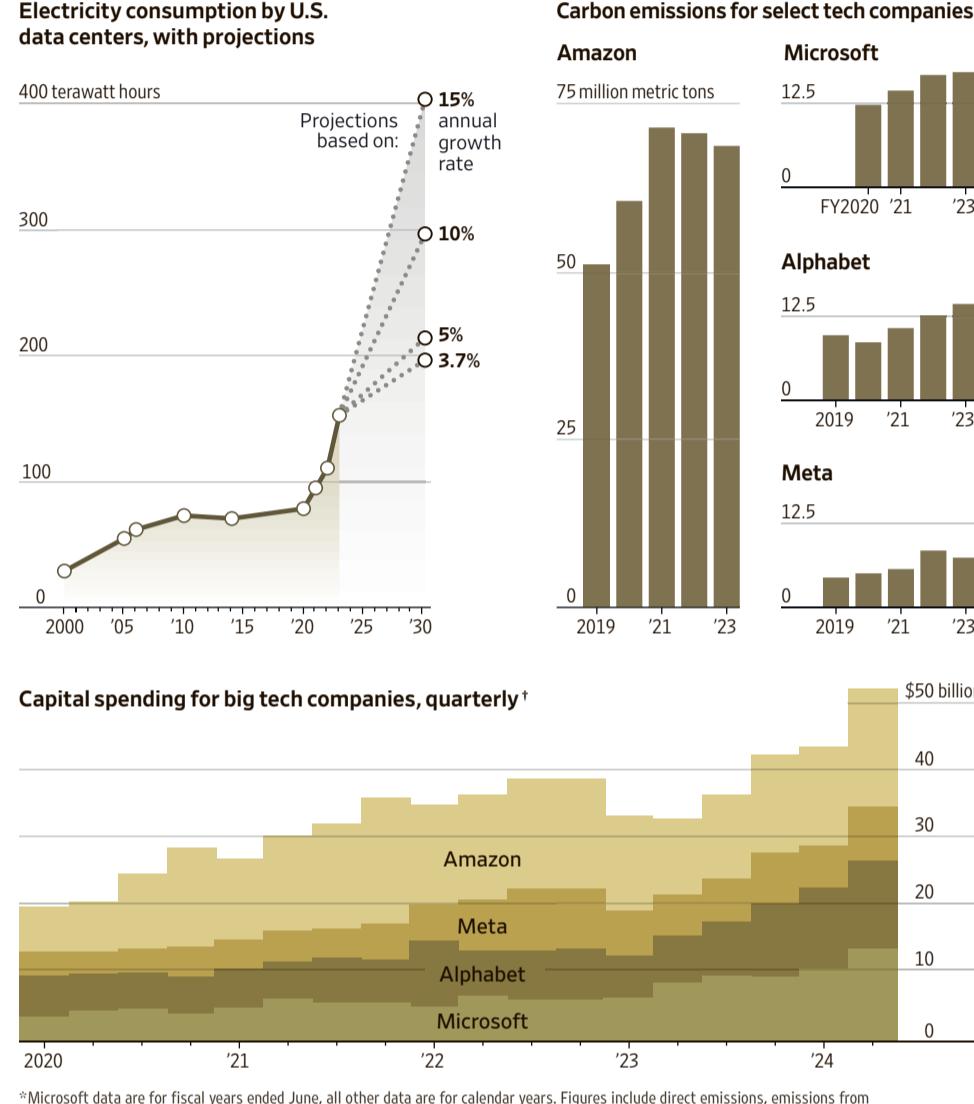
The investigation escalates Beijing's use of its "unreliable entities" tool, previously used against American defense contractors with already limited access to the world's second-largest economy. The move follows steps by the Biden administration to combat what it sees as threats from China in U.S. markets—whether through trade practices or technology.

The U.S. Commerce Department on Monday proposed a ban on the use of Chinese and Russian components in connected vehicles on U.S. roads, while the Biden administration said earlier this month that it would take executive action to limit the use of a trade provision that lets China-founded e-commerce companies such as Temu and Shein more easily ship to the U.S.

Xinjiang is a cotton-producing area where China's ruling Communist Party has carried out a forced-assimilation campaign against Uyghurs and other predominantly Muslim minority groups. Beijing has denied committing any human-rights abuses in Xinjiang, and used a range of diplomatic and economic tools to counter Western-led criticism of its policies in the region.

The U.S. banned imports of cotton products from Xinjiang in 2021 over reports of forced labor. It has also blocked imports from dozens of Chinese textile

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\*Micromax data are for fiscal years ended June, all other data are for calendar years. Figures include direct emissions, emissions from energy use and supply-chain emissions. †Data reflect purchases of property and equipment; data are for calendar quarters.

Sources: Electric Power Research Institute (consumption); the companies (carbon emissions, capital spending)

Slow-growing utilities aim to keep rates low and the lights on while dealing with the physical limitations of an outdated power grid.

Tech companies are already the biggest purchasers of wind and solar power, but it isn't enough to meet the round-the-

clock needs of data centers. A search on a generative AI platform like ChatGPT uses at least 10 times the energy as a standard one on Google. Emissions from the global build-out of data centers between now and 2030 could equal about 40% of the entire U.S. econ-

omy's annual emissions, Morgan Stanley estimates.

The demand is already extending the lives of fossil-fuel power plants and setting back U.S. climate progress and optimism. **Meta Platforms** recently said its emissions last

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## INSIDE



**TECHNOLOGY**  
TikTok will shut down its music streaming service after just two years. **B2**

**BUSINESS NEWS**  
Sportswear maker Puma turns to generative AI for branding efforts. **B3**

## Meta's Smart Ray-Ban Glasses Produce a Silicon Valley Hit

By MEGHAN BOBROWSKY

Mark Zuckerberg has touted virtual-reality headsets as the next big thing. It turns out people may want something simpler: sunglasses with a camera.

Meta's Ray-Ban smart glasses are gaining traction among consumers, who say they like using them to take photos for their friends and family as well as to create content for social media. The excitement comes as interest in the metaverse, an online world accessed via virtual-reality headsets, remains muted.

**Meta Platforms** is expected to preview its latest pair of tech-enabled glasses at its annual developer and hardware conference Wednesday. A Meta spokeswoman declined



Meta is expected to preview its latest tech-enabled glasses at its annual developer conference Wednesday.

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with a camera, microphones and artificial intelligence—went on sale in October 2023. Zuckerberg, Meta's CEO, said demand has been higher than

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PVH has called China an 'important growth engine.'

## Hilfiger Owner Faces China Ban

Continued from page B1  
companies over alleged ties to coercive labor practices.

PVH said in 2020 that it would cease all relationships with any factories or mills that use Xinjiang cotton or produce garments of fabric in the region.

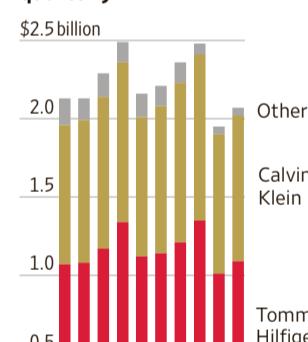
A PVH spokeswoman said the company complies with all laws and regulations in all countries and regions where it operates. She said PVH was in communication with China's Commerce Ministry but declined to comment further.

China's investigation is the latest challenge facing PVH Chief Executive Stefan Larsson. Earlier this year he warned of slowing sales for the apparel giant—sending its shares tumbling 23% in one day.

At the time, Larsson told analysts that China was one of the bright spots. He said it was an "important growth engine" and sales there grew by more than 20% in local currency in the last fiscal year.

PVH doesn't break out country specific sales. For all of Asia Pacific, the company's sales totaled \$1.64 billion in fiscal 2023, or about 18% of its \$9.22 billion in total revenue.

TD Cowen analyst John Ker-



nan estimates that Tommy Hilfiger and Calvin Klein have combined annual sales of between \$575 million to \$700 million in China.

Like other apparel companies, PVH has been shifting production out of China to Vietnam, Cambodia and Bangladesh. Kernan estimates that PVH produces less than 10% of its products in China.

In 2021, H&M was erased from China's Internet over the Swedish clothing brand's decision to stop sourcing from Xinjiang. It was reinstated on popular e-commerce sites 16 months later. China's Commerce Ministry said Tuesday the probe of PVH was prompted by complaints alleging that the company was "boycotting Xinjiang cotton and other products without any factual basis."

## Watch a Video: Mexico Races to Build Route to Compete With the Panama Canal



The Panama Canal isn't as reliable as it once was and Mexico is racing to build a new corridor connecting the Pacific and Atlantic Oceans that would help fill the gap. Scan this code for a video on the project.

## BUSINESS & FINANCE



The short-video giant rolled out the subscription-based music-streaming platform in July of last year.

## TikTok to Shut Down Short-Lived Music-Streaming Service Nov. 28

By GARETH VIPERS  
AND SHERRY QIN

TikTok is closing its music service, just two years after parent company **ByteDance** set its sights on taking on streaming giants **Spotify** and **Apple Music**.

TikTok Music will close Nov. 28, the company said Tuesday on its website.

"TikTok Music account information and personal data will be automatically deleted following the closure of TikTok Music," it said.

Users were advised to transfer playlists to other services no later than Oct. 28.

"We will be closing TikTok Music at the end of November in order to focus on our goal of furthering TikTok's role in driving even greater music listening and value on music streaming services, for the benefit of artists, songwriters and the industry," said Ole Obermann, the company's global head of music business development.

TikTok Music will close Nov. 28, the company said Tuesday on its website.

TikTok Music account information and personal data will be automatically deleted following the closure of TikTok Music," it said.

Users were advised to transfer playlists to other services no later than Oct. 28.

The short-video giant rolled out the subscription-based music-streaming platform in July of last year in Indonesia and Brazil, and then expanded to Australia, Mexico and Singapore weeks after.

Billions of TikTok videos have been credited with catapulting new artists and creating hit songs, which has led to clashes with record labels.

In February, **Universal Music Group** pulled its artists' music from TikTok in a disagreement about whether musicians were paid fairly for their work appearing on the app.

The bust-up, which resulted in videos across TikTok appearing without audio, highlighted the growing importance of social-media companies for the music industry.

Billions of TikTok videos have been credited with catapulting new artists and creating hit songs, which has led to clashes with record labels.

The companies reached a deal in May to return Universal's music to the platform while increasing artist royalties and broadening artificial-intelligence protections.

## Big Tech Seeks Clean Energy

Continued from page B1  
year were about 70% above 2019 levels. Microsoft's jumped 40% in the three-year period through June 2023. Google's surged nearly 50% in the four years through December.

The increases come a few years after the companies pledged to slash emissions and show how hard it will be for businesses to make progress on their climate goals.

One potential solution is taking shape in Nevada. Under a proposed new rate structure, a utility owned by Warren Buffett's **Berkshire Hathaway** would buy electricity from geothermal startup Fervo Energy, which drills wells to generate power using heat from under the earth's surface.

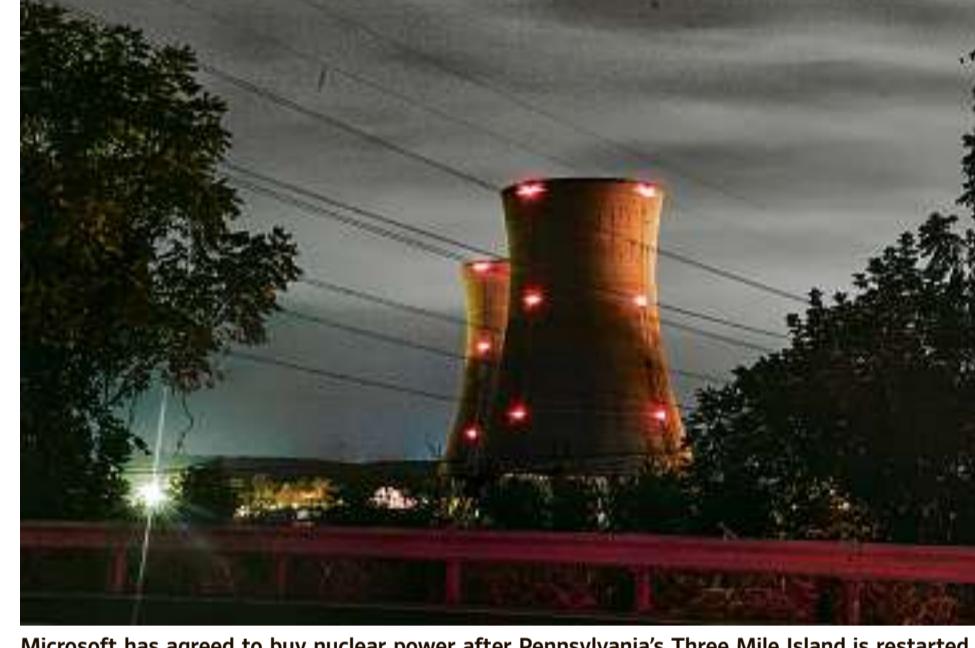
Google then would pay a set rate that would cover the difference between the cost of the power and the lower-cost source the utility would have used otherwise. The company would get green energy to help power nearby data centers, as well as more certainty about electricity costs. "We're hoping to replicate it throughout the U.S.," said Amanda Peterson Corio, global head of data center energy at Google.

A similar rate structure is being proposed in the Carolinas. Tech companies and steelmaker **Nucor** would pay higher rates that would help lower Duke Energy's long-term costs and accelerate the development of technologies such as small nuclear reactors, as well as efforts on long-duration power storage. Getting regulatory approval to pay for such projects only with ratepayer money is difficult.

Meta recently announced a partnership with a startup to develop geothermal power projects, which are largely in the West and Hawaii, in the eastern half of the U.S.

New power sources are starting to be included in utility planning but aren't expected to start producing power on a large scale for many years.

Tech companies are increasingly looking to nuclear to meet their huge clean-power needs. Microsoft has agreed to buy power for 20 years after **Constellation En-**



Microsoft has agreed to buy nuclear power after Pennsylvania's Three Mile Island is restarted.

MATTHEW HATCHER/GETTY IMAGES



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## BUSINESS NEWS

# Puma Turns to AI to Improve Its Brand

Sportswear maker hopes technology will help it build better customer ties

By ISABELLE BOUSQUETTE

German sportswear maker **Puma** is tapping generative artificial intelligence for its branding and online sales efforts, part of an expanded partnership with Google Cloud, the company said.

Puma said it deployed Google Cloud's Imagen 2 model to help it craft personalized website images corresponding to the locations of some online shoppers. For example, shoppers in Japan may see an image of trail running shoes on the foothills of Mount Fuji, the company said.

Google Cloud Chief Executive Thomas Kurian said the tool is able to create a relevant image in several minutes, whereas the traditional process of conducting a photo shoot would require several days.

"It is truly more than an order of magnitude reduction," Kurian said. Puma declined to share specific numbers, but Kurian said, "On average what we see, it's more than a 10 times speedup."

Puma CEO Arne Freundt said he sees these generative AI-driven personalization capabilities as less about cost saving and more as key to building up Puma's brand in areas like the U.S. and China, where it historically hasn't been as strong a competitor. Right now Imagen 2 is simply personalizing based on geography, but in the future it could do so based on age and individual sport preferences, he said.

Since deploying the tool, Puma has seen improved click-through rates by 10% in India, but it declined to share results of other markets.

"We need to be more clearly anchored as a true high-performance, innovative sports brand in the consumer's mindset," Freundt said.

Puma's AI push comes as the company and competitors such as **Nike** and **Under Armour** face increased competi-



Arne Freundt, CEO of Puma, at the ceremony marking the 75th anniversary of sporting-goods manufacturer.

tion from upstarts like **Deckers**-owned **HOKA** and **On Holding**, which have been able to build strong brands and show they have pricing power, said John Kernan, a research analyst covering the retail and consumer brands sector at TD Cowen.

