

THE WALL STREET JOURNAL.

D DOW JONES | News Corp

WEDNESDAY, OCTOBER 2, 2024 ~ VOL. CCLXXXIV NO. 79

WSJ.com

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DJIA 42156.97 ▼ 173.18 0.41%

NASDAQ 17910.36 ▼ 1.5%

STOXX 600 520.88 ▼ 0.4%

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GOLD \$2,667.30 ▲ \$31.20

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YEN 143.56

What's News

Business & Finance

◆ **Dockworkers** at dozens of U.S. ports dug in for a massive pay increase after walking off the job early Tuesday, seeking to flex their power in a strike that aims to strangle the flow of trade across much of the country. **A1, A2**

◆ **The prospect** of a widening war in the Middle East depressed U.S. stock prices, with the S&P 500, Nasdaq and Dow falling 0.9%, 1.5% and 0.4%, respectively. Benchmark U.S. crude futures rose 2.4% to \$69.83 a barrel. **B1**

◆ **LVMH** will take a roughly 30% stake in French Bloom, a maker of upscale nonalcoholic sparkling wine whose sales have been growing to meet consumer demand. **B1**
◆ **LVMH** sold the Off-White brand to New York-based Bluestar Alliance for an undisclosed sum. **B2**

◆ **Schwab appointed** its president, Rick Wurster, as the brokerage's next CEO effective Jan. 1, handing him the task of steering the firm through a turnaround. **B1**

◆ **Reuters and CNN** became the latest outlets to charge readers for access to their digital news, adopting a subscription model. **B3**

◆ **The UAE's Adnoc** clinched a deal valued at more than \$13 billion for German chemical producer Covestro, ending more than a year of talks. **B3**

◆ **Eurozone inflation** fell below the European Central Bank's target for the first time in more than three years. **A7**

◆ **U.S. manufacturing** activity contracted for a sixth straight month in September amid weak demand and company nerves about new investment. **A2**

World-Wide

◆ **Iran launched a barrage** of about 200 missiles at Israel that were mostly shot down or missed their targets, escalating a Middle East conflict that now depends on whether and how Israel chooses to retaliate. **A1**

◆ **Israel's offensive** against Hezbollah in Lebanon threatens to create a new humanitarian crisis in a country already under severe economic and social strains. **A8**

◆ **Former President** Jimmy Carter celebrated his 100th birthday, becoming the first centenarian to have been U.S. head of state. **A4**

◆ **Vance and Walz** clashed over immigration, abortion, foreign policy and the economy in a heated vice-presidential debate, a proxy fight for the White House. **A1**

◆ **A Georgia judge** weighed a Democratic challenge to new state election rules that critics say could inject uncertainty into how votes will be counted and certified next month. **A6**

◆ **California's governor** signed a bill banning private colleges and universities in the state from considering an applicant's family or other connections to a school. **A6**

◆ **After Helene, water** systems were down in Asheville, N.C., many roads in the city had washed away and there was no word from some rural communities cut off by floods. **A3**

◆ **NATO's new leader** pledged continued support for Ukraine in its fight against Russia's invasion and vowed to press China to curtail its support of Moscow. **A7**

◆ **Died: John Amos**, 84, star of '70s sitcom "Good Times." **A6**

CONTENTS Opinion..... A15-17
Arts in Review.... A13 Personal Journal A10/12
Business & Finance B2-3 Property Report... B6
Crossword..... A14 Sports..... A14
Equities..... B8 Technology..... B4
Head on Street.. B13 U.S. News..... A2-4,6
Markets & Finance B12 World News..... A7-8

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Iran Launches Missiles at Israel

Attack follows killing of Hezbollah leader and raids in Lebanon, risking a wider war

Israel's Prime Minister Benjamin Netanyahu said his country would respond to Iran's attack. "Iran made a big mistake tonight—and it will pay for it," Netanyahu said at the start of a cabinet meeting. "The regime in Iran does not understand our determination to defend ourselves and our determination to retaliate against our enemies."

"Israel is on the move, and the axis of evil is retreating,"

By Alexander Ward,
Nancy A. Youssef
and Dov Lieber

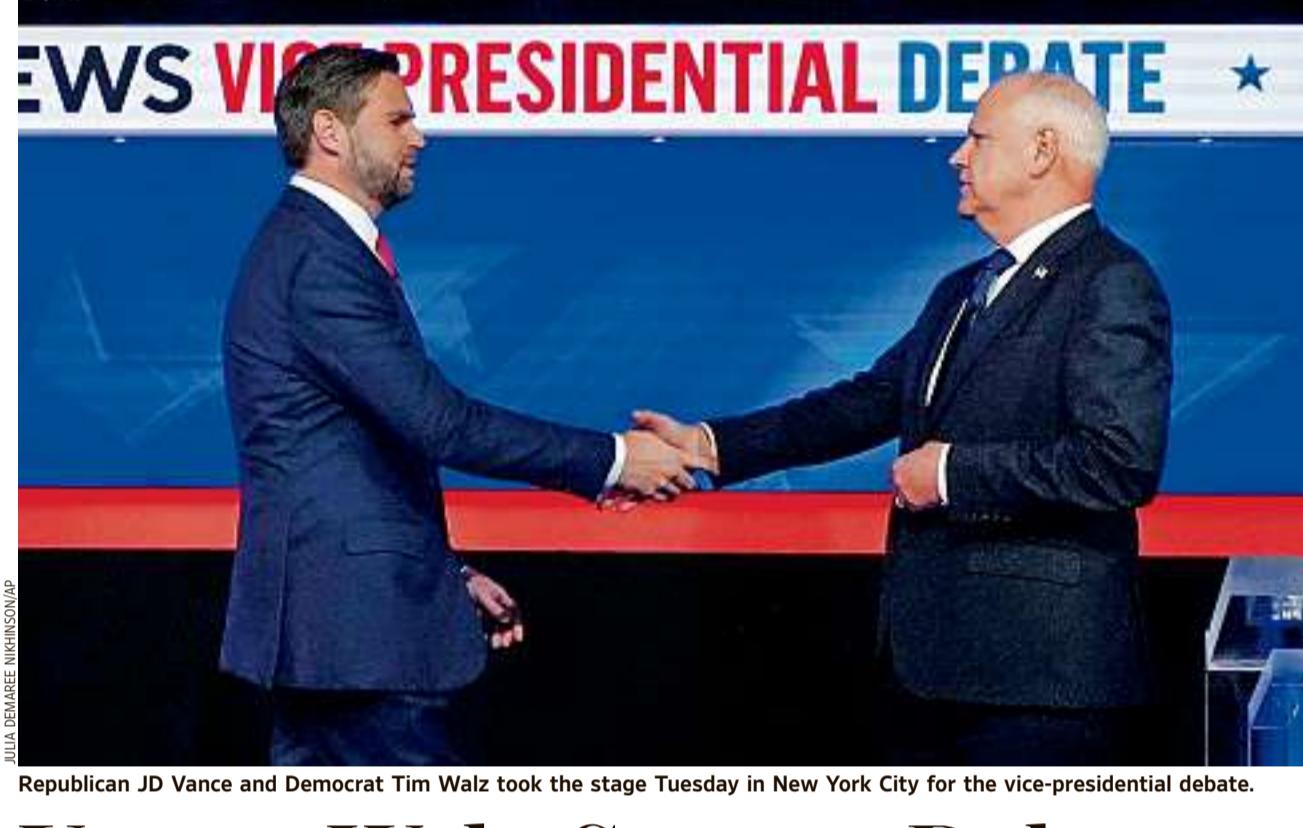
said Netanyahu, referring to Iran and its allies in the region.

The attack played out in the night skies above Tel Aviv and other parts of Israel, as many missiles plunging to their targets were intercepted by air defense systems and some got through, apparently causing

minimal damage. The missiles headed toward Tel Aviv were either intercepted or exploded. Multiple Israeli air bases were targeted in the attack and the Nevatim base in the Negev Desert was hit, causing minor damage, according to U.S. officials.

Please turn to page A8

◆ **Israel says it carried out secret raids**..... A8
◆ **Displaced Lebanese make desperate trek to safety**... A8



Republican JD Vance and Democrat Tim Walz took the stage Tuesday in New York City for the vice-presidential debate.

Vance, Walz Spar at Debate Over Abortion, Immigration

BY CATHERINE LUCEY
AND ALEX LEARY

Sen. JD Vance sought to temper Donald Trump's more controversial rhetoric on issues like abortion, immigration and guns during a vice-presidential debate Tuesday night, as Gov. Tim Walz offered a defense of Kamala Harris' record and argued that Trump poses

a danger to democracy.

On the campaign trail, Vance, a Republican senator from Ohio, has developed a reputation as a partisan attack dog. But throughout the debate, he gave a more polished performance, playing down Trump's plans for mass deportation of migrants and saying the GOP needs to earn back the trust of people on abortion,

tacitly acknowledging a massive gender gap Trump suffers. Vance reminded viewers of his modest roots and that he was raised by "two lifelong blue-collar Democrats."

"We've got to do so much better of a job at earning the American people's trust back on this issue, where they frankly just don't trust us," said Vance, 40 years old, who was a

passionate antiabortion voice as a Senate candidate and at times has supported a national ban after the earliest weeks of pregnancy. He called for the party to be "pro-family in the fullest sense of the word."

Walz, 60, the Democratic governor of Minnesota, stressed Harris's support for abortion rights, her middle-

Please turn to page A4

CVS Faces Hurdles Splitting Off Units in Possible Breakup

BY ANNA WILDE MATHEWS

CVS Health has spent more than \$88 billion in the last half-dozen years to add a major health insurer, a clinic operator and a home-visit provider to its namesake pharmacies.

Now, the healthcare company might break it all up.

After CVS repeatedly cut its financial forecasts and shares plunged, its board is conducting a strategic review that includes the possibility of splitting

the company, according to people with knowledge of the matter. The board isn't expected to make a decision soon, and it could choose to avoid making major changes.

Separating the pieces would be difficult, with a danger of orphaning units that might struggle to flourish on their own, analysts said.

"The risk is if breaking up the business creates lost customers, lost revenue, translat-

Please turn to page A6

Surveillance Parents Face Ultimate Firewall: Freshman Year

* * *

As kids settle into college, moms and dads used to tracking them struggle on sidelines

BY TARA WEISS

As this year's freshmen acclimate to college life, their parents confront a big adjustment. After years of peering into teachers' gradebooks for real-time updates and stalking their children on Life360, they now find themselves relegated to the sidelines.

That doesn't mean their offspring stop asking for help. What's a parent to do when their child complains

work for parents of college kids, and a proliferating number of special parent-liaison offices at colleges, are swooping in to help.

Last fall, Lara Becker, an Atlanta mother of two college students, launched the Facebook group "After the Drop Off/Parenting Through the College Years." It

has exploded to 12,500 members.

Some days, Becker fields 100 requests to join.

A mom there recently questioned the accuracy of the Snapchat map, because, while monitoring her son, she discovered he wasn't sleeping in his dorm. A fellow member retorted: What are you going to do, drive to campus and make him go to

Please turn to page A12

China's Housing Glut Collides With Its Shrinking Population

Cities are stuck with empty homes that they may never fill

BY REBECCA FENG

China's real-estate bust left behind tens of millions of empty housing units. Now that historic glut of unoccupied property is colliding with China's shrinking population, leaving cities stuck with homes they might never be able to fill.

The country could have as many as 90 million empty housing units, according to a tally

of economists' estimates. Assuming three people per household, that's enough for the entire population of Brazil.

Filling those homes would be hard enough even if China's population were growing, but it's not. Because of the country's one-child policy, it is expected to fall by 204 million people over the next 30 years.

"Fundamentally, there are not enough people

Please turn to page A9

INSIDE



WORLD NEWS

Mexico's first female leader takes office, but predecessor's legacy hangs over her. **A7**



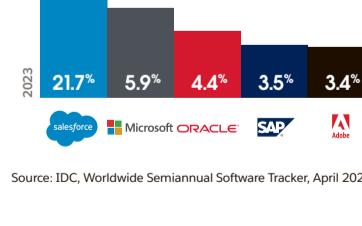
BUSINESS & FINANCE

Limited-edition Jordans are easy to get, and that's a big problem for Nike. **B1**

Salesforce.

#1 CRM.

Ranked #1 for CRM Applications based on IDC 2023 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2024.

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salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2024 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.

U.S. NEWS

White House Urges Talks to End Strike

BY ANNIE LINSKEY

WASHINGTON—The White House scrambled on Tuesday to push striking dockworkers and business owners back to the negotiating table, pressing to work out an agreement to resolve a massive strike that threatens to bog down the economy just five weeks before the election.

Democrats are hoping a swift resolution of the strike will minimize any turbulence for Vice President Kamala Harris, who still trails former President Donald Trump in polls of who would better handle the economy. The Democratic nominee will likely share credit or blame for how Biden handles the crisis, even though there is little she can do about it as vice president.

Trump's campaign claimed the strike wouldn't have happened on his watch—without explaining how he would solve the impasse. The Harris and Trump campaigns have been courting union workers, including in two swing states affected by the strike: Pennsylvania and Georgia.

Biden directed his chief of staff, Jeff Zients, along with other top aides to send a message to both sides that they should resolve their differ-

ences "fairly and quickly," according to the White House. Harris's campaign declined to comment and directed questions to the White House.

The strike comes as the White House is juggling multiple crises with political risks. Biden and Harris both plan to visit hurricane-ravaged states in the South this week to view the recovery efforts. And on Tuesday Iran fired roughly 200 missiles at Israel, ratcheting up tensions in the Middle East.

"This is the job of the president," said White House spokeswoman Karine Jean-Pierre on Tuesday when asked about the multiple high-stakes events. "Unfortunately, there are going to be events like this, and this is where you see the leadership of a president show up."

On the dockworkers strike, Biden and Trump agree in one area: Both are emphasizing that the conflict pits American workers against companies headquartered overseas.

Foreign ocean carriers have made record profits since the pandemic, when Longshoremen put themselves at risk to keep ports open," Biden said in a statement Tuesday evening. Trump, in a statement earlier in the day, said:

"American workers should be able to negotiate for better wages, especially since the shipping companies are mostly foreign flag vessels."

Biden, who calls himself the most pro-union president, has ruled out using his most effective leverage to end the strike. He said Sunday that he wouldn't intervene "because there's collective bargaining, and I don't believe in Taft-Hartley," referring to the 1947 law that allows the president to force dockworkers to resume operations while negotiations continue.

Business groups began notching up the pressure Tuesday, calling on Biden to inter-

vene. Eric Hoplin, chief executive of the National Association of Wholesaler-Distributors, on Tuesday called on the White House "to act decisively—end this strike, reopen the ports and ensure the U.S. remains a leader in global trade."

Trump's campaign wouldn't say Tuesday whether he would invoke Taft-Hartley if he were president.

"The situation should have never come to this," Trump

said in a campaign statement.

While most major unions have endorsed Harris, Trump has built up support among rank-and-file union members. Yet his comments about labor actions haven't always been supportive. Speaking earlier this year with Elon Musk, he praised the businessman for his hard-nosed tactics toward workers threatening to strike.

"They go on strike and you say, 'That's OK, you're all gone. You're all gone. So, every one of you is gone,'" Trump said to Musk.

On Tuesday the International Longshoremen's Association, which repre-

sents 45,000 dockworkers at East Coast and Gulf Coast ports, began picketing at cargo terminals that handle more than half of American import and export volumes as the contract with port employers expired.

Democrats fear a strike lasting weeks would cause shipping delays and increased prices as businesses find costly workarounds to move goods to the market, angering voters

Democrats hope for a swift resolution to minimize harm to Harris at polls.

Factory Activity Remained Subdued in September

BY ED FRANKL

U.S. manufacturing activity contracted for a sixth straight month in September, as demand remains weak and companies shy away from investments due to high interest rates.

In a statement, Biden urged the United States Maritime Alliance to make a deal with the dockworkers. "It is time for USMX to negotiate a fair contract with the longshoremen that reflects the substantial contribution they've been making to our economic comeback," Biden said Tuesday.

"It's only fair that workers, who put themselves at risk during the pandemic to keep ports open, see a meaningful increase in their wages."

Harold Daggett, head of the International Longshoremen's Association, highlighted the political power he believes he has in a video posted on social media. He ticked through what a strike would mean for the U.S. economy week by week, saying that car sellers will soon have fewer products to sell and construction projects will slow down significantly. "I will cripple you," he said.

—Natalie Andrews contributed to this article.



MICHAEL NAGLE/BLOOMBERG NEWS

Workers picketed outside the APM container terminal at the Port of Newark in New Jersey on Tuesday.

Walkout Threatens to Snarl Trade

Continued from Page One
fected by the strike: Pennsylvania and Georgia.

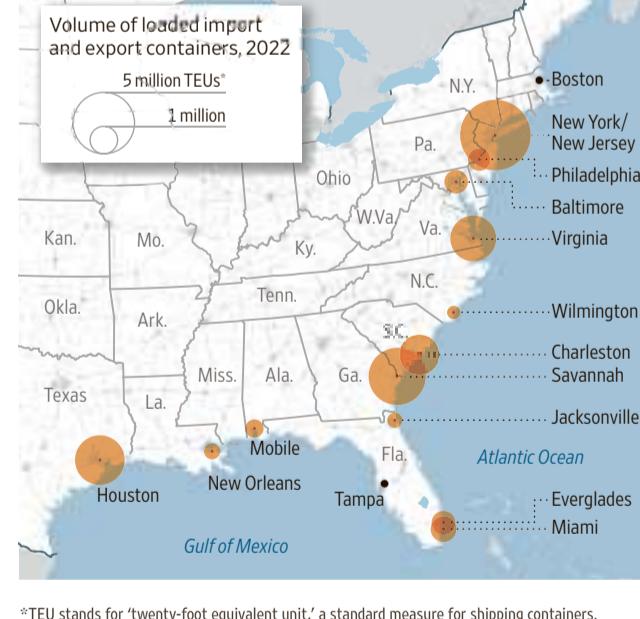
After any wage agreement is reached, the two sides would need to bargain over thorny issues such as expanded use of automation, which the union wants to prohibit.

Dockworkers typically earn a six-figure annual salary because of work rules and overtime requirements. In the financial year that ended in 2020, more than half of 3,726 dockworkers at the Port of New York and New Jersey earned more than \$150,000, according to a report by the port's regulator. About 1 in 5 dockworkers at the port earned over \$250,000 that year.

Dockworkers gathered late Monday and Tuesday morning in groups several-hundred-strong, outside closed port facilities in New Jersey, blasting rock music, smoking cigars, holding placards protesting the use of automated equipment on the docks and waving U.S. flags.

"I am here to support the union and to support the middle class of America," said Matthew Dombrowski, a former Marine who now works as a crane operator. "We are fighting to go against automation. We are fighting to keep crane operators."

Daggett said his workers deserve a share in the hundreds of billions of dollars the world's largest ocean shipping companies made during the Covid-19 pandemic and more recent supply-chain disruptions caused by



war in the Middle East.

"They know my number. They don't want to deal with my number. And my number is not that bad," Daggett said.

"The ILA represents workers on East and Gulf Coast ports."

White House officials believe the impact on consumers will be limited for now, and they have so far discounted invoking federal law to force dockworkers back to work.

The walkout shuts down some of the U.S.'s main gateways for imports of food, vehicles, heavy machinery, construction materials, chemicals, furniture, clothes and toys.

Big retailers, with their busy fall shopping season just starting to kick in, said that for now they can withstand the slowdown because they brought in products earlier than usual this year and diverted other cargoes to West Coast ports in case of a strike. But executives

said a walkout lasting a week or longer would push up shipping costs and might trigger product shortages.

"Shoppers can rest assured holiday merchandise will be on shelves," said Brian Dodge, president of the Retail Industry Leaders Association, which represents stores such as Best Buy, Home Depot, Gap and Dollar General. "The longer this work stoppage goes on, the harder it will become to shield customers from its effects."

Susanne Waidzunas, global supply manager at Inter IKEA Holding, manager of IKEA's supply chain, said the retailer was pulling its containers that had arrived at the Port of New York and New Jersey in recent weeks as fast as possible ahead of a shutdown.

"We have learned a lot during Covid how to navigate and minimize the impact" of disruptions, Waidzunas said. "De-

pending on how long the strike continues, it might have an impact on a larger scale of course in the world."

A strike lasting even one week would tie up ships for much longer periods, which could exacerbate shipping delays, eat up capacity and drive up freight rates, some industry analysts warned.

About 60% of containerized trade moves through the East Coast and Gulf Coast ports where ILA dockworkers last year unloaded about \$58 billion of imports, according to S&P Global Market Intelligence.

J.P. Morgan equity analysts estimated a ports strike would cost the U.S. economy between \$3.8 billion and \$4.5 billion a day, some of which would be recovered once normal operations resume.

The Port of New York and New Jersey, the third-busiest container seaport in the country, handled the equivalent of more than 420,000 imported containers in July. That same month, the Port of Baltimore, the country's largest gateway for automobiles and light trucks, processed more than 34,000 new vehicles.

Descartes, a supply chain technology provider that tracks ocean shipments, said container imports into U.S. West Coast ports expanded 22% in the first two weeks of September from the first two weeks of August. Volumes into East Coast ports declined 4% in the same period.

The potential for a strike "hasn't impacted us in terms of delivery," said Yoshika Hirata, senior director of operations at Stance, an apparel brand that makes socks and underwear and imports mostly through West Coast ports. "But what it has impacted is the cost because obviously rates are going up be-

cause of the situation."

Some wholesale importers are already raising their prices to account for the higher costs.

Tim Ryan, owner of Square 1 Farms, a Sunrise, Fla.-based importer that sells asparagus to supermarkets such as Walmart, Kroger and Wegmans, said he is having to fly in vegetables that would usually arrive by containership. He is adding about 50 cents a pound to the prices he charges stores to cover the airfreight costs.

"Either supermarkets elect to absorb that cost or they will pass it on," Ryan said.

Dockworkers on the West Coast, represented by the separate International Longshore and Warehouse Union, won a 32% wage increase over six years in negotiations that ended last year. The agreement also included \$70 million in one-time payments, dubbed a "hero bonus" by people familiar with the contract, in a nod to work done through the pandemic.

Ocean carrier earnings surged this year after Houthi rebel attacks on ships in the Red Sea forced carriers to take longer routes around the region, eating up capacity and driving up freight rates. Denmark-based shipping giant A.P. Moller-Maersk projected in June a \$3 billion improvement in free cash flow for the year over a prior forecast.

Maersk said the U.S. dockworkers strike will lead to delays in cargo movement, increased costs, and logistical challenges for businesses.

—Liz Young contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Kerry Emanuel was on an advisory board of the pro-nuclear nonprofit Environmental Progress, which is now known as Civilization Works. A Sept. 23 U.S. News article about offshore wind power and right whales incorrectly said Emanuel was on the board of the organization.

Carrie Coon stars in the movie "His Three Daughters." A Sept. 27 House Call article incorrectly referred to the movie in one instance as "His Three Sisters."

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

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Scan this code for a video on what the strike means for the U.S. economy.

—Liz Young contributed to this article.

North Carolina Reels as Rescuers Fan Out

Helene's death toll continues to rise across Southeast as water systems fail

By GARETH VIPERS AND TALI ARBEL

As the death toll from Helene continued to rise, the city of Asheville in western North Carolina's Blue Ridge Mountains was picking up the pieces from the devastating storm.

Water systems were down Tuesday and would likely take weeks to repair, many roads in the city were washed away, and there was no word from some rural communities cut off by the floods.

Rescue teams were still working to locate missing people in the region isolated by the flooding and to deliver food, water and other supplies.

More than 1,000 people were in shelters in North Carolina, officials said.

"We know there will be more fatalities," North Carolina Gov. Roy Cooper said Tuesday morning.

In Buncombe County, where Asheville is located, 57 people have died, officials said Tuesday afternoon. Rescue crews were still trying to find trapped people by plane as well as by car, boat and foot. It was unclear how many people were still unaccounted for. Nine people were confirmed dead in neighboring Henderson County. One person died in Macon County.

"Right now we are still in crisis mode," Asheville Mayor Esther Manheimer said late Monday. "It is dire."

At least 149 people have been confirmed killed because of the storm, across six states in the Southeastern U.S.

President Biden will travel to North Carolina on Wednesday to survey the damage in Asheville. Vice President Ka-

mala Harris plans to visit Georgia Wednesday, her campaign said. She may also visit North Carolina in the coming days.

In Georgia, which sustained widespread destruction and more than two dozen deaths from Helene, Gov. Brian Kemp said on Monday that he appreciated the support from the Federal Emergency Management Agency, which embedded with Georgia before Helene hit, and from President Biden, with whom he had spoken on the phone.

Biden "just said, hey, what do you need, and I told him, you know, we got what we need, we'll work through the federal process. He offered that if there's other things we need just to call him directly," he said.

States across the region were battered by Helene, with days of record rainfall and ferocious winds. Some towns were completely cut off, as bridges collapsed and washed away. Cellphone coverage has been

down across large parts of western North Carolina, making news on some of the isolated areas patchy.

South Carolina had at least 36 storm-related deaths, while Georgia had 25, according to state officials. Florida had 11 deaths, Tennessee had eight, and two were killed in Virginia.

Nearly 1.5 million customers were still without power in the Carolinas, Georgia, Florida and Virginia Tuesday afternoon, according to PowerOutage.us.

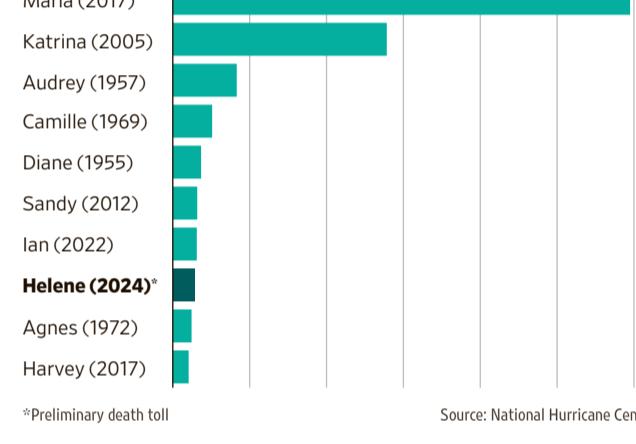
The Biden administration has declared parts of Florida, North Carolina, South Carolina and Georgia disaster areas, enabling FEMA to provide federal assistance. In addition, the Internal Revenue Service extended tax filing and payment deadlines for all of North Carolina, South Carolina, Georgia and Alabama,

*Preliminary death toll



A search and rescue dog and handler searched for victims in deep mud Tuesday in Swannanoa, N.C.

Deadliest hurricanes to hit U.S. territory since 1950



Source: National Hurricane Center

along with parts of Florida, Tennessee and Virginia.

FEMA said that it had shipped more than one million liters of water as well as food, generators and tarps to af-

fected areas, and that FEMA Administrator Deanne Criswell is in North Carolina.

—Tarini Parti and Richard Rubin contributed to this article.

Flooding Again Strikes a Florida Enclave

By DEBORAH ACOSTA

ST. PETERSBURG, Fla.—Kellen Driscoll bought his home here in 2019, settling in the coastal enclave of Shore Acres. It flooded for the first time four years ago after tropical storm Eta dumped more than 3 feet of water.

Hoping it was a fluke, Driscoll tore out the affected drywall and started fresh. After all, the four-bedroom home built in 1960 had no flood history.

But then it happened again, and again. Like many others in the community, he put his home up for sale in the spring of this year. After seeing little interest, he cut the asking price.

On Friday, Hurricane Helene deposited more than 6 feet of storm surge in the neighborhood. The rushing waters ripped the "For Sale" sign off his front lawn, and etched a waterline that reached halfway up his front door, just underneath the doorbell. He reduced the asking price for a fifth time.

"We flooded here four times in the last four years," said Driscoll, as he threw his television sets, furniture, appliances and other belongings to the curb. "I'm just hoping I can sell the house. It's a good neighborhood for sure, but dealing with the floods is horrible."

In the Tampa Bay metropolitan area, which includes St. Petersburg, a real-estate boom nearly doubled median home values from 2018 to June of this year, according to Redfin data.

Young people flocked to the region, looking for a coastal lifestyle at a relatively affordable price.

The Tampa Bay metro area was the fifth most popular relocation destination in the country, according to an analysis by Redfin last year. The population has soared to more than three million.

But as Shore Acres's young residents sorted through the storm's wreckage, only one thing was on their minds: selling.

Ballooning home insurance



Bradley Tennant in his flooded house in the St. Petersburg neighborhood of Shore Acres.

costs and the perennial threat of violent storms are starting to undermine housing markets throughout much of the state. But in few places has the turnaround been more dramatic than in low-lying communities up and down the coast of Florida that frequently flood.

The Tampa Bay housing market had been softening even before Helene struck. While prices have been flat, the area experienced a 58% increase in supply in August compared with a year ago, and a 10% decrease in demand, according to Parcl Labs, a real-estate data and analytics firm.

About half the homes listed for sale in Tampa experienced price reductions as of Sept. 9. "Tampa was already heading in this direction before the hurricane hit," said Jason Lewis, co-founder of Parcl Labs.

While Tampa escaped a direct hit from the eye of the hurricane, it was the worst storm to hit the area in a century.

Bradley Tennant's home flooded last year. But to avoid all the competition, he was waiting a year to put it up for sale.

"We saw the glut of homes for sale in the spring and thought, 'What are the chances'

it'll hit again the next year?" said Tennant, as he cleared out the soaked contents of his waterfront home. "We went 50 years without a storm that flooded the house. So we thought, let's roll the dice."

While he paid around \$350,000 for the house about seven years ago, Tennant says he received offers as high as \$800,000 during the height of the market—before last year's storm hit. Now he's hoping to sell as soon as he's able to renovate.

The area's affordability is also waning as insurance premiums soar. Jacob McFadden was paying \$880 a year to insure his home when he bought it in 2020. That amount has since almost quadrupled, to \$3,300.

Premiums will likely rise again now. Property damage from last week's Category 4 storm could be as high as \$26 billion, according to estimates from Moody's Analytics.

"I don't know how much longer I'm going to do this waterfront living," McFadden said, standing in front of his home with a wheelbarrow and his home's contents scattered around the front yard. "This may be the end."

Dustin Pentz bought his home 10 years ago and was

one of the lucky few to avoid flooding. That is until Helene.

His fridge was knocked over, and the water reached up as high as his mattress. Unfortunately, his flood insurance doesn't cover the contents of his home.

"This neighborhood's amazing, great schools. But no one wants to deal with this all the time," said Pentz.

Down the street, Dominique Tomlinson and her husband, Leon Tomlinson, filed a claim for items they lost in last year's flood. They didn't want to go through the headache of filing another claim for the contents of their home this year, with a separate \$5,000 deductible.

Two days before Helene hit, they rented a moving van to haul belongings to a storage unit. She bought her home four years ago for around \$199,000. Because property values have risen so much, she hopes to break even. But now she says she's not so sure.

Tomlinson, a teacher, and her husband, a manager at a grocery store, worry that people like them will be priced out of the area.

"Basically the only people that are going to be able to live back here are rich people who can build up," she said.

PAUL MORELLI

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U.S. NEWS

Fans, Friends and Family Fete Carter on His 100th

BIRTHDAY SONG: Jimmy Carter fan April Kirkman of Santa Rosa, Calif., sang a song she wrote next to a bust of the former president in Atlanta Tuesday, on his 100th birthday. Friends and family gathered in his hometown of Plains, Ga., to celebrate.

Vance, Walz Spar At Debate

Continued from Page One
class-focused economic policies and pressed attacks on Trump's record as president. But Walz was put on the defensive over the validity of his past statements and flubbed several lines, such as when he said, "I've become friends with school shooters." He was referring to relationships he's formed with parents of victims of the 2012 Sandy Hook Elementary School shooting in Connecticut.

Near the end of the debate, Walz aggressively pushed Vance over Trump's repeated denial of the 2020 election results.

"To deny what happened on January 6, the first time in American history that a president or anyone tried to overturn a fair election and the peaceful transfer of power. And here we are, four years later, in the same boat," Walz said.

Walz then challenged Vance: "Did he lose the 2020 election?"

"Tim, I'm focused on the future," Vance replied. Walz shot back: "It's a damning non-answer."

Several times Vance attempted to counter Democrats' warnings. "They make a lot of claims about if Donald Trump becomes president, all of these terrible consequences are going to ensue," Vance said.

Hosted by CBS News in



People attended a vice-presidential debate watch party Tuesday night in New York City.

New York City, the vice-presidential showdown came as Vice President Harris and former President Trump are in a tight race for the presidency.

The tone of the event was sharp at times, but it was generally substantive and policy-focused and without personal attacks.

It was a departure from earlier debates this year. During Trump's June debate with President Biden, the two men argued over who would get the upper hand in a match of golf. During Trump's debate with Harris, she sought to provoke her rival over his felony convictions and Trump accused immigrants of eating cats and dogs.

Biden's debate performance was so disastrous that he dropped out of the race

not long afterward, and Harris was widely seen as the winner of her debate with the former president. The vice-presidential matchup was less dramatic, but offered both running mates a chance to explain their party's vision for governing.

On abortion, Walz offered stories of women who have dealt with harrowing health conditions due to restrictive abortion laws. He also argued that Republicans will make it harder to get contraception and fertility treatments, noting that fertility treatments are "why I have a child."

