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FRIDAY, JANUARY 31, 2025 ~ VOL. CCLXXXV NO. 25

WSJ.com

★★★★ \$5.00

DJIA 44882.13 ▲ 168.61 0.38%

NASDAQ 19681.75 ▲ 0.3%

STOXX 600 538.84 ▲ 0.9%

10-YR. TREAS. ▲ 10/32, yield 4.515%

OIL \$72.73 ▲ \$0.11

GOLD \$2,823.00 ▲ \$53.20

EURO \$1.0393

YEN 154.29

What's News

Business & Finance

♦ **U.S. GDP grew** 2.5% last year, slower than the 3.2% growth in 2023 but still at a sturdy pace, as a strong labor market helped to power consumers' spending in the fourth quarter. **A1**

♦ **Major U.S. stock indexes** advanced, with the S&P 500, Dow industrials and Nasdaq gaining 0.5%, 0.4% and 0.3%, respectively. **B9**

♦ **Trump advisers are** considering several means to avoid enacting the tariffs on Mexico and Canada that he had pledged, even as the president reiterated that the tariffs are coming. **A2**

♦ **The ECB lowered** interest rates by a quarter point and signaled more cuts to come, aiming to bolster a stagnant eurozone economy. **A8**

♦ **Apple's iPhone sales** fell in the all-important December quarter, a sign that its artificial-intelligence software has yet to kick off a new cycle of growth for its most valuable product. **A1**

♦ **The Justice Department** sued to block the tie-up of Hewlett Packard Enterprise and Juniper Networks, a proposed \$14 billion merger between providers of wireless networking solutions. **B1**

♦ **OpenAI is in early talks** to raise as much as \$40 billion in a funding round that would value the ChatGPT maker at \$300 billion. **B1**

♦ **Amazon is increasing** ad spending on X, people familiar with the situation said, after pulling much of its advertising more than a year ago. **B1**

♦ **Southwest posted** a profit for the fourth quarter as holiday bookings were better than expected on the back of strong travel demand. **B2**

World-Wide

♦ **A midair collision** between an American Airlines flight and an Army helicopter over the Potomac River killed all 67 people on the two aircraft, officials said, leaving investigators to analyze what caused the nation's deadliest aviation disaster in 23 years. **A1, A4-5**

♦ **Trump blamed** diversity, equity and inclusion programs and Democrats for the collision without citing evidence to support his assertions. **A4**

♦ **Trump's choices** for the leaders of national intelligence, the FBI and health faced sharp questioning from senators during their confirmation hearings. **A3**

♦ **Hamas freed three** Israeli hostages under the Gaza cease-fire deal, but Israel briefly suspended the release of Palestinian prisoners after crowds of screaming men mobbed two of the captives. **A7**

♦ **An Iraqi man who** triggered violent international protests when he burned a Quran in Stockholm in 2023 was shot and killed in Sweden, a death the prime minister suggested could be linked to a foreign power. **A8**

♦ **A U.S. appeals court** ruled against a federal law setting an age limit of 21 to buy handguns, finding it violated the Second Amendment. **A2**

♦ **Uganda reported** an outbreak in Kampala of an unusual strain of the Ebola virus, raising concerns that the disease might spread through the capital. **A16**

♦ **Died: Marianne Faithfull,** 78, rock star and muse. **A16**

... **Dick Button**, 95, figure skating champion. **A2**

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Air Collision Over Potomac Kills 67



Search-and-rescue teams retrieved debris from the Potomac River on Thursday after the previous night's aircraft collision.

Washington's Jam-Packed Airspace Has Prompted Warnings for Years

More than 700 planes had already taken off and landed at Reagan National Airport on Wednesday when American Airlines flight 5342 approached it through one of the nation's most congested air corridors.

By Vera Bergengruen,
Jack Gillum,
Alison Sider and
Gordon Lubold

Shortly before 9 p.m., the passenger jet collided in a fireball with an Army Black Hawk helicopter on a routine training mission, leaving no survivors.

As officials scramble to determine the cause of the crash, the catastrophe is drawing new attention to long-standing safety warnings about the increasingly busy airspace above the nation's capital.

Reagan sits on just 733 acres of land along the Potomac River, across from downtown Washington and the military's Joint Base Anacostia-Bolling. Space is so tight that federal regulators dole out takeoff and landing rights.

The airport's convenience and close proximity to the Capitol have made it irresistible to Washington's politi-

cians. Over the years, lawmakers have lobbied to open access and add more flights, often to make quick jaunts to their home states easier. Last year, after a fierce debate over whether the airport could absorb more flights, Congress authorized more flights, which were awarded to five airlines proposing to fly to San Antonio, San Diego, Seattle, Las Vegas and San Francisco.

Adding to the crowded airspace are helicopters that criss-cross the Potomac every day, many of them military flights from the Pentagon and other government agencies ferrying officials or other pas-

sengers and cargo around Washington.

Officials and commercial and military pilots have warned that the airspace leaves little margin for error.

"We're dealing with an extraordinarily complex airspace system that has been complicated even worse by the addition of flights to National Airport," said Keith Meurlin, a retired Air Force major general and head of the Washington Airports Task Force. "At what point is enough enough?"

Pilots have been complaining for decades about the

Please turn to page A4

Army helicopter on training flight at time of crash with airliner; no survivors

By JOSEPH DE AVILA

A midair collision between an American Airlines flight and an Army helicopter over the Potomac River killed all 67 people on the two aircraft, officials said Thursday, leaving investigators to piece together what caused the nation's deadliest aviation disaster in 23 years.

An American Airlines regional jet flying from Wichita, Kan., collided with a Sikorsky UH-60 helicopter in Washington just before 9 p.m. Wednesday on approach to Ronald Reagan Washington National Airport. The victims of the accident included a group of figure skaters on the airliner.

At the time, the military helicopter was conducting a training exercise along the Potomac, one of the most congested airspaces in the U.S.

President Trump sought to tie the collision to his efforts to dismantle diversity, equity and inclusion programs within the federal government.

As the American Airlines flight was descending, air traffic control asked the pilots of the Army Black Hawk helicopter if they saw the commercial plane. The controllers instructed the helicopter to pass behind the jet just moments before the two aircraft collided, according to audio transmissions of the exchange. It couldn't be determined if the Black Hawk heard or acknowledged the request to keep an eye out for the jet.

The cause of the collision was under investigation. A preliminary report will be ready in about 30 days, the National Transportation Safety Board said.

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- ♦ **Political jostling fueled** congestion at Reagan.... **A4**
- ♦ **With no evidence, Trump** blames DEI for crash.... **A4**
- ♦ **Tragedy crushes elite** world of skating **A5**

Apple's iPhone Sales Shrink as Its Investors Await a Payoff From AI

By AARON TILLEY

Apple's iPhone sales fell in the all-important December quarter, a sign that its artificial-intelligence software has yet to kick off a new cycle of growth for its most valuable product.

Apple reported iPhone sales for the December quarter were down nearly 1% from the prior year to \$69.1 billion, a miss from the \$70.7 billion analysts were projecting, according to FactSet.

Apple's total revenue was \$124.3 billion, growing almost 4% from the same quarter last

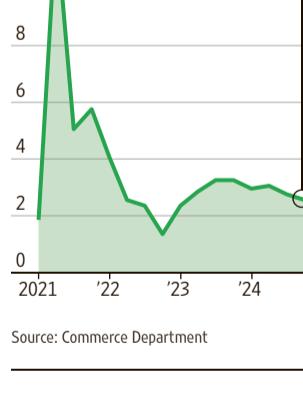
year. Net income was \$36.3 billion, up more than 7% from the prior year. Analysts, on average, projected revenue of \$124.3 billion and a net income of \$35.6 billion. The company reported a sales drop in China of more than 11% to \$18.5 billion, missing the \$20.9 billion analysts expected.

Kevan Parekh, Apple's newly appointed chief financial officer, said the company saw better iPhone 16 sales in markets where its new AI tools, called Apple Intelligence, were launched. In December, Apple

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U.S. Economy Grew 2.5% in '24, Slowing Slightly in Last Quarter

GDP, change from the same quarter a year earlier



Source: Commerce Department

BY HARRIET TORY

The U.S. economy grew last year at a solid clip, boosted by consumers who just kept spending.

U.S. gross domestic product—the value of all goods and services produced across the economy—grew 2.5% last year, the Commerce Department said Thursday. That was slower than 3.2% in 2023 but still a sturdy pace.

Economic issues loomed large in 2024, when data showed a strong economy but many consumers disagreed. Voters, angry about high prices, booted Democrats out

of the White House. But inflation cooled, and the job market remained strong.

The year-over-year GDP growth reflects the fourth-quarter change from a year earlier. Economists surveyed by The Wall Street Journal and the Federal Reserve use that metric for forecasts. The Fed expects the economy to grow 2.1% this year and 1.8% in the longer run.

By a separate measure of growth, the nation's total output for 2024 grew 2.8% last

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- ♦ **Trump aides hunt for deal** to dial back tariff threat... **A2**

I've Never Been Tied to a Chair: Hit Show Mystifies Oil Workers

* * *

Real-life landmen have to assure relatives they're better off than Billy Bob Thornton

By BENOIT MORENNE

In the first episode of "Landman," protagonist Tommy Norris makes his first appearance tied up to a chair, a burlap sack over his head as he negotiates an oil deal with members of a drug cartel.

That's when Chris Yonker's mother-in-law, who was watching the show with him in Houston, chimed in. "Is this something that ever happens to you?" she asked Yonker, a 47-year-old landman based in San Antonio.

Since "Landman" started streaming on Paramount+, landmen—who help oil and gas producers secure drilling

rights—have been inundated with calls and texts from friends and family suddenly eager to learn all about their job.

In the show, the chain-smoking Norris, played by Billy Bob Thornton, clocks oil patch thugs, puts out literal fires, and spars with lawyers, police officers and his glamorous ex-wife. Early on the foul-mouthed Norris

races to the site of a well explosion that killed three men. "This is the patch," he tells his boss at one point. "An airplane full of drugs being run over by an oil tanker ain't news, it's just an

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What Secret Police Saw as Syria Fell

Documents show Assad's spies struggling to understand rebel advance

Days after rebels routed the Syrian army from a major city in the north, a five-page report landed on the desk of military-intelligence officers in Damascus with an alarming diagnosis.

By Isabel Coles,
Jared Malsin and
Asmaa Al-Omar

Elite troops sent to bolster Aleppo's defenses had been forced to retreat as the regime's army withdrew "in a crazy and spontaneous way." Soldiers fled "in a hysterical manner," leaving weapons and military vehicles behind, read the postmortem from a senior

military-intelligence officer in the city dated Dec. 2.

By then, fighters for Hay'at Tahrir al-Sham, or HTS, already had a second city in their sights. As they gained ground in following days, reports rolled into the eight-story concrete headquarters of Branch 215, a feared part of Syrian dictator Bashar al-Assad's vast security apparatus, in central Damascus. The reports detailed the speed and direction of rebel advances—and increasingly frantic plans and orders aimed at slowing their progress.

The trove of thousands of pages of top-secret intelligence

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INSIDE



MANSION

Park Avenue co-ops lose their luster for a new generation of wealthy buyers. **M1**

BUSINESS & FINANCE

Round of fundraising talks led by SoftBank values OpenAI at \$300 billion. **B1**

U.S. NEWS

Trump Aides Hunt for Deal to Dial Back Tariff Threat

President Trump's advisers are considering several off-ramps to avoid enacting the universal tariffs on Mexico and Canada that he had pledged, according to people familiar with the matter, even as he reiterated Thursday that the tariffs are coming.

By Gavin Bade in Washington, Vipal Monga in Toronto and Santiago Pérez in Mexico City

The situation is fluid and Trump still may go through with his vow to slap 25% across-the-board levies on imports from America's two largest trading partners. The president has consistently said he would do so by Saturday.

But amid negotiations with Canada and Mexico, the administration appears undecided on whether to impose tariffs on all imports from those countries, the people familiar with the matter said, adding that administration officials are preparing to opt for more targeted measures instead.

Trump added to his tariff threats Thursday night, warn-

ing so-called BRICS nations—Brazil, Russia, India, China and other developing economies—he would seek 100% tariffs if they try to find an alternative to the dollar as the dominant currency underpinning global trade.

Trump is still likely to announce some sort of trade action by Saturday, but it may only affect certain sectors, such as steel. And the tariffs could be issued using existing legal authorities instead of more novel approaches officials had previously floated, according to people with knowledge of discussions, who stressed that no final decisions have been made.

Grace period

The administration could also announce new tariffs by Saturday, but with a grace period before they are implemented, allowing negotiations to continue with the continental neighbors, some of the people said.

Trump said he would decide whether the tariffs will apply to imports of Mexican and Canadian oil.

"I'll be putting the tariff of

25% on Canada, and separately, 25% on Mexico, and we'll really have to do that," Trump said, adding that the duties could rise over time.

The U.S. has been engaged in weeks of frantic negotiations with Canada and Mexico, as well as lobbying by North American businesses and labor groups that have argued the across-the-board tariffs would snarl continental supply chains, drive up prices, and increase reliance on trade with adversarial regimes such as China and Venezuela.

Trump has said the tariffs will take effect if the countries don't take steps to stop migration and drug trafficking over U.S. borders. The administration has considered using emergency economic powers established by a 1970s-era law to impose those tariffs, as Trump threatened recently against Colombia over a migration disagreement, before

backing down when he said his demands were met.

Tariffs have never before been deployed under that act, though President Richard Nixon imposed emergency tariffs under a predecessor law.

Some officials are now concerned about using emergency powers for tariffs after a federal judge earlier this week temporarily blocked a White House Office of

Management and Budget memo that sought to freeze federal grants and loans. The court said the order may have violated federal law requiring the president to spend funding approved by Congress.

The injunction on the OMB action has caused some White House officials to second guess their plans to impose tariffs under the International Emergency Economic Powers Act, said people familiar with planning. Policymakers don't want to risk having an IEEPA action enjoined now, when

they may potentially use it in the future on other countries.

The White House didn't respond to requests for comment.

Trump's nominee for commerce secretary, Howard Lutnick, told lawmakers Wednesday that if Canada and Mexico comply with Trump's demands to curtail migration and drug smuggling "there will be no tariffs."

"It's not a tariff per se," Lutnick said. "It's an act of domestic policy."

Cooperation

Administration officials have said publicly that Canada and Mexico are making progress toward meeting Trump's demands, which, ostensibly, would allow them to avoid immediate tariffs.

Canadian officials were encouraged by Lutnick's testimony, said one senior government official.

The Canadian minister responsible for the border, David McGuinty, said Wednesday that the government is in negotiations with the U.S. over creating a new "North Ameri-

can fentanyl strike force." If finalized, the task force will involve more investment in people and infrastructure, he said, although he didn't provide additional details.

Mexico has created a similar working group with the Trump administration on migration issues that will later be expanded to cover other areas of the U.S.-Mexico relationship, President Claudia Sheinbaum said Monday. U.S. officials said her government is cooperating with Trump's demands on the southern border, and has agreed to receive expelled non-Mexican migrants seeking asylum in the U.S., a significant concession to the Trump administration.

Those efforts have coincided with an intense pressure campaign from American industries and unions reliant on supply chains that cross U.S. borders, including the automotive sector and steelworkers. This week, the United Steelworkers called on Trump to back away from across-the-board tariffs.

—Brian Schwartz
in Washington
contributed to this article.

U.S. WATCH



TOUCH THE SKY: Chloe Kim competes in the U.S. Grand Prix-Snowboard Halfpipe Qualification in Aspen, Colo., on Thursday.

Economy Grew 2.5% In 2024

Continued from Page One
year, down only slightly from 2.9% in 2023.

The economy is entering an uncertain 2025. Economists tend to believe that the Trump administration's proposals on tariffs and deportations will hurt growth and stoke inflation. Trump advisers have said that plans to cut regulation and boost energy production will offset the effects of higher goods prices.

But for 2024, anyway, U.S. consumers showed up.

Consumers were "firing on all cylinders" and "that momentum still looks as though it's going to continue through to the early part of this year at least," said James Knightley, chief international economist at ING Financial Mar-

kets. "That's probably going to keep the Fed wary about easing monetary policy too far, too fast."

The Fed on Wednesday held interest rates steady and indicated it is in no rush to further ease policy.

The nation's economy did finish last year on a slightly weaker footing. GDP rose at a 2.3% annual rate in the October-to-December period, after adjusting for seasonality and inflation.

That was down from 3.1% in the third quarter, and below the 2.5% rate economists had expected.

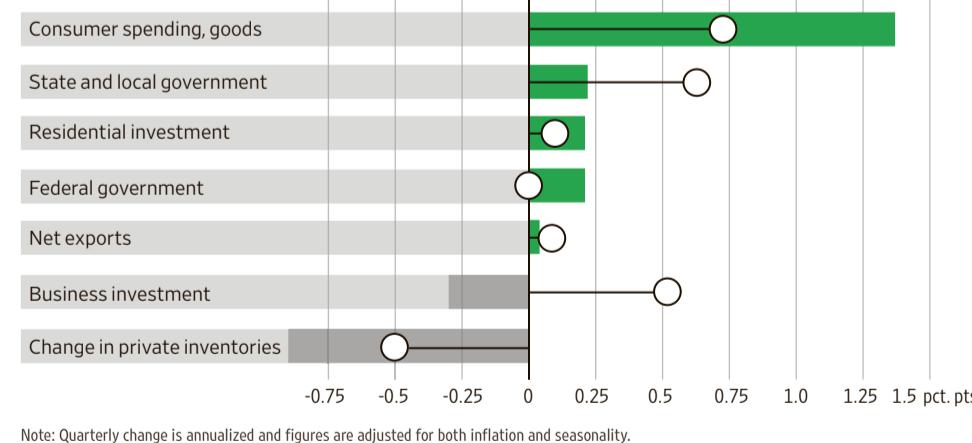
For the fourth quarter:

- ◆ Consumer spending, which accounts for more than two-thirds of the economy, rose at a 4.2% pace, the fastest since early 2023. U.S. households spent on goods like vehicles and clothing as well as services like medical care and transportation.

◆ The housing sector improved after two straight quarters of decline. Residential investment rose at a 5.3% rate.

◆ Final sales to private do-

Contributions to quarterly change in GDP for select categories



mestic purchasers, a measure of consumer and business spending that gauges underlying demand in the economy, rose at a 3.2% annual pace, little changed from the third quarter and a sign that economic fundamentals remain strong.

Still, there were some weak spots in the fourth quarter:

◆ Businesses spent less on restocking. Instead, they drew down inventories already on their shelves to meet strong consumer demand. That subtracted nearly a percentage point from the quarter's overall GDP growth rate.

Economists said that is unlikely to be repeated in the

first quarter, as companies are more likely to import more goods to get ahead of expected tariffs by the Trump administration.

◆ Business investment also fell for the first time in more than three years, which economists said was likely due to a nearly eight-week strike at Boeing that ended in November.

Inflation continued to come down over the course of 2024, but on a bumpy path. The Fed's favored measure of inflation—the personal-consumption expenditures price index excluding food and energy—rose at a 2.5% seasonally adjusted annual rate in the fourth quarter, compared with 2.2% in the third. The Fed targets 2% year-over-year inflation.

Looking ahead, many business executives are voicing optimism.

"The U.S. economy has performed very well and remains strong, and lower inflation and unemployment position the economy well into 2025," Charlie Scharf, CEO of Wells Fargo, said during a Jan. 15 earnings call. He said that the Trump administration "has signaled a more business friendly approach to policies and regulations, which should benefit the economy and our clients."

But it isn't clear that consumers will feel the same way throughout 2025. Though inflation has slowed, prices are still much higher than they were before the pandemic. People are spending more on credit cards and carrying bigger balances month to month. Measures of consumer confidence dipped in January, with people fretting about the job market and future inflation.

Starbucks said this week business continued to slide at cafes and its profit fell in the most recent quarter. Customers have grown frustrated with Starbucks's costs, and its U.S. transactions last year sank by some of the steepest levels since 2020, when Covid-19 broadsided the restaurant industry.

"There are still people at the lower end of the income spectrum struggling with higher prices and interest rates," U.S. Bank chief economist Beth Ann Bovino said.

"But on average, most households remain resilient, supported by a healthy jobs market," she said, and that "signals an economy that can withstand fewer rate cuts without falling into recession."

CORRECTIONS & AMPLIFICATIONS

A McKinsey consultant died in a 2023 head-on collision in Saudi Arabia as did a passenger in the other vehicle. A Page One article on Dec. 30 about Neom, a futuristic construction project, incorrectly said that level of spending subjects teams to tax penalties.

NBA teams that spend more than \$140.6 million are subject to team-building limits under salary-cap rules. A Sports article on Wednesday about Russell Westbrook incorrectly said that level of spending subjects teams to tax penalties.

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

Senators Question FBI, Spy and Health Picks

WASHINGTON—Three of President Trump's most controversial nominees for top posts in his administration faced sharp questioning from

By Dustin Volz,
Sadie Gurman and
Liz Essley Whyte

senators Thursday during their confirmation hearings, with lawmakers boring in on a range of issues from Edward Snowden to vaccines.

Robert F. Kennedy Jr. nomination for health secretary seemed shaky as senators spelled out their concerns during his second hearing, this time in front of the Health Education, Labor and Pensions Committee. Director of national intelligence pick Tulsi Gabbard disappointed Democrats and Republicans alike in the Intelligence Committee for refusing to denounce Snowden as a traitor, though she received a pass on it from some GOP lawmakers.

Democrats questioned whether Kash Patel, Trump's pick to be Federal Bureau of Investigation director, could be independent from the president, but they unearthed no new bombshells that might threaten his nomination. Republicans seemed to largely favor him.

All three nominees have been sharply criticized by Democrats, and some also have drawn scrutiny from Republicans. Republicans have a 53-47 majority in the chamber and can afford to lose no more than three votes if all Democrats are opposed.

Gabbard, who is seen as having the most difficult confirmation path of the three, immediately struck a defiant tone Thursday in her testimony, airing grievances that have animated conservatives. She condemned the intelligence agencies she might soon oversee as being politicized by Trump's opponents to "undermine his presidency and falsely portray him" as a puppet of Russian President Vladimir Putin.

Gabbard is a former Democratic congresswoman from Hawaii who has become a favorite

among MAGA conservatives. Virginia Sen. Mark Warner, the top Democrat on the intelligence panel, told Gabbard he had "serious doubts about your judgment."

In an effort to bolster support in the Senate, Gabbard recently released a statement that she no longer fully opposes a part of the Foreign Intelligence Surveillance Act that targets overseas national-security suspects for surveillance.

While some Republicans were reassured by her shift on FISA, several remain uncomfortable about her understanding of U.S. spying powers and, separately, her past advocacy for clemency for Snowden, who leaked a trove of top-secret documents about the National Security Agency's spying powers over a decade ago.

Pressed further by Republican Sen. Susan Collins of Maine, Gabbard said she wouldn't use her position to recommend a pardon of Snowden and would focus on preventing future unauthorized disclosures. Asked more than a half dozen times by senators whether Snowden was a traitor, Gabbard refused to answer.

Sen. Todd Young (R., Ind.), a potential committee swing vote for Gabbard, lamented that Gabbard wouldn't budge from her hedged language.

Kennedy's denial

The three-hour health committee hearing Thursday made clear that Sen. Bill Cassidy (R., La.), a medical doctor and proponent of vaccines, could work to sink Kennedy's nomination. He voiced qualms about Kennedy's vaccine skepticism and suggested he could help protect Trump's legacy by rejecting Kennedy, a former Democrat.

"What will you tell the American mother? Will you tell her to vaccinate her child, or to not?" Cassidy asked Kennedy.

Kennedy said he would follow the data on vaccines. "I am not going to go into HHS and impose my preordained opinions on anybody at HHS," he said.

Cassidy, the chairman of the committee, shared a large summary of studies showing no link between vaccines and autism. Kennedy responded by citing a recent report that was funded by an antivaccine group and hadn't been published in a scientific journal or undergone standard peer review.

Collins and Alaska Sen. Lisa Murkowski (R., Alaska)—both thought to be possible no votes on Kennedy—also expressed some reservations in the hearing about his vaccine views. Sen. Mitch McConnell (R., Ky.), a polio survivor, is also thought to doubt Kennedy's fitness for the role. Cassidy therefore could potentially be a decisive fourth vote.

Kennedy also denied that he had sexually assaulted and later apologized to Eliza Cooney, a former babysitter for his children who accused Kennedy of groping her. He said he had apologized for something else. "That story has been debunked," he told senators.

Patel's Trump ties

Patel faced scrutiny about his close ties to Trump and whether he has the right experience to lead the nation's premier law enforcement agency. Democrats said they were concerned Patel would turn the agency into a weapon to go after people Trump considers enemies.

"Any accusations leveled against me, that I would somehow put political bias before the Constitution, are grotesquely unfair," Patel said during a tense exchange with Sen. Amy Klobuchar (D., Minn.).

Patel worked as a federal prosecutor and served in several senior national-security roles during the first Trump administration.

Sen. Richard Blumenthal (D., Conn.) asked whether Patel would fire agents who investigated the president.

Eventually, Patel said, "All FBI employees will be protected against political retribution."

—Kristina Peterson and
Dominique Mosberg
contributed to this article.