Puma also has a smaller direct-to-consumer business than its peers—76% of its sales are wholesale—meaning it has not only less pricing power, but less of a direct relationship with its end customers and less data on them, since retailers rarely share significant information, Kernan said.

Like other companies looking to collect and analyze valuable customer information, Puma has leaned heavily on its digital business. In March, the company announced its initial partnership with Google, which included moving Puma's e-commerce site onto Google Cloud's infrastructure and leveraging some of Google's data and analytics tools.

Puma in August trimmed its earnings outlook toward the lower end of its guidance range. In addition to higher freight costs and duties, Puma said subdued consumer sentiment, particularly in China,

prompted the change in outlook.

The new guidance came with results for the second quarter, when sales fell 0.2% in reported terms to €2.12 billion, equivalent to roughly \$2.36 billion. Net profit dropped by nearly 24% to

€41.9 million.

Brands that sell primarily through third-party retailers have struggled for years to learn about their customers, said Brendan Witcher, vice president, principal analyst at research firm Forrester Re-

search. By offering consumers better, more-personalized online experiences, they also are motivating customers to share information like an email address with them and even make a purchase.

Even small changes, like the



Note: €1 = \$1.11  
Sources: S&P Capital IQ; the company

geographically personalized website imagery on Puma's website, can make a difference in terms of starting a dialogue with a customer, Witcher said.

"We are triggered very quickly by very small things," he said. He added that using generative AI to build more personalized experiences at scale is a long journey, and we're only in the early innings. "Nobody is doing full-on gen AI. We're not there yet."

## Roche Slims Down Its Pharma Pipeline

By HELENA SMOLAK

**Roche Holding** is narrowing the diseases it targets with its pharmaceutical research and development activities, betting on a slimmed-down approach as it pushes into the market for weight-loss drugs.

The Swiss pharma giant is trying to establish a presence in the increasingly crowded obesity field and expand in therapeutic areas such as ophthalmology, in an attempt to turn a page on past setbacks with drug candidates for Alzheimer's disease and lung cancer.

Roche is narrowing the pipeline to 11 disease areas and continuing to invest in a targeted way, said

Teresa Graham, chief executive of Roche's pharma division, in an interview with The Wall Street Journal.

"We did a very thorough scrub of our portfolio and we've cut about 25% of our pipeline," Graham said.

Roche will provide more details about its group and pharma strategy at an investor event on Sept. 30. The company is seeking closer alignment between its pharmaceutical and diagnostics divisions.

At the top of investors' minds is Roche's nascent weight-loss franchise. Investors have been closely watching Roche's efforts to develop obesity drugs, with recent results of early-stage clinical trials triggering big swings in the company's shares.

The company entered the race to compete in the booming obesity market, currently dominated by **Novo Nordisk** and **Eli Lilly**, through its \$3 billion-plus acquisition of Carmot Therap-

eutics. The deal gave it access to drug candidates to treat obesity and diabetes in both injectable and oral formulations, and Roche sees potential for combinations with its cardiovascular and metabolic assets.

Roche's pharma division CEO said she doesn't consider the obesity drug candidates as having introduced too much risk into its portfolio, adding that the company needs to take calculated risks to move forward with the drugs it believes have the most potential.

"We don't want the next 'me too.' What we really want to aim for are drugs that are going to be best in disease that are fundamentally going to change how care is delivered and change the standard of care," Graham said. "You don't do that without taking a certain level of risk but what we want to do is take smart risks."

High-profile failures of some of Roche's drug candidates in recent years led some analysts to question the productivity of its R&D activities. Roche's R&D core investments amounted to 13.24 billion Swiss francs, or about \$15.62 billion, last year, making the company the second-biggest R&D spender in the industry behind **Merck & Co.**, according to Visible Alpha data.

However, outside of obesity, Roche's late-stage pipeline has limited star drugs that could boost the company's shares, analysts at Berenberg said in a recent research note.

With its new approach, the company aims to benefit more from synergies between its pharma and diagnostics operations, and the two divisions have begun collaborating more closely, Graham said.

**The company is pushing into the hot market for weight-loss treatments.**

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Smartsheet shares climbed 6.5% in Tuesday's trading.

## Smart Glasses Are Big Hit

*Continued from page B1*  
expected. EssilorLuxottica didn't respond to requests for comment.

"They did a really good job of boiling it down to the things that it's supposed to do really well," said Ben Taft, a tech entrepreneur who sold his augmented-reality startup, Mira, to Apple. "For the early adopters like me who seek that experience, it's a really robust piece of technology."

The surprise excitement contrasts sharply with the tepid interest that greeted the first generation of glasses in 2021. Meta sold about 300,000 pairs in 18 months, and less than 10% of purchases were still being actively used two years later.

The company hasn't disclosed sales figures for the more recent iteration of the glasses, but Meta has shipped more than 700,000 pairs, according to data provider IDC. Shipments more than doubled from the first to second quarter this year.

Meta still shipped more mixed-reality Quest 3 headsets than Ray-Bans in the most recent quarter.

But analysts such as Bernstein's Mark Shmulik see that changing soon. He forecasts that the glasses will be a holiday hit.

In an interview this month with the hosts of the business podcast "Acquired," Zuckerberg said he thinks the market for smart glasses is massive.

"If all we get is all the people in the world wearing glasses upgrading to glasses that have AI in them, then this is already going to be one of the most successful products in the history of the world," he said.

Meta might also be finding an interested user base among creators, who use its Instagram and Facebook apps.

There are more than 50 million content creators globally who post videos online to make money, according to Goldman Sachs.

"They really did put a lot of effort into reaching out to creators and getting them to try out the product," said Jitesh Ubrani, an analyst at IDC. "That's really what drove the success of the second generation."

### Videos key, not AI

Christopher Söderberg, a freelance consultant for influencers who lives in Stockholm, bought the smart glasses in May. He said they helped him kick-start his own influencer career.

Söderberg films videos for social media of himself interviewing people on the streets of Stockholm. Before he bought the glasses, he said he asked his brother to go with him to film the interactions, but his brother was too busy.

Now, Söderberg said, he can film the videos himself seamlessly and walk up to people in a way that is less intimidating while still letting them know he's recording.

To record with the glasses, Meta Ray-Ban users press a button to start a 30-second, 60-second or three-minute video. A white light stays on for the duration of the recording.

"It's a game changer," said the 36-year-old. Söderberg has since made more than 20 videos with the glasses. The first one has upward of two million views.

Lindsey Witmer Collins, a mom of two young children who owns a software studio in San Francisco, said she recently bought the smart glasses to be able to capture more videos of her 6-year-old and 3-year-old.

"I wasn't really sold on the first glasses," the 38-year-old said. "It wasn't until I realized how much I wanted these videos of my kids that I got them."

She said she has used the glasses to take videos of her children in moments where she wouldn't have enough time to whip out her phone or want to—such as a recent instance

**Blackstone, Vista Equity Partners to acquire the company for \$56.50 a share**

By DEAN SEAL

**Smartsheet** has agreed to be acquired and taken private by **Blackstone** and **Vista Eq-**

**uity Partners** in an all-cash transaction valued at about \$8.4 billion.

Under the terms of the deal, Blackstone and Vista Equity would acquire the work-management software company for \$56.50 a share, a premium to Monday's closing price of \$52.09. Smartsheet shares climbed 6.5% to \$55.46 in Tuesday's trading.

The acquisition agreement includes a 45-day "go-shop" provision that allows Smartsheet to solicit competing bids. The period ends on Nov. 8.

The deal is expected to close in the fourth quarter of Smartsheet's fiscal 2025, which ends on Jan. 31. Smartsheet's board has unanimously approved the acquisition and

recommends that shareholders vote in favor of it.

If the transaction is completed, Smartsheet would become a privately owned company and its shares would be taken off the market.

Reuters first reported last week that Vista Equity and Blackstone were in advanced talks for an acquisition of Smartsheet.



Mark Zuckerberg thinks the market for smart glasses is huge.

have more technical capabilities than Meta's Ray-Bans, including a display and the ability to simultaneously experience AR with other users.

Amazon sells a pair of smart glasses called Echo Frames that has received little fanfare, and Google years ago launched a glasses product called Google Glass that has since been shut down several times, in part over privacy concerns.

Google intends to re-enter the market. EssilorLuxottica Chief Executive Francesco Milner said in July that the company had seen interest from Google and other tech companies in exploring partnerships.

Meta, meanwhile, has taken steps to strengthen its own partnership with the eyewear giant that owns brands Oakley, LensCrafters and Supreme in addition to Ray-Ban.

In July, The Wall Street Journal reported that Meta was in talks to buy a 5% stake in EssilorLuxottica. The status of those talks couldn't be learned. EssilorLuxottica last week said it had struck a new long-term agreement with Meta to work on developing smart glasses into the next decade.

"I think what you're going to end up with is just a whole series of different potential glasses products at different price points with different levels of technology in them," Zuckerberg said recently.

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Saudi Arabia has entered a new dawn of industrialization spurred by the government's Vision 2030 program, a social and industrial blueprint meant to halt the country's reliance on oil revenue, position the country as a hub for international investment and heighten opportunities for its citizens. According to the International Monetary Fund, the nation's economic growth is expected to rise to 4.5% in 2025 up from a projected 1.7% rise in 2024 due to the nation's continued focus on improving good governance, investment efficiency and digitization. While the giant national initiative has set the groundwork, the most vital shift has been a rallying of the private sector and the creation of national champions that are set to take the nation well beyond 2030.

Saudi Arabia's larger private players have firmly latched on to its diversification strategy, with large strides made to advance tourism and entertainment, unlock Saudi Arabia's extractives sector, construct advanced infrastructure and broaden its financial services industry. Saudi Arabia's Minister of Investment Khalid A. Al-Falih recently announced that the contribution of non-state enterprises to the gross domestic product is expected to rise to 65% by the end of the decade, representing a 300% increase from when the



## SAUDI ARABIA

### Blooming Entrepreneurship

## Saudi Equities: Pioneering Growth in a Transforming Market

Listing on the Saudi Stock Exchange (Tadawul) has become a strategic move for companies seeking to enhance their market presence and financial performance. Saudi Arabia's listed entities are seeing increased earnings due to increased investor confidence, improved access to capital and heightened visibility in the market. Major Saudi Arabian companies now listed on Tadawul include local energy giant Saudi Aramco, the world's largest Islamic financial institution Al Rajhi Bank, chemicals manufacturing frontrunner Saudi Basic Industries Corporation and the country's leading mining player Ma'aden. Listing of the country's major players is part of Saudi Arabia's privatization campaign under its current national blueprint. "The country has undergone a significant transformation under the Vision 2030 program, which is made up of various programs to support its achievement. The key to any successful transformation is clarity on what needs to be achieved," said Othman AlKassabi, CEO, Company for Cooperative Insurance (Tawuniya). As of the end of Q1 2024, Tadawul had 234 listed companies, with 85 on the parallel market.

Strong growth is evidenced through the rise of the country's new national champions. Dr. Sulaiman Al Habib Medical Group (HMG) was listed on the Saudi Stock Exchange in 2020 and has since seen

a four-fold increase in share price. The company is now the largest medical provider in Saudi Arabia and the Middle East region and third largest in the world. Faisal Al Nassar, President and CEO of HMG, points out the impact of privatization on growth of the local market: "In the past, the public sector's spending on capex resulted in a slow implementation when developing sectors. We are now seeing a huge move towards the government lowering its capex and looking to the private sector to bridge the gap and speed up development." Additionally, Tawuniya was an early joiner to the Tadawul, having been listed since 2005 and is now the largest insurance entity in the Middle East and

*"The key to any successful transformation is clarity on what needs to be achieved."*

Othman AlKassabi  
CEO, Tawuniya

North Africa region. The company's leader points to privatization and listing on the Saudi Stock Exchange as not only beneficial, but as a developer for sectors such as insurance: "Government privatization efforts have also expanded the addressable market as private entities require mandatory insurance."

Vision 2030 program was launched in 2016. Inclusion of the private sector has also triggered a move to increase transparency in the market, with Saudi Arabia's Minister of Economy and Planning Faisal F. Alibrahim signing an agreement with the Organisation for Economic Co-operation and Development for cooperation in creating public policy related to corporate governance and other development factors at the annual World Economic Forum meeting in January 2024.

Alongside the growth of Saudi Arabia's national champions, the Kingdom is also experiencing an entrepreneurial revolution, highlighted by it placing third in the world in the Global Entrepreneurship Monitor ranking for 2023-2024. According to the report, Saudi Arabia is seeing a large percentage of new startups in advanced technological fields such as artificial intelligence and fintech and environmental sustainability led in part by the nation's giant incubators such as KAUST Innovation Fund and Riyadh Techstars. In the last decade, up-and-coming Saudi Arabian companies have attracted \$3.3 billion in capital venture funding. The country now leads the Middle East and North Africa region in terms of venture capital, accounting for 54% of all startup investments in the first half of 2024 compared to only 38% in the first half of 2023.

## Skyscraping Ambitions With Riyadh's Renewed Urban Center

Gautam Sashittal, CEO, King Abdullah Financial District Development and Management Company, talks about the revitalization of Riyadh's downtown core into a multi-asset and business and lifestyle hub as a crucial and emblematic piece in Saudi Arabia's current cultural and economic revolution

Eyes around the world are turning to Saudi Arabia as the bulk of its giant Vision 2030 initiative developments make headway. Chief among these projects is the redevelopment of the King Abdullah Financial District (KAFD), Riyadh's premier financial district designed by 25 world-renowned architects. The 395-acre plot consists of 95 modern edifices including its 65 colossal towers. The zone is now one of the most sought-after business addresses in the region, with easy access to more than 40 markets within four hours, over 40% of the world's gross domestic product in six hours and more than half of the world's population in seven hours. Under new ownership by the Public Investment Fund (PIF) in 2018, the district has undergone a successful metamorphosis into an omni-functional smart and sustainable city and a symbol of the new Saudi Arabia. The new concept targets the five following segments as key constructs of modern urban life: work, personal space, shopping, entertainment and hospitality. "KAFD provides more than just a business advantage and a place to establish business operations; KAFD offers something more profound – a place to call home," said Gautam Sashittal, CEO of KAFD. The revitalized city center is seen as a key step

towards the government's targets of raising Saudi Arabia's rankings to 10 in the world's social capital index, growing Riyadh's population from 7.5 million in 2022 to between 15 million and 20 million by 2030 and ranking the urban center as one of the world's top ten cities.

The neighborhood contains the capital's iconic Financial Plaza surrounded by six towers, including SEDCO Holding's offices, with its three-dimensional decorative façade inspired by Islamic architecture, and the Public Investment Fund Tower, the tallest skyscraper in Riyadh. It also contains Saudi Arabia's avant-garde after-work venues, including London's Mediterranean-meets-California A.O.K. Kitchen and Italian gourmet eatery Il Baretto. "Our ultimate goal is to make KAFD a twenty-four-seven district, one that never sleeps," said Sashittal. "Residents will have access to everything they need." Included is a full social calendar in line with Saudi Arabia's pledge to commit \$64 billion to catalyze the nation as a global entertainment hub, including sporting competitions, food festivals, Riyadh's weekly Thursday-night social MDLBeast and fashion shows. To meet growing demand for business events, the KAFD Conference Center spans 33,500 square yards and features a giant multi-use event hall. The district is also set up to support and incubate small and medium-sized enterprises through its dedicated state-of-the-art infrastructure and connectivity to the country's largest entrepreneurial support entities.

*Continues on page -4.*

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# Leaders in Their Field

**Saudi Arabia's latest economic vision is now being led by female leaders who are breaking down barriers and putting their own version of what their nation can become into reality**

One of the largest forces behind Saudi Arabia's current success is an early focus on driving diversity and inclusivity under the Vision 2030 initiative, not only in looking towards new ideas and sectors but in leveling the playing field for gender equality and participation in the market.