Vance repeated Trump's position that the issue should be left to the states. Trump himself weighed in on social media during the debate, explicitly saying for the first time that he would veto a national abortion ban, should Congress pass one. Democrats have repeatedly argued that Republicans would seek a national abortion ban.

Asked about school shootings, Vance said "we do have to do better" and called for boosting security at schools. Walz emphasized that he is a hunter and a gun owner, but argued there were laws that could curb shootings without taking guns away.

Early in the debate, the two men were asked about Iran's attack on Israel amid the Israeli war against Hezbollah in Lebanon and Hamas in Gaza. Both men said Israel had the right to defend itself but used the question to accuse each other's campaign of weakness.

Walz cast the Biden administration as steady while noting a "nearly 80-year-old" Trump used some of his debate with Harris to talk about the size of crowds at his events.

"Donald Trump is fickle," Walz argued, as the candidates debated tumult in the Middle East. "He will go to whoever is the most flattering or where it makes sense to him."

Vance countered that Trump served in a relative time of global stability and said adversaries were "afraid of stepping out of line."

Asked about past criticism of Trump, the senator said he has been open in acknowledging that he "was wrong about Donald Trump."

Walz was put on the defensive over his personal biography, including a claim he made that he was in Hong Kong dur-

ing the violent crackdown on protesters in Tiananmen Square in Beijing in June 1989. Minnesota Public Radio and APM Reports have reported that he inaccurately claimed to be in Hong Kong for a teaching position at that time. Walz sidestepped that question, instead providing a response about why he went to China for teaching opportunities.

Pressed again during the debate, Walz said he "misspoke."

"I've not been perfect and I'm a knucklehead at times," Walz said.

Asked about Trump's plans for a massive deportation effort, Vance blamed the Biden administration for rolling back some tougher border policies. He said criminal migrants would be targeted first for deportation but stopped short of outlining a larger effort. Instead, Vance suggested that restrictions on job opportunities would force people to go home. He dodged a question about separating families, even if children are U.S. citizens.

Walz accused Trump of blocking a bipartisan immigration agreement that was before Congress earlier this year, but ran into opposition from conservatives and Trump.

Moderator Margaret Brennan noted that Haitian migrants in Springfield, Ohio, were in the country legally—despite the impression Trump and Vance have left. Trump said during last month's debate with Harris that the migrants were eating cats and dogs.

"The rules were that you guys weren't going to fact-check," Vance interjected. As he attempted to make another point, his microphone was cut off.

The debate was expected to draw tens of millions of viewers and was the last scheduled opportunity for voters to hear from both parties at the same time, as Harris and Trump have disagreed over the terms for a second debate. The vice president has been pressing for a second round. After the debate, Trump repeated that he will not debate Harris again.

Polls show a tight race between Trump and Harris nationally and in the battleground states. Early voting is already under way in some states, with just five weeks before Election Day.

—Ken Thomas

contributed to this article.

Stockpiling Key Materials Draws Focus

China dominates supply chains for minerals that are needed for defense

BY JULIE STEINBERG AND DAVID UBERTI

Nickel and cobalt aren't often topics in U.S. presidential campaigns.

But in laying out her proposed economic policies, Vice President Kamala Harris put a spotlight on those critical minerals and other materials essential to defense technology and electric vehicles.

Harris wants the U.S. to produce and process more of these minerals, which are also used in energy storage and nuclear power, to counter Chinese-dominated supply chains. She has proposed building a U.S. stockpile for critical minerals, an idea that has floated around Washington in recent months on both sides of the political aisle.

A physical or financial stockpile would expand upon investments by the Trump and Biden administrations to bolster an atrophied U.S. mining sector and build renewable-energy supply chains insulated from Chinese influence. Agencies including the Pentagon

have funneled hundreds of millions of dollars into mining companies and funds in recent years, backing drilling projects and buying equity stakes.

Meanwhile, the State Department has been meeting with governments and companies friendly to the U.S., urging them to look at various mining assets around the world.

But Washington's efforts abroad are up against longstanding Chinese business ties with many large producers, as well as China's massive refining capacity for metals such as copper, lithium and nickel. Western miners complain Beijing floods the market with supplies, contributing to violent price swings that can tank generally more expensive projects in the U.S., Canada and elsewhere.

Last year, a federally backed Idaho cobalt mine three decades in the making suspended operations just weeks before it began producing its first pound of the lustrous silvery metal,

which is key for munitions and electric-vehicle batteries. The culprit: a price collapse at the wrong moment.

The Harris plan to blunt those impacts offers few details, but industry participants say a stockpile could work a few different ways. A physical stockpile would allow the country to dip into reserves when it needed to, such as in the face of extreme export restrictions by China. Or, in a market where commodity prices have crashed amid oversupply, producers could sell their material to the U.S. at above-market prices.

"Stockpiles are actually incredibly important, especially because China is showing they're willing to weaponize resources in very short supply," said Gracelin Baskaran, director for the Critical Minerals Security Program at the Center for Strategic and International Studies.

A stockpiling system in which the government trades financial instruments such as fu-

tures contracts would help domestic miners shield themselves from turbulence, said Arnab Datta, a managing director at Employ America, a research group that has pushed for more aggressive use of strategic reserves. Volatility "really prevents people from investing sufficiently to meet our needs," he said.

The push to stockpile key materials stretches back some 85 years, to the eve of World War II, when Congress authorized officials to snap up supplies in the event of a national security crisis. Washington bolstered reserves to buffer against Soviet expansionism in the 1950s.

The government has gradually sold off many of those Cold War-era supplies. But the Defense Logistics Agency still stores thousands of tons of materials such as chromium and zinc in six locations across the country, according to its website.

Support for more aggressive intervention in the Chinese-dominated markets has also grown on Capitol Hill. Last week, a bipartisan group of senators introduced a bill proposing a \$750 million pilot program at the Energy Department to explore futures contracts and other financial products to shield domestic companies from price shocks.

Meanwhile, representatives on the House Select Committee on the Chinese Communist Party are planning to advance their own bipartisan legislation later this year that will call for a national reserve, according to a committee aide. The committee in December called for tax incentives for manufacturing in the U.S. things such as magnets with rare-earth elements.

The U.S. is late in devising a national-security framework predicated on securing critical minerals. Some believe that to truly protect the economy and national security, the country has to undertake more domestic mining, which has been slow to develop due to environmental concerns and permitting timelines.

"A stockpile could be a fail-safe, but not a solution to the underlying problem of China's current control over critical mineral supplies and markets, and our economic vulnerability from lack of supply security or industrial know-how," said Abigail Hunter, executive director of the Center for Critical Minerals Strategy at SAFE, an organization that advocates for U.S. energy security.

Hunter said she welcomes Harris's focus on critical materials and would like to see a clearer path to market for domestic mines and more global initiatives to accelerate investment in this area.

While employing strategic stockpiles as economic tools has long been discussed, the Biden administration was the first to do so on a massive scale.

After Russia's invasion of Ukraine sent oil prices skyrocketing, the Energy Department tried to dull the pain by selling an unprecedented 180 million barrels of crude from skyscraper-size storage caverns in the Strategic Petroleum Reserve.

Since then, the government has partially replenished the stockpiles at lower prices, netting hundreds of millions of dollars in theoretical gains.



Kamala Harris has proposed building a critical-minerals stockpile. A cobalt mine in Idaho.

NATALIE BEHRING FOR WSJ

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U.S. NEWS

Georgia Vote Rules Challenged

Democrats seek to curb new measures affecting election certification process

BY JAN WOLFE

A Georgia judge on Tuesday weighed a Democratic challenge to new state election rules, championed by former President Donald Trump, that critics say could inject uncertainty into how votes will be counted and certified next month.

The proceedings in Atlanta are a major test for the new-look State Election Board, a panel now controlled by Trump-endorsed Republicans that has drawn national attention by pushing through a slate of changes to how vote tallies are finalized.

At issue are a pair of related rules the board adopted in August that give county officials new ways to investigate election results before certifying them. One requires "reasonable inquiry" before local officials sign off on the final results. The other allows officials to examine "all election related documentation" before certifying.

Critics say the rules, while seemingly benign on their face, could create chaos and aid Trump, if the Republican presidential nominee contests Georgia's election results as he did in 2020, causing confusion and undermining public confidence in the outcome.

The Democratic National Committee, which sued along with the Democratic Party of Georgia and other plaintiffs, said state law doesn't give local officials roaming investigative authority and requires all



Members of Georgia's State Election Board met at the capitol in Atlanta last month.

counties to certify their results by 5 p.m. on the Monday after Election Day.

"The uncertainty that the challenged rules inject into the certification process creates a risk that the county board of elections might not certify," said Kurt Kastor, a lawyer for the Democrats.

The plaintiffs are asking Fulton County Superior Court Judge Robert McBurney to declare the new vote-counting rules invalid, or to at least clarify that they don't expand the authority of local election officials.

The Republican board members who voted for the new rules have said their aim is to make Georgia's election more transparent and accurate. The Republican National Committee intervened in the lawsuit to support their arguments.

"The rules are actually nec-

essary to ensure votes are counted," RNC lawyer Baxter Drennon said during Tuesday's hearing.

"We're not changing the law," Drennon said. "We are reinforcing—or re-emphasizing—what might be the best way to describe it—the law that was in place before."

Trump lost Georgia by about 12,000 votes in 2020 and pressured Gov. Brian Kemp and Secretary of State Brad Raffensperger, both Republicans, to help him overturn the results. Neither agreed to do so.

After the 2020 election, Georgia's GOP-controlled legislature stripped Raffensperger of his power over the State Election Board, a panel that investigates election irregularities and makes recommendations to state legislators.

A series of recent appoint-

ments means Trump-endorsed Republicans have had a majority on the board since May. The three board members backed by Trump—Janice Johnston, Rick Jeffreys and Janelle King—have imposed several rule changes.

Among the other measures is a requirement that poll workers hand-count ballots at polling locations. This measure is also facing a legal challenge.

Trump praised the trio during an Atlanta rally in August, calling them "pit bulls fighting for honesty, transparency and victory."

Raffensperger, for his part, has denounced the actions of the board's majority, saying, "Activists seeking to impose last-minute changes in election procedures outside of the legislative process undermine voter confidence and burden election workers."

Legacy Admissions Banned in California

BY NICHOLAS HATCHER

The crackdown on legacy admissions at private universities is coming to California.

Gov. Gavin Newsom signed a bill banning private colleges and universities in California from considering an applicant's family or other connections to a school. California joins other states curbing legacy admissions following the Supreme Court's decision to strike down affirmative action.

Stanford University, the University of Southern California, the California Institute of Technology and other private colleges in the state now will be required to submit an annual report to disclose compliance with the new law.

"In California, everyone should be able to get ahead through merit, skill, and hard work," Newsom, a Democrat, said Monday. "The California Dream shouldn't be accessible to just a lucky few, which is why we're opening the door to higher education wide enough for everyone, fairly."

The ban aims to ensure that admissions decisions aren't influenced by factors such as wealth or personal connections. Specifically, it targets the benefit some applicants receive when seeking entry to selective colleges and universities to which their parents gave money or from which they graduated. Ivy League schools often are examples of legacy and donor preferences being given to prospective students.

Nearly 600 colleges and universities considered legacy status in admissions for the 2022-23 academic year, according to data from the National Center for Education Statistics, a nonpartisan research arm of the Education Department.

Legacy admissions disproportionately helps students who are both wealthy and white, and discriminates against applicants of color, critics say.

California joins Colorado, Illinois, Maryland and Virginia in prohibiting legacy preference in college admissions. The effort comes as schools across the U.S. grapple with how to select their student bodies in the wake of last year's Supreme Court decision to end affirmative action in college admissions.

The Supreme Court ruled in June 2023 that it was unconstitutional for a school to consider race in its admissions process. The 6-3 ruling effectively eliminated the principal tool used by many schools to diversify their campuses, forcing the reworking of admissions criteria in American higher education.

In a bid to counter the Supreme Court's ruling, California's legislation aims to ensure equality across its admissions processes.

"If we value diversity in higher education, we must level the playing field," Phil Ting, a San Francisco assemblymember who wrote the bill, said Monday. "Hard work, good grades and a well-rounded background should earn you a spot in the incoming class—not the size of the check your family can write or who you're related to."

California's public universities have long excluded legacy and donor preferences from their admissions process. The University of California system eliminated legacy preferences in 1998.

CHICAGO

Teen Charged With Killing Mail Carrier

A 15-year-old was arrested in Iowa and charged with murder in the shooting death of a mail carrier in Chicago over the summer, police said Tuesday.

Octavia Redmond, 48, was shot on her route on Chicago's South Side July 19. A juvenile got out of a stolen SUV, approached her and shot her at close range before fleeing in the vehicle, according to the U.S. Postal Service. Redmond died at a hospital.

The Chicago Police Department said officers, along with U.S. Marshals, arrested the teenager Monday in Cedar Rapids on a murder warrant. He was extradited to Chicago, where he has been charged as a juvenile with first-degree murder. Police didn't answer a question about whether the teen has an attorney.

—Associated Press

LOUISIANA

Governor Pushes To Alter Tax System

Louisiana Gov. Jeff Landry says that he plans to call the Legislature into a special session in November, marking the third such gathering this year, with the hopes of overhauling the state's current tax system that the Republican said is failing residents.

Landry detailed his proposed tax plan Tuesday, with a focus on reducing the income tax and charging sales tax for more items and services.

Louisiana is the latest state in the Deep South to discuss tax changes, as Mississippi Gov. Tate Reeves continues to push for his state to phase out the income tax and as Georgia Gov.

Brian Kemp signed measures earlier this year to significantly cut income taxes.

—Associated Press

OBITUARY

'Good Times' Star John Amos, Age 84

John Amos, who starred as the family patriarch on the hit 1970s sitcom "Good Times" and earned an Emmy nomination for his role in the seminal 1977 miniseries "Roots," has died. He was 84.

Amos played James Evans Sr. on "Good Times."

"That show was the closest depiction in reality to life as an African American family living in those circumstances as it could be," Amos told Time magazine in 2021.

Amos was born in Newark, N.J., the son of an auto mechanic. He graduated from Colorado State University.

Before pursuing acting, he moved to New York and was a social worker at the Vera Institute of Justice, working with defendants at the Brooklyn House of Detention.

—Associated Press

U.S. WATCH



John Amos played the role of family patriarch James Evans Sr. on the 1970s sitcom 'Good Times.'

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ad COUNCIL

bers ended up running up bigger healthcare bills than expected, while the federal government made regulatory changes that limited some insurance billing practices.

Both issues affected other insurers' results as well, but CVS offered repeated changes in its earnings outlook as the full impact of the problems emerged, as well as some other issues in its insurance business.

The company's adjusted earnings per share estimate for 2024 was pegged to a floor of \$8.50 last December. It dropped to \$8.30 in February, tumbled to \$7.00 in May and finally landed between \$6.40 and \$6.65 in August.

CVS responded by promising about \$2 billion in cost cuts and announcing the departure of Aetna's leader. Lynch, who took Aetna's helm, said she expected the tweaked approach will deliver much-improved Medicare results in 2025.

Shareholders, however, were whiplashed. Today, investors value the company at a level lower than the sum of its deals, with a market capitalization of about \$79 billion. Shares are down about 24% year to date.

"The repeated guide-downs are problematic," said Sarah James, an analyst with Cantor Fitzgerald. "You want to trust that the management team can predict the costs accurately."

Hedge fund Glenview Capital Management, which owns about 1% of CVS's shares outstanding, met with company executives on Monday to discuss ways to improve operations, The Wall Street Journal reported.

Glenview said Tuesday it wasn't pressing for a breakup of the company. The hedge-fund firm, run by Larry Robbins, is offering suggestions to improve CVS governance, culture and operations, it said.

CVS shares fell 2.1% Tuesday after the board's review was reported Monday night.

A breakup wouldn't be easy. Consider re-creating a stand-alone pharmacy business. Walgreens' pharmacies, as well as CVS's own drugstores, have long struggled to bolster margins on the prescriptions they fill, while facing staffing shortages and fierce competition from Amazon.com and others.

Yet pairing the pharmacies with the company's pharmacy-benefit manager CVS Caremark, which aims to negotiate lower drug costs, would also create issues. It would leave Aetna without a PBM, when its largest rivals all own their own.

—Greg Zuckerman contributed to this article.

CVS Faces Obstacles To Breakup

Continued from Page One
ing into lost profit," said Leerink Partners analyst Michael Cherny.

But running the intact company is also a challenging path forward for CVS Chief Executive Karen Lynch and the rest of the company's leadership.

"Investors have lost faith in management's ability to hit their forecasts," said Raymond James analyst John Ransom. "The strategy of putting all this stuff together can work, they just haven't managed to pull it off."

A CVS spokesman said management and the board are always looking for ways to create shareholder value, and the company is focused on delivering strong financial performance and high-quality healthcare products using its scale and integrated model.

CVS had good reasons to seek to expand beyond its neighborhood drugstore roots. The retail pharmacy business isn't nearly as fast-growing or profitable as other segments of healthcare. Rival pharmacy chain Walgreens Boots Alliance has struggled.

CVS aimed to remake the



CVS spent more than \$88 billion to acquire Aetna and other companies, but now has a market cap of about \$79 billion.

JEFFREY GREENBERG/UNIVERSAL IMAGES GROUP/GETTY IMAGES

WORLD NEWS



Claudia Sheinbaum, who was sworn in as Mexican president on Tuesday, addressed the Congress in Mexico City.

In Mexico, a Legacy Lingers

First female leader takes office saddled with ex-president's bold steps in office

MEXICO CITY—As Mexico's first female president, Claudia Sheinbaum is taking over a country that her popular mentor, departing President Andrés Manuel López Obrador,

By José de Córdoba, Santiago Pérez and Steve Fisher

has profoundly changed in just a few months since her landslide victory.

In his final major act in September, López Obrador rammed a judicial-system overhaul through congress, forcing federal judges to face elections. The legislation—which Sheinbaum says she supported—divided the country and swiftly

reshaped the economic and geopolitical issues she will contend with as president.

U.S. officials say the judicial changes risk derailing the two countries' trade ties. Mexican Supreme Court judges say the legislation undermines the checks and balances underpinning Mexico's democracy. And financial markets and investors say Mexico's economic outlook has dimmed, reflected in stalled foreign investment and a peso that has fallen more than 15% against the dollar since the June election.

Sheinbaum will take office with empty coffers, increased territorial control and extortion by criminal gangs, and growing uncertainty over private investment because of the judiciary shake-up, said Carlos Heredia, a longtime pro-democracy activist.

"It is a toxic inheritance," said Heredia, who teaches at Mexico's CIDE university. "The

fear is that the rule of law no longer matters and that the concentration of power will continue."

A politician who ran on centrist policies set forth by the charismatic López Obrador, Sheinbaum must now confront the reality that her mentor's legacy will complicate her presidency, political analysts said. It threatens to distract from challenges such as fighting organized crime, renewing a free-trade pact with the U.S. and Canada and managing a potentially thorny relationship with the White House, should former President Donald Trump win November's election.

Sheinbaum, a 62-year-old scientist who served as mayor of Mexico City, has pledged to continue López Obrador's agenda: large cash handouts for Mexico's poor and greater state control over key economic sectors.

In her inauguration speech on Tuesday, she lauded her predecessor as the most important political leader and social activist in Mexico's modern history. "Anyone who says there will be authoritarianism is lying," she said, as legislators and supporters cheered "Viva Claudia!" and "Presidenta!"

"For the first time, we women have come to lead the destiny of our nation," a visibly moved Sheinbaum said, as three female military officers stood at attention behind her.

Sheinbaum also vowed to respect the central bank's autonomy, control indebtedness, promote clean energy and curb Mexico's oil output because of environmental sustainability concerns.

In her speech, Sheinbaum defended the judicial-system changes, saying they would eliminate corruption and boost its autonomy. "There will be rule of law," she said.

New NATO Chief Vows to Back Kyiv After U.S. Vote

BY DANIEL MICHAELS

BRUSSELS—NATO's new leader pledged continued support for beleaguered Ukraine in its fight against Russia's invasion and vowed to put pressure on China to curtail its support of Moscow, whoever wins the U.S. presidential election.

The voice of support for Kyiv comes as it faces setbacks in both warfare and diplomacy, heading toward winter with much of the country's energy infrastructure in ruins.

Mark Rutte, who took over from Jens Stoltenberg as secretary-general of the North Atlantic Treaty Organization on Tuesday, praised both U.S. presidential candidates for their commitment to defending Ukraine.

"I am absolutely convinced that on this issue, they both see what is necessary," said Rutte, who in July ended 14 years as Dutch prime minister.

Rutte said defending Ukraine is one of his top priorities, alongside boosting NATO's capabilities and "addressing the growing global challenges to Euro-Atlantic security."

Rutte takes charge of the 32-country military alliance at a difficult moment for Ukraine, which faces increasing pressure from Russian advances in its east and signs of waning support from Western allies. Ukrainian President Volodymyr Zelensky last week visited Washington and New York to rally backing for his plans to make gains against Russia, but was greeted with a lukewarm response.

Ukrainian forces in late summer invaded Russia, seizing portions of the Kursk region, but the brash move hasn't shifted Kyiv's fortunes as leaders had hoped. Russia, meanwhile, has battered Ukraine's energy infrastructure, staged repeated attacks on civilian sites and made incremental battlefield advances at several points in eastern Ukraine.

"It's not easy. It's difficult," Rutte said of Ukraine's battlefield situation. He said Moscow is "making some limited gains," though at the cost of an estimated 1,000 Russian troops killed or wounded daily.

"Supporting Ukraine is the right thing to do. And it is also an investment in our own security," Rutte said.

The Netherlands has been more directly affected than many NATO countries by Russia's attacks on Ukraine, which began in 2014. That year, Malaysia Airlines Flight 17, which

had departed Amsterdam for Kuala Lumpur, was shot down by forces aligned with Moscow, killing all 298 aboard.

"I know from personal experience, with the downing of flight MH17, how the conflict in Ukraine is not contained to the front lines," Rutte said.

China, Rutte said, "is an enabler of Russia's brutal war of aggression." He said that while still Dutch prime minister in March, he had visited China and told leaders there that their support for Moscow "has got to stop." He said China is delivering microelectronics, raw materials and dual-use goods to Russia, circumventing international sanctions.

Alleged Chinese Spy in Germany Was Tracking Arms Shipments

BY BERTRAND BENOIT

BERLIN—A suspected Chinese spy ring in Germany was collecting information about U.S. arms shipments to Israel and Germany's weapon industry, German officials said on Tuesday, adding a new dimension to the expanding investigation.

Prosecutors said they had detained a Chinese national and searched her home and workplace in Leipzig in eastern Germany on Monday. They said she was suspected of gathering sensitive information about Western military logistics on behalf of a Chinese intelligence agency.

The arrest is the latest in a series of moves by European authorities targeting alleged Chinese spies across the region that have come on top of a growing economic antagonism between Europe and China.

The detention—the fifth arrest of an alleged Chinese spy by German prosecutors this

year—is awkward for Berlin, which has sought to act as a mediator between Brussels and Beijing, now in the midst of an escalating trade dispute.

Brussels has imposed tariffs on Chinese electric vehicles and accuses Beijing of subsidizing cheap Chinese imports that threaten to price out European manufacturers.

Germany, now facing a second year of economic recession, has opposed the tariffs for fear that China might retaliate against German exporters.

The Chinese national detained on Monday, a 38-year-old woman identified only as Yaqi X, worked for a logistics company with offices at Leipzig airport, prosecutors said.

She allegedly collected information on flights, cargo and passengers transiting through Leipzig between August 2023

and February 2024 and passed it to Jian G, another suspected Chinese spy arrested in April.

Prosecutors said Yaqi X had gathered data about military

shipments and about people linked to a German weapons manufacturer. A German official said the company was **Rheinmetall**, the ammunition and military vehicle manufacturer. Yaqi X had also collected information about U.S. shipments of weapons to Israel that transited through Leipzig, another German official said.

A spokesman for Rheinmetall, which makes the Leopard 2 main battle tank and is building a weapons factory in Ukraine, declined to comment.

Western officials said in July

they had foiled a Russian plot to murder the company's CEO, Armin Papperger.

The Chinese embassy in Berlin didn't respond to an email requesting comment on the arrest. After Jian G's arrest, a Chinese Foreign Ministry spokesman described accusations about Chinese spying as "hype" designed to "destroy the atmosphere of cooperation between China and the EU."

Inflation in Eurozone Drops Below 2% Target

BY JOSHUA KIRBY

Eurozone inflation fell below the European Central Bank's target for the first time in more than three years, suggesting a lengthy struggle to bring price increases under control is nearing an end.

Consumer prices increased by 1.8% on year in September across the 20 nations that make up the eurozone, falling from a month earlier and marking the first time since June 2021 that annual inflation has stood below the ECB's 2% target.

September's figures suggest policymakers can begin to claim victory in their 2½-year battle to tame sky-high inflation that spiked with Russia's full-scale invasion of Ukraine early in 2022. The resultant energy shock drove consumer

prices rapidly higher across Europe and much of the rest of the globe.

Soaring inflation, exacerbated by supply squeezes and further geopolitical turbulence, forced central banks into a cycle of tighter monetary policy that took interest rates in many parts of the wealthy world to their highest level since the beginning of the century.

Rate setters have now begun the process of lowering borrowing costs in order to ease some of the burden on investment and consumer spending, with the U.S. Federal Reserve in September joining peers such as the ECB, the Bank of England and the Swiss National Bank in cutting its key rate for the first time in years.

Inflation could rise again in the year's final months as

Eurozone consumer prices, change from a year earlier



Source: Eurostat

base effects in energy lessen, ECB President Christine Lagarde said on Monday. But the rate should subsequently return to target promptly, a trend the central bank will take into account at its coming policy meeting, Lagarde told European lawmakers in Brussels.



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WORLD NEWS

Israel Says It Carried Out Secret Raids

Since November, it has conducted at least 70 forays into southern Lebanon

SAFED, Israel—Israel said it has been secretly conducting dozens of raids into Lebanon for the past 11 months, as part of an effort to destroy Hezbollah weapons and military in-

*By Dov Lieber,
Carrie Keller-Lynn
and Anat Peled*

frastructure ahead of a larger ground incursion that began Monday night.

Israeli officials on Tuesday said the military carried out at least 70 cross-border raids into southern Lebanon since November, and spent over 200 days behind enemy lines. They conducted the raids in teams of 20-40 soldiers and sometimes stayed overnight in Lebanon.

The Israeli forces found tunnels along the border that Israeli officials say were filled with weapons meant to facilitate a mass infiltration into Israel by Hezbollah. Videos and photos taken by Israeli soldiers showed tunnel shafts lined with green combat vests stuffed with bullet magazines, and piles of guns, explosives, rocket-prop-



Israeli tanks maneuver in a northern Israel staging area near the border with Lebanon.

and Hezbollah, and directly draw in the Lebanon-based militant group's sponsor Iran.

Shortly before alarms blared across Israel to signal a missile attack from Iran, two gunmen shot at least nine people at a train station in Jaffa, south of Tel Aviv, police said. At least six Israelis were killed in Tuesday's attack and the two assailants were "neutralized" by security forces and a civilian, police said.

The operation isn't intended as a prelude to expanded fighting, say people familiar with the matter. The ground war could broaden if another solution isn't reached, an Israeli official said.

The U.S. has urged Israel to seek a diplomatic solution and keep a ground operation limited.

Israel's military published footage Tuesday of a commando division putting on body armor, helmets and backpacks ahead of battle, though a security official said troops didn't encounter fighting in Lebanon. A reservist from Division 98, a commando outfit, said there was no combat but that the unit had spotted scouts and pushed them back with artillery.

Hezbollah said it targeted Israeli soldiers as they moved through orchards along the eastern end of the border. It

said it fired artillery at Israeli forces inside Israel nearly 30 miles to the west along the Blue Line—a boundary drawn by the United Nations after Israeli forces withdrew from southern Lebanon in 2000. The security official said such attacks are typical of the yearlong exchange of fire between the two foes.

The Israeli reservist said some forces remained inside Lebanon Tuesday, while others were going in and out.

The ground incursion follows weeks of Israeli intelligence operations, targeted killings and heavy bombing that played to Israel's strengths in intelligence and air power.

Israel's troops are among the most battle-tested the country has ever had after nearly a year of fighting in Gaza. But a ground war in Lebanon would pose different challenges. Whereas Gaza has flat terrain, with borders now controlled on all sides by Israel, Lebanon's rocky, mountainous landscape requires different training, which forces are undergoing. Moreover, Israel only controls the borders on the southern side of the country.

Another challenge is that Israeli reservists are fatigued after fighting on several fronts including Gaza, the West Bank and the border with Lebanon.

Iran Fires Retaliatory Missiles

Continued from Page One

cials. The headquarters of Israel's foreign spy service, Mossad, was also a target but not hit, another official said.

One of the officials said that because the damage from the attack was minimal, the Israelis are considering a proportional response.

"There were a small number of hits in the center of Israel, and other hits in Southern Israel," said military spokesman Daniel Hagari. "The majority of the incoming missiles were intercepted by Israel and a defensive coalition led by the United States."

Israelis on Tuesday evening received messages on their phones from the country's home front command informing them it was safe to leave bomb shelters. Israeli airspace reopened following the attack, officials said. At least one person was killed—a Palestinian from the West Bank town of Jericho—after being struck by shrapnel from an Israeli interceptor, an Israeli official said.

The White House, which has

been working to avert a wider regional war, had warned that Iran was preparing to launch a ballistic-missile attack against Israel. The barrage came days after Israel killed Hezbollah leader Hassan Nasrallah and hours after the Israeli military confirmed a limited operation inside Lebanon.

Iran's Islamic Revolutionary Guard Corps said it had launched "tens of ballistic missiles" in response to the killing of Nasrallah and Guard commander Abbas Nilforoushan. It warned that any Israeli retaliation would be met with "further crushing and destructive acts."

President Biden said on Tuesday the U.S. military "actively supported" the defense of Israel, crediting "intensive planning" between the U.S. and Israel with parrying the barrage.

"Make no mistake, the United States is fully, fully, fully supportive of Israel," Biden, a Democrat, said. He said he was in "active discussions" about a response to the attack, but hasn't spoken to Netanyahu.

Sen. Mitch McConnell of Kentucky, the chamber's GOP leader, said Iran should face "severe consequences."

The Pentagon said Iran fired about 200 ballistic missiles in its attack. That compares with 120 ballistic missiles in Iran's first-ever direct attack on Israel in April, when it also fired 30 cruise missiles and more

than 150 drones. A large number of Tuesday's missiles were intercepted, some of them shot at by U.S. forces, a U.S. defense official said.

Iran's foreign minister, Abbas Araghchi, said Tehran exercised self-defense with its attack on Israel. "Our action is concluded unless Israeli regime decides to invite further retaliation," he said on X. "In that scenario, our response will be stronger and more powerful."

Iran had indicated that an Iranian attack would have severe consequences. During an address last week at the U.N., Netanyahu said, "If you strike us, we will strike you." On Monday, he released an English-language video directed at Iran's

troops and diplomatic developments, Israeli officials said.

"It's about a sense of security. For that we need to show our citizens that we're destroying infrastructure close to the border," said an Israeli official.

Diplomats remain concerned that the operations could spiral into a wider ground war between Israel

and sages back to Iran that it would respond to any hit on Israeli territory. Israel specifically said it would directly hit Iran's nuclear or oil facilities, the Arab officials said.

Iran's attack gives Israel reason to hit back directly on Iranian territory, an outcome that could spark a regional war, said Mohanad Hage Ali, a deputy director at the Malcolm H. Kerr Carnegie Middle East Center, a research institute in Beirut.

Israel launched a limited response to Iran's April attack. Netanyahu might again deliver a limited response to concentrate on an offensive against Iran-backed militia Hezbollah in Lebanon, Hage Ali said.

Afshin Ostovar, an expert on Iran's military at the Naval Postgraduate School in Monterey, Calif., said Iran's attack had no strategic purpose beyond the hope that Israel might think twice the next time it wanted to attack Iranian assets or allies. But it could further inflame the conflict.

That could, in turn, mark a departure from decades in which Iran largely managed to keep armed conflict away from its borders by arming, training and funding militias around the region to extend Tehran's military footprint.

"Whether Israel responds quickly or not, Iran's attack has inevitably expanded the war and pushed it onto an ever

more dangerous and unpredictable path," Ostovar said.

The U.S. had ordered additional military forces into the Mideast to help deter an Iranian attack and defend Israel. The Pentagon in the past few days sent in additional air-defense capabilities, including boosting the number of jet fighters to help shoot down Iranian missiles, and directed an aircraft carrier, the USS Abraham Lincoln, to stay in the region.

Two U.S. guided-missile destroyers in the region were involved in attempting to shoot down the incoming missiles, firing about a dozen interceptors, Pentagon spokesman Maj. Gen. Pat Ryder said. There was minimal damage on the ground, Ryder said.

The increase in aircraft involves sending three squadrons of F-16s, F-15Es and A-10s.

The USS Harry S. Truman carrier strike group is expected to arrive in the Mediterranean Sea in the coming days, U.S. defense officials said.

*—Lara Seligman,
Sune Engel Rasmussen
and Summer Said
contributed to this article.*

Watch a Video

Scan this code for a video on Iran launching a missile barrage at Israel.

Displaced Lebanese Make Desperate Trek to Safety

BY STEPHEN KALIN
AND ADAM CHAMSEDDEINE

BEIRUT—The sound of Israeli warplanes bombing his neighborhood in south Lebanon woke Ali Mahanna at sunrise.