From top, Kash Patel has been nominated to lead the FBI; Director of national intelligence pick Tulsi Gabbard answers questions; and Robert F. Kennedy Jr. leaving the hearing.

FROM TOP: ANNA MONEYMAKER/GTY IMAGES; JOHN MCDONNELL/ASSOCIATED PRESS; KEVIN DIETSCHE/GTY IMAGES

Federal Workers Try to Make Sense of Resignation Offer

By SCOTT PATTERSON

WASHINGTON—Two million government workers opened their email inboxes this week to find a note from an obscure federal agency offering them a chance to resign on the spot.

One employee said they thought the email, sent late Tuesday, was a phishing scam. It didn't look like a normal government communication with specific details about how the process would work. By Wednesday, government workers were attempting to make sense of the offer. Many didn't know whether it was legal.

The obscure agency, called the Office of Personnel Management, or OPM, told federal workers they could return to the office full-time or resign and get paid for the next eight

months. Workers had until Feb. 6 to decide how to proceed.

A thread on the social-media platform Reddit used by federal workers lit up with defiant messages. One said they had been considering quitting but "now I am fired up to make these goons as frustrated as possible... Hold the line!" Another said, "If we leave, we will be replaced by loyalists."

The Trump administration's offer, meant to aid Elon Musk's effort to streamline federal spending, has sparked chaos and confusion among the workforce and prompted unions for government workers to push back.

A common concern: The Trump administration made clear that even those government employees who stay on could still eventually lose their

jobs as the president works to downsize the federal government.

The National Treasury Employees Union, which represents federal workers in dozens of departments and agencies, sent a message to members urging them not to resign. The OPM email "is designed to entice or scare you into resigning from the federal government," the union said.

Gary Jones, a former Environmental Protection Agency attorney who resigned last week before the OPM email was sent, said former colleagues say they are befuddled by the offer. "They're still trying to figure out what really is the case, do you have to work, do you not have to work?" he said.

The offer is considered a "deferred resignation" in

which employees don't have to work but will still get paid through Sept. 30, according to the White House.

"The resignation offer is a chaotic, costly and vindictive attempt to scare employees into quitting," Michelle Roos, executive director of the Environmental Protection Network, said.

The Department of Government Efficiency, or DOGE, defended the move on X. Trump created DOGE, which is led by Musk, to help slash federal spending and regulations. Employees who accept the offer can "take the vacation you always wanted, or just watch movies and chill, while receiving your full government pay and benefits," DOGE said.

An OPM memo sent to government employees on Thurs-

day night sought to answer frequently asked questions about the administration's efforts to slash the size of the federal workforce.

Employees who agree to the "deferred resignation" program don't have to continue working for the government while they collect eight months of pay, and they are allowed to get a second job. "You are most welcome [to] stay at home and relax or to travel to your dream destination. Whatever you would like," the memo says.

Agencies are expected to inform the OPM about the number of employees who accepted the offer by 5 p.m. Eastern Standard Time on Friday, according to a follow-up memo to the offer sent by the office's acting director, Charles Ezell.

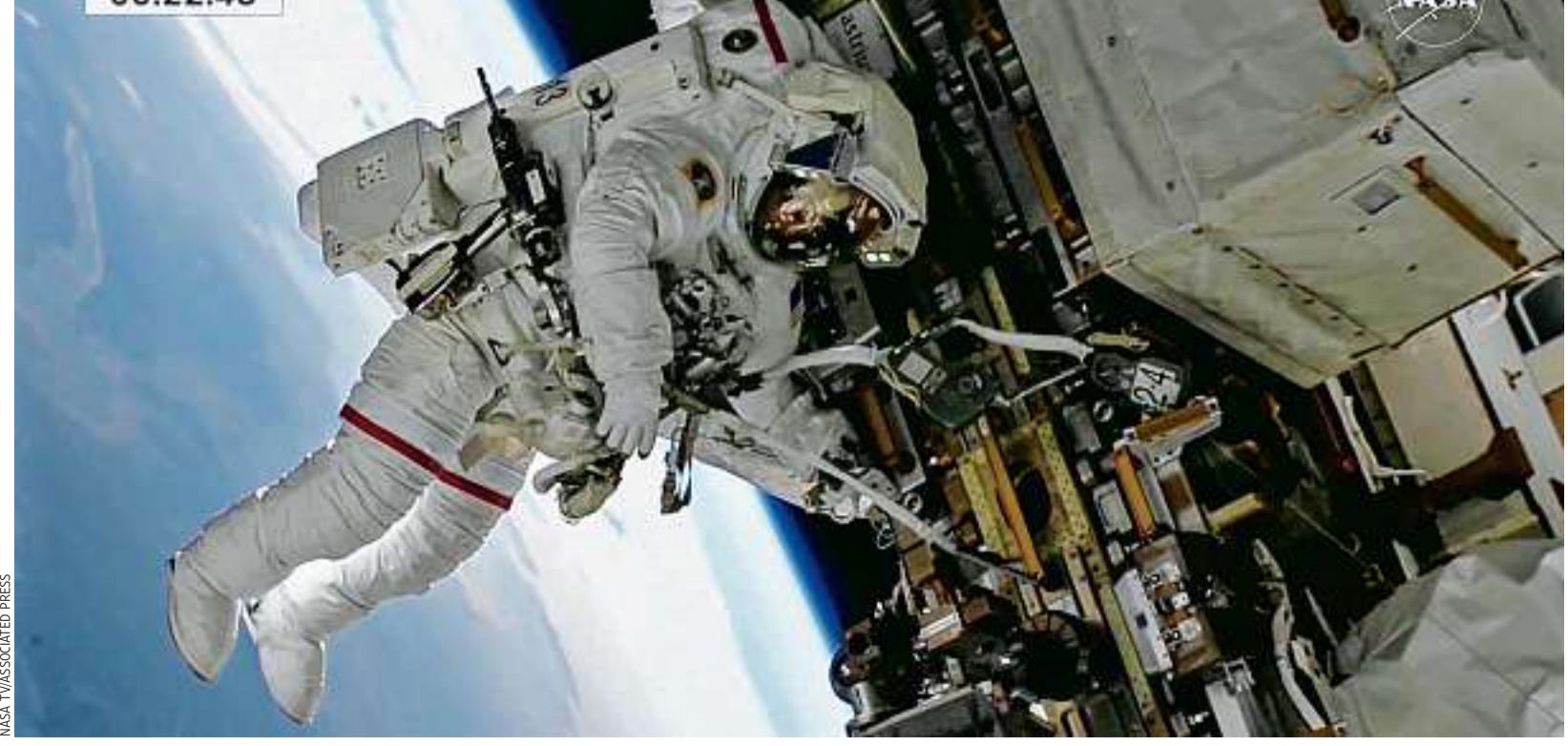
The White House expects about 5% to 10% of federal employees to accept the resignation offer, resulting in annual savings of about \$100 billion. Officials provided no information about how they reached that estimate.

The email went to the entire federal civilian workforce of more than two million employees, according to an OPM official. Jones, the former EPA attorney, said that in his nearly four-decade career in government he had never seen such a widely distributed communication.

Such communications usually are disseminated through heads of agencies, he said.

Members of Congress struggled with the scope of the resignation offer, with Democrats questioning its legality.

U.S. Spacewalk 92
00:22:48



Shut-Ins Finally Get An Outing

NASA's two stuck astronauts took their first spacewalk together Thursday, exiting the International Space Station almost eight months after moving in.

Commander Suni Williams and Butch Wilmore removed a broken antenna and wiped the station's exterior for evidence of any microbes that might still be alive after launching from Earth and escaping through vents.

After some trouble unbolted the antenna, the pair finally pried it off nearly four hours after popping out. Mission Control urged them to watch for floating parts.

During the job 260 miles up, Williams set a spacewalking record for female astronauts.

—Associated Press

U.S. NEWS

Political Jostling Fueled More Congestion at Reagan

Airport preferred by lawmakers, lobbyists in Washington lies in congested airspace

WASHINGTON—The deadly crash of the American Airlines plane from Wichita, Kan., hit home for Capitol Hill lawmakers who have for years fought over whether to expand the number of flights at Reagan National Airport.

By Katy Stech Ferek, Xavier Martinez and Catherine Lucey

Reagan lies in some of the most tightly restricted but also most congested airspace in the country, with commercial flights often near military and other crafts. On Wednesday night, the American jet carrying 64 people collided midair with a military helicopter over the Potomac River.

"We all fly in and out of that airport," said Sen. Richard Blumenthal (D., Conn.). "And I must say I often look out the window, as perhaps you do, with planes taking off and landing, wondering how this dangerous dance is done safely day in and day out."

The nonstop route to Wichita started last year, following lobbying by Kansas Sen. Jerry Moran, a Republican, to get American to use an existing slot for the service.

"I know that flight. I've flown it many times myself," Moran told reporters early Thursday. "We're praying that our responders are safe. And the folks who are on that flight are recovered," he said.

Reagan was closed for more than three weeks following the Sept. 11, 2001, terrorist attacks. At the time, some lawmakers discussed closing the airport permanently, given its proximity to the Pentagon and other potential targets.

Reagan, which is hemmed in by water on three sides and has no room to expand, has seen a flood of new flights



Search and rescue teams worked at the scene of the crash in the Potomac River on Thursday.

launched in recent decades, as lawmakers carved out exceptions to limits on the number of longer-distance flights.

Congress controls how many flights can go in and out of the airport, which is preferred by lawmakers, lobbyists and other visitors to the nation's capital due to its ease of use. In 2023, some lawmakers proposed to add 28 additional daily round-trip flights, a number that was later scaled back. Lawmakers ultimately settled on five additional flights, after a sometimes heated debate over whether the airport was at capacity.

The debate often defied party lines, with local lawmakers generally opposing more slots citing congestion, possible flight delays and safety, joined by lawmakers representing cities that already had direct connections. On the other side were lawmakers who wanted slots for their own cities or airlines, who said opponents were trying to protect Dulles International Airport and Baltimore-Washington Airport from more competition.

Sen. Tim Kaine (D., Va.) told reporters on Thursday that he had long been "very, very nervous about congestion." He recounted an incident last year, when he said his flight had to pull up from the runway last-minute to avoid an obstacle.

Kaine, who opposed more slots, said he would wait for the National Transportation Safety Board to complete its investigation before reaching any conclusions.

Rep. Marc Veasey (D., Texas) said that, while it appeared that the collision could have happened near any airport, he wants Congress to investigate whether the airspace is too congested and where military aircraft are allowed to fly.

"It's unthinkable that this happened, and we need to be serious—this doesn't need to turn into a turf war where people are trying to protect their commercial flights," he said.

Rep. Jack Bergman (R., Mich.), a pilot who landed dozens of flights into DCA as a commercial pilot for Northwest Airlines, said he believes the airspace in the region is safe and that he and members

of the House aviation safety caucus haven't discussed the congestion as a problem.

He said one of the aviation industry's best strengths is how accident investigators, aviation officials, airlines and other groups come together to determine the cause of an accident without bias. Asked about other lawmakers who have raised concerns about Washington's airspace, he said to listen to industry experts.

"If you don't know what you're talking about, keep your mouth shut," he said.

After lawmakers agreed to add five additional round-trip flights in May, Kaine joined with fellow Virginia Sen. Mark Warner in accusing their colleagues of overlooking aviation safety in favor of securing new flights for their constituents, saying the Senate "abdicated its responsibility" to protect the safety of passengers.

Other critics of the proposal to add new flights were less vocal about safety issues but warned that adding more capacity would make it less convenient and lead to additional delays.

Airspace Prompted Warnings

Continued from Page One
presence of military and other aircraft around Reagan.

"I cannot imagine what business is so pressing that these helicopters are allowed to cross the path of airliners carrying hundreds of people!" one pilot wrote in a 2013 report filed to the Aviation Safety Reporting System, or ASRS, after a near-collision with a helicopter. "What would normally be alarming at any other airport in the country has become commonplace at DCA."

In his Senate confirmation hearing Thursday, Army secretary nominee Daniel Driscoll referred to the disaster as "an accident that seems to be preventable," adding that the Pentagon may need to rethink its training flights around an "airport like Reagan."

A 2021 Government Accountability Office report found that 88,000 helicopter flights took place within 50 miles of Ronald Reagan Washington National Airport from 2017 through 2019. About 37% of those flights were conducted by the military, the report said.

The Black Hawk involved in the midair collision was carrying three Army aviators on a training mission, according to

Pentagon officials. The pilot and instructor had a combined 1,500 hours of flight time between them, earning many of those hours in the very corridor they were flying on Wednesday night.

A third Army pilot on board was getting an annual check ride to determine whether he or she could keep flying the aircraft, according to the Army, which has not identified the service members.

Doug Rice, a former American Airlines captain who landed many times at Reagan National, said helicopters in that airspace are restricted to flying 200 feet above the ground. On Wednesday, the plane and the military helicopter collided about 400 feet in the air.

The helicopter "was in the wrong place at the wrong time," said Rice. "The regional jet was doing what it was supposed to do."

Rice said he believed the flight from Wichita was correct on its landing approach. The pilots of the regional jet, he said, might not have seen the helicopter due to backlighting, and the aircraft's collision-avoidance system would have less functionality under 700 feet. The soldiers flying the Black Hawk might have spotted the wrong plane, Rice continued, or there may have been some mechanical error with the helicopter.

Whatever the reason, Rice said, the passengers, crew and pilots on the American Airlines flight "got put in a box, and it wasn't their fault."

Over the years, the number of such flights has grown. The helicopter involved in the crash belonged to the 12th Aviation Battalion out of Fort Belvoir in Virginia, which is responsible for flying generals, cabinet secretaries, congressmen and VIP visitors to Washington at least once a day.

Army pilots have been involved in a number of air mishaps over the past year, including some involving Black Hawks. In fiscal year 2024, at least nine troops, one contractor and one civilian died in collisions involving Army air-

craft, according to a January 2025 report.

Last April, one pilot reported coming dangerously close to a military helicopter while coming in to land. "Suggestion: Need to have better separation for DCA traffic on the river visual to the helicopter traffic that is flying up and down the river," the pilot wrote.

Such warnings are nothing new. "Why does the tower

allow such nonsense by the military in such a critical area?" wrote another pilot in 2006, according to records reviewed by the Journal. "This is a safety issue, and needs to be fixed."

'We're dealing with an extraordinarily complex airspace system.'

Washington power brokers wanted more routes. Some cities far from Washington were largely shut out, following a 1960s-era rule that limited how far planes could travel from then-National Airport. In

turn, long-haul flights were shifted to newly built Dulles International Airport farther from the city, although exceptions have been made over the years.

The late Sen. John McCain (R., Ariz.), for instance, pushed for a nonstop flight from Reagan to Phoenix, though he personally avoided flying it to avoid the appearance he had pursued the flight for his own convenience.

Reagan National was designed for about 15 million passengers a year, but by 2023 its volume has grown to more than 25 million a year, and a daily average of 820 take-offs and landings.

To increase the number of flights, there was a steady "chipping away" at a Transportation Department rule that prohibited airlines from flying from Reagan to destinations beyond 1,250 miles, said Sen. Mark Warner (D., Va.).

While this led to complaints about the increasing number of flight delays, there were underlying safety concerns.

"I'm thankful that there's no loss of life, but it's just plain unacceptable," Warner said on the Senate floor in April, one day after a near miss between two flights when the Southwest and JetBlue planes nearly ran into

each other as they crossed over the same runway.

Sen. Tim Kaine (D., Va.) beseeched his colleagues last April to stop adding more flights to the area.

"Some members of Congress view this package as an opportunity to jam even more planes for their own personal convenience into a runway at DCA that is already overburdened and can't handle extra planes," Kaine said, referring to Reagan National by its airport code.

Despite the pleas of Kaine and Warner, the Senate authorized the FAA to increase flights by as many as 10 a day.

—Nancy A. Youssef, Alex Ward, Tom McGinty and Brian Whitton contributed to this article.

controllers were the cause of the crash. The president also said the Army Black Hawk helicopter should have been flying at a different elevation: "The people in the helicopter should have seen where they were going."

Asked how he can draw the conclusion that the incident was related to DEI initiatives, Trump said, "Because I have common sense."

"This is a tragedy that should not have happened," the president added.

Some Republican lawmakers were hesitant to make judgments about the cause of the incident. "Let's have a little bit of reverence today," said Sen. Thom Tillis (R., N.C.). "They're still recovering bodies, and then we can go with the political ramifications of that question, if we choose to."

Later Thursday, Trump again raised the possibility that DEI initiatives could have contributed to the crash. "It may have. I don't know. Incompetence might have played a role," he told reporters in the Oval Office.

Asked if he had plans to visit the crash site, Trump responded: "What's the site? The water? You want me to go swimming?" He said he would meet with the families of those killed in the collision.



President Trump addresses reporters at the White House.

ALEX BRANDON/ASSOCIATED PRESS



Emergency response units assess airplane wreckage Thursday in the Potomac River near Reagan National Airport, following Wednesday night's midair collision between an American Airlines flight and an Army helicopter.

ANDREW HARNIK/GETTY IMAGES

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U.S. NEWS

Radio Exchanges Document Crash

Transmissions show early instruction for Army helicopter to avoid passenger jet

BY JACK GILLUM
AND BRIAN WHITTON

WASHINGTON—Just after 8:47 p.m. on Wednesday, an air-traffic controller at Reagan National Airport relayed a seemingly ordinary inquiry and instruction.

"PAT25, do you have the CRJ in sight?" he asked a U.S. Army Black Hawk helicopter, requesting that it keep a lookout for an American Airlines Bombardier jet carrying 60 passengers and four crew members from Wichita, Kan. "CRJ" is aviation shorthand for Canadair Regional Jet, Bombardier's name for a series of its passenger planes.

The helicopter, carrying three, was on a training mission, officials would later say.

"PAT25, pass behind the CRJ," the controller then said as American Airlines flight 5342 descended over the Potomac River, just moments before its planned landing.

Within 19 seconds, the horror of the two colliding aircraft became clear. "Oh my..." someone yelled, a scream briefly picked up in the background of radio transmissions as air-traffic control worked to redirect planes to nearby airports.

Ronald Reagan Washington National Airport is in Virginia, tucked right alongside the Potomac River and across from Washington, D.C., and Maryland. It is so close to the nation's capital—the White House and other landmarks are clearly visible on some approaches—that pilots have to closely follow the river's path to avoid restricted airspace.

Audio transmissions and flight-tracking data reviewed by The Wall Street Journal offer an early look into the moments before and after the midair collision, whose cause remains under investigation.

It couldn't be determined whether the Black Hawk heard or acknowledged the request to keep an eye out for the Bombardier. A former federal aviation official told the Journal that air-traffic controllers gave the helicopter clear instructions to pass behind it.

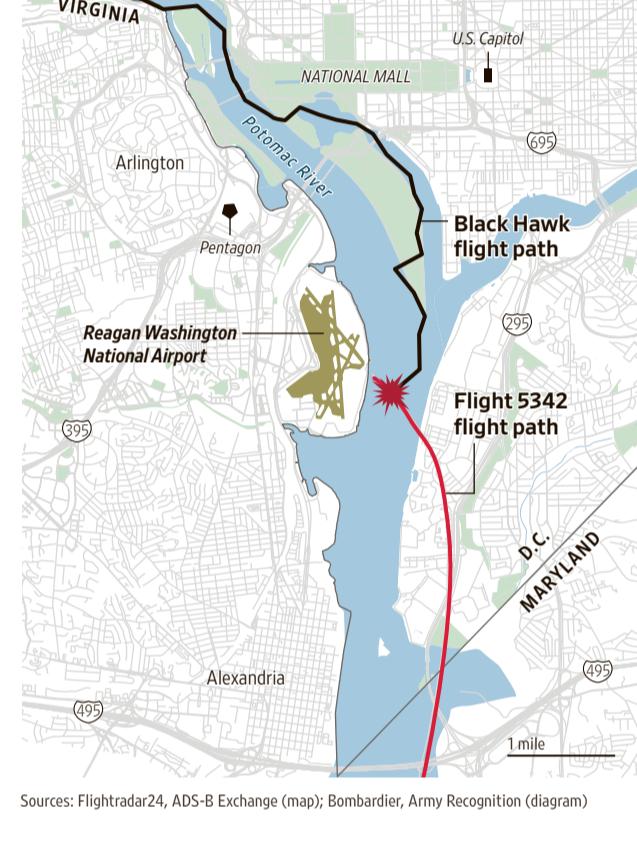
Both aircraft were between 200 and 400 feet over the Potomac around the moment they collided, according to records reviewed by the Journal. The jet was seconds away from finishing its roughly three-hour flight from Kansas.

"Tower, did you see that?" an unknown aircraft called in, apparently referring to the explosion, bright enough that it was captured miles away on surveillance footage.

After the officials realized a



Members of the FBI's Evidence Response Team moved debris Thursday near the crash site along the Potomac River.



Sources: Flightradar24, ADS-B Exchange (map); Bombardier, Army Recognition (diagram)

collision had occurred, they scrambled to divert other flights away from National Airport. It was up to controllers to relay the grim news to incoming aircraft. That included briefing a Delta Air Lines jet that the airport was now shut down.

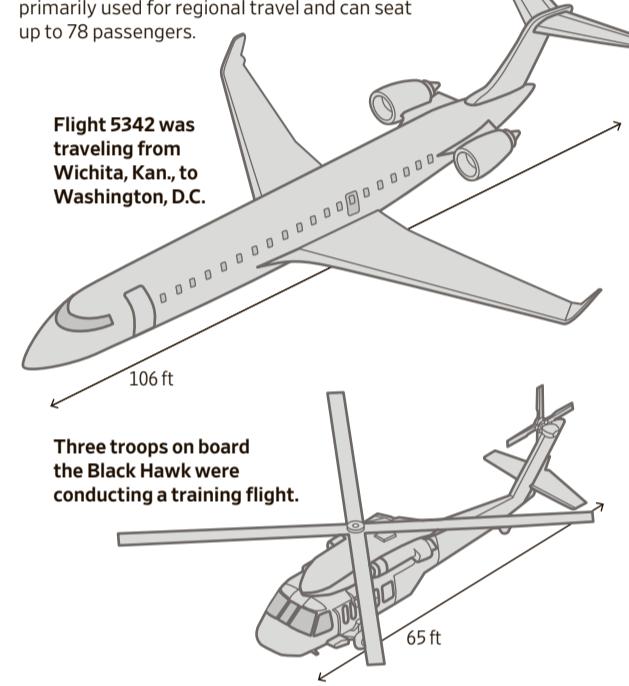
"Yeah," the pilot replied. "We saw the whole thing."

An American Airlines Airbus 319 from New Orleans was about to land when it was told to divert. It headed northeast and landed 27 minutes later at Baltimore-Washington International in Maryland. Others were directed to Washington Dulles International, which like

National is in Virginia. Outbound flights were halted.

Several dozen emergency crews rushed to the scene of the crash, just south of the airport's upper departure area. More than 300 people aided what would turn out to be a futile search for survivors to rescue from the freezing Potomac waters.

The crash site appeared to stretch on the river from just south of the main terminal south down the river. Police strung up yellow police tape on the riverbanks around the airport and blocked nearby roads as helicopters hovered overhead.



The UH-60 Black Hawk is a utility tactical transport helicopter that has been in service in the U.S. Army since 1978. It requires two pilots for operation, and can carry an additional eight passengers.

BRIAN MCGILL, ADRIENNE TONG AND JEMAL BRINSON/WSJ

"Do you have any searchlight or anything on board that could help us shed some light on the east end of the field?" one controller asked an unknown aircraft, according to audio records from the site LiveATC.net.

Inside the airport's terminal, a recorded announcement on repeat said the airport was closed, and that passengers should contact their airlines to rebook their flights.

As of shortly before 8 a.m.

on Thursday, rescue officials had recovered 27 bodies from the plane and one from the helicopter, John Donnelly, Washington, D.C.'s fire and

emergency medical services chief told reporters.

"We are now switching from a rescue operation to a recovery phase," he told a press conference at the airport. Fire officials said the search was taking place entirely in the water and would likely take "multiple days."

Also during a Thursday

press conference, Transportation Secretary Sean Duffy said they had "early indicators" of what happened but didn't provide additional details.

—Andrew Tangel, Gordon Lubold, Nancy A. Youssef, and Vera Bergengruen contributed to this article.

THE SKATING CLUB OF BOSTON/ASSOCIATED PRESS (2)



Skaters Spencer Lane and Jinna Han, above, and ex-champions Vadim Naumov and Evgenia Shishkova, left, died.

tion and was "actively recruiting workers who suffer severe intellectual disabilities and psychiatric problems and other mental and physical conditions under diversity and inclusion hiring initiatives."

Asked what evidence he had to support his theory about diversity, Trump said, "It just could have been...So we don't know, but we do know that you had two planes at the same level. You had a helicopter and a plane. That shouldn't have happened."

He also signed Thursday a memorandum that called for an assessment of aviation safety and elevating "compe-

the flight returning home from a training camp in Wichita. Among them were at least six people associated with the Skating Club of Boston: Spencer Lane, a 16-year-old skater and his mother Christine Lane; Jinna Han, 16, and her mother, Jin; and former world figure-skating champions Evgenia Shishkova and Vadim Naumov. Russian state news agency TASS said former Soviet competitor Inna Volyanskaya was also on board. She and the former champions had been working as coaches, TASS reported.