*"I am honored to have left a legacy of inspiration, which has been inwardly inspiring."*

**Amal Dhokan**  
General Partner, 500 Global MENA

The country is now surpassing other markets around the world in inclusion of women in the workplace. In 2021, Saudi Arabia achieved the third-highest global percentage of women entering entrepreneurial roles and had well outstripped the average participation of European women in tech jobs of 17% with a rate of 28%. "One of Vision 2030's targets is to have 30% of the workforce being women, and I believe we are at 47% today," said Amal Dhokan, one of Saudi Arabia's most well-known business figures and current partner for 500 Global. "The sense of pride in what we have achieved is contagious." Countless female trailblazers are now making a name for themselves in all walks of business, from investment, art, sports and entrepreneurialism.

One such leader is Amal Dhokan, who began her

career as a children's teacher and found her calling as one of the earliest drivers of entrepreneurialism during her time at King Abdullah University of Science and Technology where she was a key developer of the school's initial startup platforms. She sees her initial decade-long work in education as being a key building block for her later successes in promoting new businesses: "Entrepreneurs are no different than students in that they are curious and want to break rules. They identify, observe and want to be involved in the creative process. They want to make a mess and understand how to rebuild things together." In 2021, Dhokan was announced as partner of 500 Global, a venture capitalist entity that manages around \$2.4 billion in assets and is focused on driving tech-related startups. At the time, she was the first female to fulfill a general partner role within Saudi Arabia. "I have had people call me the grandma of entrepreneurship in Saudi Arabia as one of the first women that ever spoke publicly about it in the early days," said Dhokan. "I am honored to have left a legacy of inspiration, which has been inwardly inspiring."

Another recognized leader is the famous Mashael Al Obaidan, one of the nation's top female pro rally drivers and the first woman to obtain a rally license in Saudi Arabia. Al Obaidan made news by her initial participation in the Dakar Rally in 2022, coming in seventeenth place in the four-wheel side-by-side category. "I felt proud to represent my country in the toughest rally in the world, knowing that the percentage of women participating does not exceed 5%," she said. "Around 50% of competitors drop in the first week." Sports is a major focus in the government's Vision 2030 initiative, under which the Dakar Rally was brought to the nation in 2020 and the popular Saudi Arabian Grand Prix was created in 2021. "The sport sector is one of the strongest booming sectors in Saudi Arabia; it is engraved in Vision 2030," said Al Obaidan. "Saudi's major investments in motorsports shows how keen we are on developing it globally." The athlete also

participates in sports beyond rally driving such as scuba diving, free diving and most recently being a pilot at Saudi Arabia's first-ever E1 boat race in February 2024.

As Saudi Arabia expands its focus beyond business towards updating its cultural lens, other prominent female front-runners are leading the

opportunities for professions within the sector is enormous, including logistics, insurance, installations, productions and scenography. Growth of the art sector will help to diversify the economy while enhancing the development of a more creative economy."

All three women are using their leadership roles to



*"I aim to show the global audience who the Saudi women are today, the sectors we are leading in, our global achievements and what lies beyond."*

**Mashael Al Obaidan**  
International Pro Rally Driver

charge in reframing Saudi Arabia as a center for the arts. Raneem Farsi established the art consultancy Raneem Farsi Art Advisory – now AR Art Advisory – in 2011 after returning from her master's degree at Sotheby's Institute of Art. The artist won high acclaim as co-curator of the first Desert X project at the scenic city of Al'Ula in 2020, a giant open-air art festival featuring 14 artists mixing landscape and art. She also curated the public program for the first edition of the high-profile Diriyah Contemporary Art Biennale in 2021.

*"Engaging with the public and allowing accessibility to everyone is a priority."*

**Raneem Farsi**  
Art Curator &  
Founder, AR Art



inspire the next generation of female business leaders. Dhokan has taken her role as a torchbearer for female participation seriously both personally and in her work. "As women we often build limitations. It is important that we step outside our limitations and take what we can instead of waiting for it to be offered," she said. She now works on building positive connections for women in angel investing and business through online lecture series and through her work at 500 Global. As a celebrated sports figure,

Al Obaidan is also active in showcasing the powerful participation of women in Saudi Arabia, including speaking at the Future Investment Initiative in 2023. "I aim to show the global audience who the Saudi women are today, the sectors we are leading in, our global achievements and what lies beyond. Most importantly, I want to talk to the younger population to ignite their passions and push them to pursue their dreams."

For her part, Farsi sees her work in the art world helping others express themselves as pushing boundaries. "Art is a soft power in the sense that it is the biggest driver of unity," she said. "Engaging with the public and allowing accessibility to everyone is a priority."

The artist and businesswoman is an avid promoter of other artists, including holding a seat on the board of the Saudi Art Council in Jeddah. Farsi underlines the potential for the local art world in building Saudi Arabia's economy. "From a purely economic angle, the number of



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# Unlocking Billions: Saudi Arabia's Capital Markets Transformation



Saudi Arabia's capital market is undergoing rapid transformation, fueled by ambitious reforms and an increasing demand for foreign investment. In 2021, the country unveiled its National Investment Strategy, aiming to inject \$3.3 trillion into its economy by 2030, which includes using the Saudi Stock Exchange (Tadawul) as a key contributor. Muhammad Elkhuwaiz, chairman of the Capital Market Authority (CMA), points to the evolution of the Saudi capital market as a lynchpin in transforming the country's financial services sector. "Historically, the sector has been profoundly underutilized and underappreciated mainly because it was not viewed as an economic sector but rather as a public utility." The government now plans to leverage the stock exchange as a central component of its Financial Sector Development Program, which aims to reach over \$935 billion in banking assets and achieve an over 80% increase in the market value of Tadawul as a percentage of the nation's GDP – excluding the impact of Saudi Aramco – by 2030. Investment bank Goldman Sachs anticipates that approximately \$1 trillion of anticipated investments could be allocated between 2024 and 2030 to develop sectors such as clean technology, metals and mining, and transport and logistics. "The positive sentiment around the Saudi economy, government reforms and the diversification of the economy under Vision 2030 along with a focus on sustainable public spending and infrastructure development collectively contribute to a favorable investment environment," said Salam AlKhunaizi, CEO of BSF Capital. "It is possible that these trends will continue for Saudi Arabia in the medium and long term."

Tadawul was established in 2007 as the exclusive entity authorized to function as the securities exchange in Saudi Arabia. This development was part of a broader initiative to modernize the nation's financial sector, which also included the launch of the CMA in 2003 to regulate and oversee the market. The stock exchange has grown significantly since joining

*"Historically, the sector has been profoundly underutilized and underappreciated mainly because it was not viewed as an economic sector but rather as a public utility."*

**H.E. Dr. Muhammad Elkhuwaiz**  
Chairman, CMA



Salam AlKhunaizi, CEO of BSF Capital, points to technological advances made by the CMA: "The introduction of advanced trading systems and platforms has improved the efficiency and accessibility of the Saudi market and made it easier for investors to trade and manage their portfolios." The CMA is currently working on enhancing the role of the stock market and equity

rights, developing the sukuk and debt instrument market, enabling growth of the asset management industry, enhancing capital market

*"The introduction of advanced trading systems and platforms has improved the efficiency and accessibility of the Saudi market."*

**Salam AlKhunaizi**  
CEO, BSF Capital

Gulf Cooperation Council region were done on Tadawul, including \$764 million raised by local healthcare services provider Dr. Soliman Abdel Kader Fakieh Hospital Company and \$224 million raised by insurance and financial services technology entity Rasan Information Technology Company. Ali Almansour, managing director and CEO of the local banking investment powerhouse SAB Invest, sees the privatization of companies and an increase in listings as key in attracting investment: "The opening of the market to more investor segments and the increase in IPOs have brought new liquidity and extended the universe of investable securities."

brought new liquidity and extended the universe of investable securities."

Saudi Arabia's Vision 2030 initiative aims to boost annual foreign direct investment inflows to \$100 billion and elevate foreign direct investment to 5.7% of GDP by 2030. A portion of this target is anticipated to be achieved through enhanced international participation in the nation's stock exchange, which has increased more than fourfold since 2018. In Q3 2023, foreign ownership in the local capital market reached \$112 billion, up from \$19.2 billion at the end of 2016. In August 2024, the Kingdom introduced its New Investment Law designed to level the playing field for both Saudi and non-Saudi investors. This new law replaces the existing Foreign Investment Law and includes key changes such as eliminating the requirement for foreign investment licenses in favor of an investment registration system managed by the Ministry of Investment. The legislation also enhances investor rights by providing safeguards against expropriation, protecting intellectual property and facilitating dispute resolution for all investors, regardless of nationality.



*"The opening of the market to more investor segments and the increase in IPOs have brought new liquidity and extended the universe of investable securities."*

**Ali Almansour**  
CEO, SAB Invest

large number of expected IPOs and privatization of public sectors," said Mazin F. Baghdadi, CEO and managing director of leading asset manager and financial services provider Alinma Investment. SAB Invest's CEO points to key reasons for the attractiveness of Saudi Arabia for foreign investors: "These include growth in spending under the Vision 2030 initiatives, the development of new sectors, new IPO activities, regulatory changes and market openings by the regulator." According to Goldman Sachs, foreign involvement is expected to rise to 3.4% of the Saudi Arabian gross domestic product by 2025 and 5.7% by 2030.

## The Power and Potential of Data Centers in Saudi Arabia: A Success Story in Progress

Saudi Arabia is rapidly emerging as a regional leader in data center investments, driven by the rising demand for digital services and technologies like artificial intelligence, cloud computing, and IoT. In alignment with Vision 2030, the Saudi Data Center Fund 1 was established in 2021 to support the country's digital transformation. This pioneering fund, managed by BSF Capital in collaboration with Al Moammar Information Systems Co. (MIS), aims to capitalize on the early-mover advantage in the Kingdom's nascent data center market.

### A strategic initiative.

Saudi Data Center Fund 1 represents a landmark effort in greenfield development in building and operating multiple hyperscale standard data centers across Saudi Arabia. The fund, with an initial target size of SAR 1.5 billion (\$399 million),

client demand, particularly in Dammam. This ability to scale demonstrates the fund's responsiveness to market needs. A major milestone for the fund is securing long-term leases with international clients for its Dammam sites. The fund is also actively negotiating a strategic partnership with a major entity that will potentially add further scale and expertise to the overall ambitions of the fund. Such a potential partnership highlights the strong market potential and strategic importance of the fund's initiatives.

### Future outlook.

Looking ahead, the Saudi Data Center Fund 1 is well-positioned to continue driving Saudi Arabia's digital infrastructure development. The fund's expansion strategy aims to increase capacity to 120 MW in response to growing demand.



is focused on creating cutting-edge facilities that can support the Kingdom's growing demand for data storage and processing. These centers, located in Riyadh and the Eastern Province, are designed to be scalable and robust, meeting the needs of both private and public sector clients.

### Achievements and progress.

Since its launch, the fund has made significant progress. By mid-2024, four data center sites – three in Dammam and one in Riyadh – are nearing completion with a fifth site being commissioned. The fund has expanded its initial capacity from the originally planned 24 MW to 32 MW to meet rising

Additionally, the fund is exploring opportunities to cater to emerging technologies like artificial intelligence, which are expected to further boost demand for data center services.

With Saudi Arabia's data center market projected to continue growing at a blistering pace, the Saudi Data Center Fund 1 stands at the forefront of the Kingdom's digital revolution, offering unparalleled opportunities for investors and stakeholders alike. As Saudi Arabia continues to solidify its position as a leader in the digital economy, the Saudi Data Center Fund 1 will remain a key player, driving technological advancement and economic growth.

## Navigating Growth: SAB Invest's Strategic Moves

**Ali Almansour**, managing director and CEO, SAB Invest, details the reasons for the investment management company's sharp rise in profits in 2023 and its plans to continue expanding alongside growing demand for investment in Saudi Arabia

As investment markets around the world untighten their purse strings due to lowered inflation and new opportunities, Saudi Arabia is outpacing regional markets in spending and attracting foreign direct investment. In the fourth quarter of 2023, total foreign direct investment into the country stood at around \$19.3 billion, with inflows in the last quarter rising by 16.6% compared to the previous quarter. Additionally, Saudi Arabia's sovereign wealth fund Public Investment Fund swung to profit in the same year, in part due to high returns of around \$25 billion from investment activities. With the market abuzz with activity, the nation's top investment management entities such as SAB Invest are undergoing major transformations to provide their clients with successful links to opportunities. Ali Almansour, managing director and CEO of SAB Invest, remarks on the nation's fast rise as an international investment hub: "From 2019 to 2023, the total assets under management in Saudi Arabia grew by 75%, reaching a value of around \$230 billion, mostly linked to the Vision 2030 reforms. The diversification of sectors beyond petrochemicals and banking to include logistics, healthcare, insurance, pharmaceuticals and real estate has allowed us to build more diversified strategies."

The investment leader pointed to major reforms such as the introduction of a qualified foreign investors program in 2015 and inclusion into international indices in 2019 as key drivers for the current upbeat market. Established in 2008, SAB Invest has grown significantly in the last few years following becoming the investment arm of Saudi Awwal Bank and the bank's fully owned subsidiary in 2022. The company's new five-year growth strategy launched in January 2023 has not only completely transformed the company's ethos but set it on a path of unprecedented growth. A crucial part of the 2027 blueprint is the creation of a real estate & alternatives segment, which is expected to launch products throughout 2024. "The energy since the launch of this strategy is evident. People now have a vision, new targets and new ambitions," said Almansour. "The increase in initial public offering activities – whether from government-owned or family-owned businesses – has created opportunities that local and foreign investors want to participate in." Last year SAB Invest posted a 180% rise in net income to the tune of \$25.7 million. The company added \$3 billion to its assets under management in 2023, representing a growth of 73%. Additionally, the

investment house saw its institutional and ultrahigh net worth client base expand by 35% in the same year. "Given that our business has existed for decades, this kind of growth is extremely encouraging and a great base for our new strategy." In February 2024, the company was recognized as Asset Manager of the Year for 2023 at the Saudi Capital Market's annual award ceremony.

The CEO attributes the company's recent success to its heavy focus on building up and training its workforce to meet the oncoming demands of the market. In 2023, SAB Invest performed more than 345 training courses for its staff and launched its new Graduate Development Program. "We already had very good people working at the company, but we needed to attract more professionals to cover certain gaps. We are fortunate that the that highly



regarded professionals in the industry whom we approached had agreed to join and lead our various businesses," said Almansour. "In investment management, we are essentially selling the talent of our professionals." Moving forward, the company intends to build on its strong performance in 2023 to launch new investment offering and further invests in its digital infrastructure. "We currently only serve around 4% of the Saudi Awwal Bank's client base, and there is significant room to expand within the franchise," said Almansour. "We have a long history in the market, having launched the first Saudi equity mutual fund in the early 1990s, which we still manage today. Our legacy and heritage in investing are strong, and we continue to innovate with new strategies and exposures to different asset classes."

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"We have created an ideal ecosystem that connects, inspires and empowers leaders, changemakers and visionaries," the CEO said. KAFD is now home to more than 33 industry giants such as American pharmaceuticals player Pfizer, consulting firms Roland Berger, Alvarez & Marsal and Deloitte and multinational insurance entity Bupa alongside Saudi Arabia's Saudi Aramco and lead financial players such as PIF, the Saudi Central Bank and Capital Markets Authority.

Since it took over, PIF has been instrumental in transforming the financial district into its new forward vision and passing its latest milestones. The national sovereign wealth fund is currently

*"We are transforming this district into a cognitive city; we're creating an environment where buildings, people, work and mobility come together seamlessly through data analytics."*

**Gautam Sashittal**  
CEO, KAFD

worth around \$650 billion and is one of the largest funders of the Vision 2030 program. "PIF's vast network and influence in the region have opened doors to some incredible partnerships and collaborations," said Sashittal. In May 2023, KAFD signed a partnership with one of the world's largest hotel groups, IHG Hotels & Resorts, to bring its Kimpton brand luxury hotel to the city that is currently set to open in June 2024. In September 2023, KAFD also signed up with international telecommunications technology provider Orange Business to build, design and run a smart city platform alongside Hong-Kong based artificial intelligence leader SenseTime. "We are transforming this district into a cognitive city; we're creating an environment where buildings, people, work and mobility come together seamlessly through data analytics," said Sashittal.