Airstrikes had hit the outskirts of his town of Jbal El Botm occasionally during the past year, but on Sept. 23 they thudded into the center, leveling several residential buildings and killing more than a dozen people,

The military actions threaten to create a new humanitarian crisis.

according to the Lebanese Health Ministry. Mahanna, who works in construction, said he helped pull bodies from the rubble before piling his family into a car and rushing north, away from the border with Israel.

"The whole town left all at once," Mahanna said. "Nobody stayed."

The Israeli bombing campaign against Hezbollah over the past week has triggered what the caretaker prime minister called the largest displacement crisis in the history of Lebanon, a country pummeled by wars and political upheaval in recent decades.

The Israeli military said Tuesday morning that it had launched a ground operation in Lebanon overnight, sharply escalating its offensive against the militant group Hezbollah days after killing its top leader in an airstrike in Beirut.

The military actions threaten to create a new humanitarian crisis in a country already under severe economic strain, and bearing the social cost of hosting more than one million Syrian refugees.

Conditions are so bad that, according to United Nations' officials, tens of thousands of those refugees recently crossed back into Syria, which has also experienced more than a decade of civil war.

In Lebanon, the increased danger has sent hundreds of thousands of residents fleeing north toward Beirut, authorities here say.

Prime Minister Najib Mikati said Sunday that the Israeli air campaign could force more than one million people from their homes in a country the size of Rhode Island with a population of less than six million. On Monday evening,

Israel issued new evacuation orders for three areas of the southern suburbs of Beirut, saying they were near Hezbollah infrastructure.

The bombing in southern Lebanon on Sept. 23 came as Nejmeh Hassan Faris was fixing breakfast for her children.

Airstrikes kept coming closer to her town of Nabatieh before hitting nearby buildings.

When the explosions blew out a window of their home, Faris and her three children hitched a ride out of town. From there, they walked for hours before another car would take them to Beirut.

The journey north, usually about 90 minutes, took nearly 24 hours in bumper-to-bumper traffic. Towns along the way also faced bombardment, their stores and restaurants closing as residents joined the exodus.

"Since yesterday we have only had water, no food," Faris said as she arrived at a makeshift shelter in west Beirut's Sobihi Saleh School.

Israeli airstrikes pounded roadside areas, shaking car windows. One woman died of a heart attack, her cousin said.

Israel's increased attacks on Hezbollah began two weeks ago with an intelligence operation that detonated thousands of pagers and walkie-talkies carried by Hezbollah, before an airstrike on south-

ern Beirut days later killed many among the group's military leadership.

Ramped up aerial bombardment has left 1,000 dead since Sept. 23, according to Lebanese authorities, and hollowed out much of south Lebanon.

That morning some Lebanese

reported receiving voice calls and text messages from the Israeli military telling them to stay away from buildings and areas used by Hezbollah for military purposes, without identifying specific locations.

Many people in the south

said they didn't get the warning before the bombs started dropping and were surprised at how quickly the bombardment expanded from a narrow border area to swaths of the

country.

Residents fled their homes in a hurry. Many mothers left behind milk and diapers, while many sick and elderly fled without essential medications.

Beirut and other parts of Lebanon where people are taking refuge from the bombing were equally unprepared to host them. The government has turned hundreds of schools into shelters, but aid groups have struggled to procure mattresses and basic supplies.

At the makeshift shelter in west Beirut's Sobihi Saleh School, Mohammed Khalil Sultan was waiting for his daughter. He had just spent 19 hours on the road, and she was still on the way. They decided to flee after four civilians, in-

cluding his cousin, in their village in the Marjayoun district were killed. "We were told that what was left of him couldn't be more than 2 kilograms of body parts," said Sultan, who is 74 years old.

It took Samia Ayyash, a schoolteacher in her 60s, more than 17 hours to find a space at a school-turned-shelter for her family after they fled the south on Sept. 24.

She and her husband piled into one car with their six children and granddaughter. They left without taking time to pack essentials, including medicine for her husband, who suffers from diabetes and hypertension.

"We were praying to reach safety," she said.



A group of displaced Lebanese slept on the floor at the Corniche in Beirut on Sunday.

MANU BRAVO FOR WSJ

WORLD WATCH



TO GO AKI/KEPA/SHUTTERSTOCK

ABBEY ROAD: After a religious service on Tuesday, judges walked from Westminster Abbey to the Houses of Parliament in London to mark the beginning of the legal year.

JAPAN

New Leader Seeks Deflation Exit

Shigeru Ishiba, Japan's new prime minister, pledged to aim for a complete exit from deflation and asked the Bank of Japan to maintain accommodative monetary conditions.

He said he wouldn't comment on specific monetary policy measures because it is up to the central bank to decide. The comments came amid growing speculation about the timing of the BOJ's next interest-rate rise. The bank raised its policy rate to 0.25% at the end of July.

Ishiba said he would soon release a fresh economic package to ease the burden of rising prices.

—Megumi Fujikawa

NEPAL

Floods, Landslides Leave 224 Dead

Rescuers in Nepal searched Tuesday for two dozen people still missing and tried to recover the bodies of those killed in weekend flooding and landslides.

The disaster came ahead of Nepal's biggest festival Dashain, which starts Thursday, and roads were busier than usual.

The deaths climbed to 224 and the injured to 158, said the government's chief secretary, Eak Narayan Aryal. He said the flooding damaged 16 hydroelectric power plants.

Prime Minister Khadga Prasad Oli's administration has been criticized for its slow response to the crisis.

—Associated Press

THAILAND

At Least 20 Youths Killed in a Bus Fire

A bus carrying young students and their teachers on a school trip caught fire in suburban Bangkok on Tuesday, leaving more than 20 feared dead, officials and rescuers said.

The bus was carrying 45 passengers—six teachers and 39 elementary and junior-high school students, said the acting police commissioner.

The initial probe indicates a tire exploded and caused sparks, which ignited a fire that spread, he said. Rescuers said they couldn't get on board for hours because the heat inside the natural-gas-fueled vehicle could have caused more explosions.

—Associated Press

FROM PAGE ONE

China's Empty Homes

Continued from Page One
ple to fill the homes," said Tianlei Huang, a research fellow at the Peterson Institute for International Economics.

Some unused real estate will be bought up and lived in, especially if more government support—which economists have been calling for—convinces Chinese buyers that values will rise again. Big cities like Beijing, Shanghai and Shenzhen will almost certainly absorb their excess housing, given their dynamic economies and migrant inflows, which have helped keep their populations growing.

The problem is much harder to solve in smaller cities, which often have weaker economic prospects and declining populations. In China, researchers informally group cities into tiers, and many of the nearly 340 cities classified as third-, fourth- and fifth-tier—with populations from few hundred thousand to several million people—are struggling economically.

Young residents are leaving. At least 60% of China's third-, fourth- and fifth-tier cities saw their populations shrink from 2020 to 2023, according to Wall Street Journal calculations based on official data.

Those cities have more than 60% of China's housing inventory, according to Harvard economics professor Kenneth Rogoff. Many encouraged developers to build more—even when their populations were falling—because land sales and construction boosted economic growth and fattened local governments' wallets.

Figuring out what to do with unneeded property is becoming more urgent as China's economy languishes. In May, Beijing unveiled a rescue package in which the central bank would provide up to \$42 billion in low-interest loans for Chinese banks to lend to state-owned firms, which would then buy empty properties and turn them into affordable housing.

By the end of June, banks had only used 4% of that quota.

Economists say that even with cheap loans, it doesn't make sense to convert empty properties, because the rents would be too low for firms to earn a profit.

Beijing recently ramped up measures to support the ailing economy and the property market, including cutting interest rates, lowering down payments for second homes and allowing home buyers to refinance their mortgages. However, economists said that more is needed to pull China's economy out of the rut.

China's Ministry of Housing and Urban-Rural Development and the State Council Information Office didn't respond to questions.

Robin Xing, chief China economist at Morgan Stanley, said China's government should introduce a more comprehensive bailout that involves buying up excess inventory in China's 30 to 50 largest cities and turning it into public housing, without worrying about profit. Estimated cost: \$420 billion.

That wouldn't include empty homes in third-, fourth- and fifth-tier Chinese cities. Putting more money into those units, many economists say, wouldn't make sense because there aren't enough people to live in them anyway.

Many will become long-term burdens to cities and investors who get saddled with assets



At Venice on the Sea in Qidong, most units sit unoccupied much of the year.

they can't sell and which have lost their value, yet still must be maintained. Some will just wither away, economists say.

Cheap as cabbage

An abandoned development called State Guest Mansions, on the edge of Shenyang, a city in northeastern China, gives an idea of what that could look like. Construction stopped years ago, with more than 100 half-built villas in the style of grand European homes.

On a recent visit, goats roamed the complex. Grandeur Place, the building that once housed the sales showroom, looked like a post-apocalyptic opera house, a dilapidated chandelier hanging from the ceiling. It's unclear what will be done with the complex, whose developer has defaulted on its debt.

Shenyang at least has a growing population. In Hegang, a frigid city near China's border with Russia, the population has declined to 940,000 from 1.09 million in 2010.

A few years ago, when Hegang's market was hot, property enthusiasts posted online messages touting homes they said were as cheap as cabbage.

Prices now are even lower,

according to an online property broker, and sales have stalled. Hegang's inventory of unsold homes more than doubled from 2019 to 2022. Assuming a typical home size of around 1,200 square feet—the average in China in its 2020 census—only 534 residential homes in Hegang sold in 2022, according to official data on total square feet for residential real estate sold.

A 650-square-foot apartment in the city center was recently listed for just under \$9,300.

Zhou Yongzhi, a part-time stock trader who grew up there, said most high-rise apartment buildings in the city center are dark at night. "Hegang is my hometown, and I want to see it flourish. But I don't see much hope for it in the next 10 to 20 years," he said.

Rogoff, the Harvard professor, said he believes there will be some cities in China in which a quarter of the housing is empty.

In such places, "it is very hard to maintain law and order, even probably in China," he said. "I think it's going to be a big social and governance problem in the future."

China's property glut devel-

oped over a yearslong construction boom that ended in 2021, when Beijing, worried about a bubble, tightened credit for builders. It quickly became clear that developers had overbuilt.

It's hard to determine exactly how big the problem is. China doesn't provide an official count of empty units, so economists must devise estimates using vacancy rates, building permits and other data sources. They estimate the number is in the tens of millions—including several kinds of empty properties, each with its own challenges.

Of the up to 90 million units that are unoccupied, as many as 31 million were fully or partially built but never sold.

Such properties could be bulldozed, but many are tied up in litigation related to developers' bankruptcies. In

many cases, cities and developers hope to finish them.

Another 50 to 60 million units were bought but remain empty. Many Chinese, lacking other good ways to invest their money, poured excess cash into speculative properties—often in smaller cities, where prices were cheaper—without any intention of living in them.

Approximately 74% of Chinese households in first- and second-tier cities owned more than one home across China, while nearly 20% owned three homes or more, according to a recent survey by Citi Research.

These homes are potentially more difficult to deal with because their owners still hope

for appreciation. Many are in partially occupied buildings that can't be torn down.

An additional 20 million units were sold but were left largely unbuilt by developers due to cash-flow problems and poor market conditions. The owners still want them, but developers don't have money to finish them.

Venice on the Sea

Many builders set their sights on smaller cities when times were good. Bigger cities were getting expensive, and investors seemed willing to buy anywhere so long as prices kept climbing.

Smaller cities embraced the activity. Many issued robust population-growth forecasts, despite evidence China's population was peaking, because it helped them secure more provincial governments and justify more building projects.

In Qidong, where the Yangtze River empties into the East China Sea, local officials

struggled for years to lure major investments such as factories. Selling land to developers helped them meet growth targets. Qidong's land sales revenue more than doubled from \$932 million in 2017 to \$2 billion in 2021, according to data compiled by Shanghai-based Wind Information.

Developers, in turn, marketed Qidong as an ideal bedroom community for Shanghai,

a two-hour drive away.

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'It's the problem of declining demographics. Ghost cities will remain ghostly.'

den. To its south is an unfinished compound developed by China Sunac Group, which also defaulted. To its west: acres of farmland.

Local government officials didn't respond for comment.

Ghost cities

In other countries that have had overbuilt property markets, it has sometimes taken years for excess supply to be absorbed—if ever.

In Japan, a 1990s real-estate bust and a shrinking, aging population left millions of empty homes. Tearing them down proved hard due to legal hurdles, such as when the owner can't be located. The number of empty units grew to 9 million last year from 8.5 million in 2018, with houses littering Japan's landscape.

In China, many owners of empty properties are likely to keep maintaining their units, since management fees in China are low and property taxes are only levied in special cases. Tough personal-bankruptcy rules in China make it hard to walk away from properties, and many want to hang on to them for a possible market rebound.

Still, some economists fear a negative spiral in which declining home prices spur more owners to try to unload empty units, depressing values for everyone.

Prices for new and existing homes in major Chinese cities fell 5.7% and 8.6% in August from a year earlier, respectively, according to National Bureau of Statistics data.

Property prices in most cities have returned to 2017 and 2018 levels, said Yi Wang, head of China real-estate research at Goldman Sachs. If prices drop to 2015 levels, many more owners might choose to sell unoccupied properties. That's because 2015 was the beginning of the last boom, and owners who bought early won't want to see their units' values fall below what they paid, Wang said.

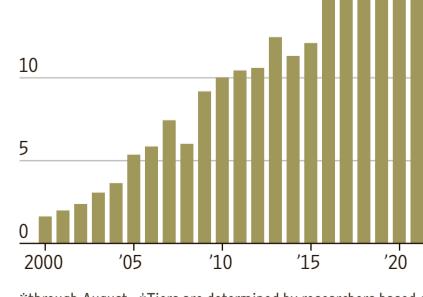
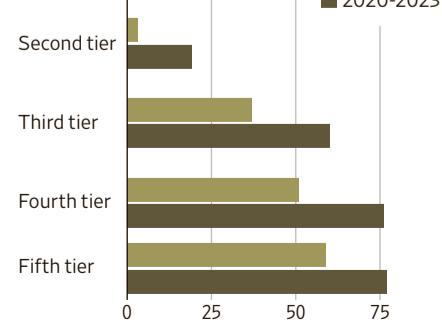
That might be inevitable, though, given China's falling population.

"I don't think the housing oversupply problem has a solution, really," said Huang, of the Peterson Institute. "Fundamentally, it's the problem of declining demographics. Ghost cities will remain ghostly."

—Zhao Yueling contributed to this article.

Total square footage of residential home sales in China

20 billion square feet

**Percentage of Chinese cities that have had population declines, by tier[†]**

[†]through August. [†]Tiers are determined by researchers based on factors including GDP, location and size.

Sources: Wind Information (home sales); WSJ calculation of Wind Information data (population)

PERSONAL JOURNAL.

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Politically Divided Couples Navigate a Rough Election Year

How couples approach politics when they can't stand each other's candidates



ELIZABETH
BERNSTEIN

Politically mixed marriages are a dwindling species in America. And this election season, these couples are finding it even harder to avoid a blowup.

Irwin and Denise Weinberg were sure the neighbors could hear them yelling at each other one recent evening. Denise, a life-long Republican, was trying to persuade her husband, a Democrat-turned-independent, to vote for Donald Trump.

"I don't want to talk about it!" Irwin shouted at his wife.

"I'm going to bed," she retorted.

Welcome to divided marriage in 2024.

Some couples are trying, unsuccessfully, to avoid discussing politics. Others are attempting to defuse the tension with humor or shared interests. Many are hoping the drama will dissipate after Nov. 5.

There isn't a lot of data on politically mixed marriages, but researchers believe the numbers are declining in the U.S. According to the most recent analysis from the

Institute for Family Studies, a conservative think tank, just 21% of American marriages were politically mixed in 2020, down from about 30% in 2016. Of the current mixed pairings, just about 4% were between Democrats and Republicans; most couplings included an independent.

This shift mirrors a larger trend: Like increasingly marries like. In recent years, a growing share of American husbands and wives are roughly the same age and earn about the same, according to the Pew Research Center.

The move toward political homogamy isn't likely to reverse itself any time soon. Just about 15% of Republicans and Democrats who are single say they would seriously date someone from the other side of the political divide, according to a study by the Kinsey Institute and funded by the Match Group dating-software company.

People's political views have become fundamental to their identities, says William Doherty, who co-founded the nonpartisan Braver Angels nonprofit after the 2016 election, out of concern for the tone of political discourse. Trump didn't start this shift, but his political rise has coincided with increased polarization. A marriage and family therapist for decades, Doherty says the first time he heard of a spouse



Clockwise from top: Jeanne Safer and Richard Brookhiser; Denise and Irwin Weinberg; and Chris and Tim Rhoads.



wanting to divorce because of politics was in 2016.

"People are angry," he says.

'I get loud'

The Weinbergs, who have been married six years, met after the 2016 election. "We discussed our views, but Trump was already president," says Denise, 71 years old and a retired nurse.

During the 2020 and current

election seasons, Denise says she has tried to persuade her husband to vote for Trump. Irwin, who is undecided, refuses to engage.

After an argument, the couple cools down quickly. Irwin, 77, a retired management consultant, prefers to focus on their love. "It is a

foundation that is there regardless of the grenades that are tossed," he says. And Denise reminds herself that politics aren't worth causing trouble in their marriage.

Doherty, of Braver Angels, recommends that some spouses with political differences avoid talking about them. "Accept that you married someone of a different faith," he says. "Don't let parties, policies and personalities blind you to what you have in common."

He suggests using these words: "I love you. This is hurting us. Let's not argue."

And if you feel you must discuss politics? "Talk to share, not to change the other person's mind," Doherty says.

The off ramp

When Tim Rhoads, a Republican, told his wife, Chris, a Democrat, that he was voting for Trump in 2016, she made him promise that he wouldn't tell their two daughters. "I didn't want them to think their father sanctioned how Trump treated women," says Chris, 63, who runs a nonprofit.

Tim, 68, honored her request, even though he felt stifled. That hasn't stopped them from bickering about political issues, particularly immigration, with Chris yelling and gesturing "like Cher in 'Moonstruck,'" she says.

When that happens, Tim, a retired chief executive, takes a conversational off-ramp, saying: "Baby, I love you, but we need to change the subject." He's also made a new rule: No political discussions after 9 p.m.

They are able to bridge their divide with their shared love of tango, which they do several times a week with other couples. "Tango is a close embrace, where you try

to listen to your partner so you can dance together," Tim says. "It's the opposite of what we do when we are arguing."

Chemo test

Jeanne Safer is a Democrat and psychoanalyst, who has written a book on mixed political relationships. Richard Brookhiser is a Republican and a longtime editor at the conservative National Review. They say they haven't fought over politics during this election season—or at any time during their 44 years of marriage. Their secret? They don't discuss their views with each other. It helps that they don't have a TV and neither likes Trump.

It's a lesson they say they learned before they wed, when Jeanne explained that she supports abortion rights. "We argued about it," says Richard, 69. "Then we saw how difficult it was going to be, so we decided not to talk about it again."

The spouses, who have both had cancer, have a term for their approach: the Chemotherapy Test.

"When you are in the hospital getting chemotherapy, you don't ask the person who comes to visit you who they voted for," Richard says.

CLOCKWISE FROM TOP: JON KRAUSE ALVIN SCHWARTZ, MONICA RIVERA; RICHARD BROOKHISER

BY IMANI MOISE

The era of 5% cash returns is ending early for some investors.

Before the Federal Reserve began cutting rates in September, banks offered certificates of deposit promising high yields for locking up cash years into the future. The highest-yielding ones, with returns in excess of 5%, had features allowing the bank to "call" them before they mature, handing back the cash and accrued interest.

Those features got little attention when rates were rising because banks weren't about to call their CDs and borrow money at even higher rates.

Now, banks including JPMorgan Chase and U.S. Bank are calling back more high-yielding CDs before they mature to save on interest as rates begin to fall, according to people familiar with the matter.

In the rush to lock in easy returns, many everyday investors likely purchased callable CDs without understanding what they were signing up for, according to Kathy Jones, chief fixed-income strategist at Charles Schwab.

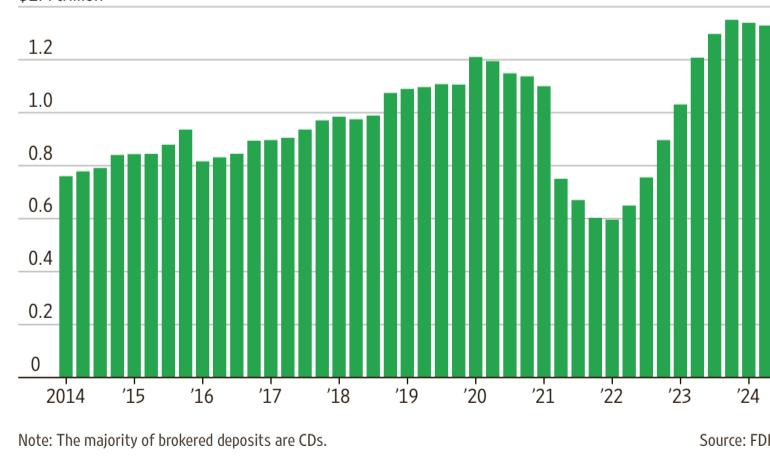
"A lot of investors will look at just the yield," Jones said. "We get people all the time who are like, 'Wait a minute, my CD was called. What happened?'"

People who posted online about having their CDs called early expressed surprise after finding large deposits in their brokerage accounts.

Yields on callable CDs tend to be 0.4% higher than noncallable CDs.

More Banks Call Back CDs With High Rates

CDs and other deposits sold through brokerages



Note: The majority of brokered deposits are CDs.

Source: FDIC

that all with 4% plus coupons and terms longer than a year were callable. Buyers would have to take coupons of less than 4% to have call protection on these CDs.

Savers poured more than \$650 billion into brokered CDs since rates started rising in 2022, hoping to lock in risk-free returns, which peaked above 5%. The amount of brokered deposits in the banking system more than doubled in the past two years, FDIC data shows.

Many regional banks loaded up on high-cost brokered deposits to ride out the banking crisis of 2023.

Unlike traditional CDs sold directly by retail banks to customers, brokered deposits are usually managed by bookkeeping teams at the bank that are more focused on keeping costs low than fostering long-term relationships.

When banks sell CDs through brokers, they can change the interest rates on large amounts of deposits without dealing with individual customers. Brokerages are responsible for alerting customers when a CD has been called.

Banks typically exercise their call options as soon as the prevailing rates dip below the interest they owe on CDs, analysts said.

"Banks are very efficient at refinancing their liabilities," said Neil Stanley, CEO of CorePoint, a deposit strategy consulting firm.

How to avoid panicking

If you are just realizing you own a callable CD, you might be tempted to sell it so you can take the cash and lock in another investment. However, it is generally better to hold on, analysts said. Banks usually charge a penalty for early withdrawals, which could reduce returns.

CDs typically trade at less than face value on the secondary market and brokerages may charge a transaction fee. If your CD is called, at least you'll get your principal back with accrued interest.

Most people see CDs as set-it-and-forget-it investments, but those who own callable CDs must put in some work. The first thing to mark on your calendar is the call-protection period, or the initial period during which the bank cannot call your CD. These usually range from six months to a year.

Take note of the call schedule, or how often the bank has the ability to call the deposit. Some CDs can only be called once a year or quarter, and some can be called any day once the call-protection period ends. Knowing the frequency of potential calls can help you gauge how often to re-evaluate your options.

What happens to your money after a CD gets called depends on your brokerage and its default settings. One option is to set up your account so that deposits go into a money-market account, which can still offer a competitive return on uninvested cash.

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PERSONAL JOURNAL.

BY ALINA DIZIK

For high-school boys, it's suddenly cool to smell old.

Colognes—some from the 1990s—are having a resurgence with a new fan base: teens obsessed with building an expensive collection. They are part of a group searching for classic scents including Jean Paul Gaultier Le Male, Dior Sauvage and Giorgio Armani Acqua di Giò, thanks to social media.

Legacy brands have experienced significant growth during the past year, beauty executives say. Younger consumers might pay between \$60 and \$150 for a full bottle, scrounge for smaller samples or happily snatch a family hand-me-down.

Ryan Glickman, 14 years old, started wearing Acqua di Giò, a citrusy scent that was launched in 1996, after finding it abandoned in the back of his father's bathroom cabinet. His haul also included Le Male, with its famous sculpted male torso bottle, which was launched in 1995. He took both bottles to sleep-away camp in Wisconsin this summer. Now he sprays on the fragrances before school.

"It's still cool, I guess," says Ryan, who lives in Buffalo Grove, Ill.

Ryan's room now includes dozens of old and new fragrances neatly displayed on a tray. Walking in feels like visiting a perfume counter, says his father, Jeff Glickman.

"I stopped wearing cologne because I didn't need to impress anyone anymore," says the finance manager, who was happy to give away his old bottles.

About 44% of boys ages 12 to 14 and 57% ages 15 to 17 use fragrance, according to market-research firm Mintel. Men's fragrance is the fastest-growing beauty category in 2024, up 15% since January, according to market-research firm Circana.

"It's really fun to see the influences and them coming back to these classic juices," says Nicolette Bosco, vice president of beauty at Macy's.

Aging up

After years of complimenting his grandfather's scent, Marcus Melamed was thrilled to get his own bottle of Terre d'Hermès. His grandfather purchased him the cologne, which has notes of grapefruit and cedar, two years ago. The scent, which sells for \$135 online, was launched in 2006.

"It does make me feel like I am a little bit older," says 15-year-old Marcus, who lives in Newtown, Pa.

Even as Marcus builds out a collection—thanks to trips to the mall with his mom—he avoids other popular scents such as Dior Sauvage, known for its woodiness. Too many friends own the fragrance.

Ann Gottlieb, a New York-based fragrance-industry consultant,

► Marcus Melamed says his Terre d'Hermès, far right middle, makes him feel 'a little bit older.'

Why Teen Boys Are Obsessed With Old-School Cologne

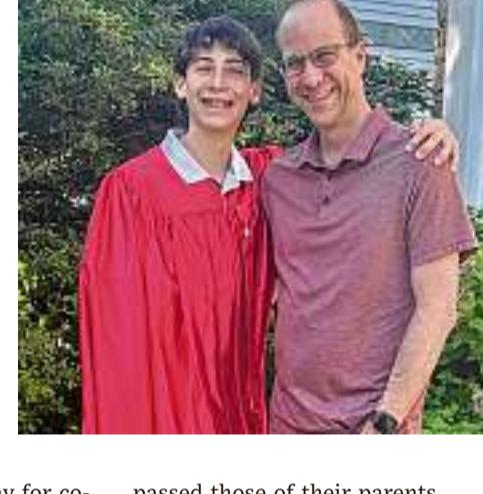
Men's fragrances, including some dating back 30 years, are now hot among Gen Zers



► Ryan Glickman enjoys cologne that his father, Jeff Glickman, had stopped using.

says some of today's teen boys are swapping lighter body sprays such as Axe, popular in the early 2000s, for more upscale, higher-price designer fragrances. Spending on fragrances among teen boys rose 26% from the previous year, according to 2024 survey data from investment bank Piper Sandler.

Some are willing to pay for colognes in installments, while others ask parents for pricier scents for birthdays and holidays, Gottlieb says. Some of the youngsters' fragrance wardrobes have sur-



► Ryan Glickman enjoys cologne that his father, Jeff Glickman, had stopped using.

passed those of their parents.

"In the past it would have been one fragrance," Gottlieb says.

Elijah Yeroushalmi, a fragrance influencer and economics major at New York's Binghamton University,



► Max Dowling shares his collection of fragrances with his father.

evening out. Though Dowling purchased one or two bottles in his 20s, he stopped wearing cologne after getting married.

Dowling, a moving-company manager in Boonton Township, N.J., laughs at how he used to play sports with his friends at that age, while his son's crew now heads to Sephora.

Max Dowling, who prefers scents with vanilla, amber and citrus, says he still wears the Jean Paul Gaultier cologne that his father used. His friends can now sniff his style.

"My friend said I smelled like his uncle. I just said, 'Thank you,'" Max says.

Some companies are creating scents that tap in to the retro vibes.

Ranger Station, a fragrance company based in Nashville, Tenn., launched Rich 90s Dad cologne last year. The company describes Rich 90s Dad, a \$94 limited-edition scent, as smelling like a tucked-in polo and a Jaguar XJ interior. It is currently sold out.

Brandon Owens, of Nipomo, Calif., got the cologne from his wife for Father's Day. He says it reminds him of being young and single. His son, Matthew, sneaks in some sprays, too.

"He's obsessed with that one," Owens says. "It's almost gone."



says many of his followers love watching videos of him visiting Marshalls or T.J. Maxx to find deals on scents. He says he gets more video views when mentioning any Jean Paul Gaultier fragrance.

"They are so hyped up right now," Yeroushalmi says. While he likes Le Male—what he calls the "O.G."—some of the company's newer versions can smell "synthetic," he says.

Yeroushalmi suggests would-be collectors start by splitting up scents by daytime and evening. "You want a dark, seductive fragrance for a date night," he says. "For the day, you want something light, fresh and masculine."

Role reversal

Some dads are finding there is an advantage to the "fragheads" living under their roof.

Aidan Dowling now visits his son Max's room to spritz one of his 15 or so colognes before an



Lara Becker, with her youngest son, Brad, started a parent group.

ent initiatives. "Let's embrace it and work together to have students have the best experience they can."

Mannie Gorriaty and Laura Sulzman-Gorriaty recently moved their daughter Cassie into her Tulane University dormitory. For previous generations of parents, this was the universal cue to leave.

Instead, the couple stayed for their own orientation.

They learned about campus resources and received a crucial message from administrators. "The big message was, 'Your kid is going to

fail at some point and we are asking you not to step in and solve it for them,'" recalls Sulzman-Gorriaty, 58, a teacher, from Chicago's northwest suburbs. "I was so glad they said that aloud. It's easier said than done, but we all need to hear that."

It's a contrast to her own college experience, when her parents simply put her on a bus from Colorado to Illinois with three suitcases.

Schools are boosting parent com-

munication. Syracuse University sends newsletters highlighting what parents should "tune into" during the year.

"I got the sense they're trying to get ahead of things so they don't get a ton of calls from parents," says Shari Resnick, whose son is a Syracuse freshman. "They want us to know how to empower the kids."

Amy Shriber says she has received a "barrage" of communication from The Ohio State University, where her daughter recently began. Shriber recently received an email guiding parents to remind their children about the add/drop deadline. It suggested parents might say: Are you planning on adding or dropping a class?

Nicki Jenkins, president of AHEPP, and director of parent and family engagement at the University of Kentucky, described this as a "cultural shift." Parents are "becoming friends with their students," she says, and are inclined to do things for them instead of teaching them how to be independent.

"So worried for my child," a mother posted recently on another parent-support Facebook group with 24,000 members. Her kid had texted from college about a humid room, broken laundry card and other small inconveniences.

"I'm so sorry. So hard on our mama hearts when they struggle," another member commiserated. Others offered counsel: "Amazon a fan to her," and "Don't cave in mom. Life skills will kick in unless she was never taught them? Good luck!"

Helicopter Parents Hit Turbulence

Continued from Page One

his room?

"I will never judge anyone in the group but it's hard to sit back and see (a question) like that," says Becker, 56.

While she insists no question is "stupid," some do inevitably invite roasting. Another mom recently inquired what she could buy for her son's room to ensure he wakes up for class.

Becker advised rethinking the question. "Mom can't be waking you up for your job when you're 28."

Lori Moe's son Kyle is a freshman at Chapman University. She confesses that resisting the urge to track him is a struggle. "It's a self-torture," says Moe, 60, a Bay Area real estate manager. "One night at 1 a.m., I looked at my phone to make sure he was in bed."

She joined After the Drop Off for inside tips and strategies for obtaining signs of life from her son at college. One tip Moe learned from the group was to send Kyle a photo of the family cat. It worked, often eliciting a heart emoji, just enough reassurance for mom.

Margaret Bouffard, whose son is a freshman at Fairleigh Dickinson

University, credits After the Drop with helping her source coveted dorm swag, such as the Woozoo fan from Costco. She also gleaned decorating tips, although she recalls that when she asked her son about sheet colors or mattress toppers—foam or feathertop—"he could not have cared less."

"For me, it was one last motherly gift to him and it helped me with letting go," says Bouffard, of South Burlington, Vt., who works in wealth management. Universities are grappling with today's hyper-connected reality. Now 44% of parents interact daily with their kids at college, up from 37% in 2023, according to polls by CampusESP, a platform to help colleges boost parent engagement.

"Long gone are the days of college students checking in with parents on a weekly or less frequent schedule," Duquesne University's marketing team declared in a 2023 report about relating to "your parent audience."

Not only do parents chat more with their kids, some 70% now expect at least weekly communication from the college itself.

Many schools are adopting an "if you can't beat them, join them" mentality, creating offices of family and parent engagement. When AHEPP: Family Engagement Higher Education, the national association for such specialists, launched in 2009, it had 49 member institutions. Today it has 230.

"Why fight it?" says Rebecca Downing, Colgate University's senior director of communications and par-

ent initiatives. "Let's embrace it and work together to have students have the best experience they can."

Mannie Gorriaty and Laura Sulzman-Gorriaty recently moved their daughter Cassie into her Tulane University dormitory. For previous generations of parents, this was the universal cue to leave.

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It's a contrast to her own college experience, when her parents simply put her on a bus from Colorado to Illinois with three suitcases.