Trump, a Republican, blamed diversity, equity and inclusion programs and former Presidents Joe Biden and Barack Obama, both Democrats, for the crash—without citing evidence to support his assertions.

"Brilliant people have to be

in those positions," Trump said, asserting diversity efforts had hurt the Federal Aviation Administration.

Trump asserted that the agency changed its standards under the Biden administra-



tion and was "actively recruiting workers who suffer severe intellectual disabilities and psychiatric problems and other mental and physical conditions under diversity and inclusion hiring initiatives."

Asked what evidence he had to support his theory about diversity, Trump said, "It just could have been...So we don't know, but we do know that you had two planes at the same level. You had a helicopter and a plane. That shouldn't have happened."

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Tragedy Crushes Elite World Of Skating

WASHINGTON—For some of the most promising young figure skaters in America, a round-trip to Wichita was supposed to be the highlight of their early careers. They would skate together, compete on the same rink as the U.S. national championships, and receive elite coaching from the best in the business.

By Louise Radnofsky, Allison Pohle and Jennifer Levitz

It was the kind of week that early teenage talents could spend dreaming about becoming future Olympians.

So when news of an American Airlines flight from Wichita crashing near Washington, D.C., on Wednesday night rippled through the figure skating world, the sport's close-knit circle knew immediately to fear the worst.

"I am in shock. Praying for families and my skating community," Ethan Peal, a junior-level ice dancer, wrote on X soon after the flight was identified. "Dear God I can't take this. Hug your loved ones."

The Skating Club of Boston has confirmed six people associated with it were on the plane—two teenagers and their mothers, and a married couple of Russian world champions-turned coaches. A few hundred miles away in Washington, skating rinks are mourning at least a dozen more child skaters and parents, and a coach, whose names haven't been officially released.

For a sport still scarred by a 1961 crash that wiped out the entire U.S. team on its way to the world championships, the scenario was the return of a nightmare. "What hits us all so hard about this one is, it's not dissimilar," said Andrew Korda, coach for the Boston University Figure Skating Team. "It was the next generation."

The national development camp, for the youngest skaters tagged as bright, up-and-coming talents, had started in Wichita on Monday. Anyone on the ice there, with some of the skaters barely in their teens, was already building their life around high-level competition. They train for hours each day and typically fit online schooling around their time at the rink.

In the early hours of Thursday morning, U.S. Figure Skating confirmed the worst fears: there had been athletes, coaches and family members aboard.

They were coming back from the national development camp. U.S. Figure Skating, the sport's national governing body, didn't identify any of the passengers.

Around the same time, the Russian news agency Tass reported that Evgenia Shishkova and Vadim Naumov—Boston pairs coaches, a married couple who had won the 1994 world title as competitors for Russia—were among the dead.

On Thursday, skaters and coaches who normally wake at dawn to head to Washington area rinks saw the flood of messages on their phones and stayed home waiting for news.

As the morning wore on, the Skating Club of Boston confirmed that six people associated with it were on the flight. They included Spencer Lane—a teenage skater whose Instagram post that he was embarking on the "ICT DCA" leg of his trip had first suggested a Boston contingent could be on board.

They also included his mother, Christine, teenager Jinna Han, and her mother, Jin, as well as Shishkova and Naumov, whose deaths were also confirmed by the Kremlin.

At the club, which is housed in a gleaming new facility in Norwood, Mass., the sheet of ice that would normally be used by high-performance skaters stood empty.

Online, a video continued to replay of a string of male skaters, at the camp, all wearing their new red team jackets, launching themselves into double Axels—including Franco Aparicio, a boy from the Washington area who is among those feared lost.

Around midday on Wednesday, he had posted his final update from Wichita: "See y'all next year."

Watch a Video

Scan this code for a video on the midair crash and recovery efforts.

U.S. NEWS

GOP Confronts Tough Choices On Spending

Lawmakers wrestle with how to proceed given slim majority and internal disputes

President Trump wants Congress to pass "one big, beautiful bill" that would extend expiring tax cuts and provide money for border enforcement. As House Republicans concluded a three-day

By Richard Rubin in Washington and Olivia Beavers in Doral, Fla.

meeting at a Trump resort in Florida, that legislation is nowhere near done. Lawmakers are wrestling with their slim majority and internal disputes over the size of spending cuts.

House Speaker Mike Johnson (R., La.) didn't offer details when asked Tuesday if House Republicans made final decisions on cuts, costs or savings.

"We're in the process of working through this," he said, adding he was aiming to have a budget blueprint soon and is sticking to his timeline to finish the bill within a few months.

Here are some choices and obstacles Republicans face between today and the moment a bill lands on Trump's desk.

One or two bills?

Republicans have been stuck for weeks on this basic

question. Many House members and Trump want to combine everything—border money, military spending, cuts to social-safety programs, tax reductions—into one piece of legislation. The idea is that the House, with a slim majority currently at 218-215, works best if everyone's priorities ride together in a pass-fail test.

Senators haven't bought in, however, and Trump has stayed open to their two-bill plan, telling House Republicans this week that he didn't care how they did it. The two-bill idea: Move quickly on border money, defense expenditures and energy policy and save messy tax-and-spending debates for later in the year.

Measuring cuts

The tax cut's size depends how you look at it, and Republicans have to pick their yardstick.

Normally, Congress measures policies against "current law," or what would happen if lawmakers do nothing. In that case, because Republicans scheduled most of Trump's 2017 tax cuts to expire at year's end, a permanent extension would cost more than \$4 trillion over a decade.

Some Republicans, particularly Senate Finance Committee Chairman Mike Crapo (R., Idaho), say that is the wrong way. He prefers what is called a current-policy measurement,



House Speaker Mike Johnson is aiming to have a budget blueprint soon and finish the bill within a few months.

AL DRAGO/BLOOMBERG NEWS

in which Congress would assume that expiring tax cuts are all extended. That would make an extension appear cost-free. The actual budget deficit due to extending tax cuts would be the same no matter which way they count, but Crapo's approach bakes those higher deficits into Republicans' assumptions.

How much?

Many Republicans are willing to increase budget deficits somewhat while saying they are concerned about deficits' being too large. The coming budget resolution will, roughly, set a cap on the deficit increase by providing spending-cut minimums for some committees and a tax-cut maximum. The net result, the maximum possible deficit in-

crease, is a big number that lawmakers will watch for.

Republicans willing to accept some deficits highlight two factors. One is Trump's tariffs. Those likely won't be formally included as a revenue source, but Republicans can point to them as offsetting tax cuts.

The second factor is expected economic growth. Lower taxes do spur growth, and that growth does generate tax revenue, but economists affiliated with both parties don't expect that effect to be anywhere near large enough for tax cuts to pay for themselves.

Reduce spending

Trump has promised not to touch Social Security or Medicare benefits, so that means a focus on Medicaid and the Af-

fordable Care Act, health programs that cover tens of millions of Americans. Other programs could be affected, too.

House Majority Leader Steve Scalise (R., La.) said one committee alone could have \$200 billion to \$700 billion in cuts, though that is less than the \$1 trillion or more in possible cuts discussed earlier for the Energy and Commerce Committee, which governs Medicaid.

While some Republicans say health programs such as Medicaid can be cut back significantly, others are less eager. Local hospitals and doctors might push back, and Republicans are already facing Democratic criticism about the trade-offs between healthcare for the poor and tax reductions for higher-income households.

Who gets tax cuts?

Even once Republicans agree on their fiscal targets, the tax choices will be tricky.

House Republicans from New York and New Jersey are demanding an increase in the \$10,000 cap on deductions for state and local taxes. Trump and some Republicans want to repeal clean-energy tax credits enacted by Democrats in 2022, but other Republicans are wary of curtailing home-state investments tied to those credits.

Lawmakers will contend with Trump's own ideas that could add trillions more to the tally.

His "no tax on tips" pledge seems likely to survive in some form. But he also wants a 15% corporate tax rate on domestic manufacturing and favors tax-free overtime pay and tax-free Social Security benefits.

Apple Posts Sales Drop For iPhone

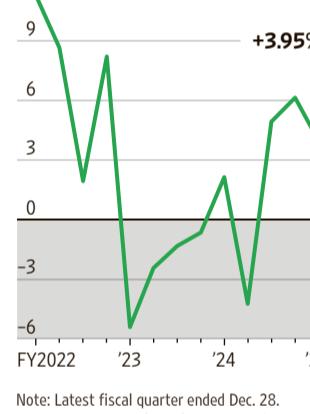
Continued from Page One
Intelligence was available in English speaking countries like the U.S., U.K., Australia and Canada, among others.

"We think Apple Intelligence gives customers another compelling reason to upgrade," Parekh said.

Apple's services business—which includes App Store transactions as well as its roster of subscription services—grew 13.9% to \$26.3 billion in sales, slightly beating analyst estimates of \$26.1 billion.

Some Apple investors have been bullish about the company's approach to AI, which has rolled out more slowly than some peers but has involved far

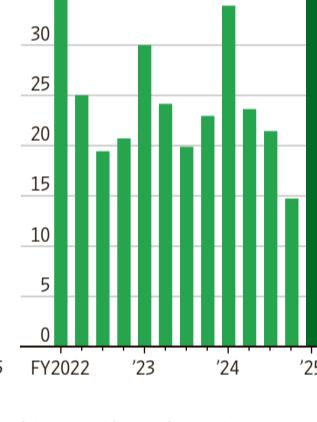
Apple's quarterly revenue, change from a year earlier



Note: Latest fiscal quarter ended Dec. 28.
Sources: S&P Capital IQ, the company (revenue, profit); FactSet (share performance)

less spending. One rationale for their faith in the company has been a sense that whatever AI systems prevail in the arms race, Apple's iPhones are likely to be a primary device people use to interact with the technology, making it possible to design an App Store-like ecosys-

Quarterly net profit



Share-price and index performance, past year



tem from which they may be able to draw revenue.

"We'd been hoping that the initial set of AI features might be something to drive new enthusiasm, but what's available out there isn't surprising and delighting consumers yet," said Charles Rinehart, chief invest-

ment officer at Apple-investor Johnson Investment Counsel. "There's nothing here to make us think that won't happen eventually."

In September, Apple launched the iPhone 16 and since then, the company heavily advertised a suite of AI fea-

tures. The system includes the ability to summarize notifications, write emails and an app that generates cartoonish images using text prompts.

While most of the AI features were unveiled in June, some have yet to be released as Apple races to develop a way to make AI work mostly on iPhones rather than through cloud-computing activity. The rollout has been slower than some users initially expected and some features have been glitchy.

Notifications, for example, have been found at times to be incorrectly summarized. The BBC urged Apple to withdraw the summarization features following a number of incidents, such as Apple incorrectly summarizing a BBC news alert that the CEO-shooting suspect Luigi Mangione shot himself, according to a screenshot the U.K. news agency posted.

Apple temporarily disabled summaries for news and entertainment categories in the latest version of iOS, which was re-

leased this week. It also gave its users the ability to easily disable notification summaries from the iPhone's lock screen.

Ahead of Thursday's earnings, Apple received downgrades from several analysts forecasting lower iPhone demand in the coming year. The iPhone makes up around half of its revenue. Some analysts have become concerned with the increasing smartphone competition in mainland China—Apple's second largest market—and lack of compelling AI features to encourage iPhone demand.

Apple's China iPhone business took a hit in the holiday quarter, according to third-party estimates. In the fourth quarter, Apple's iPhone shipments in China declined nearly 10%, while domestic Chinese vendors like Huawei, Xiaomi and Vivo rapidly gained market share, according to research firm IDC. Despite the drop-off in sales, the iPhone was the top selling smartphone for the fourth quarter, IDC said.

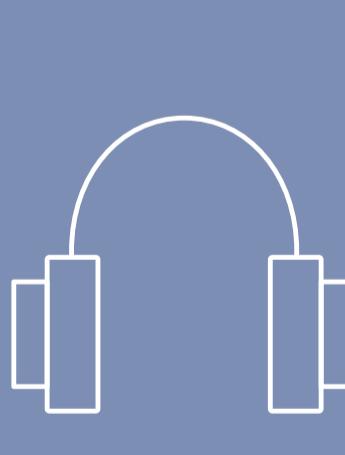
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WORLD NEWS

Freed Hostages Mobbed by Chaotic Crowd

The spectacle drew Israel's ire, briefly suspending release of Palestinians

REHOVOT, Israel—Hamas freed three more Israeli hostages under the Gaza cease-fire deal on Thursday, but in a sign of its fragility, Israel

By Anat Peled,
Rory Jones
and Summer Said

briefly suspended the release of Palestinian prisoners in exchange, after chaotic crowds of screaming men mobbed two of the captives.

The suspension of the prisoner release came after Hamas, in keeping with last week's hostage-freeing, again made a spectacle. The militant group is trying to use the releases to project its authority after facing an Israeli military campaign that has decapitated its leadership and thinned its militia.

After mediators scrambled to resolve the issue, Israeli Prime Minister Benjamin Netanyahu's office said it had received assurances from the intermediaries over the safe exit of hostages set to be released. Most of the Palestinian prisoners slated to be freed on Thursday were handed over to the International Committee of the Red Cross.

The latest crisis shows how mediators are walking a fine line to ensure the truce holds—eventually leading to a permanent end to the fighting.

In addition to the three Israeli hostages, Hamas released five Thai nationals who were taken in the militant group's Oct. 7, 2023, attacks that sparked the war.

Hamas released Agam Berger, a 20-year-old female soldier, in the middle of the ruins of Jabalia, a city in northern Gaza that saw fierce fighting in the war. Masked Palestinian fighters escorted Berger, the last female soldier held in Gaza,



Hamas and Islamic Jihad fighters surrounded freed hostage Arbel Yehoud as she was handed over to the Red Cross in the southern Gaza Strip on Thursday.

ABDEL KAREEM HANA/ASSOCIATED PRESS

from a bombed-out building and she waved to a crowd of Palestinians, before entering a vehicle with the Red Cross, which took her to Israeli forces. Hours later, Hamas handed over the other two hostages, Arbel Yehoud, a female civilian whose freedom became a point of tension with Israel, and Gadi Moses, 80, who was taken from kibbutz Nir Oz, to the Red Cross in the middle of a crowd of thousands of Palestinians that blocked the humanitarian organization's vehicles, delaying their exit from Gaza.

Yehoud and Moses were set free in the rubble of the southern Gazan city of Khan Younis, the former home of Yahya Sinwar, the Hamas leader Israeli forces killed last October.

After the chaotic scenes in Khan Younis, Netanyahu lashed out at Hamas. "Whoever dares to harm our hostages will pay the price," he said.

Following the hostage release, a spokesman for Hamas's armed wing announced the deaths of several of its leaders, including Mohammed Deif, who is believed to have been a key planner of the Oct. 7, 2023, attacks. The spokesman didn't say when they were killed. Last summer, Israel said it had killed Deif, targeting him in a July air-

strike on Khan Younis.

Israel and Hamas negotiated the first phase of the truce in Gaza under the agreement that Hamas would release hostages weekly, starting with female civilians. The deal came into effect on Jan. 19. The militant group last weekend released four female Israeli soldiers, contravening the spirit of the deal, mediators said.

Meanwhile on Thursday, legislation that stops Israeli authorities from working with the main U.N. agency caring for Palestinian refugees came into effect, threatening the ability to sustain aid deliveries for Gaza that are a key part of

the cease-fire deal.

The United Nations Relief and Works Agency said it continues to deliver assistance and services, including at clinics across the West Bank and as part of the humanitarian operation in the Gaza Strip, challenging the new laws, which also bar the group from operating in Israel or East Jerusalem. But it is unclear how long that can continue without Israel's help in clearing imports, coordinating with the Israeli army in a war zone, and the broader range of necessary approvals and permits.

Israel's government didn't reply to a request for com-

ment on Unrwa's continued operations.

Unrwa will try to continue operating to the fullest extent possible, Roland Friedrich, director of the agency's affairs in the West Bank, said on Wednesday just ahead of the effective ban. It is unclear how Israel will enforce that policy.

—Omar Abdel-Baqi contributed to this article.

Watch a Video

Scan this code for a video on the release of three Israeli hostages.

Hamas Aims to Humiliate Israel By Turning Releases Into Spectacle

By RORY JONES
AND SUMMER SAID

Hamas wants to send the world the message that it is still in charge in the Gaza Strip. Its method: Turning the release of hostages into a spectacle that Israel is powerless to stop.

The pattern began two weeks ago, when the first Israeli hostages were released under a cease-fire agreement that also includes the freeing of Palestinian prisoners held by Israel. Groups of jeering men crowded around the Hamas trucks carrying the Israeli captives. When the women got out, they ran to Red Cross officials waiting in nearby vehicles to take them home.

On Thursday, the militants upped the ante. They released two civilian hostages—a 29-year-old woman and an 80-year-old man—in front of the rubble of the home of Yahya Sinwar, the now-dead mastermind of the Oct. 7, 2023, massacre.

This time, the hostages struggled to exit Hamas vehicles as crowds again turned out to greet them, cellphones out aiming for shots of the captives. The Red Cross vehicles weren't nearby this time, forcing the hostages to wade through throngs of people who seemed on the cusp of attacking them. The hostages' only protection was their armed captors, members of a U.S.-designated terrorist group.

Hamas is making each round of hostage releases in Gaza an increasingly elaborate event, showcasing their strength and humiliating their enemy—but also threatening to derail the fragile cease-fire in the strip, regional analysts said.

"Hamas is trying to make the release of the hostages look like a show," said Yossi Kuperwasser, former head of research in Israel's military intelligence. He said it would backfire on Hamas. "Everyone is looking at the disrespectful way they treat the hostages."

Israel reacted furiously to the display. It said it wouldn't release the 110 Palestinian prisoners who were supposed



Palestinian militants surround Red Cross vehicles participating in the handover of Israeli and Thai hostages in the Gaza Strip.

to be set free as part of the deal. Mediators, including the U.S. Middle East envoy Steve Witkoff, scrambled to hold the deal together. Israel eventually released the prisoners.

"I view with utmost severity the shocking scenes during the release of our hostages," said Israeli Prime Minister Benjamin Netanyahu. "I demand that the mediators make certain that such terrible scenes do not recur, and guarantee the safety of our hostages."

Israelis at a makeshift plaza dubbed Hostage Square in Tel Aviv reacted with shock as they watched on a massive screen as the Palestinian crowd yelled at the hostages. By contrast, shouts of joy rang from the square at the images of captives on their way to freedom. "Our hearts were gripped with fear," said the Hostage Family Forum, a group of family members with hostages in Gaza.

Hamas gamed the protocol on hostage releases from the very beginning. The parties were supposed to exchange, 24 hours in advance, lists of hostages and prisoners to be released, giving both sides time to prepare the families.

On the morning of the first release, Hamas still hadn't turned over the list, delaying the deal. When it did release the list, it did it publicly, on social media, infuriating Israel's negotiators, said Arab mediators in the talks.

Protocol became a bigger

issue as Hamas's theatrics grew more elaborate and were a significant point of contention even before Thursday's showdown, mediators said.

When Hamas released four female soldiers on Saturday, it held a less violent but similarly staged event. Hamas forced the women to wear green attire meant to look like military uniforms and had them waving and smiling to cameras from a stage. Representatives of the International Committee of the Red Cross, as the humanitarian organization is officially known, sat on chairs before a desk on the stage, as if a formal state ceremony was taking place.

Hours before the release of Yehoud and Moses on Thursday, Hamas held a similarly theatrical release of the fifth and final remaining female Israeli soldier. Agam Berger, 20, was freed in the middle of the ruins of Jabalia, a city in northern Gaza that saw fierce fighting in the war.

A huge Palestinian flag was draped from a hollowed-out building, and one of the posters at the event said, "Jabalia is the grave of Givati" in reference to an Israeli army unit that fought in the area and lost many soldiers.

After the hostage releases, Hamas said the decision to run two public handovers in different locations across Gaza on the same day was designed to show "the world that our people remain on their land."

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WORLD NEWS

Anti-Islam Activist Killed in Sweden

Iraqi atheist who burned Quran is shot on livestream in his apartment

By SUNE ENGEL RASMUSSEN

An Iraqi man who triggered violent international protests when he burned a Quran in Stockholm in 2023 has been fatally shot in Sweden, a death the country's prime minister suggested could be linked to a foreign power.

Salwan Momika, a 38-year-old refugee and anti-Islam activist, was attacked in his apartment late Wednesday. The killing appears to have occurred while he was live-streaming on TikTok.

It is unclear whether his death was captured on camera, but a viewer was alarmed enough to alert the police, said a person familiar with the incident. In a video circulating online, a person who appears to be a Swedish police officer turns off the stream after Momika's death.

Swedish police arrested five suspects hours after the killing. The suspects were between 20 and 60 years old, and several of them lived in the neighborhood, Swedish media reported.

Momika was set to appear in court on Thursday to hear the verdict in a trial where he stood accused of inciting ethnic hatred through his Quran burnings. After the killing, the



Police in Södertälje, Sweden, on Thursday investigated the killing of Salwan Momika.

other defendant in the case, Salwan Najem, posted on X: "I'm next."

The killing comes amid a surge in gang violence in Sweden, which foreign actors have exploited to recruit agents to attack perceived opponents on Swedish soil.

"I can guarantee that the security services are deeply involved, because there is clearly a risk of connection to a foreign power," said Swedish Prime Minister Ulf Kristersson. He didn't specify which foreign power might be involved.

Momika arrived in Sweden as an atheist refugee from Iraq in 2021. His inflammatory rhetoric pushed the histori-

cally liberal and tolerant Scandinavian nation into a tricky balancing act, forcing it to weigh national-security interests against freedom of speech.

In 2023, Momika staged numerous protests, in which he burned and stomped on the Quran. Turkish President Recep Tayyip Erdogan cited the protests, which he considered blasphemous, as a reason for delaying approval of Sweden's bid for membership in the North Atlantic Treaty Organization.

The incidents prompted violent protests in the Middle East. A crowd stormed the Swedish Embassy in Baghdad.

Iraq expelled Sweden's ambassador, banned business with Sweden, and canceled work permits for staff at Swedish telecommunications multinational Ericsson.

From his base in Sweden, Momika published videos on TikTok—often a source of significant income for prolific users—that were shared widely among accounts that used his anti-Islam propaganda to reinforce their own anti-Western messaging.

Momika was fatally shot in his apartment in Södertälje, 25 miles southwest of Stockholm that has been one of the most crime-ridden parts of the country in recent years.

With Eurozone Economy at a Standstill, ECB Lowers Rates and Signals More Cuts Coming

By TOM FAIRLESS

The European Central Bank lowered interest rates by a quarter point and signaled more cuts to come, aiming to bolster a stagnant eurozone economy that is highly exposed to the tariffs threatened by President Trump.

The ECB reduced its key interest rate to 2.75% from 3%

Thursday, widening a gap in benchmark borrowing costs with the Federal Reserve. It was the fifth cut in six meetings, and came hours after the Fed held its policy rate steady at 4.25% to 4.5%.

The central question for investors: How many more times will the ECB cut rates? While growth ground to a halt in the last three months of

2024, headline inflation has risen for three months in a row, to 2.4%, creating an uncomfortable stagflationary backdrop.

ECB President Christine Lagarde signaled several more over the coming months. Thursday's decision was unopposed within the rate-setting committee, Lagarde said.

"It would be premature at

this point in time [to discuss] the point where we have to stop" cutting, she said.

Data published on Thursday showed December output declines in France and Germany, and stagnation in Italy. Spain and Portugal recorded growth, partly because of booming tourism. The region's unemployment rose to 6.3%, from 6.2% in November.

German Politician's Immigration Move Spurs a Backlash

By BERTRAND BENOIT

BERLIN—The front-runner in Germany's election made a gambit to woo supporters of an increasingly popular far-right party by proposing a raft of new immigration restrictions. The move is backfiring.

Friedrich Merz, head of the center-right Christian Democratic Union, brought the measures to Parliament this week, calling for closure of borders to asylum seekers, faster deportations of undocumented migrants and increased powers for security agencies to target suspected criminals, among other restrictions.

Some of the measures passed on Wednesday with the support of lawmakers from Alternative for Germany, or AfD, leaving Merz open to accusations of breaking a longstanding taboo in German politics: working with the far right.

Former Chancellor Angela Merkel, Merz's predecessor as CDU chairwoman, joined a growing uproar on Thursday.

"It was wrong to enable a majority with AfD votes for the first time in a parliamentary vote," she said.

Recent polls suggest Merz risks seeing his party's comfortable lead melt away weeks before the election. Even if he

wins, he might struggle to form a mainstream government with a majority broad enough to tackle the immigration challenge and the economic crisis facing Germany.

Merz previously pledged never to work with the AfD. The party is among the most radical in a group of populist parties ascendant in Europe. It wants Germany to leave the European Union, end sanctions on Russia and scrap climate-change policies.

Merz's gamble took shape last week after a rejected Afghan asylum seeker fatally stabbed a 2-year-old and a man in an attack that shocked Germany.

A day later, he pledged to bar anyone without the proper documents from entering Germany on day one if elected chancellor. Then, his party said it would bring three measures tightening immigration and security laws to Parliament for a vote this week.

"We owe it to the people in our country, and not least to the victims of the violence of the last few months, to make any attempt possible to limit illegal immigration and to detain and deport those who shouldn't be here," Merz told lawmakers Wednesday, even if it means relying on AfD votes.