At the core of the KAFD development is a focus on creating one of the world's most sustainable neighborhoods. Key amongst its sustainable features is its reinvented mobility. A total of 40 climate-controlled sky bridges have been constructed to connect all towers, encourage pedestrian connectivity and decrease outside traffic. Additionally, the company plans on building a 2.24-mile monorail that will be driverless and run solely on electricity. Outside of innovating transportation, KAFD has installed a system to recycle water in the district for irrigation and surplus supply for the city, with new buildings 20-30% more water efficient than traditional structures. Another innovation is the

district's waste system, which has cut its reliance on vehicles and instead uses 16 public bins and 160 waste inlets that attach to the city's waste centers through a 13-mile network of underground vacuum pipes. On top of solar panels lining its towers, KAFD is currently looking into the use of solar heat reflective coating on building surfaces and concrete to further reduce heat.

For its green efforts, KAFD has received the Leadership in Energy and Environmental Design or LEED stage two platinum certification from the non-profit U.S. Green Building Council, making it the largest mixed-use financial center in the world



to receive the highest possible accreditation for sustainable construction. Additionally, more than 40 buildings in the district have achieved silver and gold LEED certifications. "We are guided by the United Nation's Sustainable Development Goals and environmental, social and corporate governance principles to minimize our environmental footprint, whether through our energy-efficient heating, ventilation and air conditioning systems, water-saving initiatives, eco-conscious design elements or greenification. We are creating healthier and more efficient spaces for our tenants and residents," said Sashittal. Notably, the company is making strides to make the city a green paradise in what the CEO calls its "green spine", with around 400 palm trees, 3,480 canopy trees, over 130,000 shrubs and more than 220,000 ground-cover plants rooted in 2022 in addition to the city's more than 4,780 square yards of lawn.

While much has been done, the project to create a vibrant multi-asset destination is far from finished, with targets to house between 80,000 and 100,000 residents and workers by the end of 2025. As of November 2023, the district had nine projects in design or under construction with only 40% of KAFD's land bank already developed. "KAFD was conceived to take the economy of Riyadh to new heights. Today, it is well-positioned to become a first-choice destination that will drive economic growth and create employment," said Sashittal. "There is much more to come as we shape KAFD to become a vivid, authentic glimpse of what the future looks like for Saudi Arabia under Vision 2030."

## More Than a Contractor: AlRawaf Contracting, a Partner in All Endeavors

**Khalid Ibrahim AlRawaf, CEO, AlRawaf Contracting, highlights the slew of new opportunities available in the Saudi Arabian market due to the government's diversification efforts and the company's role as a leader in corporate transformation**

Saudi Arabia's Vision 2030 economic development plan has instigated a surge in new infrastructure projects, with local construction companies stepping up to the plate to take on this new level of activity. The sector, which is believed to be worth around \$70.3 billion in 2024, is expected to rise in market size by almost 30% to \$91.36 billion by 2029 as new projects are given the green light across the nation. Lead local private players such as AlRawaf Contracting are leaning on their established expertise and market size to develop new capacities and modernize the business ecosystem. The contractor has worked alongside more than 25 different collaborators on more than 160 mega projects, including the Green Riyadh urban forestation development and the 10,200-square-mile NEOM smart city. The construction giant's CEO, Khalid Ibrahim AlRawaf, sees the state's current blueprint as a unifying banner for all



*"It is important for us to emphasize that we are more than a contractor; we are a partner in all endeavors."*

**Khalid Ibrahim AlRawaf**  
CEO, AlRawaf Contracting Co.

entities in Saudi Arabia. "The Vision 2030 strategy encompasses not only state-owned enterprises but has also spearheaded an overarching



alignment across the private sector. Our goal is to ascend to the level of prominent companies that Vision 2030 relies on."

AlRawaf Contracting was established in 1996 as an institution that converted into a public entity in 2000 with a focus on building roads. In the decades that followed, the Buraydah-based company grew rapidly, taking on larger and more complex construction works in Saudi Arabia such as military complexes, telecommunications assets and water facilities, with contracts worth more than \$1 billion. In 2021, the contractor divided its diversified activities through the establishment of Sakif Holding Company, which oversaw the operations of AlRawaf Contracting and the following three sister entities: Rafa Company that works in the hydrocarbons sector with a focus on gas station infrastructure; Telad Real Estate that works on housing alongside Saudi Arabia's Ministry of Housing; and Falcom Industries Company that provides concrete, asphalt and precast building materials by emerging in the mining industry for extracting raw materials necessary to manufacture. "We are now at a stage of trust with private companies, quasi-governmental entities and ministries," said AlRawaf. "We currently focus on solutions for roads, buildings, water and energy, with a workforce primarily specialized in electromechanical and civil engineering."

One of Vision 2030's top priorities is encouraging the employment of local workers under its Saudization program, with a target of having unemployment rates between 4% and 7% by 2030. In the last quarter of 2023, this number declined to an all-time low of 7.7% due to a large upswing in female employees joining the

collaborations – spanning from natural gas projects to water and electrical substations – are not just about executing large-scale projects, they are avenues for technological and knowledge transfer," said the company's chairman. Other private sector leaders such as Khalid Ibrahim AlRawaf, CEO of AlRawaf Contracting Company, also point to cooperation on projects as the impetus for technological advancements: "Regarding emerging technologies, our information technology management team collaborates with companies on projects, thereby benefiting us as contractors in our various project capacities."

A second facet of Saudi Arabia's construction boom is a concentration on sustainability and environmental conservation alongside the private sector's shift towards transparency and good governance, including the use of green building materials and a shift towards green energy, water conservation and advanced waste management. Megaprojects such as the King Abdullah Financial District are now seeing sustainability as not only a factor in the construction of new infrastructure but also as a key attractor for further investment and international participation in completed assets. "Businesses are seeking environmentally



*"The construction sector is undergoing a significant and positive transformation that is expected to continue for the next seven to 10 years."*

**Rashid Saad Al-Rashid**  
Chairman, RTCC

responsible locations to make their operations more efficient and technologically advanced," said Gautam Sashittal, CEO of King Abdullah Financial District Development and Management Company, the 2.7-square-mile real estate project's coordinator. "Our commitment to sustainability and the environment is at the heart of KAFD." Following the capital's new financial district receiving the much-sought-after Leadership in Energy and Environmental Design (LEED) platinum environmental certification in January 2021, other local developers have quickly followed suit, with 1,161 certified LEED projects in the country as of Q3 2023. In June 2024, the Jameel Square project in Jeddah received Saudi Arabia's first LEED gold certification for a commercial building.



integrating new technologies into its operations, but also by staying ahead of the competition in terms of engagement. A specific information technology team has been created to actively sift through up-and-coming digital tools and collaborate with potential partners. "We introduce and attract responsible technology companies, assess their financial viability and future advantages, and then implement them," said AlRawaf. "What is notable here is our steadfast readiness to incorporate new technologies into our work without hesitation due to our innovative and consistently vigilant research team." The company has maintained long-established partnerships with construction technology entities such as Japan's Komatsu and South Korea's Hyundai. At the end of 2023, the company hired the latter equipment provider to boost its fleet of excavators by 100. The new assets will be used to build an underground water pipe connecting the city of Dammam in the Eastern Province to Riyadh.

Moving forward, the AlRawaf Contracting aims to continue taking advantage of fresh prospects in the local market. "Although we have considered moving into international markets, the Kingdom currently has ample opportunities for expansion. We will hold on until we decide the right time," said



AlRawaf. "However, potential alliances with American contracting companies are being considered in the future." The CEO emphasized the company's unique partnership style as paramount in attracting new and greater contracts. "It is important for us to emphasize that we are more than a contractor; we are a partner in all endeavors. The success of each project reflects the success of our clients, which is our main objective."

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# Saudi Arabia Leans on Legacy to Lead Its Future

Anas Saleh Serafi, CEO, AlSalehat Holding, details the company's history as one of the nation's pioneers in diversification and its new role as a leader in Saudi Arabia's modern economic metamorphosis



Saudi Arabia's diversification strategy under its giant Vision 2030 initiative is bearing fruit. The nation hit a watershed year in 2023 on its journey to lose its dependence on fossil fuel revenues, with its non-oil sector reaching 50% of its gross domestic product for the first time with an estimated value of around \$453 billion and growth rate of 4.6%. With its eye on the future, Saudi Arabia is now reaching back to its original pioneers to support its fastest growing sectors such as



*"Our purpose extends far beyond business; it is about building a legacy that future generations will inherit and cherish."*

**Anas Saleh Serafi**  
CEO, AlSalehat Holding

entertainment, hospitality and tourism. Family-run companies such as AlSalehat Holding are now seen as the Kingdom's greatest trailblazers in its modern transformation given their long and historical commitment to diversification. "The

businesses in Saudi Arabia. The company grew rapidly, from its forays into the major real estate developments through Makkah Construction and Development Company established in 1989 to being one of the founders of Sharia-compliant financial institution Albilad Bank launched in 2004. The family now sits on the board of the prominent local financial services entity Taibah Investments. Among AlSalehat Holding's real estate developments are some of Jeddah's largest malls and recreation centers, including the 3.7-acre Serafi Megamall, the 25-acre shopping hall Zahret AlSalehiah and more recently the giant 124-acre Jeddah Park megacomplex. The holding entity has also developed the Nejoud Complex in Jeddah consisting of 43 one-story villas and private amenities. To bolster its development projects, AlSalehat Holding has partnered with family-owned architectural design firm Abnia to conceptualize its state-of-the-art projects. "Abnia provides cutting-edge design and engineering solutions that elevate our projects above conventional offerings," said Serafi. "This integration is crucial as we expand into high-growth areas such as healthcare and hospitality sectors where differentiation through design and technology is key."

Saudi Arabia is currently putting a heavy focus on reorganizing the nation's healthcare services, with plans to invest \$65 billion to launch 21 health clusters across the country by 2030. To this end, AlSalehat Holding recently developed the Makkah Park Clinics center that boasts 20 departments and more than 25 medical consultants. "The decision to expand into healthcare was motivated by the growing demand for quality medical services within Saudi Arabia and our commitment to contributing to the wellbeing of our community." Leaping on its past success, the company is

physical medicine and rehab as its core activity," said Serafi. "We developed a partnership with Johns Hopkins Hospital to create a specialized hospital, and we will partner with Sultan bin Abdulaziz Humanitarian City in Riyadh to operate this much-needed facility."

delivered in 2024.

The Serafi family is also heavily involved in emphasizing the importance of the region's rich cultural heritage through its charitable arm Saleh Serafi Endowment Fund. The organization

currently runs five first-of-their-kind museums in Saudi Arabia, with some being first of their kind in the world. Included in these is the flagship House of Islamic Arts at AlSalehat Holding's Jeddah Park center, which contains more than a thousand exhibitions consisting of architecture, calligraphy, painting, glass, ceramics and textiles, all which reflect the diversity of Islamic society. "Our involvement in arts and culture is driven by a strategy to promote and preserve our cultural heritage while encouraging contemporary artistic expression," said Serafi. In this area, the organization is leaning on its family ties to create

a lasting footprint. "Our upcoming museum will showcase Saudi cultural clothing and jewelry, which is a passion of our mother."

Looking forward, the company is now focused on growing its international ties both by broadening its partnerships with major foreign developers and investing outwards. The CEO recently sat down with a plethora of large investment houses and wealth management entities for possible opportunities abroad. "Our partner selection process is not a mere formality but is rigorously aligned with our strategic vision and operational ethics," said Serafi. "We give priority to partners who have a proven track record of success and include a high level of innovation and sustainability in their operations." The CEO also highlights the company's deep commitment to not only advance economically but enrich the lives of all its projects' participants: "Over the



AlSalehat Holding is also placing a keen focus on the country's nascent hospitality sector as Saudi Arabia gears up to introduce foreign visitors to its offerings under its ambitious tourism strategy. In 2023, the nation welcomed more than 100 million tourists, a 56% rise compared to pre-pandemic levels in 2019 and hitting the country's 2030 milestone target seven years earlier. "Our strategic



movement from our core sectors into emerging markets like healthcare, culture, leisure, tourism and technology is a testament to our adaptability and forward-thinking approach," said Anas Saleh Serafi, CEO of AlSalehat Holding. "Vision 2030 is not just a dream but a real plan that is being realized at a much faster speed than anticipated."

AlSalehat Holding was established by Saudi businessman Sheikh Saleh bin Hamza Serafi in the 1930s as one of the first money exchange



partnerships with global hospitality leaders such as Crowne Plaza and Hyatt Regency have allowed us to capitalize on the influx of both domestic and international tourists, which is expected to increase," said Serafi. "AlSalehat Holding's largest competitive advantage for attracting major hotel chains is the fact that we have a mix-use development that contains hotels, malls, museums and entertainment assets such as cinemas and bowling alleys." The company is not slowing down its contributions to the country's entertainment industry, with Saudi Arabia's largest paddle tennis arena in Jeddah expected to be

past six decades, our journey has been marked by significant achievements, pioneering initiatives and an unwavering dedication to excellence and integrity. Beyond the metrics of success, our true pride lies in our ability to contribute positively to the lives of the people we serve, whether through creating job opportunities, enhancing healthcare accessibility or enriching our cultural heritage. Our purpose extends far beyond business; it is about building a legacy that future generations will inherit and cherish."

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# Industrial Revolution 4.0: The Leap Toward a New Economy

Amid a transformative push toward economic diversification, Saudi Arabia's industrial landscape is witnessing a seismic shift in 2024 driven by a bold commitment towards localization and the Kingdom's vision of reducing reliance on imports and boosting homegrown capabilities. The following economic milestones have been passed in 2023: the nation's goal of having the non-oil sector contribute 50% of its real gross domestic product was surpassed, seven years ahead of schedule; annual non-oil revenue in Saudi Arabia

reached a value of \$655 million, representing a year-on-year growth of 3.8%; and investment in its industrial sector reached a cumulative \$111 billion. In 2024, the Kingdom is expected to benefit greatly from its efforts, with its galvanized national champions

poised to vastly increase market size, export potential and internal capabilities. "Saudi Arabia is currently looking to increase our number of factories under the Vision 2030 initiative. Our leadership realizes that the balance of trade will diminish greatly as oil imports recede, and we have a window of opportunity to bridge the gap in the next ten years," said Mohanad Al-Shaikh, CEO of Johnson Controls Arabia, the country's leading manufacturer of heating, ventilation and air conditioning technology. "There are now around 11,000 factories in Saudi Arabia that have been launched since the Kingdom was established 93 years ago. Under the latest National Industrialization Strategy, we aim to increase this number to around 36,000 by 2035."

Since launch of the Vision 2030 initiative, the government has continuously launched satellite programs to support the private sector in increasing Saudi Arabia's industrial output. A key pillar in Kingdom's localization efforts is the National Industrial Development and Logistics (NIDL) program, launched in early 2019 to advance the country's following main sectors: energy, mining, logistics, minerals and industry, such as manufacturing. The initiative aims to increase production to meet 85% of local demand and localize 70% of the supply chain by 2030. Another key program is the Made in Saudi initiative launched in March 2021 by NIDL that helps local producers to promote products under the Saudi Made brand both in the country and in international markets. Additionally, the government launched the Future Factories Program Initiative in 2022 to bolster production

by fostering an ecosystem of 4,000 smart factories in the country. While these programs have laid the groundwork, the private sector is now utilizing these new incentives to advance Saudi Arabia's industrial capacities to the next level.