Schools are boosting parent com-

CLOCKWISE FROM TOP: ELIZABETH RENSTROM FOR WSJ; SHUTTERSTOCK AT MAX DOWLING; MARCUS MELAMED (2); JEFF GLICKMAN



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ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

Leon Bridges, Still Searching For Soul

The singer's fourth album finds him drawing on retro sounds, but the music lacks depth

When he released his debut album, "Coming Home," in 2015, Leon Bridges fit neatly within a retro soul trend that had grown steadily throughout the first half of that decade. The linchpin of the scene was singer Sharon Jones and her backing band, the Dap-Kings, who turned their affection for the soul and R&B of the '60s and '70s into a cottage industry. Like-minded artists who came to prominence during the early 2010s include Alabama Shakes, Michael Kiwanuka, and Anderson .Paak. And Mr. Bridges shared this cohort's fascination with the sound and style of the past—his voice drew from the golden tone of Sam Cooke, and his music's dusty production ably evoked the analog crackle of the era.

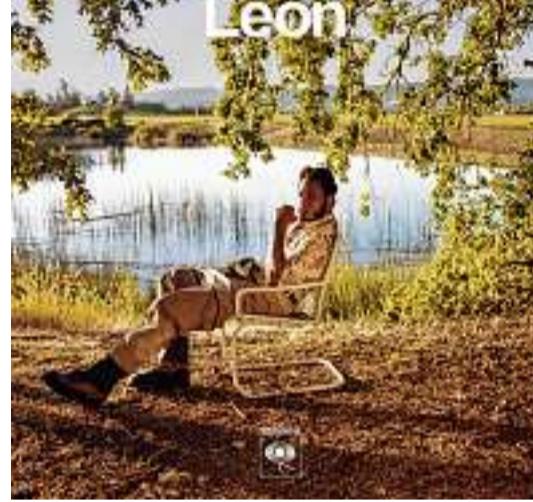
"Coming Home" wasn't just a convincing rendering of the period—it was quite popular, hitting No. 6 on the Billboard 200. It also gave the Fort Worth, Texas, singer-songwriter the first of several Grammy nominations (he finally won, for Best Traditional R&B Performance, in 2019). His second record, "Good Thing" (2018), built on the sepia-toned style of its predecessor, but by his 2021 album, "Gold-Diggers Sound," Mr. Bridges's music was less directly tied to a specific era. For the first time, there were rhythms of a later vintage, and his voice became less beholden to soul influences from yesteryear. That album was also less commercially successful than its predecessors—suggesting, perhaps, what his audience was looking for. On his fourth LP, "Leon" (Columbia), out Friday, Mr. Bridges, now age 35, puts good vibes and nostalgia out front. It draws heavily from the music of the past, but it's not trying to sound old, which helps Mr. Bridges to make it his own.

Much of the record is produced by Ian Fitchuk and Daniel Tashian, the studio architects of Kacey Musgraves's past three LPs. Like those releases, "Leon" has a classic veneer, evoking the careful arrangements of the '70s singer-songwriter movement while sounding

contemporary. The opening "When a Man Cries" is built around a chord progression on piano that brings to mind the gospel-inflected heft of Al Green and ends with a charming, fuzzed-out guitar solo, while the soft and gliding "That's What I Love" is fleshed out with a seven-piece string section.

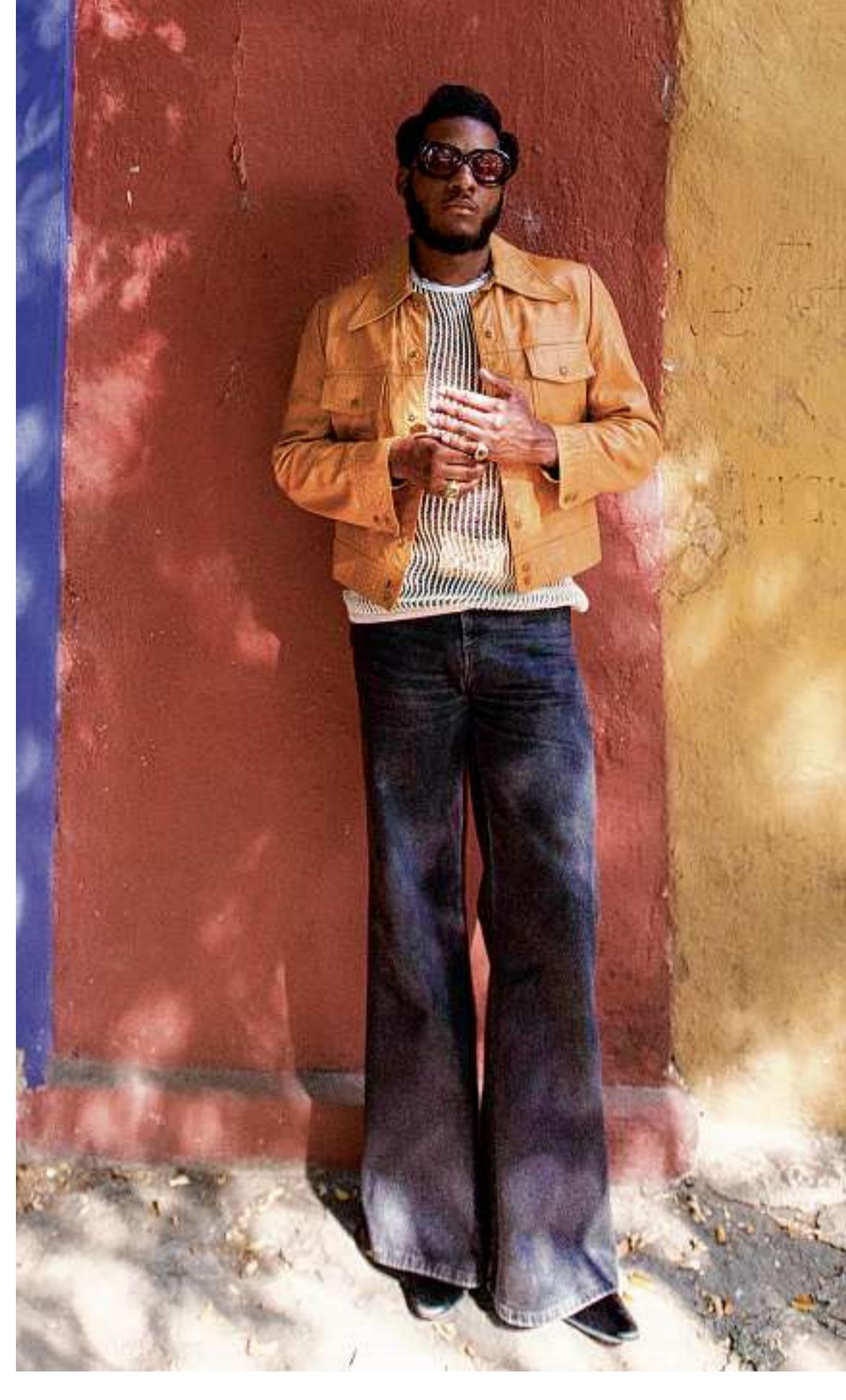
This is Mr. Bridges's fullest-sounding album—warm, sweeping, romantic—and yet it often evokes an approach to production rather than a specific genre. The R&B of the '70s, specifically the folk-soul embodied by Bill Withers, is a prominent element, while the reverb-heavy atmosphere and vocal layering sometimes bring to mind contemporary bands like Fleet Foxes and Lord Huron. Mr. Bridges's voice is relaxed and his phrasing is unhurried, giving the collection a breezy feel that's instantly appealing if not terribly deep.

The record's best quality is the strength of the melodies. The chorus of "Ivy," which comes late in the set, is particularly lovely, as Mr. Bridges sings of a relationship of some kind—who is singing, who it's about, and whether it's platonic or romantic are all unclear—but the warm rush of the chorus triumphs over everything. The brief "Can't Have It All," an intriguing mix of church-derived chords, layered voices, and countrified slide guitar, is another tune



with staying power.

Peel back the surface prettiness, however, and the emotional core is often thin. There are no sharp edges in these songs—difficult feelings have already been processed by the time we hear about them, and Mr. Bridges is free to look back wistfully. Take "Simplify," a piano ballad about



▲ Mr. Bridges; 'Leon,' out Friday, nostalgically evokes the production styles of the 1970s.

nostalgia and the desire to go back to when things were a little easier. "I can smell the gumbo / Every Saturday / Makes me wanna come home when I'm far away," he sings, though the contrast to his current life is never presented. It's a pleasant reminder set to pretty music—but it never rises above that, or even tries to.

"Peaceful Place," a more up-tempo tune with a rubbery bassline and a light whiff of funk, is another number that goes down a little too easy. "I'm in a peaceful

place now," Mr. Bridges offers, while the chorus has massed voices that bring to mind the post-Arcade Fire folk of bands like the Lumineers. Celebrating a relaxed state of mind or looking back at a time when life was less complicated is something we all do, but it's not necessarily the stuff of compelling music.

The best tracks on "Leon" have more personality and hint at the trouble lurking outside of a self-actualized bubble. On "Panther City," a nickname for Mr. Bridges's hometown, he's again looking back, though this time the memories aren't quite so rosy. "All the crack-heads and prostitutes on Rosedale / My father said go straight home,"

goes one couplet, offering a rare glimpse at more complicated world. Later in the record, "Ghetto Honeybee" has a few awkward phrases, but it's nice to hear Mr. Bridges being fearless and risking embarrassment, rather than chasing moments where everything has been figured out. The album's flaws don't offset its sonic pleasures, and Mr. Bridges remains a strong vocalist worth hearing. But you can't help wishing that he'd dig a little deeper and reveal more, which would bring his music closer to the icons he so reveres.

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

TELEVISION REVIEW | JOHN ANDERSON

Discovery Amid Destruction in Iraq

It is precisely because the Mosul Museum director Zaid Ghazi Saadallah seems so composed during "Returning to Babylon" that his pain seems all the more acute, his anger just barely repressed. Revisiting the 2014 invasion of his Iraqi city by ISIS—and its wholesale destruction of priceless art and artifacts—this episode of "Secrets of the Dead" may not have a viewer sharing Mr. Saadallah's level of anguish. But righteous indignation will be unavoidable.

Mosul occupies the same geography as ancient Nineveh, the heart of an Assyrian Empire that existed several hundred years before the Romans and was a civilization advanced in engineering, art and warfare. Because Assyrian culture predated Islam, members of ISIS—or Daesh, as it is called here—considered representations of ancient Assyrian gods to be blasphemous and so destroyed them; when they couldn't tear apart an Assyrian throne, they blew it up, leaving a crater in the floor of the museum. They also dynamited the

Mosque of Jonah, because the biblical prophet was believed to be interred there and it was forbidden, according to the ISIS interpretation of Islamic law, for people to pray before a dead body. While narrator Jay O.

Sanders maintains a temperate tone, the footage of the mosque being blown to bits is hard to watch. And we get to see it more than once.

It may seem like a desperate search for a silver lining, but the destruction, as we learn and see, has led to a campaign of restoration and to discoveries that were previously impossible. Mr. Saadallah has recruited a team of experts and archaeolo-

gists to prevent Daesh "from having the last word," as Mr. Sanders describes it. "Daesh wanted to destroy the cultural identity of this country," says Stefan Maul, an Assyriologist from Heidelberg University. "This is unacceptable." In addition to the team's piecing together shards of ruinously shattered statuary, Mr. Maul and company are exploring what was long made inaccessible by

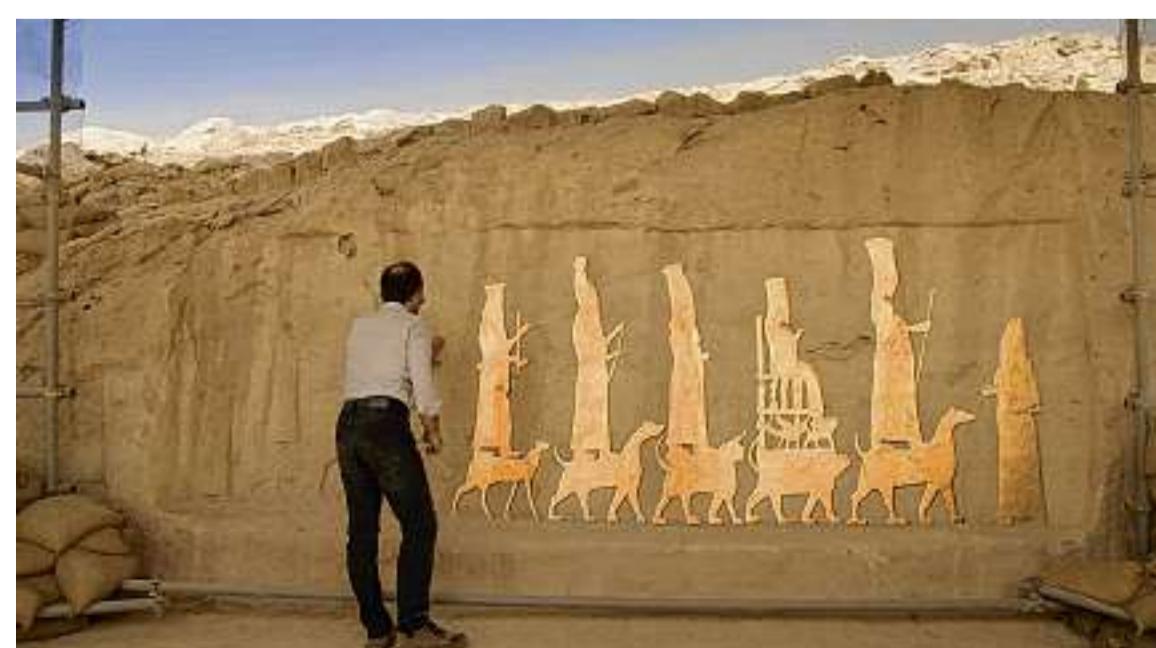
the mosque—an Assyrian palace. Now perforated by ISIS tunnels (to facilitate looting), the palace provides enormous insights into one of the world's earliest and highly advanced societies.

"Returning to Babylon" leaves the enthusiasm to the archaeologists and historians, who offer what might be called theories with traction. And water. Miles from the site of Nineveh lies a massive structure long thought to be a bridge, constructed of precisely cut stone blocks weighing as much as 1,000 pounds. What it has now been determined to be, we are told, is the world's earliest aqueduct, which conforms with what is known of the Assyrian water system. Which in turn leads to the theory proposed by former Oxford educator Stephanie Dalley: that what lay beside the Assyrian palace in Nineveh were the Hanging Gardens of Babylon—one of the Seven Wonders of the Ancient World.

We only know about some of the vanished Wonders—the Colossus of Rhodes, for instance, and the Mausoleum at Halicarnassus—through the Greeks, who never visited Babylon anyway. That they might have been off by a few hundred miles, 2,000 years ago, seems perfectly plausible, more plausible than the behavior of ISIS would have seemed just 100 years ago.

Returning to Babylon
Wednesday, 10 p.m., PBS

Mr. Anderson is the Journal's TV critic.



SPORTS



Pete Rose predicted his own bittersweet ending. "Would it be horrible if I died next week and they put me in the Hall of Fame next year?" he asked in the recent, rollicking documentary, "Charlie Hustle and the Matter of Pete Rose."

"That's happened to a lot of people," Rose continued. "They forgive them when they die."

Rose died Monday at age 83, unforgiven, still excluded from baseball's Hall of Fame. He remains ineligible for consideration, trapped on baseball's banned list, for his sin of betting on baseball games, a violation of "Rule 21" he denied for years until finally confessing. He wore it like a letter for the remainder of his life.

A prediction: Rose will make it inside some day. He will be inducted posthumously, not only because he was one of the greatest ballplayers to ever live, but because Rose was right, eventually much is absolved, especially once the perpetrator is gone. More time will pass, baseball's institutional resistance will soften and voters will finally be given the chance, and they will nudge him through.

Nothing about that feels heartening. It's sad.

It also feels like the incorrect measurement of a life, admission to a club. Rose was larger than a plaque: He was the finest base hitter to ever live, the Hit King with a record 4,256 hits and a lifetime average of .303 to go with three World Series titles and 17 All-Star appearances, one in which he infamously barreled into Ray Fosse. He was a pop culture fascination, the brash local from Cincinnati with the moptop haircut who played like a wrecking ball, perpetually swinging.

Rose defined baseball when baseball was big. He was loved, hated, cheered, booed, defended and resented, a giant with his hometown Reds and then, Philadelphia. He was both his finest advocate and his worst enemy, a chronically unreliable narrator, prone to swimming into trouble of his own making, airbrushing history, cringeworthy comments and denying hard truths.

He explained his lifelong gambling obsession as competitive juice, and he always defended his baseball betting with a stern dec-

JASON GAY

Pete Rose Stayed Pete Rose Until the End

The Hit King never made it to baseball's Hall of Fame. Did it need to play out this way?



Pete Rose finished with 4,256 hits and a batting average of .303. He also won three World Series titles.

laration: I only bet on my own team to win. The counter was that it didn't matter, that everyone knew it was brightly against the rules, and not betting on his team sent a message that could be exploited by nefarious parties.

Since when could Rose be trusted to tell the whole story, any way? Over time, the obfuscation became as problematic as the alle-

gations.

Was that enough to keep him out? Should evaluating a player's character be part of the Hall of Fame's job? That museum clatters with skeletons, old and new—you don't have to dig very far to find them. But the Hall went out of its way to bar Rose, stepping in to prohibit anyone on the ineligible list from induction, which more or

less sealed his doom.

He ultimately admitted guilt, he apologized, he lobbied for reinstatement. He built momentum, but it never happened. Sexual misconduct allegations that surfaced late in his life—which Rose denied—didn't help his case. But his baseball gambling stayed the ultimate barrier. He waited for a phone that didn't ring.

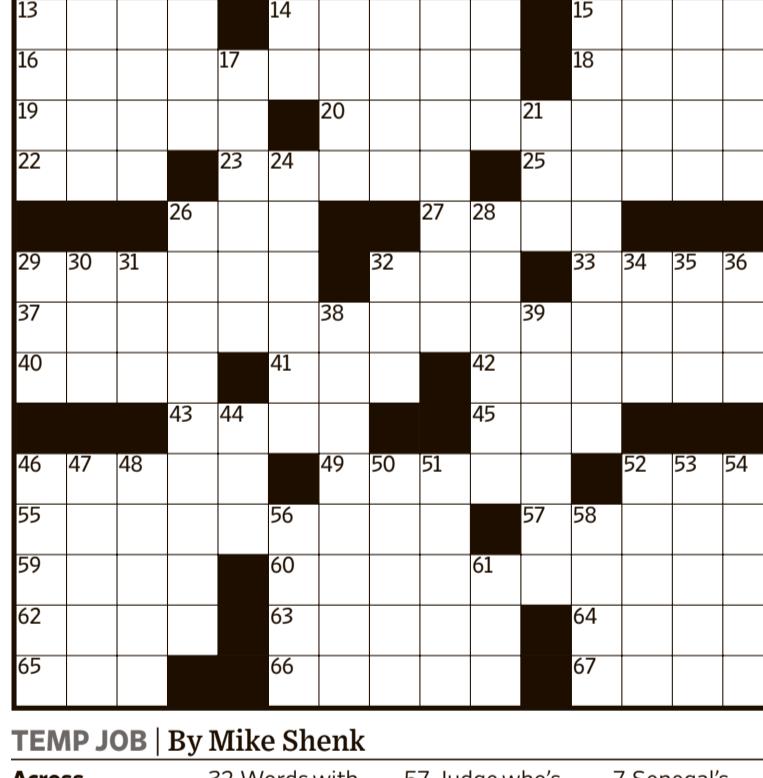
Today, of course, baseball is awash in gambling, the legalized brand, another sport eagerly in business with casinos and betting apps. While Rule 21 remains on the books, it looks hypocritical to judge the habit while holding out a hand to the house. How odd it feels to read about Rose while watching ballgames supported by an onslaught of gambling advertising. It's probably only a matter of time before there's a betting lounge in Cooperstown itself.

That is the conflicted world Rose departed. His post-baseball life was melancholic: in denial, isolated, distanced from the game he loved maybe more than anyone. Rose played baseball like he needed baseball to live, and when his status got stripped away, he moved to its seedier outskirts, a shamed uncle invited to Thanksgiving, but not allowed to sit at the table. I remember walking through a casino mall and finding Rose signing autographs at a memorabilia shop: the same mop of hair and that flat-brimmed cap, sitting behind a window, on the outside looking in.

It's awkward, and will be forever. Upon Rose's death Major League Baseball released a bland statement expressing condolences to Rose's family and friends. The Hall of Fame simply ticked off Rose's greatest accomplishments, like an AI bot. There was an immediate sentimental rush to vote him through—Donald Trump urged the Hall of Fame to do it before Rose's funeral—but it feels far from imminent.

He died the day before baseball's playoffs began, which felt like a message, a tarnished legend once more eclipsing the game's biggest stage, like when Rose merrily crashed Hall of Fame weekends to hawk his signature. I suspect he'll remain a polarizing through line, crossing generations—important, but complicated. His saga ends unresolved, the ultimate cautionary tale. Bittersweet? It's more acrid than bittersweet. The Hit King is dead, though not forgotten.

The WSJ Daily Crossword | Edited by Mike Shenk



TEMP JOB | By Mike Shenk

Across	
1 Dept. leaders	32 Words with loss or premium
5 Zeal	33 Detective's find
10 Part of LGBTQIA+	37 Features of the Easter Bunny's checking each
13 Field of expertise	36-Down for freshness?
14 Flip out	40 Graph lines
15 Reusable bag	41 "What a dazzling firework!"
16 New Holstein taken to the pawnshop?	42 Walter who played Chekov on "Star Trek"
18 Parks on a bus	43 Joined the chorus
19 Parting word	45 Siri speaks on it
20 Sleeve, for a poker cheat?	46 Third-stringers
22 Sch. where the Daily Trojan is published	49 Like some players' ankles
23 Maryland governor Wes	52 X, sometimes
25 Hurricane's birthplace	55 Songwriter Porter, to
26 Banana Republic parent	29 Bring into accord
27 Nonbinary pronoun	Linda Lee Thomas?
28	Madonna and Guy Ritchie

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

28 Dabber of tears

29 "So I was right to suspect you!"

30 Strain

31 Average of due and quattro

32 Rhine whine?

34 Broadway's _____-Manuel Miranda

35 Start for sphere or cellular

36 See 37-Across

38 Pointed ornament of Gothic architecture

39 Thingamabob

44 "A Critical Fable" poet Lowell

46 Pediatric patient

47 Henry VIII's house

48 Blackish timber

50 Church feature

51 Washington portraitist Charles Willson _____

52 Zagreb native

53 Makeup of some Yule wreaths

54 The Dow, for one

56 Promissory note

58 "Hamlet" quintet

61 Without hesitation

62 Unescorted

63 Writer Calvino

64 Yarn

65 Subtly funny

66 Intentionally lost

67 Small moon of Pluto

68 Unescorted

69 Writer Calvino

70 Yarn

71 Subtly funny

72 Intentionally lost

73 Small moon of Pluto

74 Unescorted

75 Writer Calvino

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OPINION

'Collusion' and World War III

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

Let's take it slow. If Russia's government sought D o n a l d T r u m p's election, it w o u l d n't noisily tell Americans it wanted Mr. T r u m p elected. On the other hand, if it wanted Americans roiled by accusations and insinuations about Russian meddling, it would do exactly as it's been doing.

Russia would have to be stupid not to realize that the Steele dossier furor, concerning fake claims of Russian meddling, was infinitely more effective than any actual Russian meddling (which certainly occurred). Disinformation operators' main target audience has always been their funders and their own governments . . . not to influence citizens in adversary countries, but to persuade Russian bureaucrats . . . in order to get the next contract or renew a budget."

Read his whole piece. Happily, realism has been creeping into mainstream reporting too, courtesy of Sean Lyngaa at CNN. He recently quoted Jason Kikta, formerly of U.S. Cyber Command, describing the "grift cycle" by which Russia's trolls "claim fanciful success within their government for budget and career promotion."

A long train of consequences began with FBI meddling in the Clinton email case, which helped elect Mr. Trump, led to the FBI's role in the collusion hoax, and left millions of Trump voters believing in illicit government conspiracies against their champion.

While sympathizing with those officials trying honestly to counter Russian actions without becoming Russia's instruments, recognize many

on with splashy indictments on the eve of the 2024 vote.

Russian trolls, Mr. Rid writes, don't measure their effect by the traffic their social media postings receive, which is almost none. They measure it by the sheer volume of Western media hysteria and official vaporizing their openly flaunted endeavors elicit when exposed.

We don't deter Russian activities by making a fuss about them, he adds, we encourage and reward them:

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like Adam Schiff, Hillary Clinton, James Comey, John Brennan and James Clapper who all but deliberately served Russia's aims by helping to embitter U.S. politics and breeding distrust in U.S. institutions.

This year's influencer-in-chief is Attorney General Merrick Garland, despite his department's recently having to admit in court that 2020's U.S. intelligence community claim about a Russian role in the Hunter Biden laptop was itself a "conspiracy theory with no supporting evidence."

Scholars are waking up to a feeble U.S. establishment's Russia botch.

Or check out a Rolling Stone profile of the CIA's lead Russian interference analyst, Michael van Landingham. He remains irate eight years later about the FBI's effort to push off the Steele dossier ("garbage," "indefensibly trash," "a joke") as legitimate intelligence.

When our media and historians stop being corrupted by their own pusillanimity, here's what they'll see. The attempt by the U.S. national security establishment to defeat the domestic Trump phenomenon by painting it as a Russian cat's-paw belongs on any list of its biggest post-Cold War failures. The misguided "collusion" enterprise ranks up there with Iraq, Afghanistan,

the failure to stop 9/11, the failure to deter Russia in Ukraine and the failure to deter Iran's proxies in the Middle East.

Many dystopias touted in the current campaign now are in sight as a result of these blunders. America's alliances may unravel no matter who wins in November if we can't find a way to secure Ukraine and deter China over Taiwan. Price controls and rationing? They'll be coming no matter who's elected if the U.S. is forced to fight a global war while already running massive deficits to prop up Social Security and Medicare.

In a close election every bloc is a swing bloc. One that ought to worry the Kamala Harris campaign consists of sophisticated voters waiting with growing impatience for a few words out of her mouth to indicate she's not a brainless parrot, that she has the imagination to lead when so many domestic and foreign failures are intertwined as described above.

It doesn't take much; this segment of the electorate is politically realistic and picks up on signs, but she's been sending all the wrong ones, captured in a Babylon Bee headline: "I Was Born Into A Middle Class Family," Explains Wife When Husband Asks Why The Car Is On Fire."

In satire there is truth. With 34 days left in the race, she is failing worse than her campaign realizes against a man who, remember, was president for four years and didn't leave the country on the doorstep of World War III.

BOOKSHELF | By David A. Shaywitz

What the Doctors Ordered

Crisis Averted

By Caitlin Rivers

Viking, 320 pages, \$30

As recently as 2019, confides Caitlin Rivers, an epidemiologist at Johns Hopkins, "I was confident that we knew how to navigate, if not control, a pandemic." But within a year "that hubris was laid bare," Covid-19 "overran us," leaving in its wake a striking loss of confidence in public health.

"Crisis Averted" is Ms. Rivers's ambitious and, given its charge, surprisingly successful attempt to reset our relationship with the field of public health. With a judicious blend of candor, hopefulness and pragmatism, she calls out its mistakes, reminds us of its historic accomplishments and emphasizes the need for the discipline to adjust its strategies if its full promise is to be realized.

Ms. Rivers describes public health as "medicine's quieter cousin," entrust not with treating the sick but with creating the conditions of human flourishing. If the job is done right, nothing happens: "An outbreak does not grow into an epidemic. A child does not go hungry. A would-be smoker never lights up."

The results can be extraordinary. Ms. Rivers notes that smallpox, an excruciating and deadly disease, called the "great fire" by the Mayans and the "speckled monster" by the

English, was eradicated from the planet in the 20th century thanks to a combination of scientific expertise, public-health leadership and sheer ingenuity. In 1965, for instance, the scientist Benjamin Rubin removed the tip from the eye of a sewing needle, converting it into an efficient, two-pronged inoculation device enabling the vaccination of as many as two billion people worldwide. The delivery of anti-HIV medicines to sub-Saharan Africa was another triumph. This initiative—championed by the Bush administration in 2003 and supported by Congress—saved more than 25 million lives.

But for every public-health triumph there are heartbreaking disappointments. In 2010, a lack of clean water and adequate sanitation allowed a cholera epidemic to rampage through Haiti after a catastrophic earthquake; worse, the disease, not endemic in the region, arrived through foreign aid workers. Human error was also responsible for the last recorded smallpox fatality, a medical photographer in the U.K. who died after the virus leaked from a sloppy lab on the floor below.

Particularly frustrating for public-health workers, Ms. Rivers notes, is the maddening cycle of panic followed by neglect. Crises, she writes, have "an intensity and urgency to them that bestows energy, purpose, a sense of mission." But once the threat recedes, complacency sets in. She cites the example of a vaccine that was developed in the 1950s to protect enlisted soldiers from "boot camp flu." Through negligence, manufacture of the vaccine was allowed to stop in the 1990s, and it took more than a decade to begin again. In the interim, many young enlistees became ill, and eight died from a disease that should have been preventable. It is also complacency, she observes, along with antivax sentiment, that has left some American children vulnerable to diseases, like measles, for which vaccines are available.

Although fluent in computational science and the tools of big data, Ms. Rivers remains an impassioned champion of field work, where diligent investigators conduct detailed interviews and piece together clues. This approach was pioneered by the British physician John Snow, who traced the source of London's 1854 cholera outbreak to the Broad Street pump. Careful lab work also contributes: A persistent microbiologist, Joseph McDade, tracked down the cause of a deadly illness afflicting attendees of the 1976 American Legion convention in Philadelphia, identifying the novel bacterial strain responsible.

The field of public health has achieved remarkable results over the years. Covid-19 proved to be an especially tough challenge.

Animating much of Ms. Rivers's narrative and analysis is the Covid-19 pandemic, a crisis that, as she laments, wasn't averted. She criticizes the "dithering decision-making in the early days" of the crisis; the World Health Organization's "fumbling attempts to talk of the 'global outbreak,' ostentatiously avoiding *pandemic*, the proper—and loaded—word"; and the attempts by the Trump administration to play down fears. She also describes early advice from public-health officials claiming that mask use was "not recommended" and "should be avoided" as "odd and brittle assertions that did not hold up to the slightest scrutiny" and left many with the impression that "public health officials could not be trusted to tell the whole truth."

Ms. Rivers describes an uneasy tension between health professionals "singularly focused on fighting the pandemic" and elected politicians weighing a broader set of considerations, including the economic effects of lockdowns and the educational and developmental consequences of remote learning on children. This division of labor has now solidified into dogma, she says: Scientists advise, politicians govern.

Yet if practitioners of public health are committed to delivering tangible benefits, Ms. Rivers contends, they can't play such a hermetic role: "It's not enough to merely present the data and hope for the best. . . . Dancing around the edges of authority will only dilute the field's impact." Rather, she suggests, leaders must learn to navigate "the complexities of political involvement" to drive thoughtful implementation. She also advises "a nuanced approach" to communications, "one that relies on listening as much as telling."

After years of relentless insistence that we "follow the science," it's refreshing to hear an expert illuminate all that remains unknown—from the vagaries of the common cold to the vexing challenge of coaxing healthy behavior change. Most epidemics of the past century, Ms. Rivers points out, "took forms that were slightly off-center from what epidemiologists expected"—the recent pandemic, for example, was caused not by an influenza virus, as anticipated, but rather by a coronavirus. Her advice: Expect a surprise.

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

A Way Forward on Immigration

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

In Western democracies over the past decade, a troubling theme has emerged: When economic weakness—especially in industrial areas—combines with a massive surge in immigration, the populist right gains support at the expense of traditional center-right and center-left parties. This deepens political divisions, making it harder to govern effectively.

The past year is littered with many such examples.

Last November, Geert Wilders's anti-immigration Party for Freedom scored big in the Netherlands, forcing a change in the governing coalition. This June, Marine Le Pen's National Rally party won France's elections for the European Parliament, prompting President Emmanuel Macron to call a snap election that dramatically weakened his own party. In July, the populist Reform UK party, led by Nigel Farage, received about 14% of the vote in Britain's general election, undermining the Conservative Party by splitting the anti-Labour vote.

In September, the far-right Alternative for Germany won a plurality of seats in the eastern state of Thuringia and finished a strong second not only in Saxony but also in Brandenburg, a traditional stronghold of the center-left Social Democratic Party. This

past Sunday, Austria's Freedom Party, founded in the 1950s by former Nazis, came in first in the general election. In all of these countries, anti-immigrant parties performed especially well in areas that have suffered from the decline of mining and manufacturing.

Many European public officials and party leaders have responded by declaring their countries' hard-right parties beyond the pale and refusing to form coalitions that include them. In the short term, this strategy may hold back the tide. In the long run, however, democracies can't exclude the voices of so many voters without undermining their own legitimacy.

Similar trends are visible in America. Between 2000 and 2010, the U.S. lost some 5.7 million manufacturing jobs—nearly a third of the country's manufacturing employment base. This spurred deep resentment among workers and communities left to handle the consequences. At the same time, concerns about immigration, especially illegal immigration, were intensifying.