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FROM PAGE ONE

Final Days Of Regime In Syria

Continued from Page One gence documents—discovered in the building by reporters for The Wall Street Journal in December—chronicles the remarkably rapid unraveling of the despotic regime that had ruled Syria with an iron fist for decades.

As HTS sped across Syria, the government, in its public pronouncements, played down the extent of rebel advances and sought to project an air of confidence. Internal communications among the forces trying to protect the regime, however, were marked with escalating alarm.

Whiskey bottles

In the end, the officers and men of Branch 215 abandoned their posts, too, leaving behind a pile of uniforms, weapons and ammunition along with empty whiskey bottles, stubbed-out cigarettes and reams of intelligence reports, some annotated in binders, others just heaped in stacks. When the Journal visited Branch 215's offices, a mosaic of President Bashar al-Assad had his eyes and mouth gouged out.

"They kept operating until the last second," said Nanar Hawach, a senior analyst for Syria at the International Crisis Group. "They are the main pillar of the former Syrian regime."

The surprising success of HTS's offensive, and the stunning collapse of the regime's army, represented an epic intelligence failure in Syria and outside it. Until that moment, it was widely believed that Assad had prevailed after 13 years of civil war. Backed by Russia and Iran, Syrian government forces had retaken control over most of the country, with rebels largely confined to a pocket in the northwest.

Surprise attack

That changed in November, when HTS leaders noticed that Iran, Hezbollah and others helping defend Assad were facing setbacks and Russia was increasingly preoccupied with its war in Ukraine. HTS launched a surprise attack, advancing quickly toward Aleppo.

As rebels approached the city on Nov. 28, a circular sent from a headquarters to all branches of the intelligence apparatus there raised combat readiness to 100%, suspending holidays until further notice. Two days later, the rebels were inside.

The dispatch documenting the army's collapse begins by noting the arrival of an Ilyushin military transport plane from Damascus with 250 military-intelligence personnel, including members of Branch 215, armed with rocket-propelled grenades and heavy machine guns in a last-ditch effort to hold the city. Within hours of deploying on Nov. 29, they came under attack from drones.

Brig. Gen. Nicolas Moussa, the intelligence officer who wrote the report, said that repeated efforts to rally army units failed as soldiers fled, abandoning weapons and military vehicles. Lack of air support and artillery cover added to the panic, he wrote.

"The wounded lay on the



he realized the rebels wouldn't be stopped. "I decided to flee," he said.

As the rebels closed in, informants provided a deluge of intelligence on their supposed whereabouts. One pinpointed a chicken farm where there were 20 "terrorists" and two tanks.

Fear of foreign intervention ran high as the regime's grip weakened. The intelligence services' Palestine Branch, notorious among Syrians for its torture of detainees, warned that terrorists near Syria's border with Israel intended to launch an attack "with the support of the Zionist enemy."

A source among U.S.-backed rebels based near the Jordanian border informed Syrian intelligence the U.S. had instructed them to advance on the eastern Daraa countryside and the historic city of Palmyra, according to a report sent on Dec. 5.

Turkish forces were escorting trucks loaded with equipment and heavy weapons across the border into the Syrian rebels' base of Idlib, according to a source code-named BD2-01.

Motorcycle raids

As the rebels advanced from the north, other armed opposition groups closed in from the south. A report sent to the operations room said small groups riding motorcycles had taken control of military checkpoints, seizing an infantry fighting vehicle and two vehicles mounted with heavy machine guns.

An intelligence officer posted in Deraa told the Journal that there was growing disorder as reports poured in about rebel gains. Even before the offensive, the regime's control over the south was tenuous, he said. Military checkpoints and outposts were little more than a symbolic statement of the regime's presence—and a source of income for personnel who could extract bribes to supplement their meager salaries.

Most of his colleagues were from the regime's loyalist heartland along Syria's coast and began to leave days before Damascus fell.

"They were all thinking of their home—not here," said the officer, who stayed until the day before Assad escaped to Moscow.

Deserting troops

On the ground, the army continued to crumble. "Everyone wanted to flee—even the officers," said First Warrant Officer Ahmad al-Rawashideh, whose unit operated a Russian-made jamming station on the front line near Homs.

He waited for sundown then shed his army uniform and rifle and joined a group of other soldiers who went to hide in a nearby village.

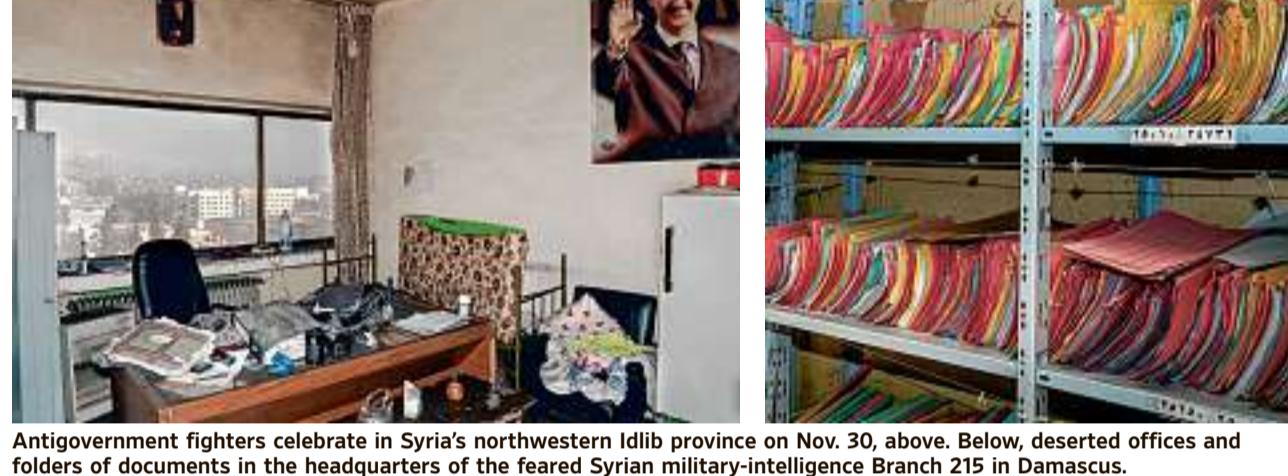
On the eve of the regime's collapse, a report predicted the rebels would reach the Damascus suburbs in two days and capture Saydnaya prison, where political dissidents were jailed and tortured.

The timing was wrong, but the latter prediction proved prescient. Rebel forces stormed into the prison and freed detainees hours after Assad fled the country.

The document ended with a signoff the intelligence officers used right through their very last messages, one that showed their determination to keep the regime going:

"Review and do what is necessary."

—Aroub Hammoud and Saleh al-Batati contributed to this article.



Antigovernment fighters celebrate in Syria's northwestern Idlib province on Nov. 30, above. Below, deserted offices and folders of documents in the headquarters of the feared Syrian military-intelligence Branch 215 in Damascus.

ground with nobody to treat or evacuate them," the report said.

In unusually blunt language, the report called attention to rot within Assad's military. A failure of military leadership had led to "slackness" in the ranks and security breaches, the report said.

Critical information about troop positions was leaked during the attack, it said. "Officers and personnel have been distracted by material concerns and pleasures," the report said. Military personnel had resorted to "illegal methods" to repair equipment and secure their livelihood, citing a lack of resources and a dire economy.

The diagnosis echoed what analysts have observed for years. With the economy ravaged by war and sanctions, Assad had also furloughed some soldiers, cut rations for conscripts, and came to rely heavily on local militias and foreign fighters mobilized by Iran. Inflation had eroded the value of regular soldiers' salaries, and corruption was rife.

The fall of Aleppo made clear that the rebel assault posed a serious challenge to Assad's grip on power.

A report on Nov. 30 warned: "We have received information about contacts and coordination between terrorist groups in northern Syria and terrorist sleeper cells in the southern region and Damascus environs" and called for tighter surveillance and security measures.

After taking Aleppo, the rebels launched an assault on the city of Hama, threatening the next in a spine of cities that had been at the center of Assad's strategy for holding on to power even as he ceded control of other parts of the country.

Grip on power

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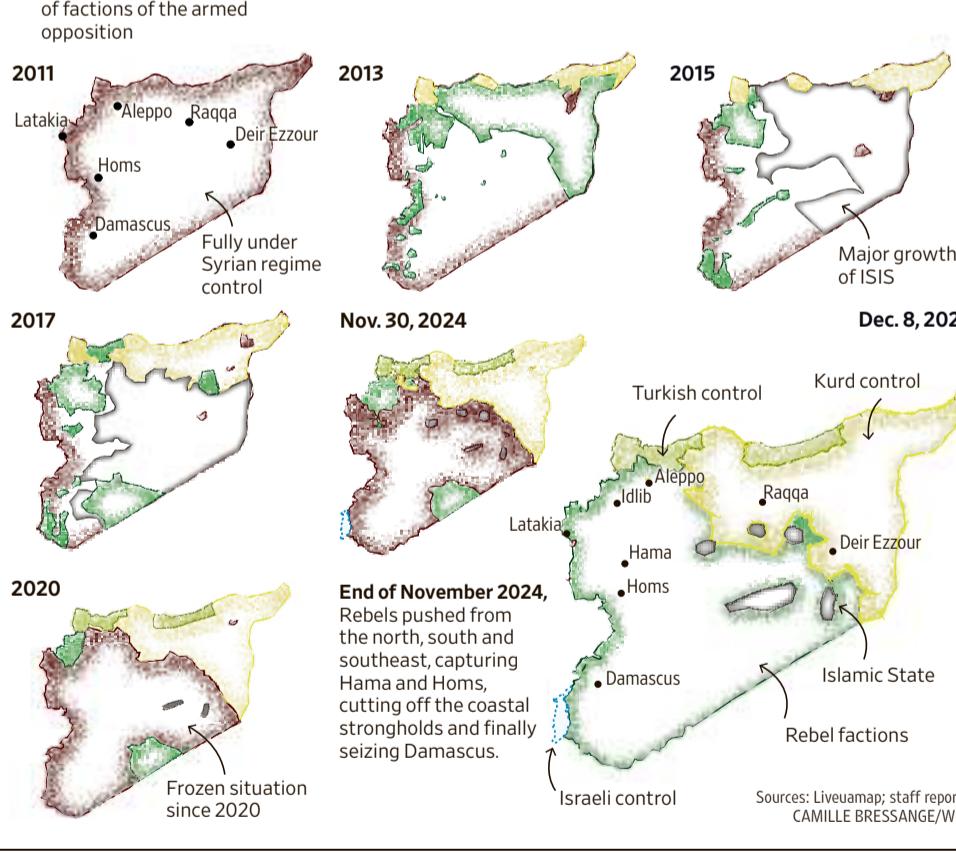
"The wounded lay on the

As the rebels advanced, one intelligence report suggested the Syrian army launch a surprise assault on HTS's rear, hitting their nearby home base of Idlib, taking advantage of its sparse defenses. The operation could sow chaos and ease pressure on Syrian forces around Hama, it said.

No such action appears to have been taken.

Reports cautioned that rebels would disguise themselves as regime forces by carrying portraits of Assad and raising the Syrian flag. Others warned the rebels were rigging ambulances with explosives. One on Dec. 4 warned that HTS's elite Red Brigades would infiltrate Hama that night.

Syria areas of control since the beginning of the civil war



sheet monkeys."

RobRoy McDonald, a 46-year-old landman in Midland, Texas where much of the show is set, hasn't been tied to a chair either. When he started out he'd spend hours chatting up landowners trying to convince them to sign a lease so a producer could drill on their property.

"It's a lot of like, awkward moments of sitting in somebody's house and their 14 cats are scratching on you and the lady is just smoking heater after heater and has been smoking in this house for 15 years straight."

Taylor Sheridan's "Landman" is far from the first depiction of a profession. Investigating crime scenes, working on Wall Street and even writing for a newspaper look glamorous and action-packed through Hollywood's lens.

The spreadsheet monkeys say that for all of the show's aggrandizement, they're glad "Landman" is making their obscure job known to a broader audience.

The profession is about as old as the oil-and-gas industry. As states rich in fossil fuels recognized the private ownership of minerals buried deep under the earth's surface, brokers emerged to arrange deals between newly-minted companies and mineral owners. The job further professionalized in the 1950s, when the American Association of Professional Landmen was founded.

One of a landman's main tasks is to figure out who owns the mineral rights to a tract of land, as these can be split between multiple people over decades of ownership. For a long time, landmen pulverized their shoe leather

The rebels seized the city the following day. The victory was a tipping point, leaving just one major population center, Homs, between the rebels and the capital.

As the rebels pressed on, the intelligence services increasingly focused on security in the capital, dwelling even on what seemed like minutiae.

One intelligence branch reported that several individuals had recently moved from rebel-held territory in the northwest to a suburb of Damascus, warning they might be sleeper cells.

In the city center, "unusual activity" was reported among bearded men wearing black leather jackets on the upscale

Shaanah Street. Agents monitoring a public square flagged as suspicious a group of shoe shiners as well as an unfamiliar woman selling vegetables who wore heavy makeup under her veil and spoke with an accent indicating she was from eastern Syria.

Some in the regime tried to marshal forces to defend the capital. An order issued at midnight on Dec. 5 in the name of the president commanded an armored unit to return to Damascus from Deir Ezzour in the east.

Abdurrahman al-Shweikh, a low-ranking officer in the unit who was two months into a stint of mandatory military service, said in an interview

they were all thinking of their home—not here," said the officer, who stayed until the day before Assad escaped to Moscow.

On the ground, the army continued to crumble. "Everyone wanted to flee—even the officers," said First Warrant Officer Ahmad al-Rawashideh, whose unit operated a Russian-made jamming station on the front line near Homs.

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"Review and do what is necessary."

—Aroub Hammoud and Saleh al-Batati contributed to this article.

roaming courts in search of deeds. It wasn't uncommon for rival agents to brawl on the courthouse steps. Nowadays, they can access online databases and save themselves the trouble.

Landmen say that what Norris does hews closest to the work of a company man. A company man is essentially a fixer who represents an oil producer on a drilling site, handles operational issues, and can give orders to other employees, including administrative managers.

"I think 'Landman' must have been a cooler-sounding name than 'Company Man,'" said Chili Cole, a 45-year-old landman in San Angelo, Texas.

Some things Landman gets right. Norris downs Michelob Ultra beers with ease; in negotiations with landowners, a solid liver can be a precious asset, said Andy Waller, a

landman in Midland. That, and "a lot of bulls—."

"I've been in situations where you'll get there at 8 a.m. and they'll say, 'Well, have a beer with me,' and then you're there 12 hours drinking beer with a guy trying to figure out how you're gonna get home," said Waller, 39.

The job isn't without risks, especially across rugged expanses of the West Texas chaparral, where the elements can be deadly and most landowners are armed.

"You're always worried about heat and cold, and stuff that's going to sting you, are you gonna have a flat tire, and are you gonna get snakebit?" said Patrick Mayers, a 55-year-old landman in Midland.

"Is there gonna be a badger that's gonna rush you?"

Once, the oil company Mayers was working for accidentally broke the fence of a

Texas ranch hosting exotic animals. A large South African antelope known as a gemsbok took off, sending Mayers and other employees scrambling to catch it—in vain.

"That's a \$10,000 animal, and it's a \$10,000 loss to the rancher," he said.

Negotiations with landowners can prove fraught, too. For instance, when an oil-and-gas company plans to build a pipeline through private land, often an unwelcome development, it typically sends a landman to negotiate a right-of-way.

Cole was in the middle of such a negotiation at a man's trailer house when the landowner placed a pistol on the table. "I just acted like I didn't even see it. I kept talking, and I think that it either bothered him or impressed him, but we moved on," he said. "By the third or fourth meeting he quit doing that."

Hit Show Mystifies Landmen

Continued from Page One other Monday."

Yonker said his Mondays are a little different. He spends most of his time reviewing lease contracts, perusing real-estate records, and advising landowners on how to deal with oil-and-gas companies that drill on their property—all sitting behind an office desk.

"It's a lot of spreadsheet jockey action," said Yonker, who has worked as a landman for about two decades and has never been tied to a chair with a bag over his head.

"We call each other spread-

ARTS IN REVIEW

FILM REVIEW | KYLE SMITH

In Search of Smiles at Sundance

Amid several dour dramas at this year's edition of the festival, big-hearted comedies and powerful documentaries stood out



When people learn you're a film critic, the first question they (always) ask is: "How many movies do you see a week?" It's the wrong question: Sometimes the answer is one, or even zero. A better question: What's the most movies you've ever seen in a theater in a week?

My answer: 24 (I think), at a previous Sundance Film Festival. This week I returned and logged 23, plus six more on my laptop. Film festivals are like decathlons for sedentary people, and my eyeballs feel like they've been given a light stomping.

The giddy atmosphere of this Rocky Mountain idyll tends to cause films to be overrated, but it's my job to give it to you straight: This year's slate wasn't one of Sundance's best (release dates TBA unless otherwise noted). For instance, the glitziest title, *"Kiss of the Spider Woman,"* an adaptation of the 1992 Kander and Ebb musical based on the 1976 Manuel Puig novel (previously adapted for the screen as a non-musical in 1985), left me unmoved. In Argentina in 1983, when political prisoners are being rounded up by a right-wing government, a flamboyant gay man (Tonatiuh) strikes up a surprising friendship with his cellmate, a dour leftist revolutionary (Diego Luna), by telling him about his favorite 1950s-style musical, starring glamour queen Ingrid Luna (Jennifer Lopez). Directed by Bill Condon, who previously adapted *"Dreamgirls"* for the screen, the movie seems likely to attract Oscar attention for the same reasons *"Emilia Pérez"* did. But thematic heavy-handedness made it banal, with musical numbers that sounded like spoofs whipped up for television commercials. I envied the 20 or so people I saw walking out of the small screening room.

My two favorite fiction films

were fresh, big-hearted, eccentric buddy comedies. The best, by the width of a guitar string, was *"The Ballad of Wallis Island"* (theaters March 28), in which a successful folk singer (Tom Basden) arrives for a handsomely paid gig at a British island only to find that he is being manipulated by the man who hired him, an ebulliently goofy superfan played by Tim Key, who wrote the James Griffiths-directed feature with Mr. Basden. The singer faces the prospect of an unexpected reunion with his former girlfriend and musical partner, played by the always-great Carey Mulligan. The story zigs and zags in odd, endearing directions, as does *"Twinkless,"* written and directed by James Sweeney, who also stars as a gay man who, at a support group for people who have lost their twin siblings, meets a straight fellow (Dylan O'Brien) whose gay twin brother recently died. You won't guess where it's all heading.

An unfortunate Sundance fixation is plotless movies that try, and succeed, merely to channel unpleasant emotions. I cite *"Sorry, Baby,"* (starring, written and directed by Eva Victor), about a sad young professor who turns out to be afflicted by rape trauma; *"If I Had Legs I'd Kick You,"* written

Clockwise from above: Tonatiuh and Diego Luna in *'Kiss of the Spider Woman'*; Dylan O'Brien and James Sweeney in *'Twinkless'*; and Eva Victor in *'Sorry, Baby.'*

and directed by Mary Bronstein, in which Rose Byrne plays a Long Island woman in a panic about her whiny, unseen, ailing daughter and the hole that breaks through a ceiling in her home; writer-director Dylan Southern's *"The Thing With Feathers,"* in which Benedict Cumberbatch plays a grieving widower and graphic novelist who finds therapeutic comfort in talking to a man-size crow; and director Cole Webley's *"Omaha,"* in which another miserable widower (John Magaro), who has also lost his house, drives his two kids on a mysterious mission to Nebraska. These efforts left me, respectively, sad, anxious, depressed and depressed. (Critics generally raved about all of these except *"Feathers,"* by the way: We critics are strange.)

Two low-key character portraits I did like had a Western setting.

Carey Mulligan and Tom Basden, below, in 'The Ballad of Wallis Island,' directed by James Griffiths.



Writer-director Clint Bentley's beautiful, evocative *"Train Dreams,"* based on the Denis Johnson novella, did a fine job establishing the dangers and wonders of the life of a lonely World War I-era logger (Joel Edgerton) in the nostalgic style of Terrence Malick's classic *"Days of Heaven."* A similarly taciturn Josh O'Connor was a contemporary successor as a divorced Colorado rancher who, in writer-director Max Walker-Silberman's gentle heart-tugger *"Rebuilding,"* struggles to find a way back after a wildfire destroys his property. Neither of those films is especially commercial, unlike writer-director Michael Shanks's gleefully silly horror-comedy *"Together,"* (theaters Aug. 1), in which real-life spouses Alison Brie and Dave Franco play a couple with relationship problems who get caught up in a supernatural cult that fuses their bodies, yielding gag-inducing effects and jump scares aimed at fans of cheap grotesquerie. It was the festival's first major sale, reportedly for a steep \$17 million.

As always, the festival rolled out powerful documentaries. *"The Stringer"* argues that the famous 1972 "Napalm girl" photo in which a naked South Vietnamese child fled from an attack should not have been credited to Associated Press staffer Nick Ut, who won a Pulitzer Prize for it, but to a stringer named Nguyen Thanh Nghe. Both men are still alive; a legal battle is brewing. Last year's Oscar winner for the Ukraine War film *"20 Days in Mariupol,"* Mstyslav Chernov, returned with a gruel-

ing follow-up about that nation's 2023 counteroffensive, *"2000 Meters to Andriivka,"* in which body cameras on soldiers capture a devastating fight to creep through a forest and seize a village. *"The Alabama Solution,"* from Andrew Jarecki and Charlotte Kaufman, exposes horrors inside that state's prisons. And David Osit's *"Predators"* considers the moral compromises of sting operations—one of which led to a suicide—that entertained TV viewers of the *"To Catch a Predator"* series of *"Dateline NBC"* segments. Another deep dive into bad behavior was *"The Perfect Neighbor,"* Geeta Gandbhir's look at a routine spat between Florida neighbors that turned deadly, raising questions about stand-your-ground laws.

Not every doc was so dismal; there was plenty of cold fun in the wintertime at screenings of *"Sly Lives! (aka the Burden of Black Genius)"* (Feb. 13 on Hulu) from Ahmir "Questlove" Thompson, which celebrates the immense talents of '70s soul icon Sly Stone (though its latter stages recount how addiction ruined him). Finally, two icons of the same era provide the foundation for Kevin Macdonald's wry *"One to One: John & Yoko"* (theaters April 11), a comical time capsule of early-'70s culture centered on the frivolities of the Lennon-Ono household when it was in Greenwich Village. Gathering clips of the kinds of things the TV-loving pair might have caught on the tube, the film proves that a scrapbook of cultural detritus can be far more intriguing than pretentious tales of mourning.

SUNDANCE INSTITUTE (4)

TELEVISION REVIEW | JOHN ANDERSON

Getting Swept Up In the Swinging '60s

Like thigh-high go-go boots, there is only so far something like the '60s-era showbiz comedy *"Funny Woman"* can go before its joyousness ankles, as they say in the trades. The good news about season 2 is that the Britcom has plateaued, figuratively speaking, just above the knee—a body part the feisty Sophie Straw is apt to direct, figuratively speaking, toward some very tender territory.

Played to something like perfection by Gemma Arterton, Sophie is not naturally a feminist firebrand. And the British series—based on novelist Nick Hornby's *"Funny Girl"* and adapted by Morwenna Banks—is not some political-sexual critique, despite the tumultuous era in which it is set. Its story reflects a changing social landscape, but the characters mostly are swept up in the transitions, not actively controlling or insisting on them. Besides, for all the show's subplots, interpersonal

drama and brushes with social outrage, *"Funny Woman"* is really a comedy about comedy. Why are some people naturally funny? Why is the public's sense of humor far more edgy than the dullards of TV programming can bring themselves to acknowledge? Or dare to imagine? And why is mainstream television comedy so unfunny?

Sophie becomes a TV revolutionary in Britain simply by being honest: Why can't we do this? Why can't we do that? The answer is they can, and they do, and they mostly succeed. Sophie, the former Barbara

Parker, is a bona fide star by season 2, but she has had no real advantages in Harold Wilson's England other than her Miss Blackpool crown and her organic talents as a performer. She fled home—and a quasi-arranged marriage to the local butcher—parlaying her gifts for extemporaneous laughs into a TV hit called *"Jim & Barbara,"* a couples

comedy that soon translated, with her co-star (Tom Bateman), into an off-screen romance that went down faster than Buddy Holly.

Her first shot out of the gate post-*"Jim & Barbara"* is a flop. The reason? Her team—writers Bill and Tony (the wonderful Matthew Beard and Leo Bill) and producer, Dennis Mahindra (Arsher Ali)—have all been fired by the loathsome programming chief Ted Sargent (the reliably nefarious Alistair Petrie). The replacement hacks try to shoe-horn Sophie into a number of premises that should have seemed decrepit by 1966. The really juicy

comedy that follows, with her co-star (Tom Bateman), into an off-screen romance that went down faster than Buddy Holly.

narrative, we see, is the romance between Sophie and Dennis, whose wife won't divorce him and who can't risk dragging Sophie into a scandal. Someone does ask, "What about Elizabeth Taylor?" but our lovers need to be kept apart, at least for a while, no matter how tortured the reasoning might seem.