Suliman Saleh Alothaim, chairman of Saudi Gold Refinery Company points to specific investments in the country's nascent mining industry as crucial for rapid expansion: "Government

*"Saudi Industrial Development Fund has partnered with various funds and world companies to take advantage of new opportunities in technology."*

**Mohanad Al-Shaikh**  
CEO, Johnson Controls Arabia



incentives cover 75% of mining costs and make it feasible for companies to invest. This support is crucial for attracting international investors and achieving the Vision 2030 initiative's goals." Saudi Gold Refinery Company intends to become Saudi Arabia's second largest mining company behind state-owned mining giant Ma'aden and increase Saudi Arabia's competitive pool. Feras Bin Ghassab Al-Harbi, CEO of local water infrastructure powerhouse Saudi Arabian Amiantit Company also affirms the government's strong support of private companies in the Kingdom: "Any challenges met by companies are met with proactive support from the government and regulatory bodies." In May 2024, the private infrastructure development company signed six contracts worth \$46 million for supply and installation of pipes for government-mandated

*"Our state-of-the art production lines are constantly being upgraded [...] and can produce any design requested by our clients."*

**Walid Afyouni**  
CEO, Zoujaj Glass



infrastructure projects, with plans to use its international footprint and local research facility to become a critical player in modernizing the water sector in Saudi Arabia.

A key lynchpin in Saudi Arabia's industrial

development is heavy adoption of fourth industrial revolution (4IR) technologies and integrating advanced digital practices such as artificial intelligence, robotics and the internet of things across key sectors, including manufacturing and health sciences. "Saudi Industrial Development Fund – which is geared towards financing industry-based projects – has partnered with various funds and world companies to take advantage of new opportunities in technology," said Al-Shaikh. In December 2023, the Centre for the Fourth Industrial Revolution or C4IR Saudi Arabia was officially launched in Riyadh to springboard implementation of 4IR across the nation's manufacturing sector and increase local skillsets in cutting-edge innovations. In

February 2024, Saudi Arabia launched Alat, a new state-backed national champion focused on technology manufacturing, including semiconductors, robotic systems, heavy machinery and devices for health sciences, that is expected to contribute \$9.3 billion to the country's non-oil gross domestic product by 2030, create employment for

39,000 workers and supply domestic and international markets. In May 2024, Alat announced plans to invest \$100 billion by 2030 to develop smart manufacturing after launching two new business units in electrification and artificial intelligence.

Established private sector players are now capitalizing on this local momentum to ramp up their digital capacities and outmatch the national agenda. "We aim to keep improving our technology to produce positive results and give comfort to our investors. We are on the right track," said Walid Afyouni, CEO of National Company for Glass Industries, a local company that has revolutionized glass manufacturing in Saudi Arabia. "Our state-of-the art production lines are constantly being upgraded

and maintained at the highest levels of quality and can produce any design requested by our clients." Local producers in all sectors are embracing the 4IR transformation, including one of Saudi Arabia's largest pharmaceuticals manufacturers. "We are also adopting the Pharma 4.0 operating

model and integrating automation and artificial intelligence across the company," said Jerome Cabannes, CEO of Saudi Pharmaceutical Industries & Medical Appliances Corporation. "Our localization efforts align with the country's biotech strategy and the Vision 2030 initiative to create value for Saudi Arabia."

Saudi Arabia is also ramping up efforts to bolster local talent and enhance domestic content in its workforce, with Saudi Arabia's sovereign wealth fund Public Investment Fund targeting a 60% contribution to the Saudi economy through local content from its affiliates. NIDL has set out to attain 30% local content rates in the pharmaceuticals industry and 20% in the defense

*"Government incentives cover 75% of mining costs and make it feasible for companies to invest."*

**Suliman Saleh Alothaim**  
Chairman, SGR Company



and military industry by 2025 by stimulating the private sector. In July 2024, the government mandated companies to maintain a minimum 25% local content rates for engineering jobs, the latest in a slew of recent Saudization mandates including a set local content rate of 40% in consultancy positions.

Private sector entities are taking these initiatives one step further by actively engaging in upskilling programs for its current employees, future workers and their industries at large, such as Saudi Pharmaceutical Industries & Medical Appliances Corporation. "We established an academy to ensure our employees are continuously trained and retrained to achieve the status of employer of choice," said the company's CEO. "Our partnerships with universities help us transfer knowledge and increase the resilience of our ecosystem." Other industry leaders such as Saudi Arabian Amiantit Company are utilizing internationalization as a key input for workforce advancement. "Growing deep technical knowledge has also been fundamental to our development," said Al-Harbi. "Our training efforts are aided by our extensive international footprint [...] to disseminate technologies." According to the NIDL, Saudi Arabian workers increased by 113,000 in 2023, including 51,000 female workers, due to the efforts of the country's national champions.

## Revolutionizing Saudi Arabia's Biotech Landscape

**Jérôme Cabannes, CEO, SPIMACO, outlines ambitious plans that will transform the industry and elevate the company's regional presence**

In January 2024, Saudi Arabia launched its national biotech strategy that aims to position the nation as the regional leader in biotechnologies by 2030 and world leader by 2040, including vaccine research and development, manufacturing of biologics and biosimilars and advancing the country's genomics database. Under the new national blueprint, the government expects the sector to contribute more than \$34.6 billion by 2040, which is around 3% of the country's anticipated non-oil gross domestic product. The biotech strategy also envisions the creation of 11,000 new jobs by 2030 and 55,000 by 2040 in the biotech field. Giant pharmaceuticals players such as Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) are using this platform to advance momentum and grow both within Saudi Arabia and beyond. The company's CEO Jérôme Cabannes highlighted Saudi Arabia's as one of the world's fastest changing economies and its significance as an ideal launching pad for the company: "Our country has a unique momentum that is not found elsewhere. The energy and drive to make things happen in Saudi Arabia – despite challenges – make it a fulfilling and positive place to work."



*"We are focused on Saudization, upgrading competencies and succession planning through coaching and mentoring programs to ensure continuity."*

**Jérôme Cabannes**  
CEO, SPIMACO

Established in 1986, SPIMACO has grown significantly to become the only vertically integrated pharmaceuticals manufacturer in Saudi Arabia and the largest in the GCC region. The company handles not only manufacturing, but also marketing, packaging, warehousing and research and development of new medicines. "Our current transformation began three years ago in anticipation of Saudi Arabia's new biotech policy," said Cabannes. "The company's most important milestone was the construction of our manufacturing complex in Qassim, which has attracted many key players looking to manufacture in the country." Another major breakthrough for the company was introducing the first biosimilar product in Saudi Arabia in September 2023 called Enoxaparin. Additionally, the manufacturer signed a term sheet with Chinese biotechnology company Jiangsu Recbio Technology Company in January 2024 for the licensing and technology transfer of an HPV-9 vaccine. SPIMACO recorded a revenue of \$440

million in the 2023 financial year, outpacing its set target with a 16% year-on-year increase.

SPIMACO is also focused on growing localization and innovating the Saudi Arabian market under the government's larger Vision 2030 initiative. "We are focused on Saudization, upgrading competencies and succession planning through coaching and mentoring programs to ensure continuity," said Cabannes. In July 2023, the company signed a partnership with Emirati educational consultant FranklinCovey Middle East to expand its range of training programs at its dedicated SPIMACO Academy. Additionally, the company is utilizing state-of-the-art technologies in all its activities, including adopting integrated automation and artificial intelligence. "Our operations at the plant are well equipped with fully automated parts coupled with data integration and are based on stringent quality systems," he said. The company recently underwent its largest digital transformation by partnering with Google Cloud in April 2023 to migrate its enterprise resource planning to the digital platform across its operations.

Moving forward, the pharmaceuticals player's large-scale strategy aims to expand at an annual compound growth rate of 13-15% until 2027 through diversification of production lines, optimizing operational costs and entering new markets. "We develop products for Saudi Arabia and surrounding countries, and our ambitious plans include expanding in the Gulf Cooperation Council and in Middle East and Africa regions, including Morocco and Algeria," said Cabannes. According to the CEO, the manufacturer aims to meet the high demand in these regions for diabetes, cardiovascular disease and central nervous system disorder treatments. SPIMACO currently has more than 1,200 stock keeping units across 400 different products, with plans to register around 35 new products in 2024. The CEO admits that leading the company's growth alongside Saudi Arabia's diversification strategy has been fulfilling since he took on the position: "Leading people and aligning our efforts with the government's current direction is incredibly rewarding."



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# Championing Saudi Arabia's Mission for Blue Prosperity

Feras Bin Ghassab Al-Harbi, CEO, Saudi Arabian Amiantit Company, talks about the company's role as a national champion in growing Saudi Arabia's water sector under the Vision 2030 initiative and its current strategies in maintaining its lead market position both at home and around the world



Sector under its comprehensive National Water Strategy as part of its wide ambitions to achieve the United Nations' Sustainable Development Goals. The state initiative consists of 10 programs set to revolutionize the sector, including the establishment of the National Water Efficiency and Conservation Center and a move to privatize production and wastewater treatment. Saudi Arabia intends to achieve uniform access to safe drinking water and increase the percentage of citizens covered by sanitation services to more than 95% by 2030. In March 2023, Deputy Minister of Water Abdulaziz Al Shaibani announced the country would spend more than \$80 billion on revamping the sector in the coming years. To meet the speedy rise in activity, Saudi Arabia's principal private water industry players such as Saudi Arabian Amiantit Company are widening their range of activities in the local market. "Amiantit Group's stature as a national champion is evidenced through its active contributions towards achieving sustainability and developing human and industrial capacities within the Kingdom," said Feras Bin Ghassab Al-Harbi, CEO of Saudi Arabian Amiantit Company. "We aim to enhance the added value of our national

valves, glass reinforced epoxy pipes, ductile iron pipes and high-density polyethylene pipes," said Al-Harbi. "Strategic acquisitions have been an important strategy in broadening our product lines and expertise." Since becoming a joint-listed company on the Saudi Stock Exchange in 1996, good governance, transparency and sustainability have become core themes throughout every segment of the organization. "We are now positioned as a major exporter of these values," the CEO explained. "The company has a zero-tolerance policy for any deviations or non-

According to Al-Harbi, a foremost focus on

Minerals. In 2023, annual spending on research and development for the company reached \$13.9 million.

number of reforms to up its attractiveness as a global partner, including creating a dynamic environment for its human capital. Al-Harbi points to the company's success in retaining its employees: "More than 20% of our employees have a tenure of over 10 years, and more than 30% of our employees have worked for the company for more than 20 years." According to him, the

*The company's financial capability, marketing prowess, human resources and esteemed reputation cultivated over more than 50 years make Amiantit an attractive investment environment for all global investors."*

## CEO, Saudi Arabian Amiantit Company

Established in 1968, the company has grown to become a one-stop-shop for all operations in the international water sector, including design, manufacturing, marketing and sale of pipes, engineering and design of water facilities. The Dammam-headquartered entity now has 23 operating plants in the Middle East, Europe, Asia and Africa through its various local and international subsidiaries, including 12 facilities in Saudi Arabia. "Our product line has grown to encompass not only our flagship glass reinforced

compliance with our quality standards to prevent the production of any products that do not meet the required specifications." Central to the company's ethos is its licensing system, which aims to distribute its patented technologies through collaborative partnerships. "This model not only stimulates innovation but also expands our market presence while ensuring the maintenance of high-quality standards around the globe," he said. The company saw a rise in revenues of 41% in 2023 compared to the

research center along with the continuous fiber winding process that paved the way for global adoption of this technology," said Al-Harbi. "We are currently developing a new system that includes replacing asbestos pipes with modern technology." The company's research center in Saudi Arabia was established to boost the company's ability to serve its local market and enhance the local engineering expertise. The facility is located in Saudi Arabia's Dhahran Techno-Valley and was built in collaboration with

Americans. Moving forward, the CEO recently intends to launch a new five-year plan to further diversify the company and sustain its position as a global powerhouse under the Vision 2030 initiative. "Maintaining a leading position in the market of a large and endowed corporation with widespread presence and advanced technologies represents one of the most formidable challenges for any CEO, particularly in the aftermath of restructuring," he said. "Strategic planning is the cornerstone of success."



## PAID ADVERTISEMENT

SAUDI ARABIA

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## Pioneering Healthcare Excellence Alignment With Vision 2030

Faisal Al Nassar, President and CEO, Dr. Sulaiman Al Habib Medical Group (HMG), highlights the fast growth of Saudi Arabia's healthcare system under the nation's Vision 2030 program and the company's ambitious expansion plans as the leading private healthcare provider in the Kingdom



Continued reforms under the Vision 2030 program have effectively driven Saudi Arabia's economic diversification agenda and resulted in a reduced reliance on oil revenues. This transformation has increased governmental efficiency in a multitude of sectors, introduced new avenues for growth and investment, sparked international cooperation and improved the standard of living for Saudi citizens. The nation's ambitious healthcare agenda under the Vision 2030 initiative underscores these achievements and has become a key enabler of nationwide transformation. The agenda follows a quadruple aim of improving population health, reducing costs, improving patient experience and empowering the healthcare workforce. Saudi Arabia's Minister of Health Fahad Al-Jalajel

second quarter of 2024, the company continued to see a rise in profits of 13.9% compared to the same quarter in 2023. "Since the company was listed on the Saudi Exchange in March 2020, our share price increased by more than 400%," stated Al Nassar. "Our shareholders consistently express their trust and expectations in our growth."

The healthcare leader is also championing sustainability and environmental, social and governance activities. "As the largest private healthcare provider in the Kingdom and the Middle East, we recognize our responsibility to support Vision 2030's sustainability objectives," said Al Nassar. The CEO underlined the current targets published in its first standalone sustainability report launched in June 2024: "Our

clients are expecting more personalized experiences, higher speed of access and different kinds of treatments. We have always been at the forefront of innovation and will continue to invest in the latest technology in both clinical and administrative segments," asserted Al Nassar. In its drive to utilize the latest technologies, HMG has put a sharp focus on the usage of artificial intelligence (AI). "AI is developing at an astounding rate. For example, advancements in AI and radiology have been staggering. However, we must be careful to implement AI properly," admitted Al Nassar. The company has made many deals in the last few years to implement AI across the board, from diagnosis and treatment to administration and auditing. In July 2023, the company signed a deal with South Korea's Lunit



*"The government's Vision 2030 approach, championed by His Royal Highness Crown Prince Mohammed bin Salman, reflects a commitment to health sector growth combined with a level of sophistication that is world class."*

**Faisal Al Nassar**  
President & CEO, HMG

strategic framework is based on three main pillars that guide our efforts: protecting and preserving the environment; empowering our people and engaging with the community; and maintaining sound business practices." To protect the environment, the company has implemented water management and hospital waste management policies and is currently undergoing studies to set goals to reduce its carbon footprint. One of its major social contributions is improving education and the training of new healthcare professionals by offering more than 30 diploma, residency and fellowship programs in collaboration with national and international universities. "Our team is growing significantly in parallel with our ambitions. Therefore, our central challenge is investing in human capital, and we are dedicated



including new products for electronic medical records and integration between software and medical devices. The subsidiary has grown to almost 800 employees and two research and development offices outside of Saudi Arabia. HMG also has its own medical technology company, FLOW, that follows the highest standards for maintenance of all equipment and devices. Their in-house engineers also extend their services to external providers. "Patients and for AI-enabled cancer diagnostics and therapeutics. In the same year, HMG was the first healthcare provider in Saudi Arabia to utilize AI to detect breast cancer following a successful trial. The Saudi medical giant also signed a \$2.4-million deal with Australian health data analytics entity Beamtree in May 2024 in preparation for diagnosis-related group implementation involving its AI-based data automation platforms. "We are looking at all continents developing AI, from the East to the West. We have implemented AI in six disciplines and plan on rapidly expanding its usage," indicated Al Nassar.