Before these developments reached critical mass, Republicans joined Democrats to support moderate approaches to both international economics and immigration. Presidents Ronald Reagan and George W. Bush both advocated free trade and bipartisan immigration reform. Enter Donald Trump, whose rise signaled the emergence of a new political movement—one that's pro-manufacturing, antiglobalist, viscerally opposed

to illegal immigration, and even skeptical about the benefits of legal immigration.

This wasn't all bad. Mr. Trump's emergence forced both parties to pay attention to left-behind U.S. regions and to craft policies to help them. Both parties have abandoned the "college for all" mantra and instead are focused on improving economic prospects for the majority of Americans who will never receive a bachelor's degree.

Despite all the heat, many voters across party lines agree on sensible reforms.

Regrettably, Mr. Trump's ascent has had a far less positive effect on the immigration debate. His effort to ban citizens of predominantly Muslim countries from entering the U.S. along with his policy of separating migrant families at the border rightly revolted many Americans.

Democratic reactions to these excesses made matters worse. The political movement to abolish U.S. Immigration and Customs Enforcement, which gained mainstream traction after 2018, further polarized the debate. Offering healthcare to illegal immigrants, a proposal backed by candidates for the 2020 Democratic presidential nomination, further weakened the party's credibility on this issue. Mr. Biden, caught between warring factions of his

own party, failed to act firmly on the southern border for the first three years of his presidency.

During this election year, Donald Trump and JD Vance have upped the ante, accusing people who are in the U.S. lawfully of eating household pets and advocating a program of mass deportation that horrifies Democrats.

Despite the bitterness of this debate, there is a way forward. A new report from Pew Research Center shows that voters across party lines agree on a framework for immigration reform.

Eighty percent of Harris supporters and 96% of Trump supporters want strengthened border security. Eighty-seven percent of Harris supporters and 71% of Trump supporters endorse admitting more high-skilled immigrants; and similar percentages support allowing international students who receive U.S. college degrees to stay in the country. Fifty-five percent of Trump supporters and 86% of Harris supporters favor admitting immigrants who can fill labor shortages. And surprisingly, about half of each candidate's supporters believe that legal immigration should continue at roughly current levels.

Based on his previous rhetoric, Donald Trump is unlikely to propose immigration reforms that could unify the country. If elected, Kamala Harris would have an opportunity to move boldly in this direction. No other step could do more to reduce the pressure on our constitutional norms and institutions.

his fans as it is about him.

That is why Commissioner Rob Manfred should reinstate Rose posthumously. Mr. Manfred should make the permanent ban a lifetime one, ending it retroactively with Rose's death. That change would make Rose eligible for the National Baseball Hall of Fame. One of the hall's Era Committees, which consider possible inductees who have long since retired, could then evaluate his candidacy. There is no guarantee it would select him, but at least he'd have a turn at bat.

Mr. Manfred should show this mercy. Pete Rose was a deeply flawed man but a great player. He may not be around to be grateful for it, but his fans are.

Mr. Scalia is a senior fellow at the American Enterprise Institute.

ement of his fall: The grit and defiance that characterized his approach on the field doomed him off it.

There's a case to be made that it is hypocritical for a league now in cahoots with a sports book, as is the case with Major League Baseball, to ban someone for betting.

A lifetime ban is enough to deter gambling by other baseball players.

On the other hand, the league may reason that its embrace of legalized sports gambling makes it all the more important to mark a clear boundary between the habits of fans and the vices of league employees.

OPINION

REVIEW & OUTLOOK

Biden's Longshoremen Strike

We hope you're stocked up on bananas because supermarkets may soon be out. As the South works to recover from Hurricane Helene, a strike by the International Longshoremen's Association (ILA) at East and Gulf Coast ports is about to add to the economic damage. President Biden wants unions to have extortionary bargaining power, and he's getting a demonstration of it on election eve. Congratulations.

The 50,000-member ILA walked off the job Monday at midnight after the United States Maritime Alliance (USMX), the coalition of employers at East and Gulf ports, didn't meet its costly demands. "We'll shut them down," ILA president Harold Daggett declared, and that's what the union is doing. The strike at these ports is the first since 1977 and could cost the U.S. economy as much as \$4.5 billion a day according to J.P. Morgan.

Many businesses have stockpiled inventory in recent months and made plans to divert shipments to West Coast ports. But some perishable products can't be diverted, and West Coast ports are overwhelmed. Businesses last week urged the Administration to intervene to head off a strike, but Biden officials took the side of the longshoremen.

"This weekend, senior officials have been in touch with USMX representatives urging them to come to a fair agreement fairly and quickly—one that reflects the success of the companies," White House spokesperson Robyn Patterson said Sunday. This echoes the union's line that port employers need to pay up because they are profitable.

Most workers would jump at the 50% pay increase that USMX has offered over six years. But the ILA is demanding a 77% pay raise to \$69 an hour—which is more than West Coast longshoremen, who earn roughly \$233,000 a year on average in wages and overtime, plus \$99,474 in benefits.

The ILA is also demanding bigger "container royalties," which is a union welfare program that pays longshoremen regardless of whether they work. About half of the union's members work on any given day owing to technology that has improved port efficiency. The ILA is also demanding a wholesale ban on automation.

American ports are less efficient than most in the world owing to union work rules and restrictions on automation. Unlike other private

He wanted more power for Big Labor. He's got it—and economic harm.

unions, longshoremen don't have to worry that their demands will bankrupt employers or cause them to lose business. Volkswagen can't import European-made cars by truck, U.S. businesses and consumers foot the bill for higher port labor costs and reduced efficiency. So much for the Administration's boasts about fighting inflation and bolstering supply chains.

Mr. Biden could invoke the Taft-Hartley Act to force a cooling-off period for more negotiations, as George W. Bush did in 2002 to end an 11-day walkout at West Coast ports. But Mr. Biden said Sunday "I don't believe in Taft-Hartley." He won't upset his union allies and their voter turnout operation.

The ILA is exploiting its leverage with the labor-friendly Administration to pressure the ports to cut a rich deal to avoid economic pain before the election. That also seems to be the strategy of Boeing machinists in the Pacific Northwest who are heading into their third week of strike after rejecting a 30% pay increase over four years.

Boeing machinists want a 40% wage increase plus a restoration of defined-benefit pensions that were scrapped a decade ago. The company has offered \$9,360 a year in 401(k) contributions, which is far more than most private employees receive. Its offer is especially generous given Boeing has lost more than \$25 billion over the last six years.

Machinists may be hoping their Biden allies will apply regulatory pressure on the manufacturer to cough up more. The Transportation Department has enormous leverage over Boeing since it must certify planes.

This may also be the strategy of 5,000 striking Textron workers in Wichita, Kan., who make Beechcraft and Cessna planes. Machinists voted on Sept. 21 to reject Textron's offer of a 26% wage increase over four years along with \$1,500 annual cost-of-living adjustments and \$3,000 lump-sum payments, plus a 9% employer 401(k) match.

Striking workers at UPS, Caterpillar and U.S. automakers have won rich labor contracts in the past two years, only for the companies to trim their workforces or shift production to Mexico. A strike by longshoremen will do broader economic damage, but this is the result of the greater union leverage that Mr. Biden and Kamala Harris want. This strike, like many others, is made in the White House.

Newsom's Homeless Accountability Veto

Sunshine may be the best political disinfectant, unless you live in California where there's never accountability or transparency for government spending. Last week Gov. Gavin Newsom vetoed a bill passed unanimously by his Legislature to require the state to report the results of its homeless spending.

A state audit in April revealed that California has spent \$24 billion to combat homelessness over five years, even as the numbers camping on streets increased by tens of thousands. Auditor Grant Parks identified at least 30 programs "dedicated to preventing and ending homelessness," but agencies didn't collect data on them or analyze if they worked.

The state "lacks current information on the ongoing costs and outcomes of its homelessness programs," the audit noted. One program converted existing buildings such as hotels into homeless housing at a cost of \$144,000 per unit. Another provided financial assistance of \$12,000 to \$20,000 to those at risk of being

homeless. Did either reduce homelessness?

Mr. Newsom apparently doesn't want the public to know. Why else veto legislation that would require agencies to report annually on the costs and outcomes for each homeless program they administer? The California Interagency Council on Homelessness would have been charged with compiling the data and making it public.

The Governor wrote in his veto message that, "while I fully support efforts to increase accountability and the effectiveness of our state homelessness programs, similar measures are already in place." This is the first time he has worried about redundancy in government. He also said recent legislation establishes "enhanced reporting requirements for two of the state's largest homeless programs." What about the others?

California voters in March narrowly approved Mr. Newsom's \$6.4 billion bond for homelessness, and the hard to avoid conclusion is he doesn't want voters to know how it's spent.

Iran Opens the Door to Retaliation

Iran unleashed its second direct military assault against Israel on Tuesday, this time with 181 ballistic missiles. All Israeli civilians were ordered into bomb shelters, and most missiles were intercepted. But this is an act of war against a sovereign state and American ally, and it warrants a response targeting Iran's military and nuclear assets.

This is Iran's second missile barrage since April, and no country can let this become a new normal. Israel reported a few civilians injured and one Palestinian may have been killed near Jericho in the attack. A terrorist shooting, possibly coordinated, killed six Israelis. The work by the U.S. and Israel to shoot down most of the missiles was spectacular, but it shouldn't have to be, and next time it may not be.

After April's attack, the Biden Administration pressured Israel for a token response and President Biden said Israel should "take the win" since there was no great harm to Israel. Israel's restraint has now yielded this escalation, and it is under no obligation to restrain its retaliation this time.

Prime Minister Benjamin Netanyahu hinted at a stronger response in a statement to Israelis: "Iran made a big mistake tonight—and it will pay for it. The regime in Iran doesn't understand our determination to defend ourselves and retaliate against our enemies." He cited the Hamas and Hezbollah leaders who have been killed since Oct. 7, adding "and there are probably those in Tehran who don't understand this. They will understand."

But does Mr. Biden understand? Iran's act of war is an opening to do considerable damage to the regime's missile program, drone plants and

Its nuclear and military assets are fair game after an attack on Israel.

nuclear sites. This is a test for a President who has been unwilling even to enforce oil sanctions against Iran. It is also a chance to restore at least a measure of U.S. deterrence that has vanished during his Presidency.

Before the attack, Defense Secretary Lloyd Austin warned Iran of "severe consequences."

National security adviser Jake Sullivan reiterated the pledge after the missile barrage. Having issued such a warning, Mr. Biden has an obligation to follow through or further erode U.S. credibility.

If there were ever cause to target Iran's nuclear facilities, this is it. Iran has shown that it might well use a bomb if it's acquired, and Tehran would certainly use it as deterrent cover for conventional and terrorist attacks on Israel, Sunni Arab states and perhaps the U.S. Iran is closer than ever to a nuclear weapon and won't stop itself. The question for American and Israeli leaders is: If not now, when?

Iran's revolutionary regime has shown itself again to be a regional and global menace. It started this war via Hamas, which it funds, arms and trains to carry out massacres like the one on Oct. 7, and it escalated via Hezbollah, spreading war to Lebanon. Other proxies destabilize Iraq and Yemen, fire on Israeli and U.S. troops and block global shipping. It sends drones and missiles to Russia and rains ballistic missiles on Israel. All while seeking nukes.

Escalating this confrontation now is a gamble for Iran. With Hamas depleted and Hezbollah in disarray, Iran's proxies can't defend it the way they usually would. Ayatollah Ali Khamenei may be betting that Mr. Biden will shrink again from defending the civilized world from a dangerous regime. Will he be right?

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Biden's Longshoremen Strike

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Machinists may be hoping their Biden allies will apply regulatory pressure on the manufacturer to cough up more. The Transportation Department has enormous leverage over Boeing since it must certify planes.

This may also be the strategy of 5,000 striking Textron workers in Wichita, Kan., who make Beechcraft and Cessna planes. Machinists voted on Sept. 21 to reject Textron's offer of a 26% wage increase over four years along with \$1,500 annual cost-of-living adjustments and \$3,000 lump-sum payments, plus a 9% employer 401(k) match.

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Striking workers at UPS, Caterpillar and U.S. automakers have won rich labor contracts in the past two years, only for the companies to trim their workforces or shift production to Mexico. A strike by longshoremen will do broader economic damage, but this is the result of the greater union leverage that Mr. Biden and Kamala Harris want. This strike, like many others, is made in the White House.

REVIEW & OUTLOOK

Biden's Longshoremen Strike

unions, longshoremen don't have to worry that their demands will bankrupt employers or cause them to lose business. Volkswagen can't import European-made cars by truck, U.S. businesses and consumers foot the bill for higher port labor costs and reduced efficiency. So much for the Administration's boasts about fighting inflation and bolstering supply chains.

Mr. Biden could invoke the Taft-Hartley Act to force a cooling-off period for more negotiations, as George W. Bush did in 2002 to end an 11-day walkout at West Coast ports. But Mr. Biden said Sunday "I don't believe in Taft-Hartley." He won't upset his union allies and their voter turnout operation.

The ILA is exploiting its leverage with the labor-friendly Administration to pressure the ports to cut a rich deal to avoid economic pain before the election. That also seems to be the strategy of Boeing machinists in the Pacific Northwest who are heading into their third week of strike after rejecting a 30% pay increase over four years.

Boeing machinists want a 40% wage increase plus a restoration of defined-benefit pensions that were scrapped a decade ago. The company has offered \$9,360 a year in 401(k) contributions, which is far more than most private employees receive. Its offer is especially generous given Boeing has lost more than \$25 billion over the last six years.

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Boeing machinists want a 40% wage increase plus a restoration of defined-benefit pensions that were scrapped a decade ago. The company has offered

OPINION

Hezbollah and the Russia-Iran Link

By Seth Cropsey
And Harry Halen

The failed Iranian missile attack against Israel on Tuesday demands a powerful response. The Biden administration must support Israel's effort to deter, or if necessary defeat, Iran and its proxies. The missile attack should convince the U.S. that it faces linked threats in Europe and the Middle East: Russia and Iran both aim to challenge American power. Washington unfortunately has ignored the link between these two adversaries and thus is also alienating two crucial U.S. partners, Ukraine and Israel, and disrupting their ability to strategize. For all its talk, the Biden administration is failing at alliance management.

The Mossad was likely behind last month's spectacular attack on Hezbollah, which involved destroying the Iranian proxy's servers to cripple its communications. The next day Hezbollah's walkie-talkie radios exploded. The Israel Defense Forces later killed several high-ranking Hezbollah officers and hit 100 or so Hezbollah rocket launchers. Rather

The Biden administration prides itself on managing allies, but it is failing with Ukraine and Israel.

than supporting its ally's attempt to deter an enemy and return its people to their homes in northern Israel, the U.S. reacted with dismay. Secretary of State Antony Blinken warned against escalation and seemed to imply that Israel's action could make the process of reaching a Gaza cease-fire "more difficult" or even "derail it."

Last Friday the IDF struck Hezbollah's central command post in Beirut, killing Hassan Nasrallah, the terrorist organization's leader, and incapacitating its chain of command. The White House's response on Saturday reiterated Washington's com-

mitment to de-escalation, both in Gaza with Hamas and in Lebanon with Hezbollah.

Israel last month recovered the bodies of six hostages Hamas had executed, including American-Israeli dual national Hersh Goldberg-Polin. Again the U.S. responded poorly: Although President Biden appropriately said he was "devastated and outraged," Washington remained committed to negotiating with Hamas.

The same week Israel found the murdered hostages, Russia launched missiles against Ukraine, hitting the country's electrical grid and civilian population. The attacks killed dozens in a hospital in Poltava, in central Ukraine, and four members of a family in the western city of Lviv (only the father survived).

Israel and Ukraine are improbably but inexorably linked. Russia's war against Ukraine is one front in a broader contest for Eurasian mastery. The Ukrainian military thus far has doggedly held off its larger, wealthier, more technologically capable foe with a combination of initiative, ingenuity and grit. But for Ukraine, defeat would mean obliteration.

Israel's war against Hamas is also only the most visible portion of a wider war—in this case, with Iran. The Islamic Republic seeks to eliminate the Jewish state politically, forcing Israel to abandon its Jewish character and thereby compelling a mass exodus of Israeli Jews. Iran would kill whoever remained.

Israel, like Ukraine, has fought its enemies with craftiness and determination. But these wars have scarred every Ukrainian and Israeli family and transformed both countries psychologically.

One disturbing point of convergence is that both Jerusalem and Kyiv are navigating the crushing weight of American incompetence. The Biden administration insists that its crowning foreign-policy achievement has been maintaining alliances. The North Atlantic Treaty Organization is supposedly stronger and more united than at any point since the Cold War. But unity within NATO alone isn't enough to secure



Ukraine's Volodymyr Zelensky and Israel's Benjamin Netanyahu in 2023.

power and malign intentions.

As a result, Israel is frozen. Because of Iranian defensive capacity and U.S. restraints, Israel can't strike Iran directly apart from targeted assassinations. And it has been restrained from eliminating the threat on its northern border because of American fear of escalation. But a cease-fire would be capitulation, as it would be made on Hamas's terms: withdrawal from Gaza, acceptance of Hamas expansion into the West Bank, and permanent Hezbollah threats from the north.

As with Ukraine, U.S. constraints have prevented Israel from articulating a theory of victory.

The U.S. clearly has an alliance-management problem. Washington apparently hasn't reviewed its regional interests in Europe or the Middle East, even after its intelligence failures in February 2022 and October 2023. Nor has it sought to assuage Israeli or Ukrainian concerns of short-term vulnerability or long-term isolation.

Ukraine and Israel can articulate remarkably similar theories of victory. Both Israel and Ukraine must outlast their adversaries and demonstrate their resolve to fight a long, brutal contest. During this contest, they must impose costs on their adversaries, making the price of offensive warfare prohibitive. Ultimate security arrangements and borders are secondary; strategic exhaustion is the only way to win a great-power war.

The U.S. must also demonstrate its ability to endure and sustain a long war. Public condemnations of Russia, Iran, Hamas and Hezbollah and insistence that the U.S. will support Ukraine "as long as it takes" are no substitute for tangible actions toward those ends. Iran and Russia are pursuing strategies of exhaustion because they believe the U.S. will eventually break.

Mr. Cropsey is president of the Yorktown Institute. He served as a naval officer and as a deputy undersecretary of the Navy and is author of "Mayday" and "Seablindness." Mr. Halen is a senior fellow at Yorktown.

American interests in Europe.

The key to European security is the relationship between the European powers and Russia. This makes Ukraine central. It's the largest wholly European country by territory, has a population of about 38 million, is important to global production of food, oil and fertilizer, and dominates the Black Sea's northern coastline. A Russia-controlled Ukraine would provide the Kremlin with crucial resources, population and territory. Combined with Russian dominance over Belarus, probable control over Moldova, and de facto control of Georgia, this political-economic unit would be strong enough to take on the U.S. and Europe in a protracted contest of wills. If Russia gains control of the Danube River's mouth, it could isolate NATO's vulnerable Black Sea members. The U.S. thus has a national interest in Ukrainian victory.

The Middle East is more complex. Iran seeks to dominate the region and lead a powerful Islamist coalition. The Gulf states have decided to sit on the sidelines, with Saudi Arabia and the United Arab Emirates ending direct competition for regional power with Iran last year. As a result, the Iran-Israel antagonism is central to the region's destiny. Iranian domination of the Middle East would create a great U.S. power rival

on the Eurasian landmass. The U.S. thus has a national interest in Israeli victory.

Yet America refuses to grasp what victory might mean for its allies, or to help create the conditions where victory can be achieved.

In Europe the Biden administration pursues an untenable policy paradox. On the one hand, the White House drip-feds aid to Ukraine; on the other, it restricts how Ukraine can attack Russia. This forces Ukraine to fight a brutal conflict. Washington also refuses to discuss tangible security guarantees, including NATO membership, with Kyiv. Ukraine gains nothing in talks with Russia—or even in floating concessions on territory or alliance memberships—since the U.S. hasn't provided long-term support for negotiations.

U.S. constraints, rather than Kyiv's lack of imagination or political malpractice, have prevented Ukraine from articulating a theory of victory.

In the Middle East, the Biden administration insists on a similar paradox. It provides materiel to Israel. But it demands that Israel accept a cease-fire in Gaza—portrayed as temporary, but inevitably permanent, until Hamas violates it again—without attempting to solve Israel's core security issue or Iran's growing

Harris's Apprenticeship Plan Is a Giveaway to Unions



Vice President Kamala Harris wants a promotion. Donald Trump thinks she should be fired. We are weeks away from Election Day, and the polling gives neither candidate a clear edge. How come?

On paper, the race has no business being this close. Mr. Trump's record as president is significantly better than the current administration's by any number of measures. Prior to Covid, unemployment was low, and inflation was in check. Under President Biden, inflation hit 40-year highs, illegal immigration reached unprecedented levels, and food and housing became less affordable. Abroad, Russia has invaded Ukraine, Hamas has attacked Israel, and China is bullying its neighbors while actively helping the Iranian mullahs achieve their nuclear ambitions.

Not only has the world grown less safe over the past four years, but the White House has pretended not to notice. According to a bipartisan report from the Commission on National Defense Strategy, the

U.S. is "not prepared today" for a major war even though it currently faces the "most serious and most challenging" threats since the end of World War II. Nevertheless, Mr. Biden proposed a reduction in defense spending, after inflation adjustments, in every year of his presidency.

The economy and rising cost of living are priorities for voters, and they consistently give Mr. Trump the advantage over Ms. Harris on both issues. Anyone else in Mr. Trump's position would keep his campaign pitch short and simple: Are you better off? It would be the central message of every rally, every campaign stop, every interview.

Unfortunately for Republicans, Mr. Trump would rather spend his time insulting Ms. Harris's intelligence when he isn't spreading lies about stolen elections or rumors about migrants eating household pets. The upshot is that national surveys show the vice president with a slight lead, and polling in battleground states that are likely to decide the outcome has the candidates essentially tied.

While Mr. Trump perfects his woe-is-me shtick and remains distracted by peripheral issues that play

mostly to the MAGA crowd, Ms. Harris has had time to redefine herself among the small group of swing voters who say they haven't made up their minds. Even though Ms. Harris is Mr. Biden's No. 2 and inextricably linked to the administration's poor record, Mr. Trump has allowed her to run as the candidate better suited to move the country in a new direction.

Trump had a far better approach in 2017. If only he had the discipline to make the point to voters.

With help from a partisan political press, Ms. Harris has limited her accessibility, ducked tough interviews and spoken in soothing generalities about her agenda. Worse, someone whose main support comes from voters who are affluent and college-educated has gotten away with presenting herself as a champion of the working class, the group that has borne the brunt of the Biden administration's disastrous economic policies.

At a campaign event in Pennsylvania last month, Ms. Harris called for "additional paths" to good-paying jobs, "such as apprenticeships and technical programs." Expanding apprenticeships, which can involve on-the-job training and classroom instruction, into new vocations isn't a new idea, and it's something that many Republicans support. A four-year college degree isn't for everyone and shouldn't be the only path to a middle-class life. But Ms. Harris isn't in favor of expanding all apprenticeships, only the ones controlled by the building trades. This is a pro-union proposal disguised as pro-worker.

A campaign document released by Ms. Harris and her running mate, Tim Walz, explains that they "will encourage the private sector to work with unions, school districts, community colleges, governors, and mayors on Registered Apprenticeships," and that they "remain committed to cutting red tape by reducing barriers to occupational licensing across state lines." Don't believe it.

Registered apprenticeships are overseen by the Labor Department and typically are managed by labor unions, which aren't in the business of cutting red tape. Rather, they specialize in augmenting bureau-

cratic rules and procedures to benefit their members at the expense of non-members. The union membership rate in 2023 was roughly 10%, according to the Bureau of Labor Statistics.

In 2017 Mr. Trump signed an executive order that allowed not only unions but also colleges, corporations and business organizations to manage training programs, which are concentrated in a handful of industries, mainly construction. The goal was to reduce federal regulations and expand the model to white-collar sectors, where workers could train for positions that require a certain skill set but not necessarily a college degree. Worried about an increase in apprenticeship programs in industries with lower rates of unionization, the AFL-CIO and other leading labor groups opposed the effort. And almost immediately upon taking office, the Biden-Harris administration rescinded the executive order.

None of this history made it into Ms. Harris's speech. But you probably won't hear much about it from Mr. Trump, either, even though exposing his opponent's fakery in this and many other ways would be far more effective with undecided voters than the schoolyard taunts.

AI May Bring Back Three Mile Island

By Mark P. Mills

The news that Microsoft plans to fund the reopening of the undamaged reactor at Pennsylvania's Three Mile Island nuclear plant spread almost as quickly as news about the nuclear accident at that same site in 1979. Microsoft's decision was animated, as the Journal reported, by the "gargantuan amount of power needed for data centers for AI." During the nuclear industry's long winter following the

1979 accident, it would never have occurred to anyone that algorithms and not Congress would revive nuclear energy.

Three Mile Island's city-scale power generator and massive concrete cooling towers now epitomize digital energy realities. But all the hullabaloo over the plant's resurrection is about the kind of power that a single hyperscale data center uses.

Hundreds more data centers are under construction or planned. Thousands more will be built. There

aren't enough nuclear reactors operating or planned to meet that kind of demand, even if the few retired ones are resurrected. How much electricity will digital innovations need?

The arrival of useful, affordable artificial intelligence is a wild card. It's hard to predict how much AI will boost electric demand, since consumers and entrepreneurs are still sorting out where and how to use it.

Using electric vehicles for calibration: A single AI card—a kitchen-drawer-size piece of hardware containing eight AI chips—uses as much electricity each year as 10 EVs do. Nvidia alone, a leader in AI, is already on track to ship more cards a year than Tesla does cars. AI algorithms feed on stupendous quantities of data, which creates a greater need for conventional digital hardware to collect, manage and store bytes.

Still, AI hardware is responsible, so far, for only 10% to 20% of data-center electricity demands. The real story is the prodigious expansion of existing cloud infrastructure.

Over one decade, \$1 billion of data centers will use \$700 million of power. To compare, over that same period, every \$1 billion of EVs sold will result in about \$150 million of electricity consumption. Today, U.S.

spending on new data centers is greater and growing faster than total spending on all EVs. Environmentalists worry that the electricity needs of data centers and AI threaten the energy transition. But never mind finding enough low-carbon energy sources—the question is whether enough power of any kind will be available.

Microsoft plans to reopen the 1979 disaster site. Proliferating data centers need even more energy.

Electricity forecasters today face a challenge similar to trying to guess future air traffic circa 1960, when the development of affordable jet-powered aircraft revolutionized commercial air travel. Global air traffic soared tenfold. There was a massive expansion of hardware, infrastructure—and fuel use.

Even so, estimating future demand for such things as air traffic, food, homes or cars can be bounded by reasonably knowable constraints: the number of people on earth, levels of wealth and the number of hours people are willing to devote to

doing or using something. Estimating future data traffic is uncharted territory for a simple reason: There is no limit to demand for and supply of data.

What isn't different: Everything uses energy, and advances in efficiency lower costs and drive greater data usage. Just as the tenfold boom in aviation traffic led to a fivefold rise in energy use, today's digital-traffic growth will be driven by and outstrip efficiency gains.

As a society, we're capable of building more Three Mile Island-scale reactors and inventing newer, smaller ones. But that will take time. Meanwhile, data centers are proliferating at a furious pace. The U.S. is home to nearly half of the world's existing and planned capacity for data centers. Fortunately, we also have the world's biggest low-cost natural-gas system, a synergy that markets will exploit. There are those who worry about China's dominance in EVs. China, one suspects, is more worried about U.S. dominance in data centers.

Mr. Mills is the executive director of the National Center on Energy Analytics and author of "The Cloud Revolution." He was at Three Mile Island during the 1979 accident as the industry's on-site representative.

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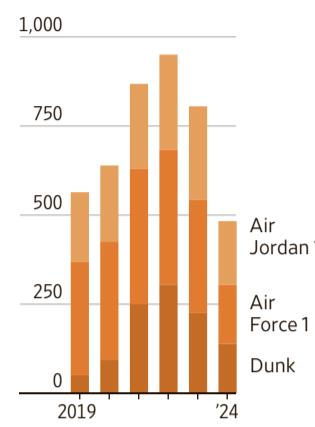
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Wednesday, October 2, 2024 | B1

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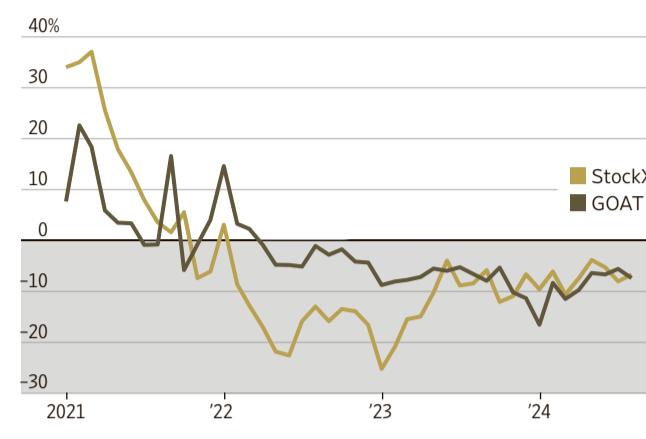
Nike Stumbles Amid Jordan Glut

Number of annual releases for each of Nike's biggest sneaker franchises



Sources: WSJ analysis of GOAT release data (releases); Earnest Analytics (transactions)

Average transactions at checkout at resale platforms, change from a year earlier



The multibillion-dollar Air Jordan 1 franchise enjoyed strong sales, but Nike made too many.

LVMH Bets on Alcohol-Free Wine

By NICK KOSTOV

PARIS—Champagne's biggest producer is giving alcohol-free bubbly a try.

Luxury giant LVMH is buying a stake in a French maker of upscale nonalcoholic sparkling wine, betting that it can convince more consumers to pay upward of \$100 a bottle minus the booze.

The deal for roughly 30% of French Bloom comes amid a surge in popularity for low- and no-alcohol drinks, and as LVMH's Moët Hennessy division contends with sluggish demand for Champagne and spirits.

French Bloom, which launched in 2021, has sought to capitalize on a growing number of consumers moderating their alcohol intake in recent years and is now sold in 30 countries. The brand—led by a member of the Taittinger Champagne family—has roughly doubled its business each year and is on track to produce close to 500,000 bottles this year.

"There's a huge demand for quality products without alcohol," said David Serre, Moët Hennessy's strategy chief. "It's been clear to us for a few years, but we hadn't found the right opportunity."

LVMH and French Bloom declined to disclose a valuation.

Please turn to page B2

Auto Sales Are Idling as Prices Remain High

By CHRISTOPHER OTTS

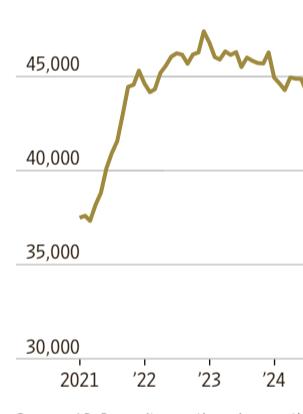
High new-vehicle prices and borrowing costs are keeping some shoppers on the sidelines, pointing to what is expected to be another lackluster sales year for automakers.

Industrywide third-quarter U.S. vehicle sales fell 1.9% compared with a year earlier, according to an estimate from research firm Wards Intelligence. Most major automakers reported results for the July-to-September period on Tuesday.

General Motors, the nation's largest carmaker by volume, said sales fell 2% in the quarter compared with a year earlier, with the company's mass-market Chevrolet brand accounting for most of the decline.

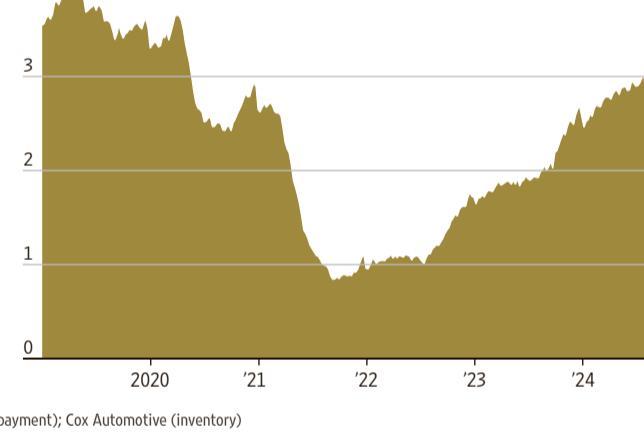
Toyota Motor's U.S. sales fell 5.6% in the quarter year over year, with popular nameplates like the RAV4, Camry and Corolla posting declines

Average transaction price for new vehicles

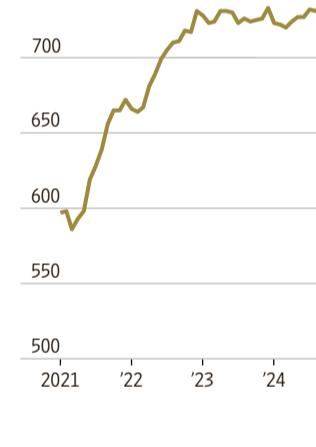


Sources: J.D. Power (transaction price, monthly payment); Cox Automotive (inventory)

U.S. new vehicle inventory, weekly



Average monthly payment to finance a new-vehicle purchase



last month. U.S. electric-vehicle leader Tesla is expected to report global deliveries Wednesday.

Analysts say the industry's U.S. sales tally was dented by disruption from Hurricane Helene, which hit the Southeast

on the final weekend of September, typically a busy selling period.

Meanwhile, auto executives also were bracing for any impact from a dockworker strike that began early Tuesday, shutting down ports from

Maine to Texas.