These are matters that translate from English to English (U.K. to American) and age to age, though the evocation of mid-'60s Britain is



▲ Alexa Davies and Gemma Arterton in the series, based on a novel by Nick Hornby.

far more buoyant—and the palette far more vibrant—than in the earlier season. What looks like vintage Super-8 color footage bleeds into live action at the beginning of each scene on the London streets, and the wardrobes reflect not just a '60s rainbow aesthetic but Sophie's multihued career—she even goes off at one point to make what looks like a knockoff Godard film in Paris, bringing back gifts of Camembert and escargot to her office mates (who recoil in olfactory horror).

"Funny Woman" is Ms. Arterton's show, and counter to many shows built around a principal character—those in which the comedy relies on supporting players—Sophie is the funniest person in whatever room the show finds itself. It might be the writers' room or the bedsit she shares with Marjorie and Diane (Alexa Davies, Clare-Hope Ashitey), or the offices of her ghoulish, soon-to-be-ex-agent Brian Debenham (Rupert Everett). The cast is uniformly first-rate, notably Mr. Ali as the not-so-buttoned-up Dennis and Ms. Banks, who appears here and there as Brian's wife, Patsy, the kind of character who deserves more credit than she gets. Ms. Banks herself should get scads, because *"Funny Woman,"* like Sophie, sings.

Funny Woman
Season 2, begins Sunday, 10 p.m., PBS

Mr. Anderson is the Journal's TV critic.

ARTS IN REVIEW



THEATER REVIEW | CHARLES ISHERWOOD

Spellbinding Short Plays

The Irish Repertory Theatre presents a potent production of three one-acts by Samuel Beckett

Samuel Beckett remains the theater's pre-eminent master of compression. While his popular fame—one can almost hear him cackle at the phrase—rests on his longer works, primarily "Waiting for Godot," he wrote many short plays that are an equally important part of his legacy.

In about as much time as it takes to, say, boil an egg, Beckett can knock you back on your heels with the power of his singular theatrical imagination to distill aspects of the human experience into sharp, concise form. He could pack more grim comedy and dark, piercing philosophical reflection into a quarter of an hour than most playwrights manage to do in a whole career.

short-form work is on spellbinding display in "Beckett Briefs" at the Irish Repertory Theatre, directed with authority by Ciarán O'Reilly. The evening brings together three of his finest such pieces, clocking in at just 75 minutes and culminating with the solo play "Krapp's Last Tape," probably his most oft-performed one-act, here starring a terrific F. Murray Abraham.

For all its enigmas, that

For all its enigmas, that play is more formally conventional, comparatively speaking, than the pair that precede it. "Not I," which opens the program, presents us with a pitch-black stage, over which at some 8



The Irish playwright had a singular talent for sharp, succinct profundity.

Mr. Abraham, above; Sarah Street, Roger Dominic Casey and Kate Forbes, below.

F. Murray Abraham gives a riveting performance in 'Krapp's Last Tape.'

mance or compelling mordancy as Krapp listens, largely with visible self-contempt but occasionally wistful wonder, to his younger self and his rash breaking off of a romantic relationship in order to devote himself to a magnum opus he planned to write. This dreamed-of great work ended up selling 17 copies, we learn, when Krapp removes the old reel to record that new one recollecting the year's events, later musing: "Crawled out once or twice . . . Sat shivering in the park, drowned in dreams and yearning to be gone."

When Krapp obsessively returns to listening to the passage in which he describes in lyrical detail his last meeting with his lover, Mr. Abraham almost cradles the machine in his arms, his lips brushing it with a ghostly kiss. And while Beckett is the least sentimental of writers, the play's diminuendo, from that earlier tape, strikes a note of unbearable pathos. The confident young voice says, "Perhaps my best years are gone. When there was a chance of happiness," and adds, acidly: "But I wouldn't want them back." Life, in Beckett's vision here, is a fumbling and foolish progress from misguided hope and self-inflicted wounds to the unavoidable recognition of unredeemable waste. I will not soon forget the look of stunned, stony despair on Mr. Abraham's craggy face, etched with deep grooves, as Krapp listens to his own damning words.

Irish Repertory
132 W. 22nd St.

132 W. 22nd St., New York
\$60-\$125, 212-727-2737,
closes March 9

Mr. Isherwood is the Journal's theater critic.

PUZZLE CONTEST

The WSJ Daily Crossword | Edited by Mike Shenk



WELL-ROUNDED | By Mike Shenk

The answer to this week's contest crossword is **what** we say to you if you get the contest answer.

Across	The answer to this week's contest crossword is what we say to you if you get the contest answer.	26 Reuben base	56 Springfield barkeep	5 High-toned	Sparklers
		27 She played Cookie in "Cookie"	57 Director Spike	6 Deli sandwich fill	48 Illuminating comment
		31 Backup contents	60 She played Dr. Graham in "Black Panther: Wakanda Forever"	7 May honoree	50 Hold up
		35 Bakery buy	62 Park map display	8 Oscar winner Guinness	52 Go downhill fast
		36 Letter before Bravo	64 Nefarious	9 Admiration	53 Order from the menu
		37 Bar topic	65 Mauna __	10 Gave a zero-star rating to	54 Similar
		38 Wings that don't move	66 Least cordial	11 Overflowing	55 Unappealing food
		39 Coupe couple	67 Lairs for bears	12 Memory stimulus, at times	57 Schreiber of "Spotlight"
		41 Hemingway nickname	68 Bond, e.g.	13 Hot	58 Different
		42 Pickup part	69 "Real Women Have __" (2002)	19 Some quantity of	59 Rough guesses: Abbr.
Down	1 Staple or clip, say	43 Ready for a shower	America Ferrera movie	61 Put down	
	7 Spoil	44 In a frenzy	and upcoming Broadway musical)	63 Hang out, say	
	10 Why you should do something	45 Low card			
	14 Saffron-seasoned dish	47 She played Rocket in "Sucker Punch"			
	15 Cheer for the matador	49 Mine			
	16 Exec's underling	51 Stalagmite formers			
	17 The yoke's on them	52 Follows			
	18 She played Jennifer in "Jennifer's Body"	53 Head for the hangar			
	20 Pecan, peach or pumpkin	54 Head for the Sorbonne			
	21 Bygone plane	55 Follows			
Previous Puzzle's Solution	22 Food factory	56 Springfield barkeep	57 Director Spike	58 Different	
	23 Bartender on the Pacific	59 Rough guesses: Abbr.	60 She played Dr. Graham in "Black Panther: Wakanda Forever"	61 Put down	
	24 Bartender on the Pacific	61 Put down	62 Park map display	63 Hang out, say	
	25 Bygone plane	63 Hang out, say	64 Nefarious		
	26 Reuben base		65 Mauna __		
	27 She played Cookie in "Cookie"		66 Least cordial		
	28 Food factory		67 Lairs for bears		
	29 Bartender on the Pacific		68 Bond, e.g.		
	30 Bygone plane		69 "Real Women Have __" (2002)		
	31 Backup contents		America Ferrera movie		
Answer Grid	32 Staple or clip, say	43 Ready for a shower	and upcoming Broadway musical)		
	33 Spoil	44 In a frenzy			
	34 Why you should do something	45 Low card			
	35 Saffron-seasoned dish	47 She played Rocket in "Sucker Punch"			
	36 Cheer for the matador	49 Mine			
	37 Exec's underling	51 Stalagmite formers			
	38 The yoke's on them	52 Follows			
	39 She played Jennifer in "Jennifer's Body"	53 Head for the hangar			
	40 Bartender on the Pacific	54 Head for the Sorbonne			
	41 Bygone plane	55 Follows			
Clues	42 Reuben base	56 Springfield barkeep	57 Director Spike	58 Different	
	43 Letter before Bravo	59 Rough guesses: Abbr.	60 She played Dr. Graham in "Black Panther: Wakanda Forever"	61 Put down	
	44 Wings that don't move	61 Put down	62 Park map display	63 Hang out, say	
	45 Coupe couple	63 Hang out, say	64 Nefarious		
	46 Hemingway nickname		65 Mauna __		
	47 Pickup part		66 Least cordial		
	48 Ready for a shower		67 Lairs for bears		
	49 In a frenzy		68 Bond, e.g.		
	50 Low card		69 "Real Women Have __" (2002)		
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	54 Spoil	55 Follows			
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	60 She played Jennifer in "Jennifer's Body"	61 Put down			
	61 Bygone plane	63 Hang out, say			

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Feb. 2. A solver selected at random will win a WSJ mug. Last week's winner: Paul Yee, Oakland, CA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S.)



SPORTS

Federal prosecutors have been investigating whether veteran NBA player Terry Rozier manipulated his performance as part of an illegal sports betting scheme.

The inquiry into Rozier is part of a wider government probe into a sprawling ring of gamblers and poker players who have allegedly rigged games across a year earlier.

Authorities believe some of the people who arranged for Porter to fix his performance in two games last season had inside information that prompted them to bet large sums of money against Rozier a year earlier.

The emergence of suspicious betting activity on another NBA game demonstrates that the scheme that resulted in Porter's expulsion—and the government's investigation—is more expansive than was previously known.

The difference this time is that the person who attracted the unusual wagers is far more prominent than Porter, a fringe player who spent his NBA career trying to hold on to a job. Rozier is an established presence who has been a solid contributor in the league for a decade and is partway through a contract that will pay him nearly \$100 million.

And the government's investigation will likely continue to grow: Authorities are exploring the gambling ring's potential ties to college basketball as well, people familiar with the probe said.

Rozier hasn't been charged with a crime or accused of wrongdoing. It couldn't be learned if investigators have determined whether he was deliberately helping bettors.

"In March 2023, the NBA was alerted to unusual betting activity related to Terry Rozier's performance in a game between Charlotte and New Orleans," NBA spokesman Mike Bass said. "The league conducted an investigation and did not find a violation of NBA rules. We are now aware of an investigation by the U.S. Attorney's Office for the Eastern District of New York related to this matter and have been cooper-

JASON GAY

Talent or 'Tayvoodoo'? It's a Chiefs Super Bowl For Conspiracy Theorists



I want to believe it all.

As soon as I saw that controversial moment late in the AFC championship, in which Buffalo Bills quarterback Josh Allen seemed to get awfully close to a first down, but then officials ruled he just...didn't get the first down, I knew the theories were going to run amok.

That there's a conspiracy. That the NFL badly wants the Kansas City Chiefs to win a third straight Super Bowl, and has it in for the Bills and the rest of the league. That the referees are in on it, too, plus the replay folks, plus the people who do those goofy first-down chains. Look how they treat superstar Chiefs quarterback Patrick Mahomes like a Faberge egg, throwing a flag if a defender even thinks about hitting him.

Maybe it's deeper than that. Maybe the whole NFL season has been scripted since late August—or, if we're really being serious, since February 2020, when Mahomes won his first title in Miami, exactly as planned.

Maybe there's a safe with a blueprint and all the scores. Maybe there's a secret society with the combination. Key figures are involved. League bosses. Owners. Players. Sponsors. Commentators. Gamblers. Mascots. Kelces. Possibly Taylor Swift—more on her in a minute.

They meet in the woods. They meet in airplane hangars. They meet in Cris Collinsworth's garage. They meet in smoke-filled backrooms at an airport Buffalo Wild Wings, with a secret handshake to gain entry. There's some celery sticks, ranch dressing, a little chanting, and then a wicked curse is placed on the 31 other teams in

Terry Rozier Is Under Investigation In Illegal Sports Gambling Probe

The gambling ring accused of conspiring with Jontay Porter to manipulate his performance in NBA games also bet heavily against Rozier in a 2023 game for the Charlotte Hornets

By Jared Diamond,
Louise Radnofsky and
Robert O'Connell

landscape, people familiar with the matter said. The same investigation has already led to a criminal charge and a lifetime ban from the NBA for former Toronto Raptors forward Jontay Porter.

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The inquiry into Terry Rozier, above, is part of a wider federal probe. Jontay Porter, left, was handed a lifetime NBA ban.



alarms at U.S. Integrity, a firm that works with sports entities, gambling operators and government agencies to monitor betting markets for suspicious activity.

U.S. Integrity notified sportsbooks—and the NBA—that unusual wagers were coming in on Rozier failing to meet certain statistical benchmarks, such as the total number of points or rebounds he would record in the game. Some of the books stopped accepting bets on Rozier's stats that day, people familiar with the matter said.

During the previous two seasons, U.S. Integrity sent out just three alerts about NBA games, people familiar with the matter said. Two of those were about games involving Porter. The other was the game involving Rozier.

Rozier started for the Hornets against the New Orleans Pelicans that night seemingly fit to play. He had been one of Charlotte's best players, averaging 35 minutes and 21 points a game. In this game, Rozier played just over nine minutes before being substituted out during

a timeout. He left with a foot injury and didn't return. Rozier would miss the remaining eight games for the struggling Hornets.

Sports bettors noticed, taking to social media in droves to express confusion and frustration about what had transpired. One user posted that it was "very odd" that Rozier's markets weren't available for wagers. "Conspiracy theorists are gonna run wild with this one," he wrote. "Rozier situation is suss, wrote another.

The following season, Porter agreed to feign injury or illness and remove himself early from a pair of games in January and March 2024 to ensure his co-conspirators would win wagers on his statistics. He pleaded guilty last summer to a criminal conspiracy charge, telling a judge that he participated in the scheme "to get out from under large gambling debts."

All of this underscores the challenges that leagues face in protecting the integrity of their games at a time when sports gambling has become ubiquitous. Bets on individual players' performance have been particularly controversial. In the wake of the Porter situation, sportsbooks stopped offering "under" bets on some of the NBA's lowest-paid players, a decision Bass has said helped "protect the integrity of our games."

The 30-year-old Rozier built himself up from a backup into a high-volume scorer. In 2021, he signed a four-year contract worth more than \$96 million. Since the game at the heart of the probe, he has continued to play, averaging more than 28 minutes a game for the Miami Heat this season.

In addition to Porter, five other men have been criminally charged for their role in the gambling scheme. Three of them have already pleaded guilty. Investigators have been exploring a connection between the gambling ring and potential point-shaving in college basketball as well. Temple University drew scrutiny last year after U.S. Integrity flagged unusual betting line movement and wagers on the Owls' March 7 contest against the University of Alabama at Birmingham. The NCAA is also looking into the Temple matter.

A Temple spokesman said that the school hasn't been contacted by law enforcement but "will cooperate fully should we be contacted."

ating with that investigation."

"We are aware of the NBA's 2023 investigation which determined there was absolutely no wrongdoing by Mr. Rozier and we are confident that the on-going government investigation will arrive at the exact same conclusion," Jim Trusty, an attorney for Rozier, said.

Until now, the Porter case had

looked like an isolated issue involving a gambling addict drowning in debt. The revelation that another, unrelated game has drawn government scrutiny shows it might not be that simple.

The game in question took place on March 23, 2023, when Rozier was a member of the Charlotte Hornets. The betting on Rozier was strange enough that day to raise

MELISSA TAMEZ/ZUMA PRESS; RICK OSENTOSKI/REUTERS



Quarterback Patrick Mahomes and the Kansas City Chiefs are aiming for a three-peat in the Super Bowl.

My favorite theory is that Swift already put a spell on this year's Super Bowl premises, the Superdome in New Orleans, when she played concerts there in the fall.

It's all there in a fan-captured video: Taylor mimicking her beau's first-down celebration then holding up three fingers for a three-peat. What more evidence do you need?

Kelce's hirsute older sibling, Jason, even hinted at the "Tayvoodoo" effect on Chiefs during the brothers' podcast, which didn't thrill Travis.

"Here you go with this [bleep] Tayvoodoo [bleep] again," Travis said.

I know some of you are so sick of the Chiefs you threw your phone in the garbage eight paragraphs ago. And there is a natural fatigue related to their extended success—the same sort of fatigue which surrounded the Patriots dynasty, or other championship-hoarding heavyweights like the Joe Torre Yankees, the Nick Saban

Crimson Tide, the Steph Curry Warriors, and Joey Chestnut sitting down at a hot dog eating contest.

Happens all the time. Sports fans are easily bored. They like variety and surprises. K.C. and Philly fans won't like this, especially the Philly fans, but there's no question there'd be more fascination with this upcoming game had the sad-history Bills and plucky Washington prevailed.

They didn't prevail, however, because the Chiefs are a very good football team—and the Eagles appear to be, too.

As for officiating, hey: that suspicion comes with any championship belt. Fans always believe the officials play favorites (announcers, too). It's true that the Chiefs have been penalized less than their opponents in the playoffs—here's an intriguing deep dive from football analyst Warren Sharp, who also acknowledges that it's a "tiny" sample size and the Chiefs may benefit from expe-

rience and better coaching.

The Sporting News, meanwhile, notes that since breaking into the league, Mahomes isn't even in the top 5 in the roughing-the-passer category (he's 8th).

So what is it? Are the Chiefs chasing a three-peat on the strength of hard work, an all-time great quarterback and a certain Hall of Fame coach, or are there other forces at play? Is there going to be a moment versus Philadelphia when a consequential penalty flag sends the nation—not just Philly—into a tizzy?

Sadly, truth isn't always stranger than fiction. It's entertaining to imagine the NFL working with screenwriters to concoct the perfect season for maximum eyeballs. I'm amused at the notion of illicit deals, smoke-filled rooms and secret handshakes in a backroom at Buffalo Wild Wings.

I'm just not sure I'm ready to believe it.

As for Taylor Swift, she runs the world. Everybody knows this.

OPINION

Meet the MAHA Elite



POTOMAC WATCH
By Kimberley A. Strassel

"We have to tell people how to lead better lives." Politicians have a duty to protect citizens from greedy industries, to stop corporations from poisoning our food, to steer us away from bad choices. America has a health crisis, and government must make us healthier.

Robert F. Kennedy Jr.?

No, then-Mayor Michael Bloomberg nearly 20 years ago, as he became New York City's nutritional nag, hectoring and mandating residents, inserting the public-health complex into grocery stores, restaurants and family kitchens. Republicans are now lumbering us with Bloomberg 2.0.

How did we get here? Mr. Kennedy in August bartered his small but potentially consequential vote share to Mr. Trump via endorsement, reportedly for a promise that the former Democratic contender would be given "control" of "public-health agencies." Unable to justify 90% of Mr. Kennedy's left-wing ideology or history, Republican senators are seizing on the least-offensive aspect of Mr. Kennedy's repertoire ("Make America healthy again") and elevating it to religion. Thus does the party that rails against Democratic paternalism embrace its own digestive elitism.

There's a reason Mike Bloomberg's former health commissioners approve of RFK Jr.

closures and stripped "junk food" from city-controlled facilities. Subway riders were accosted by posters showing a one-legged man alongside cups of soda: "Portions have grown. So has type 2 diabetes." Also to blame were greedy supermarket chains that allowed "food deserts"—denying poor neighborhoods the Whole Foods experience—and electronics makers that locked kids to couches. New Yorkers got the "healthy bodegas" and huge expenditures on bike paths. Other mayors followed, and the Obama administration rushed to get in on the action, making school-

lunch kids eat bananas.

That was the Bloomberg mentality. The mayor's public-health enforcers subscribed to the left-wing philosophy that obesity was caused by outside forces—economic inequality, corporate greed, racism. Moreover, the citizen peons didn't know what was good for them—so government would do them the favor of regulating their diets.

In that iteration, the oppressor was the fast-food industry, and Americans were "McVictims."

Mr. Bloomberg banned trans fats and Big Gulps, waged war on salt and 2% milk. He forced calorie dis-

Activist Doctors, and the Fight for Eight Million Lives."

But New York wasn't saved. The Big Apple is more obese than it was 20 years ago, with more chronic disease, despite all Nanny Bloomberg's attempts at coercion. Is that because the evil forces are getting more evil? No. It's because people continue making bad choices. See the lines to buy that Crumbl Candy Cane Brownie (despite an enforced disclosure it contains 1,210 calories) or the stats on young men who never leave the videogame console. If there's a conspiracy, it's us against ourselves.

All Mr. Bloomberg did was allow government to claim a new area of control. Conservatives mercilessly, and rightly, ridiculed the left for this we-know-better-than-you elitism. They do it still, when it comes to the left's efforts to take away other choices of free citizens—gas stoves, gasoline-powered cars, educational options. Yet, those same Republicans now sagely (and hilariously) trumpet their membership in the Senate's new Make America Healthy Again caucus, dedicated to the cause of "high-quality-nutrient-dense-food" and eradicating Cheetos.

"I do think there are certain times [government] should infringe on your freedom," Mr. Bloomberg said in 2013, explaining his right to confiscate your Coca-Cola. Congratulations, MAHA. You've found your soul mate.

Write to kim@wsj.com.

The Catholic Church's Immigration Crisis

HOUSES OF WORSHIP
By Nicholas Tomaino

Bronx, N.Y.
Luis Silva's ordination as a Catholic priest in June 2020

was "like a booster shot to the entire archdiocese," New York's archbishop, Cardinal Timothy Dolan, said at the time. It was cause for celebration: a young man from Guadalajara, Mexico, injecting life into a church made weary by the pandemic.

It was also part of a growing trend. The Catholic Church in the U.S. doesn't have sufficient vocations and increasingly relies on immigrants. "We used to send missionaries to other parts of the world," Bishop Edmund Whalen of New York says. "Now, in a sense, we're becoming the mission country." Of the 356 active archdiocesan and extern priests in New York, the bishop says 183 are foreign nationals. The U.S. bishops' conference recently took stock: With responses from 70% of dioceses and eparchies, it learned that 90% rely on foreign-born religious workers.

This means that the church depends on the vagaries of a dysfunctional immigration system. Father Luis, 39, is a case in point. Near his ordination he received an R-1 visa, good for up to five years of work. In November 2022, the diocese filed a green-card petition for him in the EB-4 category. On approval of the petition, he was placed in line to apply eventually for permanent residency. The EB-4 category is a

catchall—it includes religious workers, "special immigrant juveniles" and former diplomats, among others, but permits only about 10,000 applicants a year to receive green cards.

Father Luis's application wouldn't have run into any problems, except that in March 2023 the State Department announced it had been misinterpreting the Immigration and Nationality Act's country caps for nearly seven years and, in so doing, improperly limiting the number of EB-4 visas for El Salvador, Honduras and Guatemala. Tens of thousands of applicants—many of them special immigrant juveniles—were thus placed in the queue ahead of religious workers, creating up to an 11-year backlog.

Department of Homeland Security regulations, moreover, require that a foreigner who has spent five years on an R-1 visa must reside outside the U.S. for at least a year before reapplying. That will require thousands of Catholic priests to leave their congregations—including 85, or roughly a quarter, of New York's cohort. Father Luis's status expires this week.

Asked about his imminent departure, Father Luis laughs nervously. "We're walking, we're advancing," he says of the Parish of St. Brendan and St. Ann, where he's served as pastor since July 2023. Weekend Mass attendance grew from around 600 to 1,100 in his first year, and new initiatives are flourishing. He supervises a food pantry that feeds

more than 300 New Yorkers each Saturday, faith-formation classes for parishioners and an altar-serving ministry for young men. This, in addition to the other duties that attend the priesthood, celebrating daily Mass, hearing confessions, visiting the sick. A temporary replacement, perhaps covering for multiple parishes,

A visa backlog could result in the loss of nearly one-fourth of New York's priests.

would doubtless struggle to keep up. "Even when I go out for one week, they're asking, 'Father Luis, where were you?'" he says. "Imagine that but for a whole year."

Practical relief to the logjam could come in two ways. David Spicer, a lawyer with the U.S. bishops' conference, says Homeland Security could modify or scrap its regulation—which isn't mandated by statute—that foreign-born priests have to exit the U.S. once their R-1 visas lapse. The Biden administration informed the conference that it contemplated doing so last fall but failed to follow through. The Trump administration has indicated it may propose a rule in September to offer religious workers more flexibility.

A more durable fix could come through Congress. Sens. Tim Kaine (D., Va.) and Susan Collins (R., Maine) plan to in-

troduce a bill allowing religious workers with pending green-card applications to stay on their R-1s beyond five years. Both Catholic, the senators learned of the issue as it began to affect priests in their states' parishes. The senators believe their colleagues would overwhelmingly support the measure, but passing any immigration bill has become difficult. They may try fitting the provision into a larger vehicle, say on border security or appropriations.

That, too, could take months. Meantime, priests face uncertainty and, in some cases, unforeseen circumstances. Weeks after we meet, Father Luis texts to say he has been diagnosed with multiple myeloma and has begun chemotherapy. The diocese has petitioned the U.S. Citizenship and Immigration Services for a short-term extension for his visa while he receives treatment. The clock is ticking and he hasn't received confirmation, yet he remains cheerful: "At the end, you know, we're in God's hands," he says. "I'm not scared. I'm really—I don't know, I'm really good."

Donald Trump, keen on correcting the errors of his predecessor, said last week that his administration "will not forget our God. Can't do that." The president can help ensure it by making a priority of those who spread the Almighty's word within our borders.

Mr. Tomaino is an assistant editorial features editor at the Journal.

The Ayn Rand Contradiction

By Rainer Zitelmann

Few have championed capitalism as unrestrainedly as Ayn Rand, born Alisa Rosenbaum on Feb. 2, 1905. Her 1957 novel "Atlas Shrugged" has sold more than 10 million copies. Milton Friedman's 1962 book "Capitalism and Freedom" has sold about one million.

What is the secret of her success? Unlike the economists Ludwig von Mises, Friedrich Hayek and Friedman, Rand is best known for her novels. Her cultural significance comes not from her powers of rationality but rather her appeals to morals and emotions. At the same time, she steadfastly believed in the supremacy of reason and thought emotions were valid only when they were rooted in logic.