Faisal Al Nassar, president and CEO of HMG, emphasizes the vast degree of change in the economic landscape and the medical industry. "The government has made Saudi Arabia more welcoming to international businesses by actively addressing legislation, regulation, infrastructure and societal structures. The government's Vision 2030 approach, championed by His Royal Highness Crown Prince Mohammed bin Salman, reflects a commitment to health sector growth combined with a level of sophistication that is world class."

Founded in 1993, HMG has grown exponentially from opening its first multi-specialty clinic in Riyadh in 1995 to more than 25 medical facilities in Saudi Arabia, Bahrain and the UAE. More recently, the company has taken an aggressive stance in expanding its portfolio, with three new medical centers inaugurated in 2023 and a pipeline of new facilities set to open in 2024 and beyond. "Of the six new hospital projects announced in 2023, two have already opened and four are expected to be launched by the end of this year and in the first quarter of 2025," said Al Nassar. In 2023, the company posted a net income growth of 24%. In the



Moving forward, the CEO is positioning the company to take advantage of new opportunities provided by Saudi Arabia's economic diversification. "Since its establishment, HMG is proud to have raised the standards of excellence in the healthcare industry in the region. We have a proven track record of reacting to economic and market changes," he said. "Our deep roots in Saudi society combined with our international reach, our people-centric approach and unrelenting focus on technology and innovation make us a force to be reckoned with. HMG's growth is carefully orchestrated, and we will continue to expand rapidly; there is much more to come."



## MARKETS DIGEST

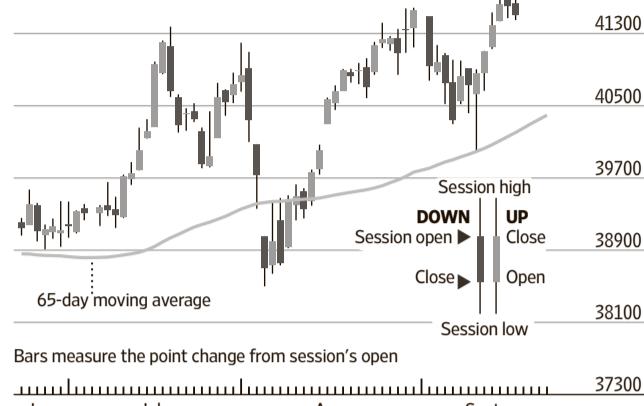
## EQUITIES

## Dow Jones Industrial Average

**42208.22** **▲ 83.57, or 0.20%**  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.22 24.34  
 P/E estimate \* 20.50 18.63  
 Dividend yield 2.04 2.15  
 All-time high 42208.22, 09/24/24

Current divisor 0.15221633137872



Bars measure the point change from session's open

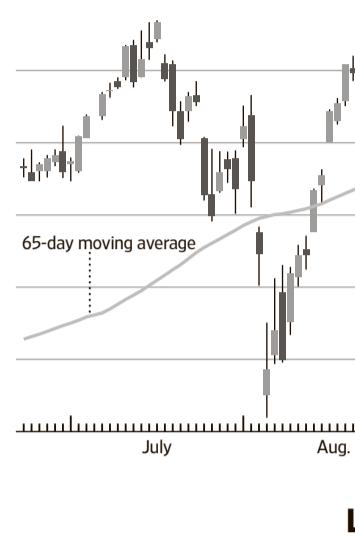
June July Aug. Sept. 37300 38100 39700 40500 41300 42100

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

## S&amp;P 500 Index

**5732.93** **▲ 14.36, or 0.25%**  
 High, low, open and close for each trading day of the past three months.

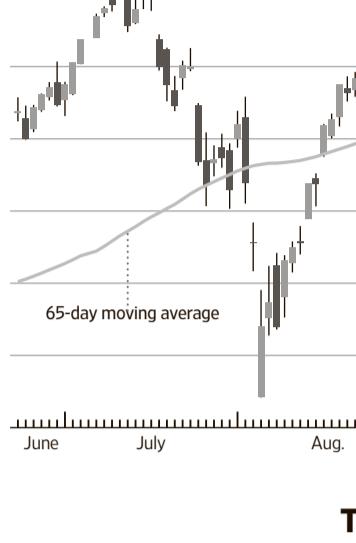
Trailing P/E ratio \* 23.98 21.67  
 P/E estimate \* 23.05 19.86  
 Dividend yield \* 1.31 1.58  
 All-time high 5732.93, 09/24/24



## Nasdaq Composite Index

**18074.52** **▲ 100.25, or 0.56%**  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 30.92 29.75  
 P/E estimate \* 29.17 26.75  
 Dividend yield \* 0.83 0.87  
 All-time high 18647.45, 07/10/24



## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	42281.06	42056.82	<b>42208.22</b>	83.57	<b>▲ 0.20</b>	42208.22	32417.59	<b>25.5</b>	12.0	<b>6.6</b>
Transportation Avg	16156.67	15938.07	<b>16150.50</b>	265.98	<b>▲ 1.67</b>	161331.72	13556.07	<b>9.0</b>	1.6	<b>4.0</b>
Utility Average	1063.38	1047.76	<b>1048.89</b>	-9.46	<b>-0.89</b>	1061.01	783.08	<b>24.2</b>	19.0	<b>5.5</b>
Total Stock Market	56801.82	56452.90	<b>56780.20</b>	137.59	<b>▲ 0.24</b>	56780.20	40847.04	<b>33.4</b>	18.8	<b>7.1</b>
Baron's 400	1228.50	1221.20	<b>1224.48</b>	-0.17	<b>-0.01</b>	1227.01	907.97	<b>28.8</b>	14.2	<b>5.9</b>
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	18091.96	17863.38	<b>18074.52</b>	100.25	<b>▲ 0.56</b>	18647.45	12595.61	<b>38.4</b>	20.4	<b>6.3</b>
Nasdaq-100	19984.47	19739.67	<b>19944.84</b>	92.65	<b>▲ 0.47</b>	20675.38	14109.57	<b>37.1</b>	18.5	<b>9.2</b>
<b>S&amp;P</b>										
500 Index	5735.32	5698.99	<b>5732.93</b>	14.36	<b>▲ 0.25</b>	5732.93	4117.37	<b>34.1</b>	20.2	<b>8.8</b>
MidCap 400	3133.26	3115.51	<b>3118.94</b>	-0.51	<b>-0.02</b>	3124.92	2326.82	<b>26.2</b>	12.1	<b>4.9</b>
SmallCap 600	1422.77	1412.25	<b>1415.88</b>	0.06	<b>▲ 0.005</b>	1435.83	1068.80	<b>24.8</b>	7.4	<b>1.7</b>
<b>Other Indexes</b>										
Russell 2000	2230.38	2212.88	<b>2223.99</b>	3.71	<b>▲ 0.17</b>	2263.67	1636.94	<b>26.2</b>	9.7	<b>-0.4</b>
NYSE Composite	19519.34	19445.43	<b>19506.55</b>	61.12	<b>▲ 0.31</b>	19506.55	14675.78	<b>26.8</b>	15.7	<b>5.7</b>
Value Line	619.79	616.36	<b>618.71</b>	2.35	<b>▲ 0.38</b>	620.59	498.09	<b>16.1</b>	4.2	<b>-2.1</b>
NYSE Arca Biotech	5866.59	5819.13	<b>5845.10</b>	-0.33	<b>-0.01</b>	5949.95	4544.40	<b>16.2</b>	7.9	<b>-0.4</b>
NYSE Arca Pharma	1097.48	1089.66	<b>1096.05</b>	3.25	<b>▲ 0.30</b>	1140.17	845.32	<b>22.4</b>	20.4	<b>13.6</b>
KBW Bank	114.61	112.82	<b>113.43</b>	-0.79	<b>-0.69</b>	115.93	71.71	<b>46.1</b>	18.1	<b>-4.5</b>
PHLX® Gold/Silver	166.02	160.74	<b>165.18</b>	4.75	<b>▲ 2.96</b>	165.18	102.94	<b>50.1</b>	31.4	<b>11.3</b>
PHLX® Oil Service	81.57	79.75	<b>79.92</b>	0.15	<b>▲ 0.19</b>	97.46	72.67	<b>-15.2</b>	-4.7	<b>13.8</b>
PHLX® Semiconductor	5119.79	5009.69	<b>5091.78</b>	65.97	<b>▲ 1.31</b>	5904.54	3185.18	<b>52.9</b>	21.9	<b>13.8</b>
Cboe Volatility	16.67	15.27	<b>15.39</b>	-0.50	<b>-3.15</b>	38.57	11.86	<b>-18.7</b>	23.6	<b>-4.6</b>

©Nasdaq 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	% chg	After Hours	High	Low
NVIDIA	NVDA	19,238.4	121.25	0.38	<b>0.31</b>	121.30	120.82	
Intel	INTC	17,746.2	22.78	-0.03	<b>-0.13</b>	22.85	22.76	
Snap	SNAP	11,731.8	10.60	0.03	<b>0.28</b>	10.60	10.50	
iShares China LC ETF	FXI	11,631.8	30.31	-0.09	<b>-0.30</b>	30.40	30.16	
Apple	AAPL	10,229.1	227.52	0.15	<b>0.07</b>	227.90	213.13	
Full Truck Alliance	ADR	YMM	8,220.5	8.42	<b>...</b>	8.47	8.16	
SPDR S&P 500 ETF Trust	SPY	7,470.5	571.25	-0.06	<b>-0.01</b>	571.40	533.01	
Warner Bros. Discovery A	WB	6,005.0	8.28	-0.04	<b>-0.48</b>	8.33	8.28	

## Percentage gainers...

Eli Lilly Therapeutics	LYML	917.0	10.92	4.36	<b>66.46</b>	13.85	6.00	
Kairos Pharma	KAPA	2,010.2	2.40	0.39	<b>19.40</b>	3.15	1.99	
Air Transport Services	ATSG	50.8	16.39	0.92	<b>5.95</b>	16.39	15.21	
Progress Software	PRGS	165.8	60.50	3.35	<b>5.86</b>	63.57	54.14	
Cipher Mining	CIFR	404.3	3.60	0.16	<b>4.65</b>	3.66	3.41	
<b>...And losers</b>								
Stitch Fix Cl A	SFIX	1,049.8	2.98	-0.77	<b>-20.53</b>	3.87	2.95	
Astria Therapeutics	ATXS	53.6	10.99	-1.51	<b>-12.08</b>	13.04	9.49	
BlackSky Technology	BKSY	73.4	4.47	-0.57	<b>-11.31</b>	5.10	4.04	
Banzai International Cl A	BNZI	657.6	7.36	-0.88	<b>-10.68</b>	9.15	7.13	
KB Home	KBH	462.5	82.32	-5.11	<b>-5.84</b>	87.82	81.10	

## Percentage losers...

Company

## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract		Contract				Open	
	Open	High	Hi/lo	Low	Settle	Chg	interest	
Copper-High CMX)	25,000 lbs.; \$ per lb.							
Sept	4,300.00	4,428.50	4,300.00	4,429.50	4,104.05	1,323		
Dec	4,345.00	4,531.50	4,340.00	4,491.00	4,140.00	125,047		
Gold (CMX)	100 troy oz.; \$ per troy oz.							
Sept	2636.80	2662.30	▲ 2625.50	2651.20	24.70	.57		
Oct	2628.60	2665.10	▲ 2623.50	2653.00	24.40	40,178		
Nov	2639.10	2689.40	▲ 2637.30	2665.20	24.30	782		
Dec	2653.00	2689.40	▲ 2647.00	2677.00	24.50	451,295		
Palladium (NYM)	-50 troy oz.; \$ per troy oz.							
Sept	1056.50	1056.50	1061.90	1050.00	15.00	3		
Dec	1043.00	1069.50	1036.00	1060.10	15.00	18,572		
Platinum (NYM)	-50 troy oz.; \$ per troy oz.							
Sept	994.80	994.80	990.00	987.40	25.90	10		
Jan'25	972.10	1002.10	970.60	996.50	25.40	54,421		
Silver (CMX)	5,000 troy oz.; \$ per troy oz.							
Sept	30,860.00	32,100.00	30,825.00	32,111.00	1,344	48		
Dec	31,020.00	32,600.00	30,960.00	32,430.00	1,345	126,078		
Crude Oil, Light Sweet (NYM)	-1,000 bbls.; \$ per bbl.							
Nov	70.76	72.40	70.44	71.56	1.19	355,290		
Dec	69.96	71.60	69.69	70.84	1.23	248,295		
Jan'25	69.48	71.04	69.18	70.33	1.23	184,112		
March	68.87	70.33	68.58	69.68	1.18	99,519		
June	68.26	69.75	68.09	69.13	1.11	149,295		
Dec	67.32	68.68	67.17	68.13	0.99	131,381		
NY Harbor ULSD (NYM)	-40,000 gal.; \$ per gal.							
Oct	2,159.00	2,199.00	2,149.00	2,180.00	0,034	43,844		
Nov	2,174.50	2,214.50	2,163.00	2,191.00	0,035	117,773		
Gasoline-NY RBOB (NYM)	-42,000 gal.; \$ per gal.							
Oct	2,002.40	2,047.00	1,995.00	2,029.00	0,0395	45,714		
Nov	1,979.00	2,024.40	1,972.00	2,005.00	0,0379	122,719		
Natural Gas (NYM)	-10,000 MMBtu.; \$ per MMbtu.							
Oct	2,634.00	2,674.00	2,535.00	2,551.00	-.062	38,877		
Nov	2,861.00	2,895.00	2,776.00	2,791.00	-.063	319,377		

## New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that had a new 52-week intraday high or low in the latest session. % CHG=Daily percentage change from the previous trading session.