Toyota built up extra vehicle stocks in recent weeks anticipating the work stoppage, said Jack Hollis, operations chief for Toyota in North America.

"They need to get to a solu-

tion quickly. It could be damaging to the whole economy," he said.

Sluggish third-quarter re-

Please turn to page B4

♦ Stellantis recalls some U.S. hybrid Jeeps B4

INSIDE



TECHNOLOGY

Snapchat parent's internal documents show its concern over sextortion risk. B4

PROPERTY REPORT

Luxury real estate faces dramatic increases in insurance premiums. B6

Schwab's Longtime CEO to Retire; President Tapped for the Top Role

By HANNAH MIAO

Charles Schwab has named Rick Wurster as its next CEO, promoting an executive who has been primed for years to take the top job and who will be tasked with steering the brokerage through a turnaround.

Wurster, currently Schwab's president, will take over as chief executive officer and join the board on Jan. 1, the company said Tuesday. Longtime

CEO Walt Bettinger will retire from the top job and continue to be executive co-chairman of the board alongside namesake founder Charles "Chuck" R. Schwab.

Under Bettinger, Schwab grew from a discount brokerage for amateur investors to a personal-finance juggernaut. Schwab's move to eliminate commission fees on online stock trades in 2019 and its acquisition of rival TD Ameritrade in 2020 shook the

industry.

Now, Wurster inherits a company in the midst of a transition.

As interest rates climbed over the past couple of years, Schwab's revenue and profit stalled, bank deposits fell and its investment portfolio declined in value. Schwab's stock is down 7% this year, after a 17% drop in 2023. The S&P 500 has risen 49% over the same period.

Please turn to page B2

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B2 | Wednesday, October 2, 2024

THE WALL STREET JOURNAL.

INDEX TO BUSINESSES

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

A	H	O
Alibaba.....B10	Hargreaves Lansdown.....B13	Occidental Petroleum.....B12
Alphabet.....B10	I	OMV.....B3
Amazon.com.....B10	Intel.....B12	P
Apollo Global Management.....B3,B13	J	Parker Hannifin.....B13
Apple.....B10,B12	JD.com.....B10	Pinduoduo.....B10
BHP.....B10	JPMorgan Chase.....A10	Piper Sandler.....A12
BMW.....B4,B10	K	R
Braskem.....B3	Kering.....B10	Ranger Station.....A12
Broadcom.....B10	L	Rheinmetall.....A7
C	Las Vegas Sands.....B10	Rio Tinto.....B10
Charles Schwab.....B1	Life360.....A1	S
Christian Dior.....B10	LVMH Moët Hennessy.....B1	Snap.....B4
Circana.....A12	Louis Vuitton.....B1,B2,B10	Sonos.....B13
Covestro.....B3	M	State Street.....B10
Curino.....A10	Macy's.....A12	Stellantis.....B4
CVS Health.....A1	Marathon Oil.....B12	T
D	Match.....A10	Tesla.....B1
DS Smith.....B13	Mercedes-Benz.....B4,B10	Thomson Reuters.....B3
F	Meta Platforms.....B4,B10	Toyota Motor.....B1
FanDuel.....B3	Micron Technology.....B12	U
Flutter Entertainment.....B3	Microsoft.....B10	U.S. Bank.....A10
Foot Locker.....B1	Mintel.....A12	V
Freepoint-McMoRan.....B10	Moncler.....B2	VF.....B2
G	Nike.....B1	Volkswagen.....B4
Gen Digital.....B13	NortonLifeLock.....B13	W
General Motors.....B1	Nvidia.....B10,B12	Wynn Resorts.....B10

INDEX TO PEOPLE

B	H	S
Bartolini, Matthew.....B10	Hill, Elliott.....B1	Porfilio, Dale.....B6
Bascobert, Paul.....B3	Hollis, Jack.....B1	R
Bettinger, Walt.....B1	James, Sarah.....A6	Rowan, Marc.....B3,B13
Bosco, Nicolette.....A12	Jones, Kathy.....A10	Ruffini, Remo.....B2
C	K	S
Caldwell, Jessica.....B4	Kerdasha, Robert.....B6	Schuppenhauer, Eric.....B6
Crawford, Peter.....B2	Krosby, Quincy.....B12	Schwab, Charles.....B1
D	L	Serre, David.....B1
Donahoe, John.....B1	Lynch, Karen.....A1	Stanley, Neil.....A10
E	M	V
Evens, Zachary.....B10	MacCallum, Alex.....B3	Verdeschi, Mike.....B2
F	P	Wang, Yi.....A9
Friend, Matthew.....B1	Papperger, Armin.....A7	Woodring, Erik.....B13
G	X	Wurster, Rick.....B1
Gottlieb, Ann.....A12	Patel, Amit.....B3	Xing, Robin.....A9

Schwab's CEO Is Set To Retire

Continued from page B1

Schwab's playbook of making easy money on client cash has been upended and the company is looking to increase the revenue it brings in from more lucrative services like loans and financial advice.

Wurster, 51 years old, said his priority is keeping existing customers happy.

"If we delight them on a day-in-and-day-out basis, with great service, with digital experiences that are intuitive and straightforward and that they enjoy, we're going to have a growing and thriving business with the client base that we have today," Wurster told The Wall Street Journal in an interview.

Other focus areas include bolstering offerings for specific groups like high-net-worth individuals and active traders, and becoming more efficient through the use of artificial intelligence, he said.

Wurster has been viewed as the heir apparent to the chief executive role since becoming president in 2021. Schwab's multiyear succession plan included naming Bettinger as co-chairman of the board in 2022.

Schwab earlier this year named former Citigroup treasurer Mike Verdeschi as chief financial officer, succeeding Peter Crawford.

"When you're in jobs like this, your responsibility is to serve others, not to be served," Bettinger told the Journal. "[Rick] just proved over and over again during the three years he was president that he was the right person to be my successor."



Rick Wurster, currently Schwab's president, will take over as chief executive and join the company's board on Jan. 1.

BUSINESS & FINANCE

LVMH Sells Luxury-Streetwear Brand Off-White



IAN LANGSDON/REUTERS

LVMH sold luxury-streetwear brand Off-White to New York-based brand management company Blue-star Alliance for an undisclosed sum, three years after its first investment in the label founded by American designer Virgil Abloh.

The move marks a rare divestment for the French luxury giant, which has assembled a conglomerate spanning fashion, jewelry, cosmetics and hotels through deal making. On Friday, LVMH said it

acquired an indirect stake in Moncler, after it reached an agreement with the holding company controlled by the Remo Ruffini, the chief executive of the Italian premium fashion brand.

The owner of Louis Vuitton, Dior and Tiffany's in July 2021 agreed to acquire a 60% stake in the company, with the brand's founder holding the remaining 40%. Abloh died in November 2021, having been men's artistic director of Louis Vuitton since 2018.

LVMH took full ownership of Off-White in September 2022 by acquiring the remaining stake.

LVMH's investment in Off-White, founded in 2012, came at a time the luxury industry embraced prominent Black artists and designers. Abloh was one of the driving forces pushing hip-hop and streetwear into luxury fashion.

However, analysts say interest in streetwear has cooled in recent years. VF earlier this year sold Supreme,

popular among skateboarders as well as celebrities such as Justin Bieber and Rihanna, to Ray-Ban maker EssilorLuxottica for \$1.5 billion.

The French conglomerate said Blue-star Alliance was the perfect partner to carry Abloh's legacy forward. Blue-star Alliance said the acquisition represented a unique opportunity and that it had an opportunity to make a strategic investment to continue its creative momentum.

—Pierre Bertrand

LVMH Bets On Booze-Free Wine

Continued from page B1
tion for the deal.

Champagne is big business for LVMH, with Moët Hennessy holding a dominant position in the market. Its brands include Dom Pérignon, Krug and Veuve Clicquot. The company also owns prestigious wine labels such as Château d'Yquem and Château Cheval Blanc.

The investment in French Bloom marks LVMH's first move into nonalcoholic drinks, joining some of the biggest names in the booze industry—from Guinness to Heineken—in moving into a rapidly growing market.

Sales volumes of nonalcoholic still and sparkling wine increased by 7% last year, according to industry tracker IWSR. It forecasts volumes of nonalcoholic drinks to grow at a compound annual rate of 7% between 2023 and 2027, eventually capturing nearly 4% of the alcohol market.

By contrast, demand for wine and spirits remains sluggish after volumes dropped

globally in 2023. In the first half of this year, Moët Hennessy was LVMH's worst-performing division, with sales dropping 12%.

The idea for French Bloom came after friends Maggie Frerejean-Taittinger, who was pregnant with twins, and Constance Jablonski, a model, noticed a lack of sophisticated nonalcoholic drink options at social gatherings. A new brand of nonalcoholic sparkling wine could work, they figured, since a fine wine's essence lies in its complexity and depth, with alcohol being secondary.

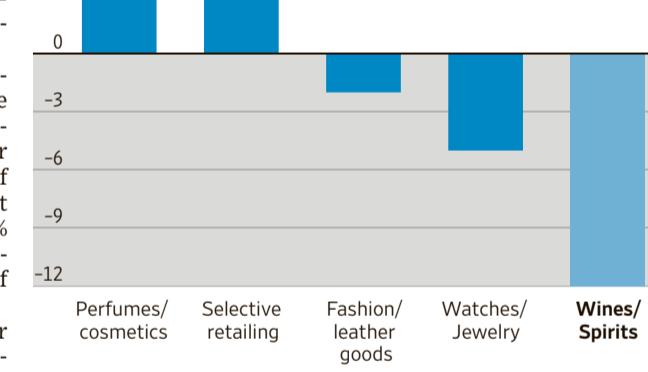
To make their idea a reality the two women tapped Frerejean-Taittinger's husband, Rodolphe, for his winemaking experience. He comes from a

long line of Champagne makers: His great-grandfather, the businessman Pierre Taittinger, acquired one of Champagne's oldest houses in 1932 and gave it his name. Taittinger is now owned by Rodolphe's cousin.

French Bloom invested heavily on research and development to create its nonalcoholic sparkling wine, said Frerejean-Taittinger, adding that simply taking the best wine and removing the alcohol will have disappointing results.

When a wine is dealcoholized, it loses about 60% of the aromas. "We have to start with something that has, we like to say, wider shoulders, versus if you dealechohalized a Chardonnay from Burgundy, you're not

LVMH segment sales for the first half of 2024, change from a year earlier



Source: the company

Nike Stumbles Amid Glut

Continued from page B1
part from a reduction in the number of releases of limited-edition sneakers. Making matters worse: Despite an effort to reduce the number of limited-edition releases, demand for new models remains low, and the launches are still underperforming on Nike's apps and website, warned in June.

Nike's limited-run Air Jordan sneakers are some of its most profitable products because they can sell for up to \$200. Nike made about \$7 billion in sales of Jordan brand products in its last fiscal year; footwear accounted for most of those sales.

Hill was part of Nike's leadership team when the company initiated a similar marketplace reduction in 2017, and is expected to lean on that experience to navigate the challenges ahead.

This time, the landscape is different as more brands compete for shoppers in both the running and lifestyle categories. People of all ages are embracing shoes such as the Adi-

das Samba, the New Balance 990 and the Asics Gel-Kayano. And today, analysts say Nike doesn't have the kind of groundbreaking product innovation that it did in 2017, when the company released its first super shoe, the Vaporfly.

In a video shared with staff recently, Hill asked them to rally together and "move with speed and a sense of urgency."

Nike dominates the resale market but keeps losing market share to competitors. Sales of Nike and Jordan sneakers on StockX fell 21% in the first half of 2024, compared with the same period last year, the online marketplace reported in August. Trades of rivals Asics and Adidas grew about 600% and 90%, respectively, StockX said.

Domahoe said in an April interview that Nike ramped up production in 2020 to meet demand on its SNKRS app because it was meeting less than 5% of the demand for some of the releases. He said Nike's goal was to meet about 20% of the demand for limited-edition models.

Nike released more than 700 different Jordan brand sneakers in 2022 and 2023 each—more than it had ever released in a single year. This year, the company is paring back the releases by about 35%, according to a Wall Street Journal analysis of GOAT data.

The company dominates the resale market but is losing ground to rivals.

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BUSINESS & FINANCE

Apollo Looks to Ramp Up Dealmaking

CEO touts firm's quest for investment opportunities outside the public markets

By MIRIAM GOTTFRIED

The success of private-equity firms has long hinged on their ability to raise money. **Apollo Global Management** Chief Executive Marc Rowan says a firm's fate in coming years will be determined by whether it can find good ways to invest that money.

Rowan said on Tuesday at Apollo's investor day in New York that the industry has the potential to capture trillions of dollars from people saving for retirement and from individuals and institutions looking for an alternative to increasingly concentrated public markets.

"We've trained ourselves to think that we're limited by capital," Rowan said in an in-



Chief Executive Marc Rowan gave an interview before speaking at Apollo's investor day.

terview with The Wall Street Journal ahead of his remarks on Tuesday. "Maybe we are actually limited by investment opportunities."

Apollo, which manages \$700 billion in assets, can roughly double its asset base over the next five years because it has invested so much

in finding ways to put money to work, Rowan said.

The firm's 16 lending businesses finance aircraft, cars and midsize companies and

MICHAEL BUCHER/WJS

make loans to other lenders, among other things. It has struck a string of deals in recent years with big companies including Intel, Air France, Anheuser Busch InBev and AT&T, helping finance their businesses with long-term agreements. The firm also works with banks and invests in the loans they generate.

All told, Apollo has sourced \$164 billion in debt and equity deals over the past 12 months as of the end of the second quarter. It projects that number will reach \$275 billion a year by 2029.

Shares of Apollo rose 5.8% to \$132.01 each on Tuesday. They are up 47% over the past 12 months.

Apollo last week announced a \$25 billion partnership with Citigroup. The pact will allow Apollo and its clients, including its insurance arm Athene and Abu Dhabi sovereign-wealth fund Mubadala, to finance loans to

borrowers that have a relationship with the bank.

Athene, founded in 2009, sells fixed annuities and makes money by earning more on premiums than it pays out to policyholders. As the insurance company's asset manager, Apollo had a head start over other firms like KKR and Blackstone, which later bought or struck asset-management deals with insurance companies.

Firms are now buying specialty lenders and jostling to strike partnerships with banks or take portfolios of loans off their balance sheets.

In September, Apollo promoted Chris Edson to the newly created role of global head of origination. A veteran of its private-equity business, where he worked on financial and insurance deals, he now oversees the sourcing of investment opportunities.

♦ Heard on the Street: Bet on savings habits.....B13

Reuters and CNN to Begin Charging for Digital News

By ALEXANDRA BRUELL

Thomson Reuters's news site has been free for consumers since 1995. That is about to change.

The global news organization will start charging readers who come directly to its news site and apps. The subscription, which will cost \$1 a week, will be launched this month in Canada and roll out in the U.S. and parts of Europe in the coming weeks and months.

In charging readers, Reuters is following a path that many other publishers are pursuing as ad-supported business models come under strain. On Tuesday, CNN said it was starting to ask users to pay a monthly fee of \$3.99 for unlimited access to CNN.com, a so-called subscription paywall that would kick in after

they have read a certain number of free articles.

Technology outlet the Verge is considering a paid subscription as well, according to a person familiar with the matter. The newsletter Status earlier reported on the Verge's plans.

Reuters is known for licensing its content to other news organizations around the world. Its consumer-facing news site represents just a sliver of its global news operation. The company has 2,600 full-time journalists around the world who churn out news articles and videos that are picked up by other publishers.

The effort to pursue subscriptions follows a yearslong push to get people to register their information with the outlet once they read a certain number of articles. Reuters will rely on subscription reve-

nue to expand its coverage and ultimately its consumer-facing business, said Reuters President Paul Bascobert in an interview.

"It hasn't been a place where we've decided to push aggressively in terms of growth and investment," he said. "Having subscriptions now gives us the basis to invest."

While the paid-subscription model has panned out for established news publishers such as The Wall Street Journal and the New York Times, newcomers could face challenges in an already crowded news and entertainment subscription market.

They also risk eroding web traffic, lowering their reach and appeal to advertisers.

Reuters's consumer-facing news sites reach 45 million to 50 million unique viewers a month, drawing traffic from 240 countries and territories, the company said. Bascobert is betting Reuters's global reach will give it an advantage over other publishers.

News publishers have experimented with subscriptions and other sources of revenue such as games and e-commerce, as traditional ad-supported business models face an array of challenges. Crucial issues include adver-

tisers shying away from news, social platforms sending publishers less traffic and the impact of artificial intelligence on publishers' businesses.

For Reuters, marketing its brand to a general news audience will be a challenge, but the company is counting on readers' trust in its reporting as a selling point. "Not a lot of folks knew us for being a source of news. We've been a source of news to the news," Bascobert said. "We think there's an opening in the market now, particularly around the issue of misinformation."

In 2023, Reuters News made up 11% of parent Thomson Reuters's revenue. A large portion of the company's revenue comes from units focused on legal content, research and tools.

CNN says it draws 150 million monthly visitors to its

flagship site, making it one of the biggest competitors in online news. It has explored launching subscriptions over the past several years, under different management teams, but those plans never took flight. The company also launched a \$5.99-a-month streaming video service in 2022, CNN+, but shut it down after only a month when demand proved tepid.

The new \$3.99-a-month offering for CNN.com "is just the first step in CNN's journey to become a more consumer-oriented, digital-product company," Alex MacCallum, CNN's executive vice president of digital products and services, wrote in an internal memo.

MacCallum said the company will create other subscription products to capitalize on news as well as lifestyle journalism.

Ex-Jacksonville Jaguars Employee Sues FanDuel Over Gambling Habit

By KATHERINE SAYRE

A former Jacksonville Jaguars employee who embezzled more than \$22 million from the team is suing **FanDuel**, alleging that the betting company fueled his fantasy-sports spending and ignored his gambling addiction.

Amit Patel, who is serving a six-and-a-half-month federal prison term after pleading guilty to stealing money from the team, claimed in a lawsuit filed Tuesday that a FanDuel VIP host showered him with more than \$1 million in betting credits, all-expenses-paid trips and gifts to prey on him. He is seeking \$250 million in damages.

The gifts ensured that he would "deposit money and gamble in amounts and frequencies that only an addict could ever gamble," the lawsuit says.

Patel is serving time in federal prison for stealing money from the team.

Grand Prix in Miami and the NCAA football championship last year.

Companies' VIP practices came under federal scrutiny earlier this year. Sen. Richard Blumenthal (D, Conn.) sent letters urging several gambling companies, including FanDuel, to stop using player data and other marketing tactics to target customers with gambling problems.

FanDuel knew Patel was a gambling addict based on Patel's deposit amounts and frequency—a total of more than \$20 million through about 1,077 deposits, according to the lawsuit. Patel was diagnosed with a gambling disorder in April 2023, the lawsuit says.

In daily fantasy-sports contests, customers build teams of real-life athletes and compete against other teams based on their athletes' performances.

Patel's FanDuel VIP host communicated with him nearly every day between late 2021 and early 2023, through email, phone and text message, the lawsuit alleges.

Patel alleges that FanDuel would give him a \$60,000 credit when he reached deposits of at least \$600,000 for fantasy sports contests, according to the lawsuit. FanDuel staff delivered those credits in increments of \$25,000, \$25,000 and \$10,000 to avoid raising suspicions among FanDuel's internal compliance staff, according to the suit.

At one point, the host started communicating with Patel on his personal phone, to avoid detection by FanDuel's compliance staff and told Patel to fabricate dialogue with the host's FanDuel phone "to make sure it appears to FanDuel that their communication remained frequent," the lawsuit alleges.



Covestro is one of the world's biggest producers of polymer materials used in industries from autos to healthcare.

UAE's Adnoc Buys Germany's Covestro In a \$13.1 Billion Wager on Chemicals

By BEN DUMMETT

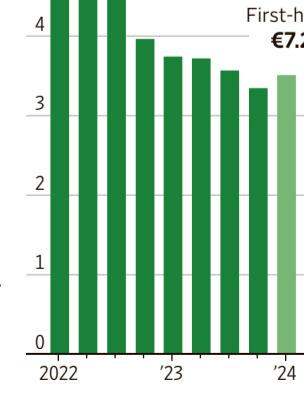
An oil producer from the United Arab Emirates has clinched a \$13 billion-plus deal for Germany's **Covestro**—a big bet on chemicals as part of its effort to transform into a fully integrated energy company akin to Exxon Mobil and other U.S. majors.

Abu Dhabi National Oil Co., or Adnoc, agreed to the tie-up Tuesday, bringing an end to more than a year of talks that had been extended by protracted negotiations over price, job protections for Covestro employees and other matters.

The takeover gives Covestro a market value of about €11.7 billion, equivalent to about \$13.1 billion, making this one of the year's largest deals.

Adnoc is paying €62 a share, consistent with the

Covestro's quarterly revenue



price the energy giant had previously indicated that it was considering.

The Wall Street Journal previously reported the deal announcement was expected this week.

Adnoc, which was founded in 1971, is a major producer of oil and gas.

It also oversees a network of crude-oil refining facilities and trading and distribution operations, and has expanded into areas such as hydrogen production.

More recently, the company has focused on deal making, with mixed success, to push into chemical production as a new source of revenue.

Earlier this year, Adnoc acquired a stake of almost 25% in European energy company **OMV** to accelerate the expansion of its chemicals business. But a bid for a controlling stake in Brazilian petrochemical producer **Braskem** collapsed in May.

Covestro is one of the world's biggest producers of polymer materials that are used across industries ranging from the automotive sec-

tor to healthcare.

The materials are integral to the development of coatings, adhesives, and plastics, among other products.

The company operates close to 50 production sites globally and employs almost 18,000, according to its website.

Adnoc's challenge will be reviving slumping sales and profits despite underwhelming demand and prices for Covestro's products.

Covestro was spun off from Germany's Bayer in 2015 and listed on the Frankfurt exchange.

Sales in the first half of this year declined 3.5% to €7.2 billion from the same period a year earlier and the company swung to a net loss. The company said declining demand led to lower selling prices.

—Christian Moess Laursen contributed to this article.

TECHNOLOGY

WSJ.com/Tech

Snap Knew of Sextortion Risk, Files Show

New Mexico claims the social-media company failed to warn its users

By JEFF HORWITZ

Youth-focused social-media company **Snap** grappled internally with how to warn users of its platform's sextortion risks without striking fear in users and their parents, according to an unredacted version of a lawsuit New Mexico filed against the company in September.

The state accused Snap of giving priority to growth over safety and failing to effectively address or disclose design features that make its platform a haven for abuse and sextortion, in which predators solicit explicit photos and then use them to blackmail the sender.

Driven by organized predation and loosening norms about intimate photo sharing among young users, a rough internal analysis in November 2022 found that Snap was receiving 10,000 reports of sextortion each month, according to internal documents cited by New Mexico's suit.

Those reports "likely represent a small fraction of this abuse," the internal Snap analysis stated, citing the low likelihood of victims flagging the problem to Snap.

A separate internal analysis of 279 known instances of sextortion in 2023 found that

70% of victims never reported the abuse and that for the 30% who did, Snap had failed to take any action.

"We designed Snapchat as a place to communicate with a close circle of friends, with built-in safety guardrails, and have made deliberate design choices to make it difficult for strangers to discover minors," a spokeswoman said in response to the suit, adding that the company continues to work on additional safety measures and has broken with major social media peers to support federal child safety legislation. "We care deeply about our work here and it pains us when bad actors abuse our service."

Snap was informed that its young user base, combined with the app's emphasis on disappearing messages, could lull users into believing that sexting on the app was safe, according to the New Mexico lawsuit.

"The ephemeral nature of Snaps can encourage inappropriate content and behavior by giving young people a false sense of privacy," a Snap consultant said in a 2022 presentation, according to the complaint. An internal marketing document from that same year said sexting had become "regular behavior" for Generation Z. That reality left the company to grapple with how to keep young users safe "without striking fear into Snapchatters" or being seen as aiding and abetting the production of (at a minimum)



CHARLEY GALLO/GATGET IMAGES

New Mexico's attorney general said the company had deceptively marketed an unsafe product.

child sexually exploitative material."

"We can't tell our audience NOT to send nudes; this approach is likely futile, 'tone deaf' and unrealistic," the company says in the marketing document, according to New Mexico's complaint. "That said, we also can't say, 'If you DO do it: (1) don't have your face in the photo, (2) don't have tattoos, piercings, or other defining physical characteristics in view, etc.'

Despite the company's concern about sextortion, Snap told The Wall Street Journal that sexting accounts for a minuscule fraction of the

messages exchanged on the platform.

New Mexico Attorney General Raúl Torrez called the unredacted filing proof of both the scale of Snap's problem and that the company had deceptively marketed an unsafe product.

"Snapchat's harmful design features create an environment that fosters sextortion, sexual abuse and unwanted contact from adults to minors," he said. "It is disheartening to see that Snap employees have raised many red flags that have continued to be ignored by executives."

New Mexico previously sued **Meta Platforms**, owner

of Facebook and Instagram, over child safety failures. In that case, Torrez alleged that Meta's recommendation systems connected young users to apparent pedophiles and pushed children toward inappropriate content. Meta recently announced new restrictions on teen users and says it works diligently to protect children.

In the case against Snap, tests by New Mexico's investigators and in some instances Snap's own employees found fault with Snap's public statements about safety-enhancing features, according to the state's complaint.

According to Snap, the

company changed its "Quick Add" friend recommendations feature in 2022 to prevent the platform from suggesting teenagers connect with adults outside of their regular social circle. But a fictitious 14-year-old user created by state investigators received connection requests from strangers interested in sexual content and "a stream of inappropriate and sexually explicit adult recommendations," New Mexico says in the complaint.

Snap employees themselves reached the same conclusion in 2023, New Mexico said. An internal 2023 effort to "pressure test" the feature found that it "still exposed minors to introductions to adult strangers."

Real children have been introduced to predators by the feature, New Mexico says, citing the case of a man in the state convicted of raping an 11-year-old "to whom he was introduced through Snapchat's Quick Add feature."

According to an internal document cited in the complaint, Snap declared that a large-scale effort to address child grooming would "create disproportionate admin costs, and should not be its responsibility."

In a January 2022 internal chat, also cited in the suit, Snap's safety staff acknowledged that "by design, over 90% of account-level reports are ignored today and instead we just prompt the person to block the other person."

Stellantis Recalls More Than 150,000 U.S. Hybrid Jeeps

By DOMINIC CHOPPING

might have the defect.

Stellantis is recalling over 150,000 of its U.S. market plug-in hybrid Jeeps over a potential fire risk.

The news comes a day after the company's shares plunged nearly 15% as it cut its full-year earnings guidance, saying it will accelerate plans to trim bloated U.S. inventories and faced weaker demand across many of its markets.

The auto giant, which houses brands including Chrysler, Ram, Fiat, and Peugeot, said Tuesday that a routine company review of customer data led to an internal investigation that discovered 13 fires in vehicles that were parked and turned off.

The company estimates that 5% of affected vehicles

John Motroni, a retired TV news producer in San Francisco, said he and his wife were recently interested in Ford's Maverick compact pickup truck, which starts in the high \$20,000s.

But when a San Francisco-area Ford dealer was asking thousands of dollars more than the sticker price, Motroni and his wife decided to keep their 2009 Ford Flex SUV. "We just said, to heck with it," he said.

The Federal Reserve's decision to cut the U.S. benchmark interest rate has yet to translate into significantly lower borrowing costs for car shoppers. New car finance payments averaged \$734 last month, up slightly from last year, according to J.D. Power.

In a sign of consumers stretching their wallets, more are turning to leasing to walk away from the dealership with less money out of pocket.

Leases accounted for 25% of new car sales in the third quarter, up from 20% a year earlier, according to Cox.

Consumers also are gravitating to more-affordable vehicles. Sales of smaller cars and SUVs are up over the past year, while midsize cars, trucks and larger SUVs have declined, according to Cox.

The stagnant U.S. market is among several challenges facing traditional automakers, including fierce competition in China. Several European automakers lowered sales or profit forecasts in recent weeks, including **Volkswagen**, **Mercedes-Benz**, **BMW** and **Jeep** maker **Stellantis**.

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NOTICE OF SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Ownership Interests Pledge and Security Agreement, dated as of March 31, 2022 (the "Pledge Agreement"), executed and delivered by 265 CHERRY STREET HOLDER LLC ("Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York ("Code"), all of 265 SOUTH STREET 2 LLC ("Pledged Entity"), as set forth in the following: 265 CHERRY STREET OWNER LLC (the "Secured Party") and its successors and assigns, and its shareholders and partners thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal assets of the Pledged Entity are the premises located at 265-275 Cherry Street, New York, NY (Block 274; Lot 2) (the "Property").

Meeting ID: 869 3148 8221 Passcode: 027182# US Dial by your location: +1 646 921 3960 US

Bidder Qualification Deadline: Interested parties who intend to bid on the Collateral must contact David Schechtman (the "Broker"), at Meridian Capital Group ("MCG"), One Battery Park Plaza, 26th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com, to receive the Terms and Conditions of Sale and bidding instructions by November 18, 2024 by 4:00 pm. Upon execution of a standard confidentiality and non-disclosure agreement, which can be found at the following link 265southut.com, additional documentation and information will be available. Interested parties who do not contact MCG or qualify prior the sale will not be permitted to enter a bid.

SCHEDULE A: PLEDGED INTEREST: PLEDGOR: GOVANIS MEMBER LLC, a Delaware limited liability company, ISSUER: GOVANIS OWNER LLC, a Delaware limited liability company. **INTERESTS PLEDGED:** 100% limited liability company interest. The UCCI was filed on April 25, 2018, with the Delaware Department of State under Filing No. 20182802193, continued by UCCI Filed No. 2023276730, assigned by UCCI Filed on May 17, 2023, Filing No. 20232322848 and amended and corrected by UCCI Filed on August 8, 2024 under Filing No. 20245408202 KRISS & FEUERSTEIN LLP, Attn: Jerold C. Feuerstein, Esq., Attorneys for Secured Party, 360 Lexington Avenue, Suite 1200, New York, New York 10017, (212) 661-2900

Online bidding will be made available via Zoom Meeting: Meeting link: https://bitly/GovanisMember; Meeting ID: 869 3148 8221 Passcode: 027182# One Tap Mobile: +1 646 921 3960 US

Bidder Qualification Deadline: Interested parties who intend to bid on the Collateral must contact David Schechtman (the "Broker"), at Meridian Capital Group ("MCG"), One Battery Park Plaza, 26th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com, to receive the Terms and Conditions of Sale and bidding instructions by October 21, 2024 by 4:00 pm. Upon execution of a standard confidentiality and non-disclosure agreement, which can be found at the following link 2253rdstbk.com, additional documentation and information will be available. Interested parties who do not contact MCG or qualify prior to the sale will not be permitted to enter a bid.

SCHEDULE B: PUBLIC AUCTION OF SECURED PARTY'S OWNERSHIP IN THE PURCHASE OPTIONS (AS HEREINAFTER DEFINED)

PLEASE TAKE NOTICE that, in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, ACF LI-M, LLC, a Delaware limited liability company (together with its successors and assigns, the "Collateral"), as well as the entities, as the case may require, ("Secured Party"), will offer for sale, at public auction, the following: 225-23rd Street LLC ("Pledged Entity"), and in accordance with its rights, title, and interest in and to the following: 225-23rd Street LLC ("Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York ("Code"), all of 225-23rd Street, and 225 Third Street (a/k/a 175-185 Third Street, Brooklyn, NY (Block 29, Lots 46 and 47). The public auction will be held online via Zoom Remote Meeting on October 15th, 2024, at 10:00 a.m. (Prevailing Eastern Time).

All potential bidders will be required to comply with all federal and state securities laws in effect at the time of the auction and will not be required to register or to file a registration statement under the Act or pursuant to an applicable exemption. Additional requirements may be required by transfer requirements and state securities laws that may apply. The Pledged Securities will be sold "as-is, where-is", with no express or implied warranties or representations as to the kind and quality of the Secured Party's interest in the Collateral. Interested parties must execute a standard confidentiality and non-disclosure agreement ("the Confidentiality Agreement"). To review and execute the Confidentiality Agreement, please contact David Schechtman ("Broker"), at Meridian Investment Sales, with offices at One Battery Park Plaza, 25th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com.

For questions and inquiries, please contact Broker. Interested parties who do not comply with the foregoing and any other requirements of the applicable terms of sale prior to the deadlines set forth therein will not be permitted to enter a bid.

NOTICE OF PUBLIC SALE OF COLLATERAL

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in the State of New York, Maguire Stone LLC ("Secured Party") will offer at public auction, by Matthew D. Mannion, auctioneer, of Marion Auctions, LLC, all of 271 West 11th Street, LLC ("Pledged Entity"), and in accordance with its rights, title, and interest in and to Orsipl V LLC ("Secured Entity"), which entity, directly or indirectly owns, leases and/or operates the property located at 52-55 Stone Street a/k/a 15-17 South William Street, New York, New York (Block 29, Lots 46 and 47). The public auction will be held online via Zoom Remote Meeting on October 15th, 2024, at 10:00 a.m. (Prevailing Eastern Time).

All potential bidders will be required to comply with all federal and state securities laws in effect at the time of the auction and will not be required to register or to file a registration statement under the Act or pursuant to an applicable exemption.