Anne C. Heller, author of the 2010 biography "Ayn Rand and the World She Made," points out this contradiction: "Whether she

knew it or not, she was retelling her philosophy of strict rationality through a primal emotional appeal by characters in a fable."

Rand was likely aware of this incongruity. According to Ms. Heller, while promoting her 1943 novel "The Fountainhead," Rand explained to a

businessman that novels "moved people emotionally first and intellectually second." This, she said, "made them the most compelling kind of propaganda."

Rand's followers revered her. Some worshiped her and regarded her as a superhuman figure who embodied strict rationality. But Rand was full of contradictions. She was a heavy smoker who for years refused to acknowledge any

link between smoking and lung cancer. She sometimes wore a dollar-sign pin in recognition of the heroes of "Atlas Shrugged," who adopted a large dollar sign as a symbol of their capitalist movement. Yet she chose not to invest her money in stocks; most of her money was in a savings bank. She was fascinated by airplanes, but she didn't fly until late in her life due to an irrational fear of crashing.

Despite championing individualism, Rand generated a cultlike following. Though she was an atheist, some of her admirers have transformed her teachings into a rigid dogma that demands conservatism—something of a religion. She was a human with contradictions, strengths and weaknesses—far from the flawless superhuman characters in her novels.

But we can still learn a lot from Rand. The historical evidence supporting capitalism is so convincing that it's difficult to understand why

some people view it so negatively. In 1820, during the early stages of modern industrial capitalism, about 90% of the global population was living in extreme poverty. Today that figure stands at less than 9%.

Modern criticism of capitalism persists because emotions rather than facts and figures tend to sway public opinion. That's why Rand was so concerned about the negative portrayal of entrepreneurs in Hollywood films. She even wrote a 12-page guide for Hollywood producers in 1947 demanding that they avoid communist ideology and refrain from attacking "individual rights, individual freedom, private action, private initiative, and private property." No one understood humans' emotional urges better than Rand, the high priestess of reason.

Mr. Zitelmann is author of "The Origins of Poverty and Wealth."

BOOKSHELF | By Toby Lichig

A Very Tall Trotsky Tale

Bronshten in the Bronx

By Robert Littell
Soho, 208 pages, \$26

In January 1917, a few weeks before the overthrow of Russia's Czar Nicholas II, Leon Trotsky came to New York. The socialist revolutionary was then in his late 30s and for the previous decade—following his 1907 escape from Siberian exile—had been living a peripatetic life, in London, Vienna, Paris and elsewhere, drumming up support for the internationalist cause, falling in and out with ideological bedfellows, irritating the relevant authorities, and, as World War I ravaged Europe, fulminating against, and reporting on, this conflict of "imperialist decay."

Once in the U.S., Trotsky kept busy doing what Trotsky did: attending meetings, making speeches, writing passionate articles (for the Russian-language *Novy Mir* and, translated by others, the Yiddish-language *Der Forverts*), making and losing friends. It was an intense sojourn, and it was to have a significant impact on American communism and its various schisms, but it did not last long: Barely 10

weeks after stepping off the steamship *Montserrat* onto a Manhattan pier, Trotsky boarded a boat back to Mother Russia. The February Revolution had sent the Romanovs packing and the Petrograd Soviet was calling.

A comprehensive account of Trotsky's brief New York stay can be found in Kenneth D. Ackerman's scholarly study "Trotsky in New York, 1917" (2016). Readers who prefer something more imaginatively uninhibited will find it in Robert Littell's "Bronshten in the Bronx."

Mr. Littell, now 90, is the author of over 20 novels, many on the theme of Cold War intrigue. He has, over his career, demonstrated a fascination with communism and the Soviet Union, the bloody curdling of a utopian dream, in books such as "Mother Russia" (1978), "The Revolutionist" (1988), "The Stalin Epigram" (2009) and "The Mayakovsky Tapes" (2016). An adaptation of his CIA thriller "The Amateur" (1981) is set for cinematic release later this year.

The novelist is known for his complex plotting and zippy prose; he sometimes plays fast and loose with language, preferring stylistic panache to historical fidelity. Such disinhibition is on full display in "Bronshten in the Bronx." Narrated in the first person by Lev Bronshten (Leon Trotsky's real name), the novel proceeds by dint of encounter, argument, exposition and wisecrack—a dialectic of sorts.

Period detail is applied with a shoehorn. When Lev and his (second) wife Natalya, "Nata" Sedova, arrive in Manhattan with their two young sons, we know what Lev is wearing through means of reported speech: "This is my hair combed," I protested [to Natalya] as I pulled my thick knee socks up to the elastic of my knickerbockers." When Lev goes to the "swanky" 400 Club at the "legendary" Reisenweber's Cafe, his companion sets the scene: "For Christ's sake, Leo, that's not noise, that's a new kind of music the Negros in New Orleans call jazz." We know what Lev thinks of Stalin because he asks, "What news from that crazy Georgian who robs banks and sends Lenin valises filled with rubles?"

We are also given insight into Lev's internal dialectic via an audacious device: the personification of his conscience. Lev nicknames this querulous interlocutor "Litzky" after a "nemesis" from childhood, a "dyed-in-the-wool contrarian" classmate. We are told in a foreword that Litzky was the original surname of the author's father, changed to Littell in 1919 to avoid "ridicule" (it sounds a bit like "Trotsky"). If this arouses our suspicion that the entire novel is some kind of Littell family joke, it nonetheless leads to a punchline for us all: The interior voice of "Litzky" refuses to take the return journey to Russia, leaving Lev to bring about his ends—justify-the-means revolution unconstrained by moral qualm.

In 1917 Leon Trotsky visited New York City. A spy novelist imagines the socialist revolutionary's days and nights in town.

The author has clearly done his research: There are descriptions of well-documented meetings, between Trotsky and the "Socialist star Eugene Debs" and the "young American Communist" Lou Fraina. Lev is rebuked by Morris Hillquit, a founder of the American Socialist Party, and has a spat with Abraham Cahan of *Der Forverts*. Mr. Littell also enjoys rewriting the historical record. Lev encounters a young Bureau of Investigation official called John E. Hoover, and a little later he meets a vivacious "half Mexican, half Jewish, half journalist from the *Brooklyn Daily Eagle*" with whom he begins a passionate affair. This love interest, according to the afterword, was "inspired" (somewhat bafflingly) by Frida Kahlo—a woman with whom the real Trotsky had a brief tryst two decades later. It provides one of the central, and most regrettable, narrative thrusts, as Lev enjoys a preposterous sexual education ("Where did you learn to do that?" I gasped).

Throughout the novel, the narrator's vernacular is problematic—notwithstanding the freedom to be found in fictional translation. (Trotsky's English was passable, but he would mostly have been speaking in Russian.) It seems unlikely that anyone would refer to a "bleeding-heart liberal" or "free love" in this milieu, let alone to "casual sex" or a "sixty-four-dollar question." The phrase "drain the capitalist swamp" furiously signals its contemporaneity. At times, idiom is larded atop idiom: "God's nails, enough's enough: This keen as mustard conscience of mine had a genius for getting my goat." While this may all seem good fun, when Lev's conscience greets his master with "Yo, my man Bronshten," we begin to wonder whose expense this fun is at.

In the fissiparous 2020s, Trotsky's brand of proletarian internationalism may seem curiously passé. One mourn or celebrate this historical path not taken, but those interested in such forks in the road might find Mr. Ackerman's book a more profitable guide than Mr. Littell's.

Mr. Lichig is the fiction and politics editor of the Times Literary Supplement.

Coming in BOOKS this weekend

The life of Plato • Hu Yaobang and China's road not taken • The art of written correspondence • Murders in blackout London • Louis Armstrong's early years • New fiction from Ali Smith and Eowyn Ivey • & much more

OPINION

REVIEW & OUTLOOK

Tulsi Gabbard's Surveillance Folly

Tulsi Gabbard faced the Senate Intelligence Committee on Thursday for her confirmation hearing, and her performance wasn't reassuring. Given a chance to walk back her opposition to Section 702 surveillance policy, she reinforced why she would be dangerous as White House director of national intelligence.

Section 702, part of the Foreign Intelligence Surveillance Act, lets the feds monitor foreigners abroad. "Literally 60%, on average, of what goes into the President's Daily Brief—what President Trump will read each day in assessing what's going on in the world—comes from this important piece of law," Virginia Sen. Mark Warner, ranking Intelligence Democrat, said Thursday.

The information collected goes into a database that can be searched later. In some cases, intelligence agencies may also run queries for U.S. persons, under safeguards set (and recently strengthened) by Congress.

Ms. Gabbard says these safeguards aren't enough. "Warrants should generally be required before an agency undertakes a U.S. Person query," she told the Senate in writing, "except in exigent circumstances." She underscored that view in response to a question from Sen. Ron Wyden on Thursday.

This is the same argument that was made, including by many left-wing Democrats, when Section 702 was reauthorized last year. Congress rejected it. Three Democrats on the Privacy and Civil Liberties Oversight Board, whom President Trump fired last week, argued that U.S. person queries should require court approval. But this would undermine the value of Section 702 to track terrorist communications and other threats in real time.

Listen to Kash Patel, Mr. Trump's nominee to run the Federal Bureau of Investigation, on why this matters. "FISA collection" is sometimes used "to find and save American hostages," Mr. Patel told the Senate in his separate confirmation hearing on Thursday. "Having a warrant requirement to go through that information in real time is just not comportive with the requirement to protect American citizenry," he added. "It's almost impossible to make that function and serve the national, no-fail mission."

Kash Patel and John Ratcliffe both rebut her views on Section 702.

That no-fail point is crucial. Terrorists have an asymmetric advantage over open societies because they operate in secret and only need to succeed once to do enormous destruction. This is the great lesson of 9/11. Surveillance is one of the few tools the U.S. has to detect and prevent such attacks before they happen, including overseas communications with people in the U.S. who may intend harm.

Given Ms. Gabbard's views on 702, it's no surprise that she sounds badly uninformed on the subject. "What would be necessary to be shown, in order to establish probable cause to a judge, in order to obtain a warrant?" Texas Sen. John Cornyn asked her on Thursday. "Do you know what the elements of probable cause are, and whether that's a practical and workable solution?"

Ms. Gabbard: "This is the center of the debate, the high standard of probable cause that's required to get a warrant, and why this will continue to be a conversation, again, with the Attorney General weighing in and all of you in Congress making this policy decision." That's either obfuscation or she has no idea.

Mr. Cornyn then pointed to what CIA director John Ratcliffe, who served as DNI in Mr. Trump's first term, told the Senate two weeks ago. "You really don't have the information to obtain the warrant," Mr. Ratcliffe said. "And the process of obtaining the warrant—we're talking about national-security issues where sometimes minutes matter in the ability to disrupt or interdict the bad actors or to act upon the intelligence."

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Does Ms. Gabbard think Kash Patel and John Ratcliffe are denizens of the "deep state" who can't be trusted to tell the truth? Or is her anti-surveillance ideology so great that she is willing to take a risk with the lives of Americans to cripple a crucial surveillance tool?

Mr. Trump made a campaign deal with Ms. Gabbard to give her a cabinet position in return for her endorsement. He did his part by nominating her. But the Senate can do Mr. Trump, and the country, a favor by rejecting a director of national intelligence who doesn't understand the vital tools of the job.

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Nothing focuses a politician's mind like a lagging economy, and so it is that Britain's government finally is starting to get at least somewhat real about climate policy. The latest evidence comes in the news that Prime Minister Keir Starmer and Chancellor of the Exchequer Rachel Reeves want to build more airport runways in London.

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This is triggering a rebellion in Ms. Reeve's Labour Party. Airport expansion has been controversial for years, and there's an economic argument about where in Britain it makes most sense to add transportation capacity. But the Labour meltdown is all about carbon emissions.

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bourite, is opposed to airport expansion, citing noise, air quality, and his plan to achieve zero net emissions by 2030. Ed Miliband, Secretary for Energy and Climate Change, warned this week he might try to thwart the runway plan on emissions grounds.

Ms. Reeves appears to believe the economy needs the boost despite those objections, and she's right. Growth remains anemic and inflation elevated, and Britain has sunk into malaise since Ms. Reeve's high-tax-high-spend budget plan in October (including steeper taxes on airline tickets) led to a dive in business confidence. Desperate to prove that Labour can deliver prosperity, Ms. Reeves and Mr. Starmer now seem willing to sacrifice climate goals for the sake of big-ticket construction projects promising thousands of jobs.

Credit to them for the insight, although not too much credit. Labour and Britain are in this fix because politicians for too long clung to the fiction that they could decarbonize the economy without an economic cost. The plain truth is otherwise—and now the plane truth, too.

Trump Inherits a So-So Economy

President Trump was elected with a mandate to restore broad economic prosperity, but Thursday's fourth-quarter GDP report shows that won't be easy. While consumers remain buoyant, a slowdown in business investment and persistent inflation could make it harder to lift real wages.

GDP grew a respectable 2.3% in the fourth quarter and 2.8% over 2024. Despite higher interest rates, consumer spending climbed 4.2% in the quarter with big increases for healthcare and motor vehicles. This was notably more than the 2.8% increase in disposable personal income.

Consumer spending contributed 2.82 percentage points to GDP growth while government chipped in 0.42. This was offset partly by a decline in fixed business investment, which subtracted 0.31 percentage points. Reduced investment in equipment (-1.1%) and structures (-7.8%) may owe partly to uncertainty last year about the election. Inventories also fell.

But business investment was sluggish throughout the Biden Presidency, especially the last two years. Despite Joe Biden's boasts about a factory boom, investment in new structures last quarter was a mere 0.8% higher than its pre-pandemic peak. Research and development spending has been nearly flat for two years.

Driving the Biden economy was a boom in consumer and government spending, which were 15.2% and 9.2% higher in real dollars at the end of last year than before the pandemic. This has contributed to elevated inflation, which has eased over the last two years as the Federal Reserve increased interest rates but is far from vanquished.

The personal consumption expenditure (PCE) price index, the Fed's preferred inflation measure, rose 2.3% in the fourth quarter, up

Fourth quarter GDP shows he needs to spur business investment.

from 1.5% in the third. The core PCE excluding food and energy ticked up to 2.5% from 2.2%. That's the wrong direction.

Thursday's GDP report suggests that interest rates aren't all that restrictive. The wealth effect from buoyant asset values is also a lift for consumer spending. The S&P 500 is up 23.2% over the last year. Americans who own assets are doing fine, but Mr. Trump won because inflation punished the middle class.

A strong labor market will help keep consumers in the game, but Mr. Trump can't count on consumers or government for another four years. He is impatient that the Fed isn't cutting rates fast enough, but Mr. Trump should be happy if the Fed focuses on inflation. That will keep consumer prices down and make it easier to lift real incomes.

All of which is to say that Mr. Trump needs to spur a new investment boom. His election released pent-up animal spirits, and small and big business are full of optimism. But the post-election boost is over, and now Mr. Trump's policies will have to deliver on growth.

His deregulation holds great promise, though lawsuits may slow its impact in several areas. Unleashing U.S. energy will help. But the shape of a tax bill this year is far from certain, as many Republicans have lost sight of the growth imperative. Instead they want to redistribute income through the tax code with child tax credits and a larger state-and-local tax deduction.

Above all is the uncertainty of Mr. Trump's tariffs, which everyone knows are coming but no one is sure who will be hit, or how hard, or for how long. Mr. Trump is inheriting a so-so economy that can't afford anti-growth policy mistakes.

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OPINION

A Letter From Economists to Trump

By Phil Gramm
And Larry Summers

In an extraordinary act of unity, 1,028 American professional economists in the spring of 1930 signed a letter urging Congress to reject and President Herbert Hoover to veto the Smoot-Hawley Tariff Act. Yet that June, Congress passed it and the president signed it into law. The Smoot-Hawley Tariff helped turn a stock market rout and a building financial crisis into a worldwide depression and triggered a global trade war that halved American exports and imports.

Today, we write this letter in a similar spirit of unity. While the professional economists who have signed today's letter differ on many issues, we are united in our opposition to tariffs as a general tool of economic policy. Even in efforts to promote national security, tariffs are prone to abuse. Many of the worst restrictions on trade, such as the Jones Act, have been implemented in the name of promoting national security.

Like our predecessors in 1930, we oppose the use of tariffs as a general tool for economic policy.

Our united opposition to non-defense-related tariffs is based not on our faith in free trade but on evidence that tariffs are harmful to the economy. Protective tariffs distort domestic production by inducing domestic producers to commit labor and capital to produce goods and services that could have been acquired more cheaply on the international market. That labor and capital are in turn diverted from producing goods and services that couldn't be acquired more cheaply internationally. In the process, productivity, wages and economic growth fall while prices rise. Tariffs and the retaliation they bring also poison our economic and security alliances.

The primary argument for the implementation of broad-based tariffs is that they will reverse the hollowing out of American manufacturing and reduce the trade deficit, which is causing a "hemorrhaging of America's lifeblood." Contrary to the re-



Rep. Willis C. Hawley (D., Ore.) and Sen. Reed Smoot (R., Utah) in 1929.

capital—initially from Britain and Holland—and labor from all over the world coming together to create the American economic colossus. Foreign capital today performs the same role. The countries whose citizens today make the largest investments in America—Japan, Canada, Germany and the Netherlands—invest in the U.S. because they see the investments as being more productive than the alternatives in their home countries or elsewhere. At least in the modern era, it seems that when the American economy is working well, it becomes an irresistible magnet for foreign workers and foreign investors.

The argument that foreign investment is making America poorer flies in the face of recorded history. From the settlement of Jamestown, foreign investment has enriched America and those who have invested in it. A review of the economic history of our nation yields no credible evidence that broad-based tariffs have benefited the nation as a whole. Protectionists often point to the 19th century as a period of high tariffs and strong economic growth. But a close look at the data for the 19th century shows conclusively that the country industrialized fastest when tariffs were falling, not when they were rising.

Sound fiscal policy and effective incentives to work, save and invest can increase economic growth, but the implementation of broad-based tariffs impedes that growth and in a full-blown trade war would overwhelm it. While we have fundamental differences in our views of how to produce a sound fiscal policy and implement effective incentives for productive efforts, we are united in our belief that broad-based tariffs will impede economic growth, risk triggering a trade war, and inflict long-term harm on the economy.

We therefore urge Congress not to adopt the administration's proposed tariffs and urge the president not to implement those tariffs by executive order.

Mr. Gramm, a nonresident senior fellow at The American Enterprise Institute, served as chairman of the Senate Banking Committee, 1999-2001. Mr. Summers, a Harvard University Professor and president emeritus, served as Treasury secretary, 1999-2001. Economists wishing to sign this letter can go to <https://bit.ly/Gramm-Summers>.

An Americas First Foreign Policy

By Marco Rubio

When Donald Trump won his sweeping victory in November, he received a mandate to put America first. In the realm of diplomacy, this means paying closer attention to our own neighborhood—the Western Hemisphere.

It's no accident that my first trip abroad as secretary of state, to Central America on Friday, will keep me in the hemisphere. This is rare among secretaries of state over the past century. For many reasons, U.S. foreign policy has long focused on other regions while overlooking our own. As a result, we've let problems fester, missed opportunities and neglected partners. That ends now.

President Trump's foreign-policy agenda begins close to home. Among his top priorities is securing our borders and reversing the disastrous invasion abetted by the last administration. Diplomacy's role in this effort is central. We need to work with countries of origin to halt and deter further migrant flows, and to accept the return of their citizens present in the U.S. illegally.

Some countries are cooperating with us enthusiastically—others, less so. The former will be rewarded. As for the latter, Mr. Trump has already shown that he is more than willing to use America's considerable leverage to protect our interests. Just ask Colombia's President Gustavo Petro.

U.S. diplomats have neglected the Western Hemisphere for too long.

Yet even when circumstances demand toughness, the president's vision for the hemisphere remains positive. We see a prosperous region ripe with opportunities. We can strengthen trade ties, create partnerships to control migration, and enhance our hemisphere's security.

El Salvador, Guatemala, Costa Rica, Panama and the Dominican Republic—the countries I will visit on this trip—all stand to benefit tremendously from greater cooperation with the U.S. These nations were neglected by past administrations that prioritized the global over the local and pursued policies that accelerated China's economic development, often at our neighbors' expense.

We can reverse this. Covid exposed the fragility of America's dependence on far-flung supply chains. Relocating our critical supply chains to the Western Hemisphere would clear a path for our neighbors' economic growth and safeguard Americans' own economic security.

Closer relationships with the U.S. lead to more jobs and higher growth in these countries. This reduces incentives for emigration from these countries while providing governments with revenue to fight crime and invest at home. As our regional partners build themselves up, they can more easily resist countries such as China that promise much but deliver little.

Mass migration has destabilized our entire region. Drug cartels—now correctly categorized, thanks to the president, as foreign terrorist organizations—are taking over our communities, sowing violence and poisoning our families with fentanyl. Illegitimate regimes in Cuba, Nicaragua and Venezuela are intentionally amplifying the chaos. All the while, the Chinese Communist Party uses diplomatic and economic leverage—such as at the Panama Canal—to oppose the U.S. and turn sovereign nations into vassal states.

I am confident that the countries I will soon visit will be ready partners. Like President Trump, their leaders are pragmatists who put their citizens first. And because they are pragmatists, they also know that there is much more to be gained from working with the U.S. than not.

This is an approach to foreign policy based on concrete shared interests, not vague platitudes or utopian ideologies. It is representative of the approach the State Department will be taking to all its international dealings. We will extend our hand to all nations of goodwill, in the confident expectation that they will recognize what we can do together.

Thankfully, the Western Hemisphere harbors more congruent interests than conflicting ones. Making America great again also means helping our neighbors achieve greatness. The threats Mr. Trump was elected to stop are threats to the nations of our hemisphere as well.

We share a common home. The safer, stronger and more prosperous that home becomes, the more all our nations stand to benefit. Together, there are few limits to what we can accomplish.

Mr. Rubio is U.S. secretary of state.

Is Europe Bound for a Trumpian Economic Reset?



POLITICAL ECONOMICS
By Joseph C. Sternberg

Having posited last week that the incoming Trump administration eventually would force Europe to shape up its own economy, I still must profess surprise at how quickly this process is unfolding. Witness the new growth strategies unveiled in Brussels and London on Wednesday.

U.K. Chancellor of the Exchequer Rachel Reeves on that day delivered a major speech on economic growth. The backdrop is a stagnating British economy plagued by persistent inflation, surging tax bills and plummeting business confidence. In their desperation to fix things, Ms. Reeves and her boss, Prime Minister Keir Starmer, are making a habit of these set-piece policy "resets"—you'd think Britain's economy was a faulty Wi-Fi router—but each time they manage to stumble a little further in the right direction.

In this outing, Ms. Reeves promised to slash through the bureaucratic and permitting red tape that makes it difficult to build anything in Britain. The marquee project will be a third runway for London's Heathrow airport. That hypothetical stretch of tarmac has been discussed and debated for years by politicians of all stripes and has always faced intractable environmentalist opposition whenever an opportunity arrived to issue a final go-ahead.

Who knows if this time will be any different for Heathrow, but for now what matters is the implicit signal Ms. Reeves sent with this an-

nouncement: Economic growth, as embodied by an airport-building project, is more important to Mr. Starmer's Labour Party administration than the climate-change neuroses that so often have thwarted the new runway in the past. This is why the climate left is angry about Ms. Reeves's policy turn despite bones she threw to them in her speech, such as more spending on electric-vehicle charging points and less red tape for offshore wind generation.

High-profile U.K. and EU officials show interest in growth but face a political pickle that MAGA doesn't.

Meanwhile across the English Channel, the European Union is trying to get its own economic act together. European Commission President Ursula von der Leyen on Wednesday laid out a new policy agenda called the "Competitiveness Compass." Most of it, including the voter-friendly summary, reads like characteristic Brussels argle-bargle, but to the extent the project has a bottom line, it's this: Europe's climate policies are ruining the economy and something must be done.

Ms. von der Leyen, only months into her second term, appears to be promising a rethink of the "European Green Deal" that constituted her main accomplishment in her first term. Her new "compass"

points toward less regulation, with a heartening if implausible numerical target for reducing the red-tape bur-

den on business. Most important, the strategy hints at an imminent softening of the EU's electric-vehicle mandate, which already is starting to bankrupt Europe's auto industry a decade before it takes full effect.

Now, let's not get ahead of ourselves. Europe's policy turns this week are small in scale compared with the wholesale realignment under way in America. In part the difference is structural. As the holder of a powerful executive office within a relatively unified nation, Mr. Trump enjoys greater latitude to redirect government energies than a European prime minister, and certainly more authority than a European functionary in chief such as Ms. von der Leyen.

European leaders also face a political problem largely of their own making. European voters have been conditioned by decades of preachy politicking from left and right to believe more fervently in the climate agenda than the U.S. electorate ever did. As a result, European capitals are teeming with elected politicians mostly but not exclusively of the left who are eager to thwart any turn from climate obsessiveness and toward economic growth.

Recent elections have started to reverse this trend, but there's still political life in Europe's green left. Mr. Trump, in contrast, has the elec-

toral wind at his back when he cans his predecessor's EV mandates or drills, baby, drills.