Tuesday, September 24, 2024

Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg
<b>Hights</b>											
AAMissionAcqPd AAM											
AACON AAON	109.07	-.04	BrightSpring BTSG	21.50	-.02	ChimeraInvPdA CMIA	24.47	0.09	Ecolab ECL	255.99	-.01
ACV ACVA	21.09	-.01	BrookfieldBtPdN BEPU	26.50	-.02	ChungwhaTel CHT	40.08	1.00	InnovativPdF IPPI	184.925	-.005
AECOM ACM	103.00	0.03	BrookfieldBtPdN BEPU	18.60	0.01	CitcnCmtyBcp CZW	14.15	0.00	InterglobeFinPdF IIPR	183.325	-.005
AG Mortgate Nts MITP	25.80	-.11	BrookfieldBus BBUC	25.70	-.02	CooperatingCmng COE	7.63	0.00	Investec INSG	18.87	0.00
AG Mortgage PdF MITP	22.16	-.11	BrookfieldFinits BNJU	18.10	0.03	ClearwayEnergyCmng CWAN	26.03	0.00	EmpireStateRealty ESRT	11.43	0.01
AGNC InvPdF AGNC	24.57	0.45	BrookfieldFinits BNJU	19.67	0.02	ComerTherap CORT	44.34	2.44	EncompassHealth EHC	9.56	0.26
AGNC InvPdF AGNC	24.71	0.6	BrookfieldFinits BNJU	19.67	0.02	Cortherap CORT	44.34	2.44	Endeavor EDI	42.66	0.00
AGNC InvPdF AGNC	24.71	0.6	BrookfieldFinits BNJU	19.67	0.02	CostarGroup COST	15.47	1.4	EquitablePdF EPIC	22.74	0.00
AlabausLifeWt ABWL	1.73	0.0	BrookfieldFinits BNJU	19.67	0.02	Covanta CORZ	12.50	0.00	ExelEner EE	21.95	0.6
AcademyRealty AKR	23.35	0.10	BrookfieldFinits BNJU	19.67	0.02	CraneCo CRK	6.27	0.00	ExelSvcs EXLS	37.16	0.1
Algonquin207 AQNG	29.52	0.12	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	FederatedHomes FHE	37.13	0.6
Alibaba BABA	79.50	0.79	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	FirstAdvantage FA	20.17	0.03
AlliantEnergy LNT	60.76	0.04	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	FirstServiceFirstCorp FSFC	18.33	0.03
AllisonTrans ASLN	93.35	0.14	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	Flowers FLS	52.22	0.7
Ameren AEE	86.50	0.50	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	FoxA FOXA	42.45	2.9
AmHomes4RenPdI AMHPC	26.15	0.10	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	FutuorFinPdA FUTR	19.93	0.00
AndrettiAcqPd POLE	10.14	0.01	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	GATX GATX	51.00	0.00
AnteroMidstream AM	15.30	0.04	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	GCM Grosvernor Wt GCMW	11.34	0.00
AppLawn APP	130.39	0.23	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	GDS Holdings GDS	22.77	0.50
Aris ARIS	18.99	0.62	BrookfieldFinits BNJU	19.67	0.02	Cronos CORZ	12.50	0.00	GE Aerospace GE	189.00	0.00
ArmacadoHfflerPdA AHGA	24.29	0.15	CS Energy CSW	36.92	0.00	Cronos CORZ	12.50	0.00	GlobalityGlobal GLRY	17.36	0.00
AtlasTrans ATCO	25.40	0.07	CS Energy CSW	36.92	0.00	Cronos CORZ	12.50	0.00	GlobeAirways GLW	17.81	0.00
AtourLifestyle ATAT	22.70	0.50	CSW Industrial CSW	36.92	0.00	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
Auroralon AURO	6.34	0.34	CT RealityPdA CTOPA	24.95	0.12	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
AuroralonAUW AURO	4.05	0.68	CT RealityPdA CTOPA	24.95	0.12	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
AuroraMobile JG	6.16	0.15	Cal-MaineFoodz CALM	75.64	0.04	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
Avent AVNT	20.70	0.00	CalendoniaMining CMCL	14.24	0.36	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
AvionSilver ASM	1.20	0.00	Cronos CORZ	12.50	0.00	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
BilBermudaPdI BIPI	20.67	0.02	Cronos CORZ	12.50	0.00	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE	17.60	0.00
Bk Tech BTKT	24.10	0.13	Cronos CORZ	12.50	0.00	Cronos CORZ	12.50	0.00	GlobeAerospace GWRE		

## BIGGEST 1,000 STOCKS

Continued From Page B7

Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg	Stock	Sym	Net Close Chg						
Kelanova	K	80.67 0.05	MorganStanley	MS	102.58 0.11	OmegaHealthcare	OHI	41.05 0.04	PrudentialFini	PRU	119.81 -0.98	S&P Global	SPGI	518.11 -2.97	TE Connectivity	TEL	148.78 0.29	Target	TGT	156.18 0.89									
Kenvue	KVUE	31.11 0.09	M&T Bank	MTB	174.79 -2.83	Onward	ONON	50.57 -0.18	Prudential	PRU	17.60 0.42	SBA Comm	SBAC	241.98 1.45	Unicomms	SUM	139.10 -1.12	Telus	TU	16.68 0.01	TechnipFMC	FTI	27.80 0.42						
KeurigDrPepper	KDP	37.83 -0.09	MGM Resorts	MGM	37.35 0.50	Mosaic	MOS	25.60 0.26	Onward	ONON	33.96 -0.06	PublicServiceEnt	PEG	87.72 -0.18	SBI Investments	SEIC	68.79 -0.02	SunlifeFinancial	SLF	57.51 0.64	TFI Int'l	TFII	147.09 0.95	TechResourceTech	TDY	45.35 2.54			
KeyCorp	KEY	16.62 -0.19	MLX	MLX	45.09 0.41	MotorolaSol	MSI	450.13 3.02	OneStream	OS	33.96 -0.06	PublicStorage	PSA	361.99 -3.02	SK Telecom	SKM	24.19 0.06	SunlifeEnergy	SUN	38.18 0.32	Timb	TM	17.31 0.41	TeledyneTech	TDY	435.28 2.54			
KeySightTech	KEYS	154.09 2.53	MSCI	MSCI	560.75 0.59	MuellerIndustries	MLI	71.43 -0.38	OnwardInnovation	ONIN	33.96 -0.06	PulteGroup	PHM	143.26 -0.28	S&C Tech	QGE	74.83 -0.44	TJX	TJK	117.65 0.52	Teleflex	TFX	245.90 1.03						
KimberlyClark	KMB	141.05 -0.16	Magnalnti	MGA	42.79 0.62	NICE	NICE	170.89 3.95	Oracle	ORCL	165.80 -0.15	Qorvo	QRVO	102.97 0.72	Saia	SAIA	455.73 14.19	Suzan	SUZ	9.72 0.37	T-MobileUS	TMUS	201.41 -1.02	TelefonicaBras	VIV	10.13 0.24			
KimcoRealty	KIM	23.63 -0.01	MakeMyTrip	MMT	108.16 -2.08	NNN REIT	NNN	48.07 -0.16	Oritx	IX	119.04 -1.11	Qualcomm	QCOM	166.95 0.99	SapientaTherap	SRPT	125.49 0.70	Synopsys	SNPS	506.83 1.04	SapientaTherap	SRPT	125.49 0.70	TempurSealy	TPX	54.00 -0.15			
KingderMorgan	KMG	22.22 0.04	ManhattanAssoc	MANH	286.00 4.72	NRG Energy	NRG	87.92 -0.08	Ovintiv	OVV	40.70 -0.52	QuantaServices	PWR	298.24 2.11	Schulzberger	SLB	42.98 0.08	OwensComing	DGX	153.08 -0.90	TakeTwoSoftware	TTWO	150.91 1.17	TempusAI	TEM	51.22 -4.14			
KinrossGold	KGC	9.75 0.14	Mapleleaf	CART	40.08 -0.14	NXP Semicon	NXPI	233.75 1.89	Paradigm	PDI	174.42 0.07	SchwabC	SCHW	64.58 -0.35	Seagate	SE	82.85 2.18	Seagate	STX	106.63 0.75	TelenetEnergy	TLN	185.32 3.96	TelenetHealthcare	THC	166.33 -1.70			
KinsaleCapital	KNSL	449.44 -13.73	MarineBank	MFC	29.20 0.37	NeimanMarcus	NM	117.00 -0.02	NeimanMarcus	NM	5.94 0.62	Sempra	SRE	83.32 -1.02	Servicentl	SCI	79.50 ...	Sempra	SRE	83.32 -1.02	Tapestry	TPR	45.40 1.28	Tapestry	TPR	45.40 1.28	TargaResources	TRGP	156.46 0.93
Klavys	KYO	34.52 0.42	MarathonOil	MRO	25.78 -0.19	NextEra	NE	86.98 6.49	NetApp	NTAP	122.95 0.03	Neurocrine	NCX	233.75 1.89	Neurocrine	NCX	233.75 1.89	Neurocrine	NCX	233.75 1.89	Neurocrine	NCX	233.75 1.89	Neurocrine	NCX	233.75 1.89	Neurocrine	NCX	233.75 1.89
Knight-Swift	KNX	53.58 1.01	MarathonPetrol	MPD	162.45 -0.71	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
KoreaElecPower	KEP	7.61 0.08	MarketAxess	MKT	157.26 -0.11	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
KraftHeinz	KHC	34.70 0.02	Marriott	MAR	247.38 0.30	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
Kroger	KR	56.00 -0.08	MatchGroup	MTC	37.32 0.55	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LatAmAirlines	LATM	26.57 0.04	McDonald's	MCD	330.70 1.21	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LKQ	LKQ	40.17 0.05	McDonald's	MCD	330.70 1.21	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LPL Financial	LPLA	22.00 1.18	MarathonPetrol	MPD	162.45 -0.71	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
L3HarrisTech	LHX	23.74 -2.99	MarathonPetrol	MPD	162.45 -0.71	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
Labcorp	LH	22.00 -0.12	Mastercard	MCA	187.41 -0.73	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LamResearch	LRCX	79.10 6.98	MatchGroup	MTC	37.32 0.55	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LamarAdv	LAMR	135.58 0.35	McDonald's	MCD	330.70 1.21	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
Liautao	LI	24.72 2.52	McDonald's	MCD	330.70 1.21	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LibertyBroadband	LBRD	76.87 17.00	McDonald's	MCD	330.70 1.21	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49	NextEra	NE	86.98 6.49
LibertyLive	LIVV	46.83 2.50	MicrochipTech	MCHP	227.97 0.44	NextEra	NE	86.98 6.49	NextEra	NE	102.58 0.11	NextEra	NE	86.98 6.49</td															



## MARKETS

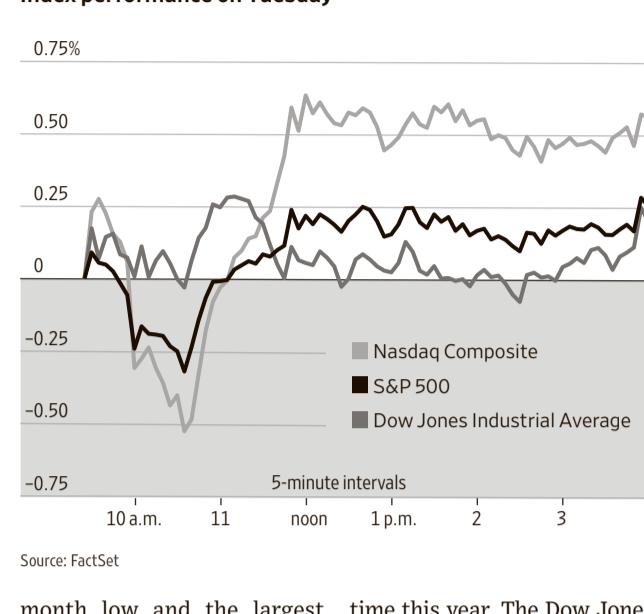
# Stock Indexes Reach New Heights

U.S. consumer data and People's Bank of China stimulus send shares higher

U.S. stocks climbed to records after China's central bank unveiled a raft of measures to support the country's weakening economy.

The steps taken by the People's Bank of China rippled through global markets—boosting shares of European luxury-goods makers, lifting commodity prices and fueling gains in U.S.-listed stocks of Chinese companies such as Alibaba.

Gains in stocks were undercut by disappointing U.S. economic data, as the Conference Board said its index of consumer confidence fell to 98.7 in September from 105.6 in August. That marked a three-



Source: FactSet

month low and the largest one-month drop in more than three years.

The S&P 500 added 0.3%, closing at a record for the second straight session and 41st

time this year. The Dow Jones Industrial Average ticked up 0.2%, or roughly 84 points—also hitting a record—while the Nasdaq Composite advanced 0.6%.

Investors generally are optimistic that the U.S. economy can avoid a recession, despite a recent uptick in the unemployment rate. After the Federal Reserve cut short-term interest rates by a larger-than-normal half of a percentage point last week, traders are betting that there is a chance of better than 50% chance that the central bank will cut rates by the same amount at its next meeting in November, according to CME Group.

Among individual stocks, mining giant Freeport-McMoRan rose 7.9% on Tuesday, benefiting from a 3.3% gain in copper prices.

◆ Oil prices climbed on hopes for increased Chinese demand. U.S. crude added 1.7% to close at \$71.56 a barrel.

◆ Australian bond yields fell after the country's central bank opted to keep interest rates on hold, defying the global trend.

—Chelsey Dulaney and Sam Goldfarb

**WEDNESDAY'S EVENTS:**  
The Sveriges Riksbank, the Swedish central bank, is due to issue its interest-rate decision at 3:30 a.m. ET.

**EXPECTED EARNINGS:**  
Cintas  
Concentrix

The chip maker Micron and the investment bank Jefferies plan to report earnings after the market close.

## STOCK SPOTLIGHT

### Alibaba, JD.com and PDD

Chinese e-commerce companies' American depositary receipts rose after China's central bank announced a blitz of stimulus measures. Alibaba's ADRs rose 7.9%, JD.com's climbed 13.9% and PDD's increased 11.2%. U.S.-listed Baidu gained 7.4%.

### Alcoa, Freeport-McMoRan and Southern Copper

Global metals and mining stocks rallied after the move by China's central bank. China is one of the world's largest consumer of copper and other commodities. Alcoa shares advanced 7.5%. Freeport-McMoRan shares added 7.9% and Southern Copper shares rose 7.2%.

### Smartsheet

Buyout firms Blackstone and Vista Equity Partners agreed to buy the company for \$8.4 billion in cash, or \$56.50 a share. Smartsheet stock jumped 6.5%.

### Visa

Bloomberg reported that the Justice Department plans to file a lawsuit accusing the credit-card company of anticompetitive behavior as soon as Tuesday. Visa's shares dropped 5.5%.

### Deere

At a campaign event, Donald Trump said that if elected, he would slap 200% tariffs on the farm-equipment maker if it sells products made in Mexico. Shares added 0.5%.

### Liberty Broadband

John Malone's media company made a counter offer to a previous merger bid by Charter Communications. Liberty's class-A shares surged 28%.

### Hawaiian Electric Industries

The company said it plans to sell \$500 million in stock, in part to fund a settlement of lawsuits filed over the 2023 Maui wildfires. Shares declined 9.2%.

## China's Support Package Spurs Ripples Through Markets

China's central bank unveiled a blitz of measures to support a weakening economy and energize the stock market.

Here's how the moves affected world markets.

### Global stocks:

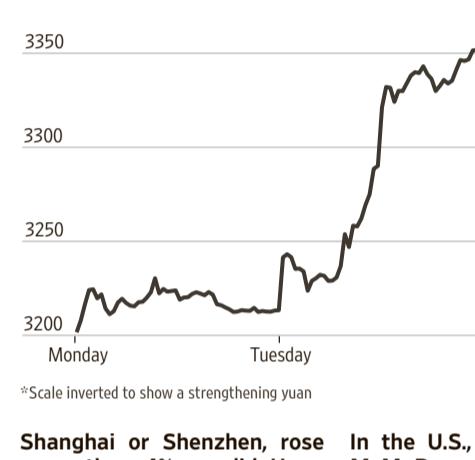
◆ Many U.S.-listed Chinese American depositary receipts rose, including Alibaba, which was up 7.9%, and JD.com, which gained 14%.

◆ European luxury stocks such as Hermès, LVMH, Kering and Richemont advanced, helping lift benchmarks.

◆ In China, the Shanghai Composite rose more than 4.1%, notching its best one-day performance since July 2020.

◆ Other key indexes also rallied. The CSI 300 index of large stocks listed in either

### China's benchmark CSI 300 Index

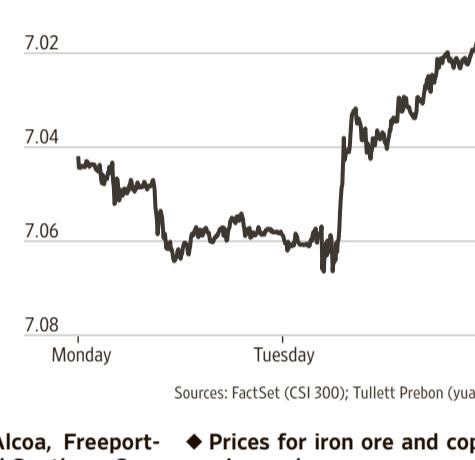


\*Scale inverted to show a strengthening yuan

Shanghai or Shenzhen, rose more than 4%, as did Hong Kong's Hang Seng Index.

Commodities:  
◆ Global mining stocks rallied.

### How many offshore Chinese yuan \$1 buys\*



\*Prices for iron ore and copper jumped.

### Currencies & bonds:

◆ Yields on Chinese government bonds, which move in-

versely to prices, climbed as investors rushed to buy stocks instead.

◆ The yuan rallied against the dollar, with \$1 purchasing less than 7.03 yuan in the offshore market. That put the Chinese currency on pace for its strongest settle since May 2023.