Additional requirements may be required by transfer requirements and state securities laws that may apply. The Pledged Securities will be sold "as-is, where-is", with no express or implied warranties or representations as to the kind and quality of the Secured Party's interest in the Collateral. Interested parties must execute a standard confidentiality and non-disclosure agreement ("the Confidentiality Agreement"). To review and execute the Confidentiality Agreement, please contact David Schechtman ("Broker"), at Meridian Investment Sales, with offices at One Battery Park Plaza, 25th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com.

For questions and inquiries, please contact Broker. Interested parties who do not comply with the foregoing and any other requirements of the applicable terms of sale prior to the deadlines set forth therein will not be permitted to enter a bid.

NOTICE OF SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Ownership Interests Pledge and Security Agreement, dated as of April 18, 2018 (the "Pledge Agreement"), executed and delivered by GOVANIS MEMBER LLC ("Secured Party"), and in accordance with its rights, title, and interest in and to the following: GOVANIS OWNER LLC (the "Pledged Entity"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York ("Code"), all of 265 South Street 2 LLC ("Pledged Entity"), and in accordance with its rights, title, and interest in and to the following: 265 CHERRY STREET OWNER LLC (the "Secured Party") and its successors and assigns, and its shareholders and partners thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is the premises located at 265-275 Cherry Street, New York, New York (Block 274; Lot 2) (the "Property").

Meeting ID: 869 3148 8221 Passcode: 027182# US Dial by your location: +1 646 921 3960 US

Bidder Qualification Deadline: Interested parties who intend to bid on the Collateral must contact David Schechtman (the "Broker"), at Meridian Capital Group ("MCG"), One Battery Park Plaza, 26th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com.

For questions and inquiries, please contact Broker. Interested parties who do not comply with the foregoing and any other requirements of the applicable terms of sale prior to the deadlines set forth therein will not be permitted to enter a bid.

NOTICE OF SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Ownership Interests Pledge and Security Agreement, dated as of July 1, 2022 (the "Pledge Agreement"), executed and delivered by Nancy J. Haber ("Broker"), at Meridian Capital Group ("MCG"), One Battery Park Plaza, 26th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com, by virtue of that certain UCC-1 Filing Statement made in favor of Secured Party, in accordance with Article 9 of the Uniform Commercial Code of the State of New York, Secured Party will offer for sale, at public auction, (i) all of Pledger's right, title, and interest in and to the Collateral (as defined below), and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain interest in the premises located at 47 Perry Street, New York, NY 10014 (the "Property").

Mannion Auctions, LLC ("Mannion"), under the direction of Matthew D. Mannion (the "Auctioneer"), will conduct a public sale consisting of the Collateral (as set forth in Schedule A below), via online bidding, on October 29, 2024, in satisfaction of an indebtedness in the approximate amount of \$10,000,000, including principal, interest and costs, plus default interest through October 29, 2024, subject to open charges and all additional costs, fees and disbursements permitted by law. The Secured Party reserves the right to cancel the sale in its entirety or to adjudge the sale to a future date. All potential bidders will be required to comply with all federal and state securities laws in effect at the time of the submission of bids and actual purchases of the Pledged Securities. The Secured Party reserves the right to require bidders to represent that the Pledged Securities are being purchased with investment intent (the "Pledgor"), and that the bidder will not resell or re-transfer the Pledged Securities except pursuant to a valid registration statement under the Act or pursuant to an applicable exemption. Additional requirements may be required by transfer requirements and state securities laws that may apply. The Pledged Securities will be sold "as-is, where-is", with no express or implied warranties or representations as to the kind and quality of the Secured Party's interest in the Collateral. Interested parties must execute a standard confidentiality and non-disclosure agreement ("the Confidentiality Agreement"). To review and execute the Confidentiality Agreement, please contact David Schechtman ("Broker"), at Meridian Investment Sales, with offices at One Battery Park Plaza, 25th Floor, New York, NY 10004, (212) 468-5907, dschechtman@meridiancapital.com.

For questions and inquiries, please contact Broker. Interested parties who do not comply with the foregoing and any other requirements of the applicable terms of sale prior to the deadlines set forth therein will not be permitted to enter a bid.

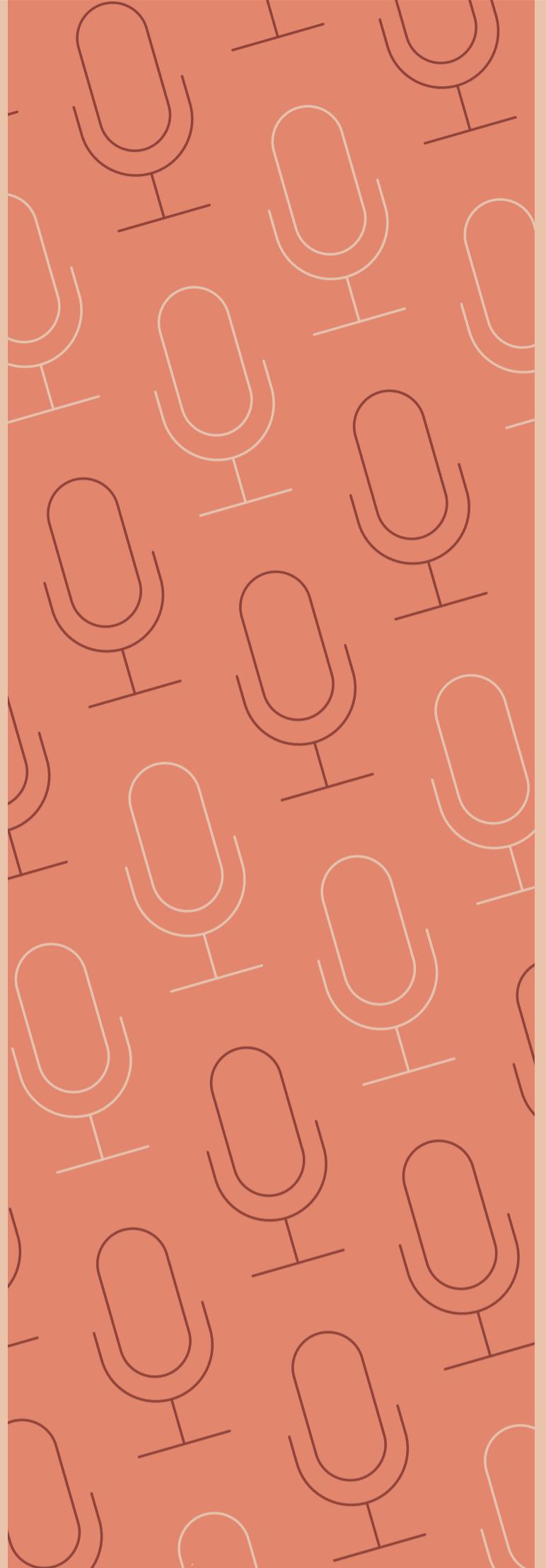
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THE PROPERTY REPORT

Luxury Homes Are Facing A Steep Rise in Insurance

Many are in parts of the country that are now hotbeds for climate disasters

By GINA HEEB

Ryan Harper and his wife decided to sell their Santa Clarita, Calif., mansion last year after the insurance premium on it nearly tripled. An exodus of home insurers from the state had left them with a state-government insurance policy, as well as a supplemental private one, that cost more than \$7,000 a year.

The Harpers listed the six-bedroom Spanish-style home, which had been labeled fire-prone by the state, at \$1.25 million. Months went by with little interest. For the handful of potential buyers who did emerge, insurance costs would often come up as a concern. The couple dropped the price by \$75,000, then took it off the market.

"To sell a home in California right now seems almost impossible," Harper said. "The insurance market is crazy."

Insurance premiums have surged across the U.S. for homes of all types. But the increases have been particularly dramatic for some luxury real estate, a change that could ripple through the market for high-net-worth and investment home buyers and sellers.

At Citizens Financial Group,

home-insurance premiums for mortgage loans of more than \$1.5 million jumped 130% between mid-2020 and mid-2024. For mortgages of between \$400,000 and \$800,000, home insurance premiums increased 12% over the same period.

Luxury homeowners pay more in part because their properties often sit along the coastlines, forests and deserts that have become hotbeds for climate disasters in recent years.

Major insurance companies have pulled back from those parts of the country, as disasters have turned more frequent and severe. In states such as Florida and California, some companies have left completely.

Losses from Hurricane Helene across the Southeast have added to concerns that insurers could further increase premiums in high-risk markets or even withdraw from them. Property damage from the Category 4 storm could be as high as \$26 billion, according to estimates from Moody's Analytics.

"What I'm hearing companies saying is, I have less of an appetite for high-end homes," said Dale Porfilio, chief insurance officer at the Insurance Information Institute. "Because that is an awful lot of money to put at risk for a single home that could be destroyed."

Insurance companies have increasingly sought to spread

out that increased risk across a greater number of homes, according to Porfilio. Some would rather insure four \$250,000 homes than one \$1 million home, for example. That has forced more luxury homeowners to go to specialty insurance companies that are less regulated than the rest of the market, he said.

"I've gotten calls where people are incredulous" about the rise in insurance premiums, said Paulette Koch, a Palm Beach, Fla.-based luxury real-estate broker at Corcoran Group. "It's part of the cost of living here."

Years of inflation haven't helped. Insurance companies have had to contend with widespread increases in costs to rebuild homes, especially for those that require high-end or boutique materials, as well as for reinsurance policies. Still, home-insurance premium increases have outpaced broader inflation.

"Beach homes, second homes and the like, their insurance factors have gone up more substantially," said Eric Schuppenhauer, former head of consumer lending at Citzens.

Insurance companies have pulled back around the same time that more Americans have flocked to some flood- and fire-prone parts of the country.

"If you're an insurance company, it feels like overnight your exposure has gone up



Ryan Harper and his wife decided to sell their Santa Clarita, Calif., mansion after their insurance costs tripled.

threefold," said Robert Kerdasha, a director at the insurance brokerage firm Assured-Partners, which specializes in high-net-worth clients.

Kerdasha said he has recently had to spend "more time than ever" with his clients, who are millionaires and above, on conversations "about why their rates are what they are" for home insurance.



FROM TOP: MARIO TAMA/GETTY IMAGES; NANCY TRUAX

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ILLINOIS

COURT-ORDERED REAL ESTATE AUCTION DECEMBER 4, 2024 A TROPHY PROPERTY

THE STREET LEVEL RETAIL COMPONENT OF A LARGER MIXED-USE COMMERCIAL & RESIDENTIAL BUILDING AT 6422 N. SHERIDAN RD. • CHICAGO, IL



Built in 2019 and occupied by Target, a new Wintrust Bank branch and an actively marketed third retail space, the 28,669 sq. ft. commercial property includes a below-grade parking component with 59 retail parking stalls. The property is located in a densely populated area adjacent to Loyola University campus and the intersection of North Sheridan Rd. and West Devon Ave., with approximately 46,000 daily vehicle traffic and heavy pedestrian use. Long-term leases. Gross scheduled income approaching \$1,500,000 annually. NET income is soon to be just under \$1,000,000 annually.

**Previously Valued Well in Excess of \$20,000,000
Suggested Opening Bid \$14,500,000**

On-site inspections from noon to 2pm on Nov. 7, 12 and 21 and by appointment.

FOR INFORMATION CONTACT

Rick Levin & Associates, Inc. | since 1991
312.440.2000 | www.ricklevin.com

BROKER CO-OP INVITED

REAL ESTATE AUCTION OCTOBER 16, 2024

9 PRIME ACRES
NWC OF ROUTE 31 & WILLOW LANE
WEST DUNDEE, ILLINOIS

Zoned B-3 Business Service District. Potential uses include senior housing development, residential, retail, and commercial. High traffic counts and easy access to I-90.

**Previously Valued Over \$3,500,000
Suggested Opening Bid \$1,250,000**

FOR INFORMATION CONTACT

Rick Levin & Associates, Inc. | since 1991
312.440.2000 | www.ricklevin.com

IN CONJUNCTION WITH CBRE

INDIANA

REAL ESTATE AUCTION NOVEMBER 7, 2024

14,680 SQ. FT. PROFESSIONAL MEDICAL/SURGERY CENTER/OFFICE CONDOMINIUM
8510-8514 BROADWAY, MERRILLVILLE, IN

Ideal for various uses, including office, the now vacant property was used as a surgery center and office up-to April 2024. Built in 1992, multiple renovations enhanced the space over the past 20 years. 108 parking spots. Easy access to Chicago and immediate access to a wide array of hospitals, retail, office, and hospitality.

**Previously Valued Over \$3,000,000
Suggested Opening Bid \$950,000**

On-site inspections from noon to 2pm on Oct. 9, 15, 22, and 31.

FOR INFORMATION CONTACT

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IN CONJUNCTION WITH RICK LEVIN, LICENSED INDIANA AUCTIONEER & COMMERCIAL IN-SITES, LLC

CALIFORNIA

California REAL ESTATE AUCTION SATURDAY, OCTOBER 26 at 10 AM PST

7.76± Acres Fully Entitled Multi-Family Development Land
Sacramento, CA

2599 Arena Blvd, Sacramento, CA 95834

DIRECTOR OF AUCTION OPERATIONS
Shane McCarroll - Bond#108038589 | shane.mccarroll@gmail.com
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10% Buyer's Premium

AUCTIONS

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- 0.39+- Ac On Fitzhugh Ave (a) 0.39+-ac in Natrona County.
- 0.39+- Ac On Fitzhugh Ave (b) 0.39+-ac in Natrona County. Has 1 petro storage tank onsite.

Bid Online Oct 28 - 30 at auctionnetwork.com

WILLIAMS & WILLIAMS worldwide real estate auction
800.801.8003 williamsauction.com

MASSACHUSETTS

ABSOLUTE AUCTION

7 PARCELS TOTALING 95± ACRES

380,000± sf Industrial Buildings Leased Income Property

Former "Rockdale Mills" Complex



Provident Rd., Sutton St., Railroad St.

NORTHBRIDGE, MA

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Wed., Oct. 23 at 11am On-site

Preview: Wed., Oct. 16 (11am-1pm)

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The space in New York is currently owned by the General Theological Seminary, which will maintain offices there.

MARKETS DIGEST

EQUITIES

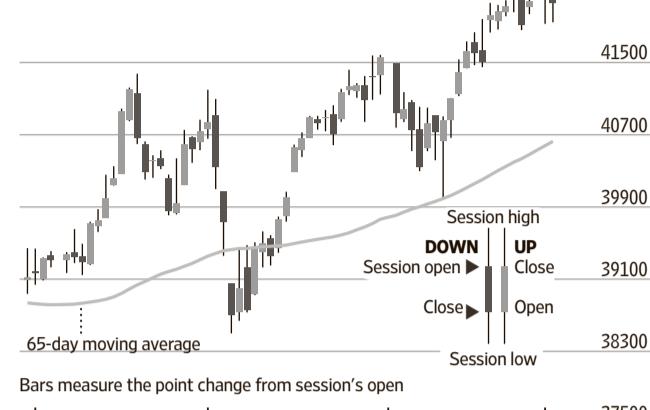
Dow Jones Industrial Average

42156.97 ▼173.18, or 0.41%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	26.19	23.89
P/E estimate *	20.89	18.32
Dividend yield	2.04	2.19
All-time high	42330.15, 09/30/24	

Current divisor 0.15221633137872



Bars measure the point change from session's open

June July Aug. Sept. 37500 42300 41500 40700 39900 39100 38300 37500

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

5708.75 ▼53.73, or 0.93%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.15	20.14
P/E estimate *	23.65	19.43
Dividend yield *	1.27	1.68
All-time high	5762.48, 09/30/24	



65-day moving average

June July Aug. Sept. 5100 5700 5600 5500 5400 5300 5200

Nasdaq Composite Index

17910.36 ▼278.81, or 1.53%

High, low, open and close for each trading day of the past three months.



65-day moving average

June July Aug. Sept. 15500 18500 18000 17500 17000 16500 15500

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	42322.36	41945.63	42156.97	-173.18	-0.41	42330.15	32417.59	27.7	11.9	7.1
Transportation Avg	16262.15	15936.03	16103.86	-190.64	-0.11	16331.72	13556.07	9.7	1.3	4.2
Utility Average	1070.03	1054.94	1065.16	5.16	0.49	1065.16	789.37	34.9	20.8	6.9
Total Stock Market	56983.89	56219.99	56496.47	-549.94	-0.96	57046.41	40847.04	34.2	18.2	7.7
Baron's 400	1225.12	1211.41	1219.06	-8.15	-0.66	1227.21	907.97	29.9	13.7	6.3

Nasdaq Stock Market

Nasdaq Composite	18162.72	17779.77	17910.36	-278.81	-1.53	18647.45	12595.61	37.1	19.3	7.1
Nasdaq-100	20056.20	19622.29	19773.30	-287.39	-1.43	20675.38	14109.57	35.8	17.5	10.2

S&P

500 Index	5757.73	5681.28	5708.75	-53.73	-0.93	5762.48	4117.37	35.0	19.7	9.4
MidCap 400	3118.74	3073.21	3094.70	-27.24	-0.87	3124.92	2326.82	27.4	11.3	4.9
SmallCap 600	1418.23	1394.12	1402.35	-19.74	-1.39	1435.83	1068.80	25.6	6.4	1.1

Other Indexes

Russell 2000	2223.57	2186.86	2197.03	-32.94	-0.14	2263.67	1636.94	27.2	8.4	-0.7
NYSE Composite	19529.07	19384.83	19473.93	-42.51	-0.22	19516.44	14675.78	29.5	15.6	6.1
Value Line	622.54	614.37	617.04	-5.50	-0.88	622.54	498.09	17.9	3.9	-2.0
NYSE Arca Biotech	5929.55	5854.28	5922.83	0.16	0.003	5949.95	4544.40	20.4	9.3	1.5
NYSE Arca Pharma	1080.19	1072.04	1077.04	-1.22	-0.11	1140.17	845.32	23.8	18.3	13.3
KBW Bank	113.85	111.52	112.26	-2.20	-1.93	115.93	71.71	50.1	16.9	-5.6
PHLX® Gold/Silver	162.43	159.34	161.28	2.56	1.61	167.37	102.94	54.7	28.3	10.8
PHLX® Oil Service	79.06	75.75	78.57	2.13	2.79	96.64	72.67	-15.0	-6.3	10.4
PHLX® Semiconductor	5188.39	4987.66	5024.94	-148.12	-0.28	5904.54	3185.18	48.8	20.3	15.5
Cboe Volatility	20.73	16.61	19.26	2.53	15.12	38.57	11.86	-2.6	54.7	-3.1

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World					
MSCI ACWI	845.87	-5.91	-0.69		16.4
MSCI ACWI ex-USA	352.58	-1.04	-0.29		11.4
MSCI World	3693.50	-29.53	-0.79		16.5
MSCI Emerging Markets	1172.59	1.74	0.15		14.5
Americas					
MSCI AC Americas	2149.13	-18.71	-0.86		18.5
S&P/TSX Comp	24033.99	33.62	0.14		14.7
MSCI Latin America	2233.72	-3.71	-0.17		-16.1
Bovespa	132495.16	678.72	0.51		-1.3
S&P IP SA	3493.11	-22.59	-0.64		0.7
S&P/BMV IPC	52477.30	...	Closed		-8.6
EMEA					
STOXX Europe 600	520.88	-2.01	-0.38		8.7
Eurozone	Euro STOXX	512.41	-3.88	-0.75	8.1
Bel-20	4327.56	27.85	0.65		16.7
Denmark	OMX Copenhagen 2				

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

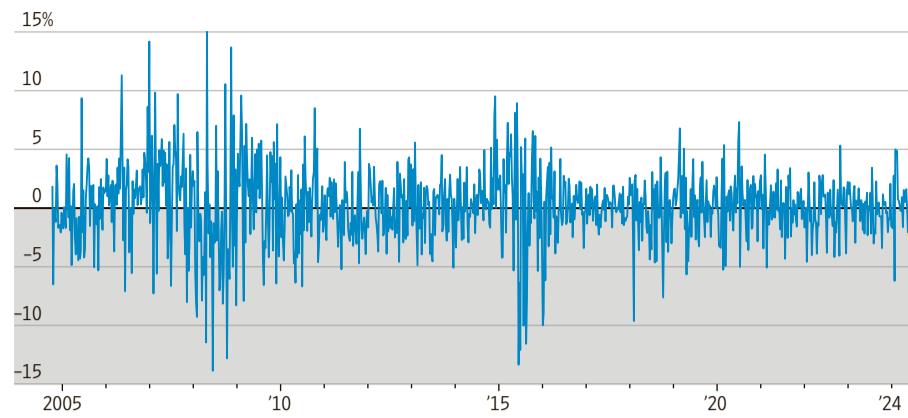
	Contract		Open		Contract		Open						
	Open	High	Low	Settle	Chg	Interest	Open	High	Low	Settle	Chg	Open interest	
Copper-High (CMX)	25,000 lbs.; \$ per lb.						Dec	341.20	351.60	339.00	.375.0	5.90	249,447
Oct	4,512.0	4,538.0	4,511.0	4,535.0	0.0395	3,153	Oct	43.01	43.92	42.51	.42.91	-.60	7,681
Dec	4,552.5	4,625.0	4,532.5	4,589.0	0.0360	136,292	Dec	43.18	44.10	42.33	.42.91	-.40	248,530
Gold (CMX)	100 troy oz.; \$ per troy oz.						Jan'25	15.27	15.37	15.15	.15.30	.01	7,681
Oct	2631.40	2670.90	2631.40	2667.30	31.20	2,724	Dec	584.00	602.50	577.00	.599.00	15.00	215,391
Nov	2644.40	2681.70	2643.90	2678.50	30.60	2,847	March'25	604.00	626.00	597.50	.619.50	15.25	85,547
Dec	2656.10	2694.70	2653.80	2690.30	30.90	452,151	Feb'25	2716.70	2677.00	2712.50	.31.20	35,887	
April	2697.30	2735.00	2695.80	2730.80	31.60		June	2714.70	2751.60	2713.80	.2749.40	.32.30	10,137
Palladium (NYM)	50 troy oz.; \$ per troy oz.						Palladium (NYM)	100 troy oz.; \$ per troy oz.					
Oct	1041.00	1049.50	1041.00	993.60	-.53.00	10	Oct	183.825	185.475	183.600	.184.475	.700	31,875
Dec	999.00	1013.00	986.50	995.30	-.49.00	18,010	Dec	184.800	186.075	184.150	.185.175	.375	137,300
Platinum (NYM)	50 troy oz.; \$ per troy oz.						Hogs-Lean (CME)	40,000 lbs.; cents per lb.					
Oct	977.60	993.10	977.60	988.40	9.40	256	Oct	82.550	83.775	82.475	.83.500	1.250	32,976
Jan'25	991.60	1013.30	987.90	1001.00	9.90	68,105	Dec	73.375	75.300	73.175	.74.600	1.325	121,931
Silver (CMX)	5,000 troy oz.; \$ per troy oz.						Lumber (CME)	>27,500 bd.; \$ per 1,000 bd.					
Oct	31.350	31.595	31.310	31.445	.281	42	Nov	521.00	527.00	515.00	.522.00	1.00	7,135
Dec	31.420	32.145	31.380	31.742	.284	125,561	Jan'25	540.00	546.00	534.00	.541.00	1.50	1,138
Crude Oil, Light Sweet (NYM)	1,000 bbls.; \$ per bbl.						Milk (CME)	200,000 lbs.; cents per lb.					
Nov	68.41	71.94	66.33	69.83	1.66	318,997	Dec	269.80	271.45	261.50	.264.15	-.6.10	96,809
Dec	68.05	71.36	65.99	69.39	1.62	256,570	March'25	267.30	269.15	259.55	.262.15	-.5.80	62,610
Jan'25	67.72	70.92	65.74	69.05	1.55	174,042	Sugar-World (ICE-US)	12,000 lbs.; cents per lb.					
March	67.34	70.29	65.46	68.62	1.42	108,919	March	22.50	23.07	22.24	.22.97	.50	360,821
June	67.09	69.70	65.27	68.20	1.27	160,728	May	21.07	21.54	20.82	.21.45	.40	142,229
Dec	66.56	68.71	64.94	67.47	1.08	135,666	Natural Gas (NYM)	10,000 MMbtu's; \$ per MMbtu					
NY Harbor ULSD (NYM)	42,000 gal.; \$ per gal.						Nov	37.40	37.60	37.40	.37.60	.35	683
Nov	2,1576	2,2304	2,1005	2,174.2	.018	133,905	Dec	38.49	38.49	38.49	.38.49	...	2,466
Dec	2,1650	2,2416	2,1114	2,1869	.0238	86,937	Cotton (ICE-US)	50,000 lbs.; cents per lb.					
Gasoline-NY RBOB (NYM)	42,000 gal.; \$ per gal.						Oct	73.00	73.00	73.00	.73.00	-.56	10
Nov	1,9308	2,0077	1,8812	1,9666	.0315	131,494	Dec	73.54	74.00	72.80	.73.09	-.52	14,694
Dec	1,9090	1,9803	1,8555	1,9414	.0352	67,319	Orange Juice (ICE-US)	15,000 lbs.; cents per lb.					
Natural Gas (NYM)	10,000 MMbtu's; \$ per MMbtu						Nov	460.50	480.00	460.50	.471.45	10.40	6,770
Nov	2,907	2,942	2,825	2,896	-.027	306,216	Jan'25	456.65	468.05	456.65	.460.85	7.00	2,083
Dec	3,330	3,339	3,253	3,288	-.057	137,882	Soybeans (CBT)	5,000 bu.; cents per bu.					
Jan'25	3,585	3,594	3,510	3,540	-.062	187,947	Dec	124.130	125.250	124.110	.125.000	26.0	1,746,926
Feb	3,465	3,477	3,395	3,425	-.059	91,012	March'25	124.280	126.020	124.180	.125.20	.752	
March	3,162	3,177	3,111	3,140	-.044	158,602	Treasury Notes (CBT)	\$100,000 pts; 32nds of 100%					
April	3,016	3,026	2,968	2,995	-.033	88,153	Dec	114-125	115-005	114-110	.114-220	13.0	4,951,577
Agriculture Futures							March'25	114-255	115-120	114-225	.115-020	.13.5	586
Corn (CBT)	5,000 bu.; cents per bu.						Dec	109-307	110-115	109-297	.110-037	7.5	6,389,182
Dec	423.50	432.50	421.75	429.00	4.25	770,713	Soybean Oil (CBT)	\$100,000 pts; 32nds of 100%					
March'25	440.00	449.50	438.50	446.50	5.25	304,578	Dec	133-110	135-110	133-090	.134-080	1.05-0	1,721,281
Oats (CBT)	5,000 bu.; cents per bu.						March'25	135-020	135-190	134-110	.134-170	8.0	1
Dec	394.00	395.50	385.00	388.00	4.50	3,245	Treasury Bonds (CBT)	\$100,000 pts; 32nds of 100%					
March'25	384.25	391.25	381.25	384.75	3.75	607	Dec	124-130	125-250	124-110	.125-000	26.0	1,746,926
Soybeans (CBT)	5,000 bu.; cents per bu.						March'25	124-280	126-020	124-180	.125-20	.752	
Nov	1055.75	1065.50	1045.00	1057.25	.25	387,833	Treasury Notes (CBT)	\$100,000 pts; 32nds of 100%					
Jan'25	1073.25	1083.75	1063.00	1075.50	.25	160,077	Dec	114-125	115-005	114-110	.114-220	13.0	4,951,577
Soybean Oil (CBT)	100 tons; \$ per ton.						March'25	114-255	115-120	114-225	.115-020	.13.5	586
Oct	344.10	354.10	343.00	350.00	5.70	3,304	Dec	109-307	110-115	109-297	.110-037	7.5	6,389,182

Agriculture Futures

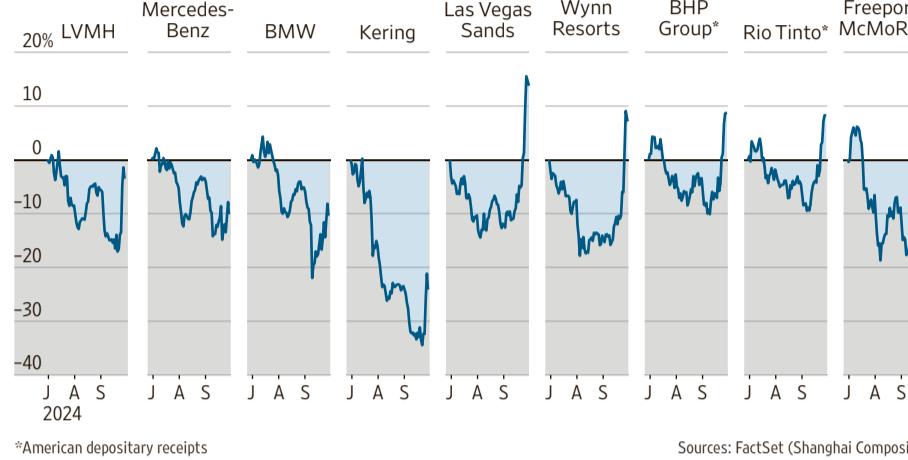
	Interest Rate Futures			
Ultra Treasury Bonds (CBT) - \$100,000; pts 32nds of 100%				
Dec				
March'25				
Treasury Bonds (CBT) - \$100,000;				

QUARTERLY MARKET REVIEW

Weekly changes in Shanghai Composite, past 20 years

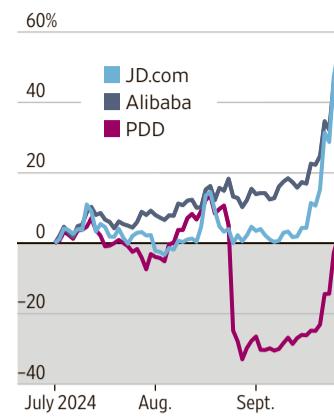


Share-price performance, past three months

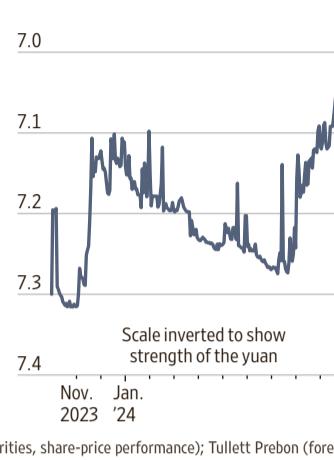


*American depository receipts

Price performance of U.S.-listed securities, past three months



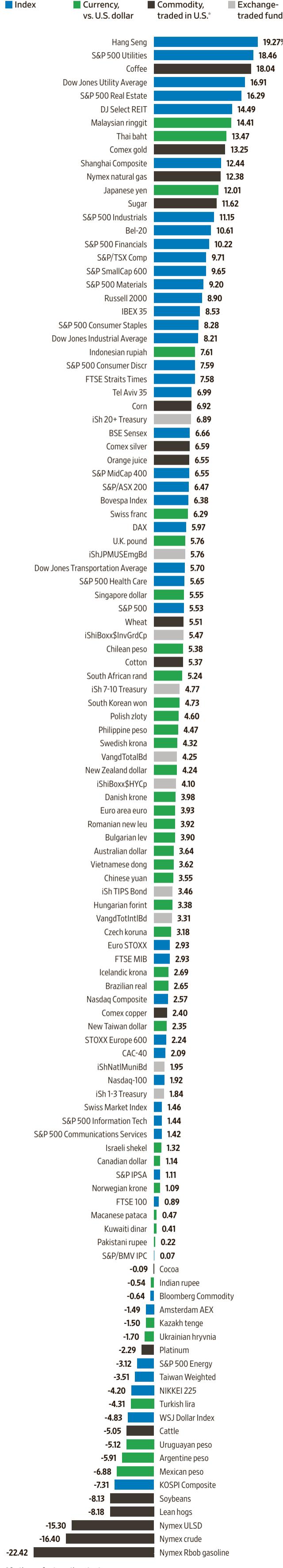
How many yuan \$1 buys



Sources: FactSet (Shanghai Composite, securities, share-price performance); Tullett Prebon (forex)

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the quarter



China's Stimulus Powers Markets To End Quarter on Strong Note

Chinese shares' best month since 2015 sparks hope rebound will ripple globally

By JOE WALLACE AND VICKY GE HUANG

A major injection of economic stimulus in China drove gains in stocks from Beijing to New York at the end of the third quarter. Some investors say what happens there could be key to markets' direction in the months ahead.

The Shanghai Composite Index surged 8% on the final day of trading Monday, its biggest daily jump since 2008. The 17% gain in the final month of the quarter was its biggest monthly climb since China's notorious 2015 stock-market bubble.

The September performance erased several months' losses for the index. China's ailing economy has dragged on stocks in recent years, fueling capital flight and pushing

smaller investors toward safer assets.

Investors cheered Chinese officials' promises of greater economic support. Solita Marcelli, chief investment officer for the Americas at UBS Global Wealth Management, wrote that the policy shift could be a "game-changer for Chinese risk assets." With interest rates already coming down and U.S. stock indexes trading near records, some think a rebound in China could fuel the next leg of the rally.

Another barrage of stimulus landed this past weekend, when the central bank directed lenders to cut interest rates for existing mortgages and two major cities lifted curbs on home buying. Yet many observers remain concerned the boost will prove insufficient to alleviate strains on the world's second-largest economy.

Chinese e-commerce firms, which play a crucial role in the country's economy, have been facing slower growth, fierce domestic competition and changing consumer appetites.

The gains spread beyond mainland China. The Hang Seng Index last week jumped 13% for its best week since 1998. In Europe, companies that have suffered from weak Chinese sales in recent months perked up. Purveyors of luxury goods, such as **LVMH**, **Kering** and **Christian Dior**, have all seen their stocks pop. So have German carmakers **Mercedes-Benz** and **BMW**.