Expect that Europe's return to economic and climate sanity, if that's what we're witnessing, will be an iterative process rather than a big bang. Sure enough, "iterative" is what Ms. Reeves and Ms. von der Leyen delivered this week, despite all their hype. Left unanswered are crucial climate questions, such as what role fossil fuels and nuclear power will play in energy production (the only economically sound answer is "a big one"), and unavoidable economic questions such as from where private investment capital will come given Europe's suffocating taxes and financial regulations.

But do give the Europeans credit for getting the first and most important decision right, so far. This is to follow along in Mr. Trump's pro-economic-growth slipstream rather than trying to swim against the current.

A continent that basked in its liberal-green virtue-signify opposition to anything Mr. Trump did in his first term now finds it doesn't have the luxury to do it again amid accelerating deindustrialization and the deteriorating living standards of European voters. They didn't beat him the first time. That leaves them to try to join him the second time around.

Notable & Quotable: The Right

Sean Trende of RealClearPolitics in a Jan. 29 Twitter thread:

The move to allow podcasters and bloggers into the Press Corps is part of a broader shift on the Right, that really starts with @elonmusk's acquisition of X. Before that, when conservatives complained about bias and censorship on social media, the left/lib response was "well go ahead and build your own social media site." Which everyone knew was very difficult. And then there would be moves to get whoever hosted the new site to refuse to host it and the response would be "well build your own hosting platform" and so forth.

Musk's acquisition of Twitter/X really looks increasingly like an important turning point in the conservative approach, which in the face of this became "well what can you do?" It was a realization "no, actually we can take these institutions and make them ours."

And what you're increasingly seeing is a frontal assault on the institutions that buttress the left. So in Trump's first term, using a (pretty shaky, imo) interpretation of the 1st Amendment, we established you can't kick a reporter out for his bias. The Right's response now is "ok, fine, we'll just flood the press corps with new right-of-center podcasters and bloggers..."

You saw trickles of it with academia with moves on tenure in WI, but it's a wave in FL. "You won't voluntarily diversify your faculty ideologically? We'll do it for you, and in a far more severe way in the other direction..." "We can't fire unfriendly civil servants? Fine, but we're not going to roll over either. We're going to make life as miserable for them as possible and give them every possible incentive to leave..."

There's just a monumental shift in attitude in dealing with unfriendly institutions on the Right.

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WORLD NEWS

West's Arctic Defenses Seen as Deficient

Limited capabilities of Danish navy fan Trump's quest to acquire Greenland

By MAX COLCHESTER AND DANIEL MICHAELS

NUUK, Greenland—The hulking warship that Denmark anchors in this icy fishing port is supposed to act as a reminder of the small Nordic country's role in protecting the Arctic seas at the top of the North American continent.

But last year, the Danish navy made an embarrassing admission. Until recently, the 76mm cannon on the patrol boat's foredeck was largely just for show. For around a decade, it didn't have a targeting system. It could fire but would have a hard time hitting anything.

The rest of the Danish Joint Arctic Command's fleet of seven vessels wasn't in great shape, either. Four larger Danish frigates that patrol in the waters off Greenland are more than three decades old and break down frequently. To cut maintenance costs, the Danes ripped out their submarine-spotting sonar systems, leaving them so denuded of weapons and sensors that former Danish naval commanders doubt they technically count as warships by North Atlantic Treaty Organization standards.

President Trump has said the U.S. needs to buy Greenland—an autonomous territory controlled by Denmark—for national security. "You have Russian boats all over the



Denmark's navy has pledged to upgrade its Greenland fleet, along with buying new drones and adding dogsled teams.

place, China boats all over the place, warships, and they can't maintain it," he said last week.

Trump's remarks have raised questions about whether the Nordic country, with a population of six million and located nearly 2,000 miles from Greenland, can effectively protect the world's largest island—and, by extension, North America.

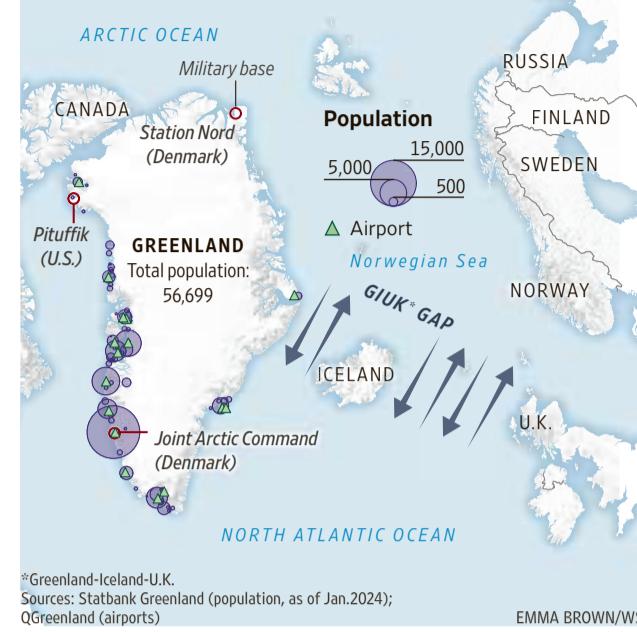
On Monday, the Danish Defense Ministry announced a \$1.9 billion package to upgrade Greenland's defense. The money would largely be spent on replacing four aging frigates with three newer ships.

Greenland serves as a strategically important vantage point for U.S. defenses. If Russia were to fire a ballistic missile toward North America, it would likely travel over the

Arctic and Greenland as the most direct route between the two countries. The seas to the east of the island are a staging ground for a high-stakes game of cat-and-mouse between Western and Russian submarines.

"Greenland's critical asset in terms of strategic importance is its geography. It literally guards the northern approaches to the Atlantic Ocean," said retired U.S. Navy Adm. James Stavridis, a former supreme allied commander at NATO. He calls Greenland NATO's "absolute linchpin in anti-submarine warfare defense as well as airborne early warning."

The U.S. has a base in northwest Greenland to spot incoming missiles. Danish officials, however, say there is a



*Greenland-Iceland-U.K.
Sources: Statbank Greenland (population, as of Jan. 2024); QGreenland (airports)

EMMA BROWN/WSJ

blind spot across the east of Greenland. If Russian bombers were launched undetected from an Arctic base, "they would be able to fly down along the eastern coast of Greenland without being noticed," said Jens Wenzel, an analyst at Nordic Defence Analysis, a think tank.

The same would likely apply to Russian submarines heading out into the Atlantic Ocean. Since the Cold War, NATO's undersea surveillance in the waters around Greenland and Iceland has declined while submarine stealth has increased. "There is a legitimate reason for concern," Wenzel said.

Denmark's Joint Arctic Command, the part of the Danish military focused on Greenland, declined to com-

ment on the resources it has dedicated to defending the island. Analysts said the command, in addition to the seven ships, includes fewer than 150 military personnel; a unit of about a dozen elite soldiers on sleds pulled by dogs; helicopters; and a Challenger surveillance plane. The force is tasked with defending a sparsely populated country that is slightly larger than Mexico and has nearly 30,000 miles of rugged coastline.

NATO, of which Denmark is a founding member, says its defense plans and benchmarks for what each member's military should be able to accomplish are classified.

"We have neglected for many years to make the necessary investments in ships and in aircraft that will help moni-

tor our kingdom, and that is what we are now trying to do something about," Danish Defense Minister Troels Lund Poulsen said this month.

In December, hours after Trump said he wanted Greenland, Poulsen pledged to buy two new long-range drones and two extra dogsled teams and upgrade one of Greenland's three main civilian airports to handle U.S.-made F-35 jet fighters. The four frigates patrolling Greenland will be replaced with three newer models.

On Monday, the Danish government said the funding for the upgrades was secured and more money would likely be made available this year.

Trump appeared to dismiss those efforts when speaking to reporters aboard Air Force One this past weekend. "They put two dog sleds there two weeks ago," he said. "They thought that was protection."

After the Cold War ended, Denmark slashed funding for its armed forces. It has been slow to build it back up. In 2014, when Russia seized Crimea from Ukraine, Denmark's military spending as a percentage of the total output of its economy was 1.4%. After Russia's 2022 invasion of Ukraine, the government raised it to 2.4% last year.

"If you listen to what Denmark says—their own judgment of themselves—they say they have been underinvesting in requirements for Greenland and they need to do more," said retired U.S. Air Force General Philip Breedlove, a former NATO supreme allied commander.

Migrant Crackdown Strains Mexico's North, South Borders

By SANTIAGO PÉREZ

MEXICO CITY—President Trump's plan to carry out the biggest mass deportation in U.S. history is squeezing Mexico like no other country.

Mexico's government is rushing to raise tent cities for migrants deported from the U.S. Thousands of non-Mexicans stranded in the country are overwhelming immigration officials. And migrants continue to arrive from Central and South America.

Mexican President Claudia Sheinbaum is cooperating with the Trump administration's new policies, U.S. officials say. As part of the "Mexico Embraces You" program, the government has set up a call center, developed a mobile phone app that works as a panic button in case of detention, and prepped thousands of diplomats at its network of 53 consulates across the U.S. to provide legal advice to Mexicans facing expulsion.

The Mexican government is setting up shelters for expelled migrants in border cities. Sheinbaum said Mexico has received more than 4,000 people—mostly Mexicans—deported from the U.S. since Trump's Jan. 20 inauguration. She has pledged to give each deported Mexican migrant about \$100 so they can get home.

Meanwhile, Mexico has agreed to keep hosting hun-

dreds of thousands of non-Mexican migrants seeking asylum in the U.S.—a significant concession that her government has made to the Trump administration. Thousands of often-impoverished foreigners are continuing to arrive in Mexico every month.

The Trump administration and Mexico's government have created a working group to address migration issues that later will be expanded to cover other areas of the U.S.-Mexico relationship, Sheinbaum said on Monday. A senior U.S. official said cooperation with Mexico over Trump's immigration and border plans is expected to continue.

About 200,000 Mexican migrants have been deported from the U.S. annually in recent years, but that number is forecast to rise significantly as a result of what Trump has described as "the largest deportation operation" in U.S. history. There are more than four million undocumented Mexican migrants in the U.S. who could be subject to deportation, immigration experts say.

"We are expecting mass deportations of migrants of all nationalities," said Rev. Juan Fierro, who runs the Good Samaritan migrant shelter in Ciudad Juárez, across the border from El Paso, Texas.

A few miles from Fierro's shelter, the Mexican government is erecting large tents to



Migrants wait outside the Mexican Commission for Refugee Assistance in Mexico City.

receive migrants in an arid space near the border fence that was used by Pope Francis to plead for migrants in 2016.

Sheinbaum has appointed members of her cabinet to oversee the reception and shelter programs for deportees in border cities.

Fewer migrants are crossing the U.S. border from Mexico illegally and surrendering to U.S. authorities to request asylum. In December, Border Patrol apprehensions dropped to the lowest daily average of any month during the Biden administration. Illegal border crossings continued to drop in January, U.S. officials say.

But many migrants who had planned to seek asylum after crossing the U.S. border now will be required to await U.S. asylum proceedings in Mexico. Migrants affected by the change are likely to be stuck in Mexico for a while because

there is no realistic chance of getting asylum in the U.S. because of the Trump administration's policies, said Andrew Selee, president of the Migration Policy Institute, nonpartisan Washington think tank.

In 2023, the U.S. launched CBP One, a mobile app used by asylum seekers to schedule appointments at a U.S. port of entry. The Trump administration shut down the app and canceled pending appointments on Trump's first day in office.

International organizations estimate that the move stranded more than 200,000 migrants, mostly non-Mexicans, who had been waiting for CBP One appointments. Many are in high-risk areas of Mexico where they are vulnerable to extortion or sexual assaults, said Carolina López, who coordinates the operations of international aid group Doctors Without Borders in the north-

eastern Mexican cities of Reynosa and Matamoros.

"We are now providing psychological care to many migrants who are deeply affected because they don't know what their immediate future will be," she said.

Margelis Tinoco arrived in southern Mexico in August with her husband and son, fleeing criminal violence among drug gangs in Colombia. The 48-year-old said they settled in Mexico City for several months until they were granted a CBP One appointment for Jan. 20 at El Paso. That day she was told by U.S. authorities at the border that the government had canceled all appointments.

"I was in shock, I couldn't feel my legs, I had to grab onto a fence and kneel down," Tinoco said through tears. "I still can't get over it. I'm overwhelmed by the uncertainty."

She now wants to return to

Mexico City and start a new life with her family.

Sheinbaum said Mexico plans to voluntarily return non-Mexican nationals to their home countries, including those awaiting asylum hearings. "There's no point in them reaching the northern border, given the conditions that the new U.S. administration has set," she said.

In southern Mexico, hundreds of migrants are overwhelming the offices of Mexico's immigration and refugee agencies, with lines extending for blocks in the southern city of Tapachula, near the border with Guatemala. "They don't let us enter the U.S. and they don't want us here," said Gleiver Díaz, a young Venezuelan migrant who was in the southern city of Tuxtla Gutierrez for about six months, waiting to get a CBP One appointment. Some relatives traveling with him had appointments for Jan. 31. Díaz says he is thinking about going to Costa Rica to look for work.

Last year, Mexico sharply reduced the number of asylum permits granted to migrants because they often were used as safe conduct to get to the U.S.-Mexico border. In the past year, thousands of asylum seekers caught heading north have been sent back to southern Mexico. But Trump's rhetoric and planned border crackdown has led to a sharp drop in U.S.-bound migration through Panama. Jungle crossings along Panama's border with Colombia, have dropped more than 90% so far in January compared with the same month last year, Panamanian government data show.

—Ángeles Mariscal and Gavin Bade contributed to this article.

UGANDA

Capital City Is Hit By Ebola Outbreak

Uganda reported an outbreak of the Ebola virus in Kampala on Thursday, raising concerns the disease might spread through the congested capital. Postmortem samples from a nurse who died Wednesday confirmed infection with Ebola's Sudan strain, an unusual variant for which there are no proven vaccines or cures, the Health Ministry said.

The nurse developed flu-like symptoms and sought treatment at various health facilities. Health authorities have identified 44 people who had contact with the victim around Kampala. Ebola can cause uncontrolled bleeding and is fatal in about half of cases, according to Johns Hopkins University.

—Nicholas Bariyo

ST. KITTS AND NEVIS

Drifting Boat Bore At Least 19 Bodies

Authorities in the eastern Caribbean nation of St. Kitts and Nevis said Thursday they are investigating the circumstances that led to the discovery of at least 19 bodies found drifting at sea.

Responding to a report of a drifting vessel, the nation's Coast Guard the day before had found a partly submerged boat containing decomposed human remains. It was towed to St. Kitts, where police and medical officials are conducting investigations.

"It was a fishing vessel, which is not typically found in the Caribbean," said Police Commissioner James Sutton. "We are not certain, but we believe that this vessel originated off the West African coast."

—Associated Press

OBITUARY

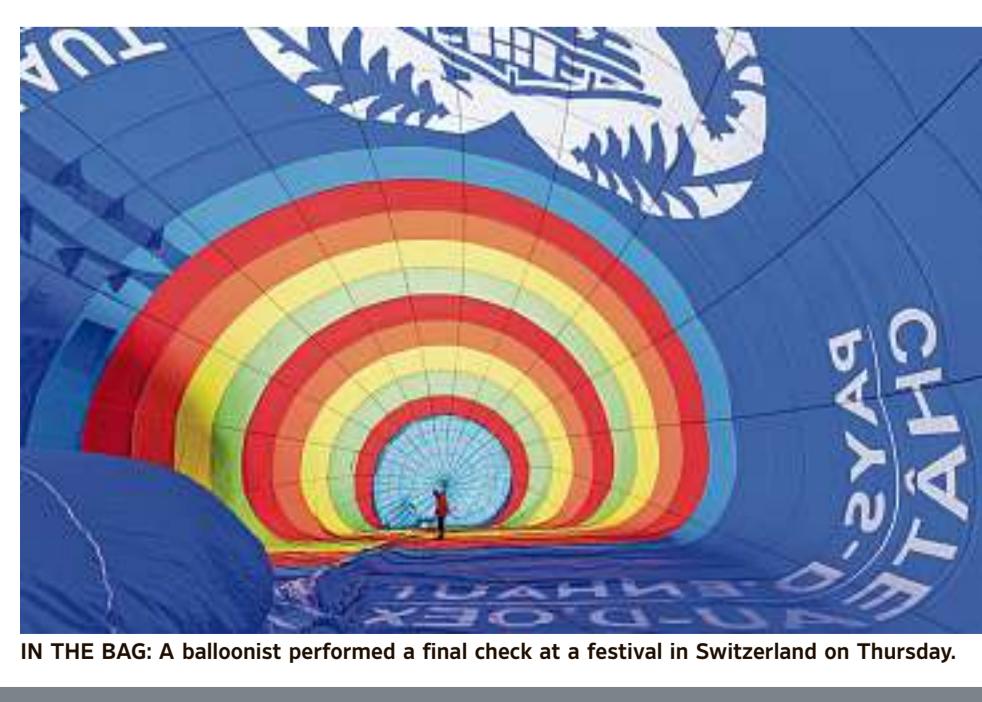
Marianne Faithfull, Star and Muse, 78

Marianne Faithfull, the British pop star, muse, libertine and old soul who inspired and helped write some of the Rolling Stones' greatest songs and endured as a torch singer and survivor of the lifestyle she once embodied, died Thursday at 78.

A celebrity before turning 17, homeless by her mid-20s and an inspiration to peers and younger artists by her early 30s, when her raw, explicit "Broken English" album brought her the kinds of reviews the Stones had received, she had musical admirers including Beck, Billy Corgan, Nick Cave and PJ Harvey, although her history would always be closely tied to the Stones and to the years she dated Mick Jagger.

—Associated Press

WORLDWATCH



IN THE BAG: A balloonist performed a final check at a festival in Switzerland on Thursday.

DENIS BALIBOUSE/REUTERS

BUSINESS & FINANCE

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Talks Value OpenAI at \$300 Billion

SoftBank is helping to assemble other investors for new funding round

By BERBER JIN
AND DEEPA SEETHARAMAN

OpenAI is in early talks to raise up to \$40 billion in a funding round that would value the ChatGPT maker at \$300 billion, according to people familiar with the matter.

SoftBank would lead the round and is in discussions to invest between \$15 billion and \$25 billion. The remaining amount would come from other investors.

The two companies were recently in talks to value OpenAI as high as \$340 bil-

lion. One of the people familiar with the matter said newer negotiations moved the proposed valuation down to \$300 billion.

The Japanese company is helping assemble investors for the rest of the round, one of the people said. The discussions are still in flux and could fall apart, the person said.

The \$300 billion valuation would include the cash OpenAI raises in the round.

OpenAI was last valued at \$157 billion in October, when it raised \$6.6 billion. Roughly doubling its value in just a few months would be extraordinary even by the standards of Silicon Valley's AI boom.

The funding will be used in part to help OpenAI fulfill its roughly \$18 billion commitment to Stargate, a joint ven-

ture with SoftBank and others to finance the construction of data centers in the U.S. powering OpenAI's technology.

OpenAI also expects to use the cash to fund its money-losing business operations.

At \$300 billion, OpenAI would be the second-most valuable startup in the world, behind only Elon Musk's SpaceX, according to the data provider CB Insights. A funding round of this size would be one of the largest in Silicon Valley history and pass OpenAI's previous fundraising record achieved in

2023, when it raised \$10 billion from **Microsoft**.

OpenAI is attempting to raise the cash after AI models released by the Chinese firm DeepSeek led to a selloff in big tech stocks, including **Nvidia**,

earlier this week. DeepSeek's success with cheaply made and free-to-use AI technology has led many investors and executives to question the big-spending strategies of other U.S. developers.

OpenAI expected to lose around \$5 billion last year on revenue of \$3.7 billion, The Wall Street Journal reported in October. At the time, it projected its revenue would grow to \$11.6 billion this year.

The funding talks mark a quickly deepening relationship between OpenAI Chief Executive Sam Altman and SoftBank CEO Masayoshi Son.

SoftBank has separately committed to contribute some \$18 billion to Stargate, which Son announced at the White House earlier this month, alongside Altman and **Oracle** Executive Chairman Larry Ellison. The project's partners have committed to invest \$100 billion in U.S. data center projects for OpenAI and plan to invest up to \$500 billion over four years.

◆ HEARD ON THE STREET:
AI bets not enough..... B10

\$40B

Amount SoftBank is
in early talks to
raise for the maker
of ChatGPT

Demand for Safe Assets Drives Gold to High

By JOSEPH HOPPE

Gold futures set a fresh record on safe-haven demand, a weaker U.S. dollar and lower Treasury yields.

The April gold contract, the most-active futures contract on the New York Mercantile Exchange, settled up 2.7% at \$2,845.20 a troy ounce, after hitting a record intraday high of \$2,853.20 earlier in the day. The prior record of \$2,800.80 was set in late October.

Gold prices have been volatile in recent days, with a sharp selloff on Monday seeing them shed 1.4%, as traders covered margins in a global rout of technology stocks. Prices gradually regained ground in the following days, before a similarly sharp jump on Thursday.

The latest rally in gold prices likely reflects a combination of rising uncertainty about U.S. policies and a weaker dollar following the disappointing fourth quarter GDP report, Sprott Managing Partner Ryan McIntyre said in emailed commentary.

Recent U.S. economic indicators along with the latest data showed softer-than-expected growth in the final quarter of 2024. This economic deceleration has contributed to a weakening of the dollar, which is providing support for gold, Sonora Wealth Group investment adviser Miro Svoboda wrote.

Weakening in the greenback makes it cheaper for international purchasers to buy dollar-denominated assets like gold and improves the appeal of its safe-haven aspects.

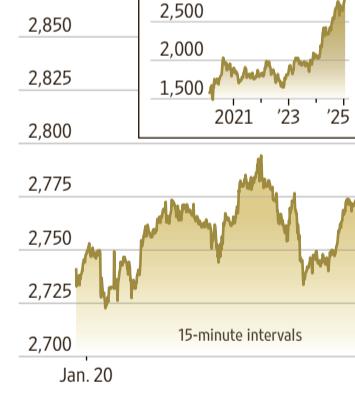
The slide in the dollar and U.S. Treasury yields followed Wednesday's Federal Reserve

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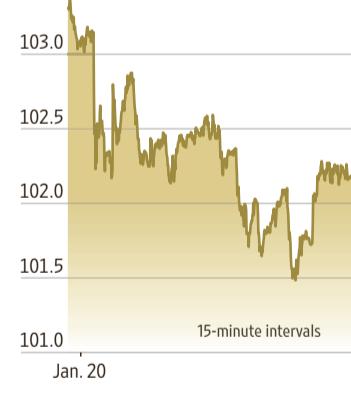
The rally is a response to uncertainty about U.S. policies and a weaker dollar. A display at a trade show in Cairo, Egypt.

Gold futures*

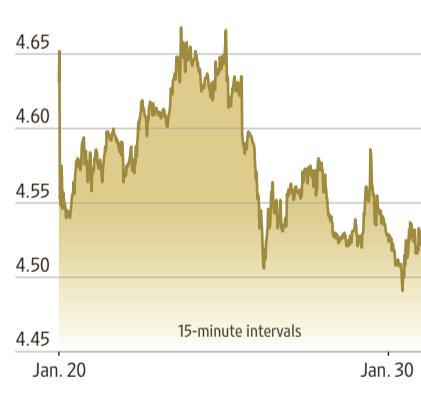


*Continuous contract

WSJ Dollar Index



U.S. 10-year Treasury yield



Sources: FactSet (gold); Dow Jones Market Data (dollar); Tullett Prebon (Treasury)

Cheaper Route to AI Spooks Biggest Players

By MILES KRUPPA
AND DEEPA SEETHARAMAN

Tech giants have spent billions of dollars on the premise that bigger is better in artificial intelligence. DeepSeek's breakthrough shows smaller can be just as good.

The Chinese company's leap into the top ranks of AI makers has sparked heated discussions in Silicon Valley around a process DeepSeek used known as distillation, in which a new system learns from an existing one by asking it hundreds of thousands of questions and analyzing the answers.

"It's sort of like if you got a couple of hours to interview Einstein and you walk out being almost as knowledgeable as him in physics," said Ali Ghodsi, chief executive officer of data management company Databricks.

The leading AIs from companies like OpenAI and Anthropic essentially teach themselves from the ground up with huge amounts of raw

data—a process that typically takes many months and tens of millions of dollars or more. By drawing on the results of such work, distillation can create a model that is almost as good in a matter of weeks or even days, for substantially less money.

OpenAI said on Wednesday that it has seen indications DeepSeek distilled from the AI models that power ChatGPT to build its systems. OpenAI's terms of service forbid using its AI to develop rival products.

DeepSeek didn't respond to emails seeking comment.

Distillation isn't a new idea, but DeepSeek's success with it is raising new doubts about the business models of tech giants and startups spending billions to develop the most advanced AI, including Google, OpenAI, Anthropic and Elon Musk's xAI. Just last week, OpenAI announced a partnership with SoftBank and others to invest \$500 billion in AI infrastructure over

INSIDE



BUSINESS NEWS

UPS expects to take a hit from plans to trim its Amazon business. B3



HEARD ON THE STREET

Tariffs won't sink Canadian oil companies. B10

Amazon Raises Ad Spending On Musk's X in Big Reversal

Amazon is ramping up ad spending on Elon Musk's X, according to people familiar with the situation, a major shift after pulling much of its advertising more than a year

By Dana Mattioli,
Suzanne Vranica
and Jessica Toonkel

ago, when many brands had concerns about hate speech on the platform.