—WSJ Staff

### AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. 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.

#### TWO-YEAR NOTES

Applications	\$179,988,391,200
Accepted bids	\$70,424,647,300
"noncompetitively	\$365,020,200
"foreign noncompetitively	\$355,020,700
Auction price (rate)	99.961700 (3.520%)
Interest rate	3.500%
Bids at clearing yield accepted	94.51%
Cusip number	91282CLP4

The notes, dated Sept. 30, 2024, mature on Sept. 30, 2026.

### Biggest 1,000 Stocks

Continued From Page B10		WSJ.com/stocks				Stock Sym Close Chg Net				Stock Sym Close Chg Net				Stock Sym Close Chg Net				Stock Sym Close Chg Net				
Stock	Sym Close Chg	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net	Stock	Sym Close Chg	Net
Tendyne TER	131.02 1.33	TollBrook TOL	153.32 -0.18	-	Trimble TRMB	58.52 -0.05	-	UWM UWM	8.63 -	-	UnivDisplay OLED	214.35 1.42	-	Viatris VTRS	11.45 -0.02	-	Walmart WMT	80.67 0.24	-	Westlake WLK	147.93 2.72	-
Tesla TSLA	254.27 4.27	TopBuild BLD	405.83 -1.33	-	TTC Trip.com	53.06 3.97	-	Uber UBER	77.44 2.73	-	UniversalHealthcare UHS	241.52 0.93	-	Viking VIK	34.79 0.69	-	Weyerhaeuser WWD	8.32 0.16	-	XcelEnergy XEL	64.17 0.21	-
TetraTech TTEK	47.10 0.31	Torco TTC	86.60 0.80	-	TrustiFinl TFC	41.98 -0.21	-	UltimateBeauty ULTA	402.50 8.66	-	Unilever UL	57.41 -0.83	-	WaferTech WFT	3.69 0.09	-	WarrenMusic WMG	31.08 0.16	-	XPeng XPEV	10.70 1.14	-
TevaPharm TEVA	17.73 0.01	TorontoDomBk TD	67.39 -0.09	-	Twilio TWLO	63.00 -0.03	-	UnivGroup UNP	248.96 4.96	-	Unilever UL	64.77 -0.13	-	WasteConnections WCN	179.38 -1.09	-	Williams WMB	63.47 1.24	-	Xylem XYL	133.04 -1.47	-
TexasInstruments TXN	20.94 1.09	TotalEnergies TEE	66.88 0.23	-	TylerTech TYL	585.15 1.41	-	UnionAirlines UAL	53.63 1.27	-	ValeroEnergy VLO	110.52 0.07	-	WasteMgt WMT	207.52 0.42	-	Williams-Sonoma WSM	152.78 -0.65	-	YPF YPF	22.75 -0.13	-
Textronics TXN	94.06 11.53	TradeDesk TTD	110.79 2.26	-	TysonFoodz UPS	30.64 0.42	-	UnitedMicro UMC	8.61 0.07	-	VeevaSystems VEEV	207.91 -3.13	-	WatsonWebster WBS	49.64 -1.06	-	Yum!Brands YUM	133.86 3.43	-	ZTO Express ZTO	38.97 2.62	-
TextaPaLand TPL	175.58 0.30	Tradeweb TW	121.92 0.86	-	UDR UDR	46.02 -0.33	-	UPS UPS	129.52 0.78	-	Ventas VENTAS	63.96 -0.25	-	Webtac WTB	46.46 -1.03	-	ZebraTech ZEBRA	364.43 2.04	-	Zillow Z	67.26 1.74	-
Textron TXT	86.68 -0.21	Tradeweb TT	383.75 -3.63	-	UPF Inds UPFI	132.11 1.01	-	VeriSign VRSN	183.88 1.33	-	Verizon VZ	112.40 1.15	-	Welltower WELL	127.60 -0.99	-	Zilllow Z	65.17 1.53	-	ZimmoBlom ZBH	107.81 0.24	-
ThermoFisher TMO	61.88 1.53	TraneTech TT	108.75 2.39	-	UHL-Haul UHL/H	72.35 1.29	-	USB USB	45.64 -0.22	-	VeriskAnalytics VRISK	264.79 -0.83	-	WestPharmaceuticals WST	309.71 2.98	-	Zoetis ZTS	193.69 0.10	-	Zscaler ZS	174.15 -0.64	-
ThomsonReuters TR	172.17 0.44	TransDigital TDS	142.09 0.90	-	UHL-Haul UHL/H	76.83 2.39	-	UnitedTherap UTHR	357.87 2.28	-	Verizon VZ	44.66 0.40	-	WestAllianceBcp WAL	84.85 -1.72	-	ZoomVideo ZM	69.43 0.64	-	Zscaler ZS	174.15 -0.64	-
3M MMM	137.22 1.58	TransUnion ULS	105.99 0.90	-	UL Solutions ULS	49.32 0.03	-	UnitedHealth UHN	575.19 1.78	-	VertechPharm VRTX	462.99 2.99	-	WynnResorts WYNN	84.16 3.96	-	Zscaler ZS	174.15 -0.64	-	Zscaler ZS	174.15 -0.64	-
Toast TOST																						

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Regional Airlines Need a Recession

Despite some recent green shoots, trends still point to a gloomy future for many contractors



JetBlue founder David Neeleman's Breeze Airways is profiting from the gaps that regional operators left.

Most industries breathed a sigh of relief this year as the global economy managed to avoid a recession. Not regional airlines.

In its latest annual report, published a few days ago, the Regional Airline Association said passengers and revenue by U.S. regional airlines in 2023 were the lowest in two decades and down by 27% and 33%, respectively, in five years.

When the pandemic hit, many regional carriers thought they

analytics platform Cirium Diio Mi shows. Stocks in the two listed players in this segment, **SkyWest Airlines** and **Mesa Airlines**, outperformed those of other airlines.

But the respite was brief: As travel started coming back in full, scheduled flights between small airports trended down again at the expense of low-cost carriers and legacy airlines adding routes that linked "spokes" to their focus cities and bases. They had to scramble to find pilots and cabin

crew, having laid off too many employees during the pandemic and their first port of call was the usual: poaching from regional airlines.

Comparing this September with the same month of 2019, scheduled seat capacity in regional jets and turboprop

aircraft is down 17% and 70% in the U.S. and 41% and 19% in Europe, both respectively.

Regional airlines are an overlooked but crucial part of the industry. This is particularly the case in the U.S., where they service one-third of the country, yet passengers aren't usually aware that they are flying with them.

Most of these carriers—barring exceptions such as **Cape Air** and **Silver Airways**—exclusively operate

by selling their seat capacity to the big network airlines.

The latter take care of the fuel bill and sell the tickets to the customers. Often, they own regional contractors. **American Airlines** is the parent of Envoy Air, PSA Airlines and Piedmont Airlines. But it sources from independent firms, such as **SkyWest**, **Mesa** and **Republic Airways**.

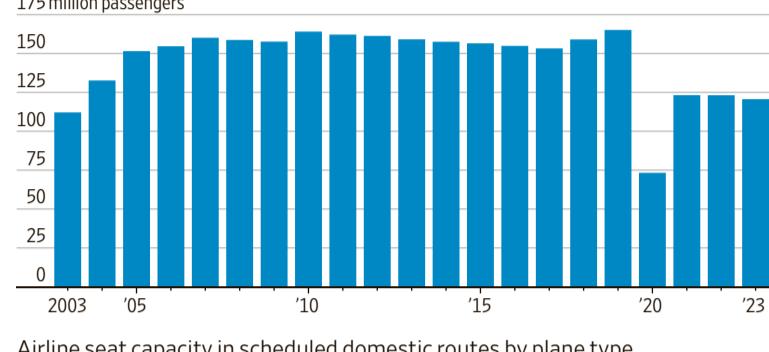
Optimistic investors may well think there is nowhere to go from here but up, with recent data pointing to a rebound in regional schedules. Mainline airlines resized their staff in terms of personnel and wages and jet-production shortages led them to pause their hiring sprees. Small cities are angry about having lost connectivity and are pushing to regain it.

But the economics of the business suggest the crisis isn't over. Full-service carriers were cutting back on their contracts with regional players long before

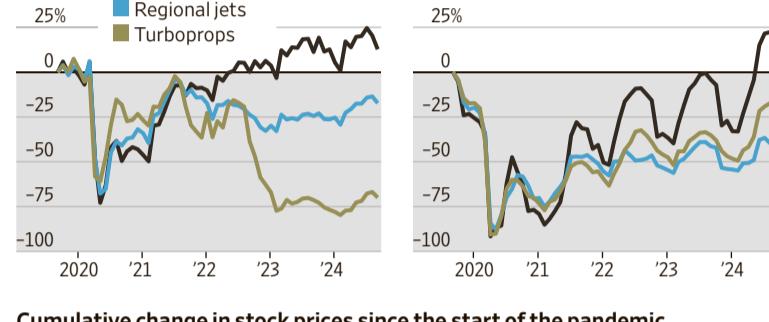
Covid-19. In 2019, **Delta Air Lines** got rid of two of its five remaining regional partners, with one of them, Compass Airlines, going under shortly after. Across the Atlantic, Flybe, Flybmi and Stobart Air were recent casualties.

Mainline airlines' practice of doing more domestic flying in-house and using larger aircraft to do so is a long-running trend. In an era of secular growth for air

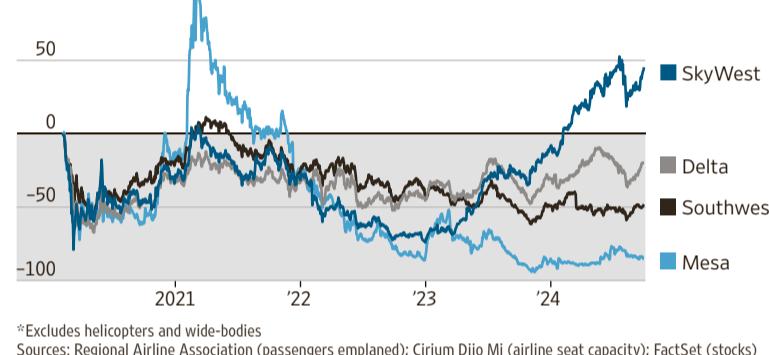
### Enplaned passengers by U.S. regional carriers



Airline seat capacity in scheduled domestic routes by plane type, cumulative change since the start of the pandemic



### Cumulative change in stock prices since the start of the pandemic



\*Excludes helicopters and wide-bodies

Sources: Regional Airline Association (passenger enplaned); Cirium Diio Mi (airline seat capacity); FactSet (stocks)

travel, as the last couple of decades have been, those larger planes allow for lower costs per seat and economize on staff. U.S. regional contractors can't offer to do the same because "scope clauses" set up by unions limit the size of planes they can fly.

A side effect has been that manufacturers no longer make the types of regional aircraft that best serve thin routes. Also, pilot academies aren't churning out enough graduates to meet long-run demand. To make matters worse, upstarts such as JetBlue founder David Neeleman's Breeze Airways are profiting from the gaps that regional operators left.

It is unlikely that this will

change unless a recession makes it harder to fill planes, creating a temporary pilot glut and an incentive to use smaller aircraft again.

Investors could benefit from a winner-takes-all dynamic. The top player, **SkyWest**, went from flying 26% of all U.S. regional passengers in 2019 to 32% in 2023. Its operating margins are recovering and the prospect of greater economies of scale pushed its shares up 43% since the onset of the pandemic—even as shares of its rival **Mesa**, which has been struggling to fly enough block hours to cover expenses, are down 85%.

Everybody else may need some bad times for the good old days to return.

—Jon Sindreu



Intel Chief Executive Pat Gelsinger has been leading an ambitious turnaround plan at the storied chip maker.

## Don't Count on a Megadeal To Rescue Faltering Intel

Intel has never been this cheap. That doesn't make the storied chip maker a great deal.

Once the world's most-dominant designer and producer of advanced semiconductors, Intel's stock price has collapsed this year as its problems have mounted. The company's disastrous second-quarter report in early August put its market capitalization below \$100 billion for the first time since 2012. It also pushed the stock below the company's book value—largely consisting of factories and intellectual property minus its net borrowings—for the first time in at least four decades, according to data from FactSet.

Such an epic crash understandably draws out bargain hunters looking to kick the tires. The Wall Street Journal reported Friday that

**Qualcomm** has made a takeover approach, though at what price and other terms couldn't be learned. It wouldn't exactly be a minnow swallowing a whale; Qualcomm's projected revenue over the next 12 months is more than three-quarters of what Intel is expected to produce.

Still, even a modest takeout premium would put the deal's value over \$100 billion. That is about eight times the cash on Qualcomm's balance sheet and would involve substantial debt or significant dilution of the company's shareholders—or likely both. Wall Street has serious doubts. Qualcomm's shares fell nearly 2% Monday after slipping nearly 3% Friday. They inched higher in Tuesday's trading.

"We are skeptical of the merits

of any potential transaction," wrote Vivek Arya of BofA Securities in a report. Chris Danely of Citigroup was even more direct. "Almost too silly to comment on," he wrote in a note to clients.

But questionable deals still have a way of happening, or trying to happen. And Intel in its current predicament is drawing all types of interest. Bloomberg reported over the weekend that distressed-investment specialist **Apollo Global Management** has offered to buy an equity stake of up to \$5 billion in the chip maker. That could end up being a more-plausible option given Intel's cash needs and lower likelihood of regulatory hurdles. Intel's share price rose more than 3% Monday and 1% Tuesday.

A full acquisition, though, poses

### Intel's share price/book value ratio, past 10 years



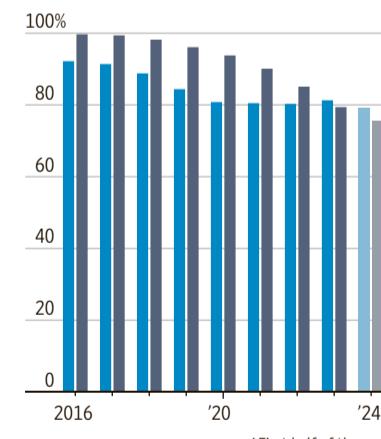
Sources: FactSet (ratio); Mercury Research (share)

all sorts of problems for a buyer, whether it is Qualcomm or anyone else. Intel is essentially two businesses now—a semiconductor design shop and a chip-manufacturing operation. A restructuring announced this month further solidified the move, but it has been under way for the past three years, ever since Pat Gelsinger came back aboard as chief executive and began leading an ambitious turnaround plan to regain the company's lead in manufacturing technology while also building a foundry business to produce chips designed by other firms.

It has been an expensive undertaking. Intel's foundry operation incurred a \$5.3 billion loss in the first six months of this year, while 99% of its revenue is coming from Intel's own internal needs. The expense of catching up its manufacturing tech caused to burn through about \$12.6 billion in cash over the past four quarters. Wall Street expects the annual cash burn to continue through at least next year, according to FactSet estimates.

And the design side of the business isn't faring much better. Personal computers and data-center servers still generate the bulk of Intel's chip sales. Revenue growth on

### Intel's share of CPU shipments



\*First half of the year

the PC side has improved a bit over the past two quarters as industry sales have pulled out of a slump, but Intel's data-center business has been decimated by the shift in spending to **Nvidia**'s artificial-intelligence systems. Intel is still the dominant vendor in CPU chips for both PCs and servers, but it has lost valuable share in both segments to rival **Advanced Micro Devices**. Mercury Research estimates Intel's share in server CPU chips was 75.6% in the first half of this year. Intel had 99% of that market in 2017.

Hence, any buyer would need the ability to solve multiple existential threats while also getting such a deal through regulators that would include China, given the company's facilities there. That alone makes a full Intel buyout far less likely; China has already stymied several large deals involving U.S. tech firms that include both Intel and Qualcomm. Of China, Stacy Rasgon of Bernstein noted Monday that "a weaker Intel and a weaker US semiconductor manufacturing footprint is probably better for them."

Intel certainly needs more friends these days, but buyers will be hard to come by.

—Dan Gallagher

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