In the U.S., securities of

Chinese e-commerce companies **Alibaba**, **PDD**'s **Pinduoduo** and **JD.com** all rose in recent days. The Invesco Golden Dragon China ETF, which includes dozens of Chinese companies listed on American exchanges, last week rallied 23% to notch its best weekly gain since March 2022.

Chinese e-commerce firms, which play a crucial role in the country's economy, have been facing slower growth, fierce domestic competition and changing consumer appetites.

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China has long been an engine of the luxury-goods industry, but the weakened economy, falling real-estate prices and declining consumer confidence have prompted the country's middle-class shoppers to rein in spending.

Investors thought the Chinese authorities had dealt a good hand to casino companies with big Macau operations. Shares of **Las Vegas Sands** and **Wynn Resorts** both gained about 22% last week.

Macau, a major hub for Chinese and international gamblers, has suffered a decline in visitors and weaker revenue in recent years because of the Covid-19 pandemic.

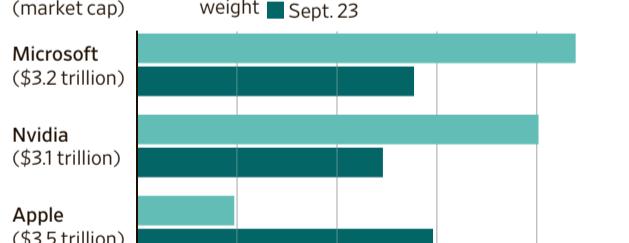
Shares of miners that shovel iron ore, copper and other commodities into China's huge industrial economy jumped. **Rio Tinto**, **Freeport-McMoRan** and **BHP Group** all advanced more than 10% last week.

Additionally, China's currency strengthened to its strongest level in more than a year, approaching about 7 yuan against the dollar.

Tricky Balancing Act Vexes Tech ETFs

By JACK PITCHER

Weight in SPDR technology ETF before and after rebalance



Note: Market caps are as of Sept. 26.

Sources: FactSet (market caps); Morningstar Direct (fund weights)

realize the discrepancies, said Zachary Evens, an analyst at Morningstar.

"I think many investors would be surprised to see the third stock in the index receive such a disproportionately low weight," Evens said. "And the ones who knew about it were growing increasingly discontent."

To address the issue, S&P changed its methodology to comply with the rules ahead of its Sept. 20 rebalance. The index provider lowered the weights of all three companies proportional to their market caps, until they collectively comprised less than 50% of the SPDR fund.

Had the rules not been changed, the fund would have again done a massive swap between Nvidia and Apple shares because Apple is again the largest U.S. company, followed by Microsoft and then Nvidia.

The rise of other big companies such as **Alphabet**, **Meta Platforms** and **Amazon.com** didn't create a problem for the SPDR fund because they aren't categorized as tech companies by S&P. Those stocks are in the communication-services and consumer-discretionary groups.

Concentration issues are most prominent in sector indexes that offer investors focused exposure. The tech-heavy Nasdaq-100 Index did an unscheduled special rebalance in July 2023—its first since 2011—to ensure that its biggest companies didn't exceed 50% of the benchmark when combined.

The thresholds are in place to allow investment vehicles such as mutual funds and ETFs to maintain their status as regulated investment companies that can pass profits through to shareholders instead of being taxed like a regular company.

A rally by tech giants has put funds in conflict with rules on concentration.

Time has shown that passive investing, or tracking indexes, typically offers the best return for investors while also limiting their risk. But the discrepancy within the SPDR fund—one of the world's biggest exchange-traded funds—shows that it doesn't always work the way investors expect. The rise of a handful of big tech stocks has changed the market in ways that few investors would have predicted even a decade ago.

"The original rules had operated fine and fair for basically the entire life of these funds," said Matthew Bartolini, head of Americas research for State Street's SPDR ETF business. "What really brought this to public lexicon was the rise of

Nvidia. This is the first time you've ever had three stocks with a market cap over \$3 trillion in the same sector."

Under federal securities rules, no more than 25% of a fund's assets can be invested in a single stock, and the sum of the weights of any companies that individually exceeded 5% of the fund's assets can't top 50%.

To comply with the 50% rule for the benefit of index-tracking funds, S&P had traditionally capped the weight of the smallest constituent carrying a market-cap weight above 5% of the sector until an index was back below the concentration threshold.

In early June, for example,

Microsoft and Apple each had a roughly 22% weight in the SPDR fund, which tracks S&P's tech-sector index. Even though the market caps of the three companies were similar, Nvidia had a weight of just 6% so that

the 50% barrier wouldn't be triggered.

Things got especially wonky when it was time for the index's scheduled June rebalance.

Nvidia had just sneaked past Apple's market cap at the time.

As a result, Nvidia's weight jumped to roughly 21%, and

Apple's was demoted to about 4.5%. Microsoft was the largest U.S. company at the time and had a roughly 21% weighting as well.

Index-tracking funds had to sell tens of billions of dollars in Apple shares and buy Nvidia stock in their place.

In the case of the SPDR fund, that sum made up about 15

THIRD QUARTER MARKETS DIGEST

Top 10 Rankings

Global Mergers & Acquisitions

Deals announced in first 9 months

Adviser	Value \$billions	No. of Deals	Market Share%	Bookrunner	Value \$billions	No. of Deals	Market Share%
Goldman Sachs	625.5	327	26.9	JPMorgan	49.9	228	11.2
Morgan Stanley	501.1	263	21.6	Goldman Sachs	45.9	225	10.3
JPMorgan	441.3	261	19.0	Morgan Stanley	42.3	195	9.5
Citi	339.6	146	14.6	BofA Securities	35.6	186	8.0
BofA Securities	256.1	173	11.0	Citi	28.9	156	6.5
CenterView Partners	214.3	78	9.2	Barclays	18.4	100	4.1
Barclays	208.4	132	9.0	Jefferies	14.6	143	3.3
Evercore	200.0	118	8.6	UBS	13.7	94	3.1
UBS	190.8	169	8.2	Nomura	7.3	48	1.7
Lazard	165.0	186	7.1	BNP Paribas	6.7	57	1.5

Global Debt Capital Markets

Deals priced in first 9 months

Bookrunner	Value \$billions	No. of Deals	Market Share%	Bookrunner	Value \$billions	No. of Deals	Market Share%
JPMorgan	422.4	1,739	5.1	JPMorgan	329.3	1,119	8.9
Citi	351.0	1,447	4.2	BofA Securities	317.7	1,131	8.6
BofA Securities	334.8	1,479	4.0	Citi	210.5	607	5.7
Barclays	279.8	1,281	3.4	Wells Fargo	201.2	886	5.5
Morgan Stanley	258.5	1,188	3.1	Mizuho	135.7	715	3.7
Deutsche Bank	231.7	1,256	2.8	Barclays	117.5	457	3.2
Goldman Sachs	224.2	998	2.7	Goldman Sachs	115.2	501	3.1
BNP Paribas	220.7	1,101	2.7	MUFG	113.7	961	3.1
CITIC	200.8	3,852	2.4	BNP Paribas	100.0	423	2.7
Wells Fargo	195.6	1,167	2.4	RBC Capital Markets	99.2	487	2.7

U.S. Mergers & Acquisitions

Deals announced in first 9 months

Adviser	Value \$billions	No. of Market Deals Share%	Bookrunner	Value \$billions	No. of Market Deals Share%		
Goldman Sachs	477.5	228	33.9	JPMorgan	3,813	21	17.0
JPMorgan	358.1	189	25.4	Morgan Stanley	3,524	24	15.7
Morgan Stanley	350.2	149	24.9	BofA Securities	2,874	16	12.8
Citi	293.8	96	20.9	BofA Securities	2,412	15	10.7
BofA Securities	208.5	118	14.8	Wells Fargo	2,048	13	9.1
CenterView Partners	192.2	69	13.7	Citi	1,051	10	4.7
Evercore	186.5	98	13.2	Jefferies	847	13	3.8
Barclays	173.6	89	12.3	Barclays	833	5	3.7
PJT Partners	138.3	41	9.8	UBS	755	8	3.4
RBC Capital Markets	130.6	65	9.3	Stifel/KBW	400	9	1.8

U.S. Investment-Grade Bonds

Deals priced in first 9 months

Bookrunner	Value \$billions	No. of Market Deals Share%	Bookrunner	Value \$billions	No. of Market Deals Share%		
JPMorgan	142.6	534	10.8	JPMorgan	19.4	195	8.3
Citi	120.5	411	9.1	BofA Securities	18.4	194	7.9
BofA Securities	118.8	514	9.0	Wells Fargo	13.7	154	5.8
Morgan Stanley	101.7	332	7.7	Goldman Sachs	13.4	143	5.7
Wells Fargo	83.8	378	6.3	Morgan Stanley	12.8	105	5.5
Goldman Sachs	75.3	305	5.7	Citi	11.1	120	4.8
Barclays	63.0	212	4.8	Barclays	10.3	104	4.4
Mizuho	54.1	259	4.1	RBC Capital Markets	8.7	105	3.7
HSBC	44.0	156	3.3	Truist Financial	8.1	112	3.5
Deutsche Bank	42.2	150	3.2	Deutsche Bank	7.7	93	3.3

US Municipal Bonds

Deals priced in first 9 months

Bookrunner	Value \$billions	No. Of Market Deals Share%	Bank	Revenue \$millions	2024 Mkt Shr %	2023 Mkt Shr %
BofA Securities	62.7	358.0	JPMorgan	6,787.7	8.0	7.2
JPMorgan	37.0	269.0	Goldman Sachs	5,104.3	6.0	5.8
Morgan Stanley	33.0	153.0	BofA Securities	4,693.1	5.6	5.2
RBC Capital Markets	32.4	348.0	Morgan Stanley	4,177.9	5.0	4.0
Jefferies	26.2	194.0	Citi	3,375.1	4.0	3.3
Wells Fargo	24.7	166.0	Barclays	2,611.4	3.1	2.8
Raymond James	19.2	465.0	Wells Fargo	1,988.5	2.4	2.1
Stifel Nicolaus	15.5	556.0	Deutsche Bank	1,768.3	2.1	1.8
Goldman Sachs	14.5	62.0	BNP Paribas	1,747.9	2.1	1.9
Barclays	13.1	80.0	RBC Capital Markets	1,574.8	1.9	1.9

* LSEG imputed fees are used where fees are not disclosed

How the 30 Dow Jones Industrials Performed

Percentage change in the third-quarter and year-to-date

Company	3rd-qtr close			Percent Chg 3rd-qtr YTD			Company	3rd-qtr close			Percent Chg 3rd-qtr YTD		
	3rd-qtr close	Percent Chg 3rd-qtr	YTD	3rd-qtr close	Percent Chg 3rd-qtr	YTD		3rd-qtr close	Percent Chg 3rd-qtr	YTD	3rd-qtr close	Percent Chg 3rd-qtr	YTD
3M	136.70	33.8	49.6	Verizon	44.91	8.9	19.1						
IBM	221.08	27.8	35.2	Salesforce.com	237.71	6.5	4.0						
McDonald's	304.51	19.5	2.7	Procter & Gamble	173.20	5.0	18.2						
Walmart	80.75	19.3	53.7	Visa	274.95	4.8	5.6						
Home Depot	405.20	17.7	16.9	JPMorgan Chase	210.86	4.3	24.0						
Caterpillar	391.12	17.4	32.3	Amgen	322.21	3.1	11.9						
Nike	88.40	17.3	-18.6	Dow	54.63	3.0	-0.4						
American Express	271.20	17.1	44.8	Walt Disney	96.19	-3.1	6.5						
Travelers	234.12	15.1	22.9	Honeywell International	206.71	-3.2	-1.4						
UnitedHealth Group	584.68	14.8	11.1	Amazon	186.33								

MARKETS & FINANCE

Stocks Fall, Oil Prices Increase

Continued from page B1

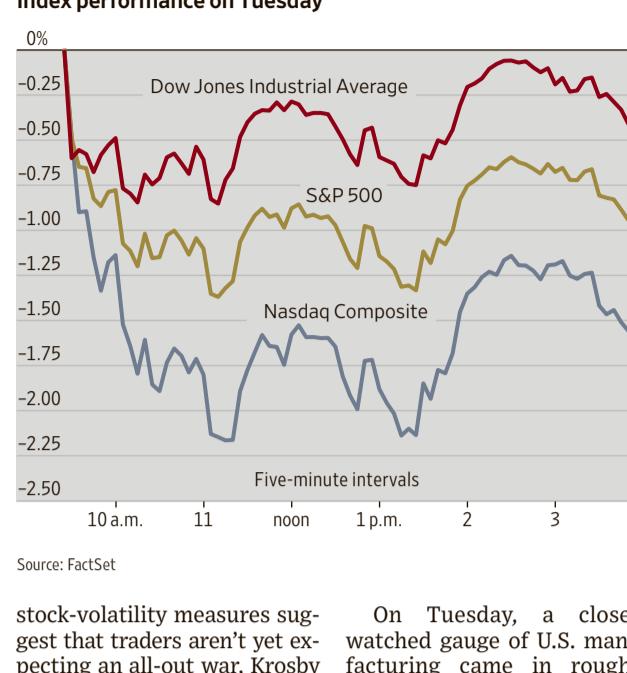
After it became clear the attack on Israel had ended without widespread casualties, the market pared early moves. The S&P 500 slipped 0.9%, after being down as much as 1.4%, while the Dow Jones

Industrial Average closed 0.4% lower—with both indexes retreating from Monday's records. The Nasdaq Composite was the day's worst performer, shedding 1.5%.

But investors and analysts warn that volatility can return in a heartbeat.

"Military conflicts can quickly escalate into a scenario that causes markets to sell off dramatically, with safe-haven assets such as gold and Treasurys seeing heavy inflows," said Quincy Krosby, chief global strategist at LPL Financial.

Current oil prices and



Source: FactSet

stock-volatility measures suggest that traders aren't yet expecting an all-out war, Krosby added. The benchmark 10-year Treasury yield, which falls as bond prices rise, settled at 3.742%, down from 3.798% on Monday.

Tuesday's moves carried both the S&P 500 and Dow back from records hit Monday after Federal Reserve Chair Jerome Powell said that the U.S. economy was "solid shape."

On Tuesday, a closely watched gauge of U.S. manufacturing came in roughly steady in September from the month prior.

Tech shares dragged major indexes lower Tuesday. Apple's shares tumbled 2.9% after a Barclays analyst report said there are indications the company has cut production orders for its latest phones.

Chip-maker shares also took a hit, with Nvidia, Micron and Intel all among the

S&P 500's worst performers. Occidental Petroleum and Marathon Oil were among the day's best performers, getting a boost from higher oil prices. The S&P 500 energy sector rose 2.3%.

—David Uberti contributed to this article.

WEDNESDAY'S EVENTS:

Tesla is expected to issue an update on vehicle production and deliveries for the July-September quarter.

EARNINGS EXPECTED:

Earnings are expected from Conagra Brands before the U.S. market opens and from Levi Strauss after the closing bell.

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.

52-WEEK BILLS

		\$168,640,603,100
Accepted bids		\$50,995,113,38
"noncompetitively		\$1,038,022,600
"noncompetitively"		\$0
Auction price (rate)	96.178000	(3.780%)
Coupon equivalent	3.946%	
Bids at clearing yield accepted	19.79%	
Cusip number	91279MMS3	

The bills, dated Oct. 3, 2024, mature on Oct. 2, 2025.

The plane maker is considering selling at least \$10 billion in new stock, Bloomberg News reported, as it contends with a strike costing hundreds of millions of dollars a week. The company's stock increased 1.4%.

STOCK SPOTLIGHT

CVS Health

The drugstore chain's board of directors has hired bankers to help review options for the industry giant, including a potential breakup. The company's shares closed down 2.1%.

Boeing

The plane maker is considering selling at least \$10 billion in new stock, Bloomberg News reported, as it contends with a strike costing hundreds of millions of dollars a week. The company's stock increased 1.4%.

Apple

Shares declined 2.9% after Barclays analysts expressed caution over demand for the technology giant's iPhone 16.

Charles Schwab

Walt Bettinger, who oversaw the brokerage's rise to a personal-finance juggernaut, will retire after a 16-year tenure. The company named Rick Wurster as its next CEO, promoting an executive who was primed for years to take the top job and who will be

tasked with steering the brokerage through a turnaround. Shares fell 1.4%.

Super Micro Computer

Shares of the server maker dropped 2.6% after its 10-for-1 stock split took effect on Tuesday.

Covestro

Abu Dhabi's Adnoc agreed to buy the German chemicals maker for \$13 billion, in one of the largest deals this year. Covestro's shares climbed 3.8% in Europe.

Stellantis

The carmaker is recalling more than 150,000 plug-in hybrid Jeeps in the U.S. Shares sank 2.4% in the U.S., having tumbled on Monday following a cut to the company's guidance.

A.P. Moller-Maersk

Shares declined about 4.9% in trading in Europe after the shipping company said that a strike by U.S. dockworkers will affect supply chains for businesses using East Coast and Gulf Coast ports.

BANKRATE.COM® MMA, Savings and CDs

Average Yields of Major Banks

Tuesday, October 1, 2024

Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5YR	5YR
National average									
Savings	0.50	0.47	0.49	1.57	1.48	1.47	1.30	1.05	1.12
Jumbos	0.79	0.48	0.50	1.62	1.48	1.56	1.40	1.16	1.24
Weekly change									
Savings	0.00	0.03	0.00	-0.02	-0.02	-0.04	0.00	-0.01	-0.01
Jumbos	-0.05	0.03	0.00	-0.02	-0.02	-0.03	0.00	0.00	0.00

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

High yield savings

Bank	Phone number	Yield Minimum (%)	Yield Minimum (%)
Six-month CD			
Barclays Bank	(888) 720-8756	\$0	5.10
BrioDirect	(877) 369-2746	\$500	5.05
Western Alliance Bank	(602) 389-3500	\$500	5.11
One-year CD			
Goldwater Bank	(480) 281-8200	\$500	4.75
Presidential Bank, FSB	(800) 799-1424	\$1,000	4.75
BrioDirect	(800) 968-3626	\$500	0.05
(877) 369-2746			
Two-month CD			
Lone Star Bank	(713) 358-9400	\$1,000	0.20
Connexus Credit Union	(800) 845-5025	\$5,000	4.53
Goldwater Bank	(480) 281-8200	\$500	4.50
First National Bank of America	(800) 908-6600	\$1,000	4.71
(800) 968-3626			
Three-month CD			
America First FCU	(801) 627-0900	\$500	5.00
Quonetic Bank	(800) 908-6600	\$500	4.95
Bank			
Bank			
Five-year CD			
Goldwater Bank	(480) 281-8200	\$500	4.25
Connexus Credit Union	(800) 845-5025	\$5,000	4.00
Synchrony Bank	(800) 677-0718	\$500	0.45
Marcus by Goldman Sachs	(855) 730-7283	\$500	4.00

High yield jumbos

Minimum is \$100,000

Money market account	Bank	Phone number	Yield Minimum (%)	Yield Minimum (%)
Six-month CD				
Vio Bank	(888) 999-9170	\$100	5.20	
Northen Banc, d/b/a of Northen Bank Trust Company	(844) 348-8996	\$5,000	5.15	
Bank5 Connect	(508) 679-8551	\$500	5.05	
(877) 472-9200				
One-year CD				
Goldwater Bank	(480) 281-8200	\$500	4.75	
Presidential Bank, FSB	(800) 799-1424	\$1,000	0.10	
BrioDirect	(800) 968-3626	\$500	0.05	
(877) 369-2746				
Two-year CD				
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(800) 968-3626				
Three-month CD				
America First FCU	(801) 627-0900	\$500	5.00	
Quonetic Bank	(800) 908-6600	\$500	4.95	
Bank				
Five-year CD				
Goldwater Bank	(480) 281-8200	\$500	4.25	
Connexus Credit Union				

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

British Pound Is Surprise Market Winner

U.K. currency is on upswing thanks to rates, political stability, foreign money

"Credit rates are going up, up, up and the British pound is the envy of the world," exclaims Mr. Banks in the 1964 classic film "Mary Poppins." For the first time since the U.K. chose to leave the European Union, there may be some truth to that statement.

In September, sterling gained more than 1% against a basket of trading currencies, according to data from the Bank of England. Year to date, it is up 4.7%, thanks to gains of 4.7% and 4.1% against the U.S. dollar and the euro, respectively. This makes the pound the best performer among currencies issued by Group of 10, or G-10, developed nations. It is now only a hair's breadth away from reaching its level on the day of the Brexit referendum on June 23, 2016.

This is an important turnaround story for a currency that has been derided by traders over the past few years for being volatile, in contrast to its onetime status as the reserve currency of the world. During this time, it has been dubbed many names in jest, such as the "British lira."

Now, however, it seems difficult to make a case against it.

For one, credit rates in Britain are indeed high and look set to fall at a far slower pace than elsewhere. In September, eight out of nine members of the Bank of England voted to leave benchmark interest rates unchanged at 5%. Right after, the Federal Reserve decided to do a jumbo half-percentage-point cut, leaving U.K. money markets as the highest-yielding in the G-10.

More important, markets are pricing in that the BOE will remain more hawkish going forward: Derivatives markets currently suggest that borrowing costs in the U.K. will be set at 4.3% six months from now. In the U.S., they are expected to be below 3.5%.

This divergence seems reasonable on the basis of what British rate-setters have been saying in their policy meetings. Unlike the



In September, sterling gained more than 1% against a basket of currencies.

Fed, the BOE doesn't appear to be certain that the battle against inflation has been won. This is despite the U.K. having a wobbly job market and a consumer-price index that has stabilized at a rate of growth of around 2.2% year over year, compared with 2.5% in the U.S.

To be sure, they are eventually likely to change course and align more closely with other central banks.

But the pound will still be the main target of carry traders for quite some time.

Also, a lot of political uncertainty has been lifted since the election of Keir Starmer as Prime Minister back in July. By contrast, the U.S. dollar remains expensive by historical standards and is subject to uncertainty surrounding the November election. Meanwhile, the euro is being weighed down by Germany's economic woes.

Though Starmer's center-left government has already stumbled into some political scandals and seems to lack direction in terms of delivering on its economic promises, its moderate profile has been enough to lure back international capital. According to a monthly

survey by Bank of America, the U.K. was one of global fund managers' largest "underweight" positions in May but is now one of their top positive biases.

Cheap valuations are another reason for foreign buyers to dip their toes back. In 2021, American firms looking for megadeals did just that: California-based cybersecurity firm **NortonLifeLock**—now **Gen Digital**—announced the acquisition of Avast and Ohio-based manufacturer **Parker Hannifin** did the same with Meggitt. Ever since, a raft of smaller deals have kept the number of mergers above historical averages: This year's include International Paper's bid for **DS Smith** and a private-equity consortium led by CVC Group saying it will buy "fund supermarket" **Hargreaves Lansdown**.

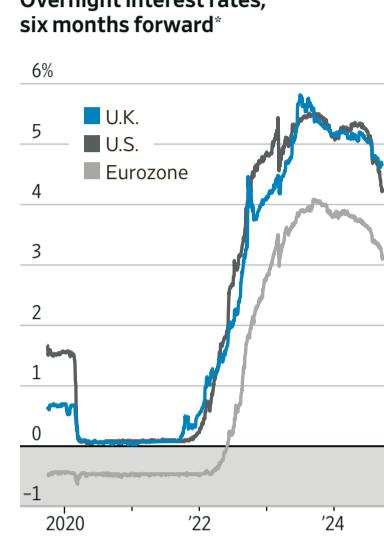
In terms of deal sizes in the period between January and September, numbers have been far below the 2021 boom. Still, 73% of the volumes have come from abroad, which is almost as high as back then. This influx of investment helps support the pound.

Stock-market valuations are still at a significant discount to

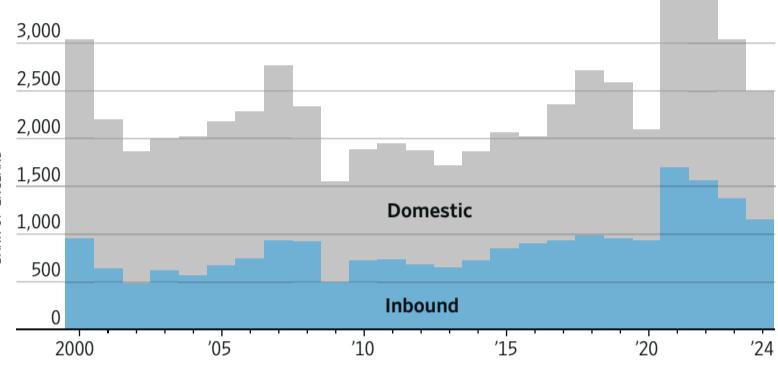
Value of the British pound against a basket of trading currencies



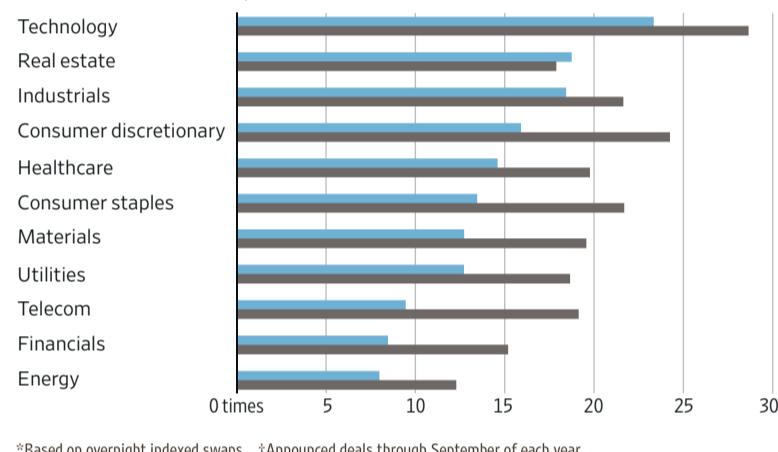
Overnight interest rates, six months forward*



Number of U.K. mergers and acquisitions†



Price-to-earnings ratio‡



*Based on overnight indexed swaps. †Announced deals through September of each year.

‡Using 12-month forward earnings expectations.

Source: Bank of England (value of the pound); LSEG (overnight interest rates, mergers and acquisitions); FactSet (P/E).

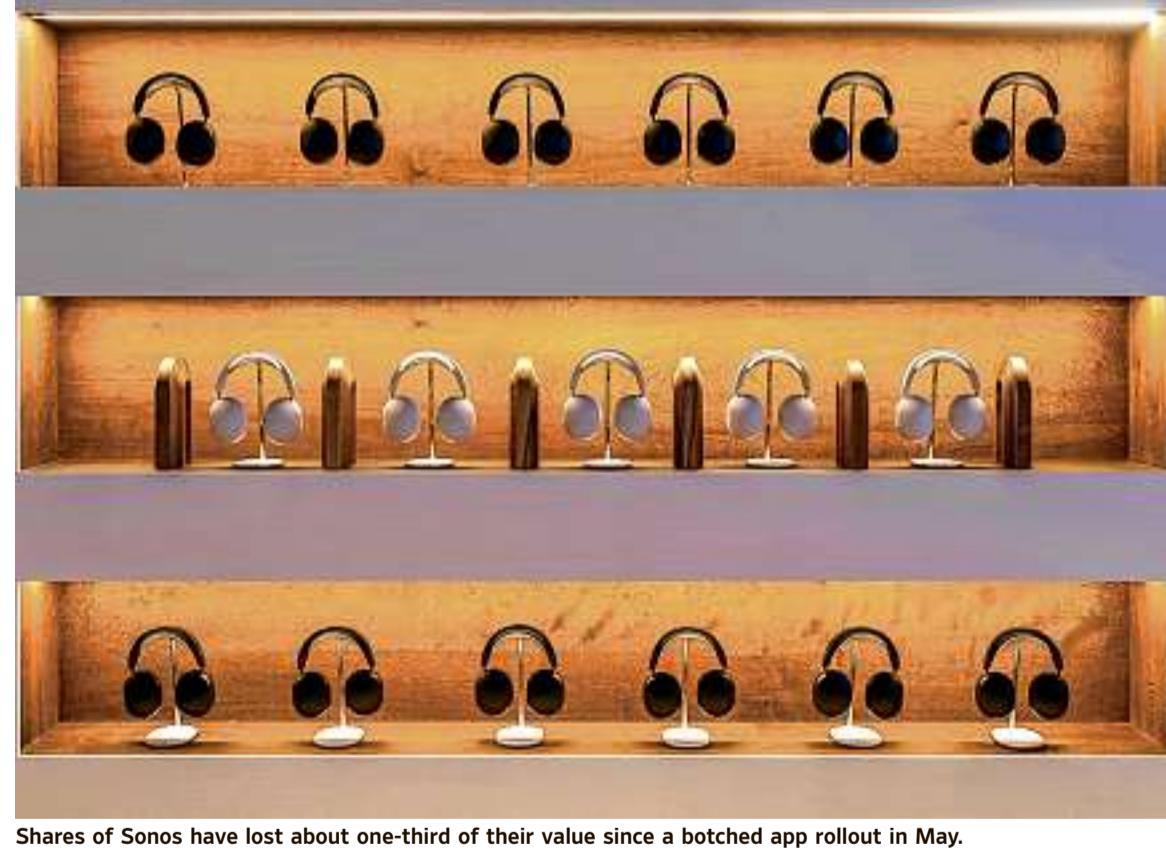
the U.S. in all sectors excluding real estate. The FTSE 100, which is dominated by multinational companies that do worse when the pound is strong, has returned about 6% over the past six months. The more domestically oriented FTSE 250 has yielded

about 8%, which is close to the S&P 500's 10% despite the lack of artificial-intelligence giants.

With investors now making space for the U.K. in their portfolios again, "GBP" may no longer mean the "Great British Peso."

—Jon Sindreu

Sonos Continues to Reel From App Fiasco



Shares of Sonos have lost about one-third of their value since a botched app rollout in May.

How bad was the disastrous app rollout **Sonos** did in May? Bad enough that top executives may still be paying for it in the new fiscal year.

On Tuesday, the maker of premium wireless speakers unveiled a plan to win back customer trust following an internal review of its app release earlier this year. That release turned into a debacle that left many Sonos customers unable to use their speakers. The severity was made clear in the company's quarterly report in August, when Sonos cut its projected revenue range for the full fiscal year by about 8%.

Tuesday's statement gave no new financial update for the fiscal year that just ended. But the company made clear that the repair job is still a work in progress after five months. It said more than 80% of the app's missing features have been fixed, and the company expects to have "almost 100% restored in the coming weeks."

On top of an extended warranty, new testing procedures and the establishment of a "customer advisory board," Sonos said its executive leadership team won't accept any annual bonus payout for the new fiscal year "unless the com-

pany succeeds in improving the quality of the app experience and rebuilding customer trust."

Sonos shares slipped nearly 4% Tuesday and have lost about one-third of their value since the new app rollout.

Tuesday's statement strongly suggests that the company is going into its most-critical sales period with a weakened hand. The December quarter typically accounts for more than 40% of annual revenue, and Wall Street already has a dim view, with analysts expecting revenue of \$517 million for the period, according to FactSet estimates. That would be the company's lowest sales for the holiday quarter in six years.

It may take even longer to repair the damage to the brand. Erik Woodring of Morgan Stanley issued a rare "double downgrade" last week, taking his rating on Sonos from the equivalent of buy to sell.

"New high-frequency data sets we now track shows Sonos user sentiment and purchase consideration metrics have fallen to or near multiyear lows," he wrote.

Sonos is still working its way back to a sound footing.

—Dan Gallagher

Apollo's Ambitious Goals Include Bet on Savings Habits in the U.S.

Private asset-management giant **Apollo Global Management** has a vision of getting to around \$1.5 trillion in assets over the next five years, from just shy of \$700 billion as of the second quarter.

That comes alongside a goal of originating \$275 billion worth of new investments annually, from what the firm expects to be over \$160 billion this year.

Alongside this ambitious vision, Apollo believes Americans ought to diversify their retire-

ment savings with more private investments, rather than relying so heavily on big publicly traded stocks.

"What if private is both safe and risky, and public is safe and risky? We think nothing of Nvidia going 20%, 30% in a day," Apollo Chief Executive Officer Marc Rowan told analysts at an investor day Tuesday.

He added: "We don't think of that as risk, yet the slightest deviation in private markets, we all lose our minds.

Referring to many Americans' investing in S&P 500 index funds in their retirement accounts, Rowan said that "four stocks have determined 100% of their returns for the last few years," a reference to the heavy weighting of a handful of large tech companies in the index that have had huge gains.

"I jokingly say sometimes we levered the entire retirement of America to Nvidia's performance," Rowan added. "It just doesn't seem smart. We're going to fix

this, and we are in the process of fixing it."

Apollo's Athene unit was the largest seller of individual annuities in the U.S. in 2023, according to Limra, an industry research group.

Annuities sales have surged in recent years, and may be poised to continue doing so, in part because of the number of people turning 65 who will begin to rely on their savings.

Additionally, changes to corporate defined-contribution plans,

like 401(k)s, may lead to more of that money being invested in annuity-like products.

Apollo executives on Tuesday called defined-contribution plans "the next frontier."

The company's shares closed up 5.7% on Tuesday, bringing the stock's year-to-date increase to over 40%.

With a market value of around \$74 billion, Apollo is among the largest publicly traded companies not in the S&P 500.

—Telis Demos

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