Amazon Chief Executive Andy Jassy was involved in the decision, which could result in the company spending significantly more on X. **Apple**, which pulled all of its ad dollars from X in late 2023, in recent weeks has had discussions about testing out ads on the platform, according to a person familiar with the situation.

Some large companies that have cut or zeroed out advertising on X are re-evaluating their stances in a changing political and social climate. Musk, X's owner, has champi-



The e-commerce company had pulled ads from the platform.

oned a lighter touch in online content moderation and has emerged as one of the most powerful people in President Trump's orbit. Business and world leaders have worked to improve relations with him, given his elevated role in Washington.

Musk is leading the Department of Government Efficiency, a group that has planned to eliminate \$2 trillion in government spending.

He contributed roughly a quarter of a billion dollars to a super political-action committee he started to help re-elect Trump.

Ad buyers said that some brands that are returning to X are doing so at spending levels that are still well below their spending before Musk acquired the company, then known as Twitter, for \$44 billion in 2022.

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MIGUEL J. RODRIGUEZ CARRILLO/GETTY IMAGES

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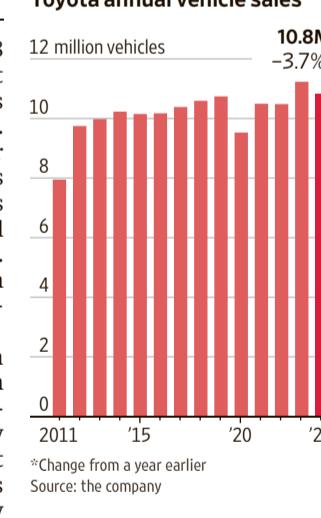
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The Japanese automaker said that its group worldwide sales dropped 3.7% last year amid weakness in Japan and China.

Toyota Keeps Top Spot Despite Drop in Sales

By KOSAKU NARIOKA



way approach in adopting alternatives to conventional engines powered by emissions-generating fossil fuels. It is offering consumers a range of vehicles, including hybrid-electric cars.

Toyota said its group worldwide production fell 7.8% to 10.6 million vehicles, dragged by declines in China and Japan.

Meanwhile, China's **BYD** has said its sales grew 41% last year to 4.3 million vehicles.

Toyota Motor has been taking what it calls a multipath-

Listen to a Podcast: The Unraveling Of OpenAI and Microsoft's Bromance



Scan this code for a podcast: Some of the most prominent names in technology are pledging billions to build AI infrastructure in the U.S. in a joint venture called Stargate. Notably missing? Microsoft.



The carrier forecast operating revenue per available seat mile to be up between 5% and 7% in the first quarter of 2025.

Southwest Airlines Revenue Rises

By DENNY JACOB

Southwest Airlines posted a profit in the fourth quarter as bookings during the holidays were better than expected on the back of travel demand that remained strong and is expected to remain so.

The carrier logged net income of \$261 million, or 42 cents a share, compared with a loss of \$252 million, or 42 cents a share, in the same period a year earlier.

Stripping out certain one-time items, earnings came in at 56 cents a share. Analysts polled by FactSet had expected 46 cents a share.

Operating revenue rose w to \$6.93 billion from \$6.82 billion. Analysts polled by FactSet had expected \$6.96 billion.

Chief Executive Bob Jordan said the company is pleased with improvements from tactical initiatives that are materializing faster than expected but that there's still much work to do. "Our progress continues to be further supported by a constructive demand environment and industry backdrop," he added.

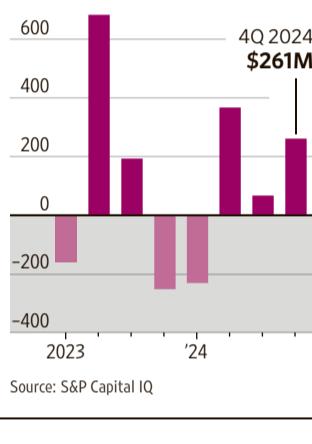
The Dallas-based company forecast operating revenue per available seat mile, otherwise known as RASM and a key indicator in the airline industry, to

be up between 5% and 7% in the first quarter of 2025.

Southwest also announced a \$750 million accelerated buyback program under its \$2.5 billion share-repurchase authorization. The carrier's shares fell 1.4% to \$31.22 Thursday.

Southwest's results echo sentiments laid out by **Delta Air Lines**, which reported quarterly results earlier in the month. Delta said demand accelerated throughout the fourth quarter, with a handful of its highest revenue days in history taking place in November and December. The company also expects travel demand to remain strong this year.

Southwest quarterly net profit/loss



DOJ Sues To Block HPE Deal

Continued from page B1

companies in the U.S., he said. "Their case is flawed because they think there is a market of three going down to two vendors," he said. "There are at least three or four that have the exact same market share as Juniper...The barriers to compete are very low, and they are all disruptors."

The merger investigation was mostly done during the Biden administration, and inherited by the Trump administration. The companies declined in recent days to extend an agreement that would have given the Justice Department more time to consider whether to intervene, according to people familiar with the matter.

That put the Justice Department on a clock to sue or pass on challenging the deal.

HP Enterprise is an offshoot of the tech company founded in 1939 by William Hewlett and David Packard known as **Hewlett-Packard**. In 2015, HP Enterprise was split off from the computer and printer maker now known as HP.

Hewlett-Packard made an earlier push into networking with the roughly \$3 billion pur-



The merger was cleared in the U.K. last year. Visitors at a HPE Discover event in Las Vegas.

chase of Aruba Networks, which is now part of HP Enterprise.

Sunnyvale, Calif.-based Juniper has incorporated artificial intelligence into its network offerings under a brand known as Mist, which uses AI and machine learning to simplify and automate network maintenance, according to the government's lawsuit.

But HP Enterprise switched tactics in January 2024 and decided to acquire Juniper, the Justice Department said. Allowing the merger to close would

head-to-head competition. HP Enterprise also invested in adding AI features to its own network-management platform, Aruba Central. The rivalry was so intense that one HP Enterprise sales executive encouraged his teams in an email to "KILL MIST!!!!," the lawsuit says.

HP Enterprise executives were attuned to Mist's growing popularity and discounted their products to beat Juniper in

"decrease pressure on HPE to discount and innovate in the future," the lawsuit says.

It also would remove Juniper as a credible alternative to HP Enterprise and Cisco, whose market share is double that of HP Enterprise. Large enterprise customers don't regard Cisco as an innovator competitor, and eliminating Juniper as a rival would lessen HP Enterprise's incentive to improve its products, the Justice Department said.

Comcast Shares Fall After Results

By PATIENCE HAGGIN

Comcast's revenue and profit rose last quarter, powered partly by the release of blockbuster movie "Wicked," but broadband customer numbers fell.

Comcast lost 139,000 broadband customers in the quarter, from a subscriber base of 32 million—a greater loss than the company previewed in December and worse than analysts expected.

The stock finished Thursday's trading down 11%.

If it holds losses, that will be its largest one-day percentage drop since October 15, 2008, when it fell 14.5%.

The company attributed the declines to competition from providers like **Verizon** and **T-Mobile** that now offer home-internet service. Revenue in the unit still rose, as remaining customers paid more for internet service.

Overall, revenue at the cable-and-entertainment giant rose by more than expected, as did adjusted earnings. Net

profit shot up to nearly \$4.8 billion, in part due to a one-time tax benefit.

Subscriber numbers for

Peacock, NBCUniversal's streaming service, was flat on

the prior quarter, at 36 million.

Peacock's revenue rose 28% to \$1.3 billion, after the company raised the prices of its monthly subscription plans

by \$2. The streamer's operating loss narrowed.

NBCUniversal's film studio

posted a rise in revenue to

nearly \$3.3 billion. "Wicked"

was the highest-grossing film adaptation of a Broadway musical, according to Box Office Mojo.

Revenue at NBCUniversal's theme parks was flat, while

annual revenue fell slightly. The company will launch a new park, Epic Universe, in Florida in May.

Xfinity Mobile, Comcast's mobile-service business, gained 307,000 lines in the quarter.

Comcast lost 311,000 video

subscribers, as its cable-TV

business continues to shrink.



NBCUniversal's 'Wicked' was the highest-grossing film adaptation of a Broadway musical.

UNIVERSAL PICTURES/EVERETT COLLECTION

BUSINESS NEWS

Home Builder PulteGroup Tops Estimates

Home builder sees stability for '25 as it looks to key spring season for signals

By DENNY JACOB

PulteGroup on Thursday was the latest home builder to show it is navigating through challenges in the tricky U.S. housing market, posting higher-than-expected quarterly results and forecasting a stable 2025.

However, the Atlanta company and competitors such as KB Home and D.R. Horton are in wait-and-see mode as winter wanes and the housing market revives, as mortgage rates continue to hover around 7%.

"The spring selling season will be the best barometer for how the consumer will behave in today's economic environment," departing Chief Financial Officer Bob O'Shaughnessy said.

Among its maneuvers in the shifting environment, PulteGroup is aiming to reduce its spec inventory—homes built without a particular buyer in mind—back down to 40% to 45% of its total production by the end of the year. The company has said that target is optimal to balance the needs of first-time home buyers with those of mostly older, move-up buyers, all while protecting margins.

Industry observers also are waiting to see how proposals from the new Trump administration play out regarding tariffs and the possible deportation of millions of undocumented immigrants, many of whom work in construction.

On a call with analysts, PulteGroup Chief Executive

Ryan Marshall said the company can adjust its plan to pare back its spec-built inventory in the event of supply shocks as any new policies are put in place.

"If we're at 53% [spec] today, we're going to work it down into the historical range. If we need to turn it up a little bit more, I think we've clearly got the ability to do that," he said.

The company also isn't shying away from incentives to attract potential buyers—a tool that many of its competitors also are using—such as mortgage-rate buydowns to help spur demand, which can nudge would-be buyers off the sidelines.

PulteGroup's gross margin—a key measure of home-builder health—in the fourth quarter came in at 27.5%, down 130 basis points sequentially because of higher incentives. Gross margins in the current quarter are expected to be about 27% and remain near this level for most of the year, which O'Shaughnessy said assumes incentives throughout 2025 will remain consistent with those from the fourth quarter.

In its latest quarter, PulteGroup logged net income of \$91.2 million on revenue of \$4.92 billion. The average selling price of homes closed in the period was \$581,000, up from \$547,000 in the prior year period.

The company expects to deliver 31,000 homes closed in 2025, with about 6,400 to 6,800 coming in the first quarter, down slightly from 31,219 homes closed in 2024.

It expects the average sales price to be in the range of \$560,000 to \$570,000 in each quarter of the year, compared with the average selling price of \$555,000 in 2024.



VINCENT ALBAN/REUTERS

UPS plans to reconfigure its U.S. network with expected cuts to the size of its vehicle fleet.

UPS Expects Hit From Plans To Trim Its Amazon Business

By DEAN SEAL

United Parcel Service is going to do a lot less business with its biggest customer, **Amazon.com**.

UPS on Thursday projected a decline in revenue for the current year, with a key factor being plans to phase out more than half of the business it does with Amazon over the next 18 months.

The online retailer's business accounted for nearly 12% of UPS's total revenue last year, or about \$1.07 billion. The loss of revenue, as well as volume of packages that helped fill planes and delivery trucks, will force a significant realignment of the Atlanta company's massive delivery network and affect results.

Shares of UPS plunged 14% to \$114.90 on Thursday. The stock hasn't traded this low since mid-2020. For the current year, UPS expects total revenue of \$89 billion, down about 2.3% from 2024. Analysts had expected \$95 billion, according to Fact-

Set.

UPS said it has reached a deal in principle with Amazon to cut its shipping volume by more than 50% by June 2026.

One reason that UPS is looking to wean itself from Amazon is that profit margins on that business are tight and eat into its profitability, Chief Executive Carol Tome said. "Amazon is our largest customer, but it's not our most profitable customer," she said on Thursday's earnings call.

Amazon spokesperson Kelly Nantel said UPS requested the reduction in volume to address its own operational needs. UPS's main rival, **FedEx**, in 2019 went through the process of eliminating Amazon from its delivery network, turning its focus to shipping products for other customers. The move came as Amazon was building up its own delivery network to handle its packages. In 2023, data showed that Amazon was shipping more packages than both FedEx and UPS.

UPS has also been trying to scale back its business with Am-

azon in recent years, though the new plan accelerates that timeline. "The speed of the glide down is five times faster than our initial glide-down efforts," Chief Financial Officer Brian Dykes said.

As it sheds Amazon packages, UPS plans to reconfigure its U.S. network with expected cuts to labor hours and the size of its vehicle and aircraft fleets.

It is launching initiatives to increase efficiency during the overhaul that should generate \$1 billion in savings, executives said. The plans came as UPS reported that revenue rose 1.5%, to \$25.3 billion, in the fourth quarter, just missing analyst forecasts for \$25.41 billion.

Domestic-package revenue, which makes up more than two-thirds of the total top line, was up 2.2% as it made more revenue per piece shipped and saw increases in air cargo. International revenue rose 6.9% from a jump in average daily volume.

Earnings came in at \$1.72 billion, or \$2.01 a share, up from \$1.61 billion, or \$1.87 a share, in the same quarter a year earlier.

HEALTHCARE WATCH

CIGNA

Shares Dive After Results Disappoint

Cigna shares dropped nearly 7% Thursday after the insurer reported unexpectedly weak earnings due to higher healthcare costs in a segment of its insurance business.

Executives told analysts it would take two years, into 2027, to recover margins in the troubled stop-loss unit that caused the earnings shortfall.

Stop-loss insurance covers healthcare costs for employers after they rise above a certain level, and more expenses qualified for stop-loss coverage than Cigna had expected. Cigna said it didn't see the trend early enough to reflect the higher costs in its 2025 pricing.

Chief Executive David Cordani also mentioned the shooting last month of a top executive at competitor UnitedHealth Group, and the online backlash against health insurers that emerged afterward. "The past several weeks have further challenged us to even more intensely listen to the public narrative about our industry," Cordani said.

The company reported adjusted income of \$6.64 a share for the fourth quarter, compared with the \$7.82 projected by analysts polled by FactSet. Cigna said it expects at least \$29.50 a share in adjusted earnings in 2025. Analysts estimated \$31.48 a share. —Anna Wilde Mathews

Cigna share price, past three months



Roche's diagnostics business benefited from increased sales in immunodiagnostic products.

ROCHE Company Predicts 2025 Improvement

Roche Holding expects sales and core earnings to keep growing this year after beating analysts' expectations for 2024.

The Swiss pharmaceutical giant is forecasting sales growth in the mid-single-digit range at constant exchange rates in 2025, and core earnings-per-share growth in the high-single-digit range.

Sales rose 3% last year to 60.5 billion Swiss francs, equivalent to roughly \$66.72 billion.

Adjusting for currency

movements, sales were up 7%, with growth in both its pharmaceuticals and diagnostics divisions at constant currencies. Analysts had forecast sales of 60.41 billion Swiss francs, according to consensus estimates by Visible Alpha.

High demand for Roche's hemophilia injection Hemlibra; multiple-sclerosis treatment Ocrevus; cancer drug Phesgo; and eye treatment Vabysmo lifted pharma sales, while Roche's diagnostics business benefited from increased sales in immunodiagnostic products and clinical chemistry tests.

Core earnings per share—Roche's preferred measure of

profitability—rose to 18.80 Swiss francs, equivalent to \$20.73, from 18.57 Swiss francs. Analysts had expected 18.59 Swiss francs.

Net profit for the year fell to 919 billion Swiss francs from 12.36 billion Swiss francs, mainly due to impairment charges of 3.2 billion Swiss francs related to Flatiron Health and Spark Therapeutics.

The company said its board would propose a dividend of 9.70 Swiss francs for 2024, above 9.60 Swiss francs for 2023.

Roche's Swiss-traded shares rose 1.6% on Thursday.

—Helena Smolak

provided a sales forecast for the group to investors.

Sanofi also said it would launch a buyback of up to €5 billion in 2025, stemming from plans to sell a controlling stake in its Opella consumer-health business, which the company expects to close in the second quarter at the earliest.

The transaction would allow Sanofi to solely focus on its more lucrative, drugs and vaccines business. The company's research-and-development spending increased 24% on-year in the last quarter in an attempt to bring further blockbusters such as its respiratory syncytial virus vaccine Beyfortus to market.

Net sales in the fourth

quarter rose 9.1% to €10.56 billion. At constant currency, sales were up 10%, with growth in its specialty-care unit driven by continued strength in anti-inflammatory drug Dupixent and in vaccines.

Business operating profit—one of the company's preferred metrics, which strips out exceptional items—fell 12% to €2.08 billion.

Analysts had expected sales of €10.39 billion and business operating profit of €2.08 billion, according to estimates provided by the company.

The company posted a net profit of €683 million compared with a net loss of €555 million the year-earlier quarter.

—Helena Smolak

Shell Profit Pressured By Lower Oil Prices

By ADAM WHITTAKER

Shell's adjusted earnings fell more than expected, weighed by lower oil prices and refining margins, but the energy major's cash-flow generation and \$3.5 billion share buyback helped shares edge higher.

The oil-and-gas company's adjusted earnings—a closely watched metric that strips out certain commodity price adjustments and one-time charges—dropped to \$3.66 billion compared with \$6.03 billion in the previous quarter.

The result missed the \$4.1 billion analysts had forecast, according to Vara Research consensus estimates from 20 analysts.

Shell is the first of the European integrated oil companies to report results for a quarter marked by weak oil prices and low refining margins.

It had warned earlier this month that earnings in its core-integrated gas unit would be significantly lower than the third quarter because of expiring hedging contracts, and it cut production guidance across its oil and gas segments.

On Thursday, it also reported a larger-than-expected loss in its chemicals division.

However, shares rose 2.6% to 2,663 pence in trading in London as analysts cited a strong underlying performance from the London-listed company.

Cash flow from operations significantly beat analysts' expectations for the fourth quarter, and rose to \$54.68 billion for the year—its second-best annual performance.

In line with expectations, the London-based energy giant also said it would buy back shares worth \$3.5 billion—the same as the previous quarter—and hiked its dividend 4% to \$0.358 a share.

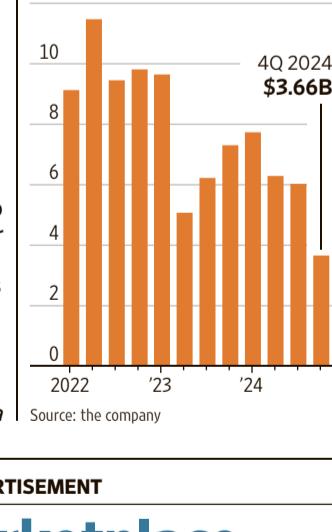
Net debt increased \$3.6 billion over the quarter because of LNG Canada pipeline liabilities but Shell said it ended the year with net debt nearly \$5 billion lower than at the start.

While substantial guidance on strategy and future spending was left to March's Capital Markets Day, the company said that full-year cash capital expenditure for this year was expected to be lower than its 2024 guided range.

With capital expenditure set to drop in 2025, investors can be hopeful that there are more buybacks to come, Hargreaves Lansdown's head of equity research, Derren Nathan, said in a note.

Shell posted \$16.79 billion in full-year profit measured on a net current-cost-of-supplies basis—a metric similar to the net income that U.S. oil companies report. This compares with \$20.28 billion a year prior.

Shell's quarterly adjusted earnings



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TECHNOLOGY

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STMicroelectronics Forecasts Sales Drop

Demand remains weak for chips used by carmakers and for industrial equipment

By MAURO ORRU

STMicroelectronics is expecting lower sales this quarter as demand for legacy semiconductors found in cars, industrial equipment and other devices remains weak.

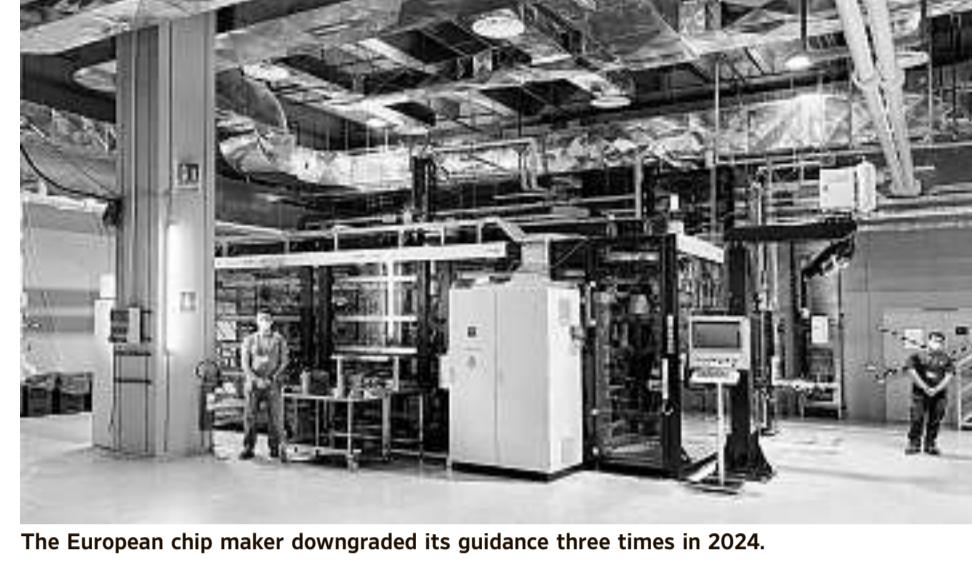
The European chip maker—which counts **Apple**, **Samsung Electronics** and **Tesla** among its customers—said revenue in the first quarter should come in at about \$2.51 billion, down nearly 28% on year. Its gross margin should be about 33.8%, compared with 41.7% a year earlier.

The forecasts are below Visible Alpha consensus of \$2.69 billion for sales and 35.9% for the margin, Citi analysts wrote

in a note to clients. STMicroelectronics didn't provide sales and margin guidance for 2025, which Citi analysts attributed to a lack of visibility. U.S.-listed shares of STMicroelectronics slumped 9%.

While demand for chips to power the data centers behind the artificial-intelligence boom continues to thrive, appetite for legacy semiconductors found in cars, industrial equipment and other devices has been subdued in recent months. Carmakers and suppliers as well as manufacturers of industrial machinery cut spending on chips because they stockpiled the semiconductors they needed years ago.

That schism in demand between AI chips and legacy semiconductors created diverging fortunes for chip makers. Those with significant AI exposure like **Nvidia** have grown exponentially, but companies that mostly



recovery and inventory improvement in industrials and a slowdown in automotive, particularly in Europe.

STMicroelectronics said it planned to invest between \$2 billion and \$2.3 billion in net capital expenditures this year compared with the \$2.53 billion it spent in 2024.

The company posted \$341 million in net profit for the fourth quarter, down 68% year over year. Analysts had forecast \$317.4 million in profit, according to consensus estimates by Visible Alpha.

Revenue slumped 22% to \$3.32 billion, but came in above analysts' \$3.29 billion forecast and in line with company guidance.

Gross profit fell to \$1.25 billion from \$1.95 billion, generating a 37.7% gross margin in line with company guidance. Analysts had forecast \$1.25 billion in gross profit.

The European chip maker downgraded its guidance three times in 2024.

sell chips to the automotive sector and makers of industrial equipment have struggled.

STMicroelectronics downgraded its guidance three times

in 2024. German rival **Infineon Technologies** said in November that it was expecting lower sales in the year ending in September, citing weak demand for

chips in cars and industrial equipment.

Chief Executive Jean-Marc Chery said STMicroelectronics continued to face a delay in the

Intel Posts Revenue Fall, Weak Outlook

By ASA FITCH

Intel reported a slump in fourth-quarter sales and gave a gloomy outlook for its current period that executives said reflected a seasonal buying swoon.

For decades the leading U.S. chip maker, Intel in recent years has fallen from that perch due to a series of manufacturing missteps and an AI boom that shifted demand away from its central processing chips. Former chief executive Pat Gelsinger was ousted in December after his turnaround effort stalled, and the company is now seeking his successor.

Intel said sales were \$14.3 billion in the fourth quarter, down 7% but better than the \$13.8 billion analysts expected in a FactSet survey. It reported a net loss of \$126 million in the quarter.

The company projected another loss in the first quarter and revenue between \$11.7 billion and \$12.7 billion, below the \$12.9 billion analysts were expecting.

Intel's stock rose about 2% in after-hours trading after the results came in better than many investors expected.

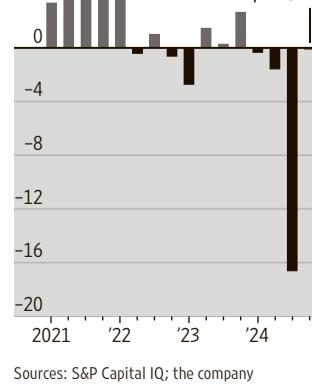
David Zinsner, Intel's interim co-chief executive, attributed the slower start to 2025 to a combination of a normal seasonal downturn and rushed buying in Asia in the previous quarter among customers fearful of the impact of President Trump's potential tariffs.

Amid its struggles, Intel has cut costs and brought in outside funding to support its growth. The company has also drawn greater separation between its chip-design and chip-manufacturing businesses as it opens up its factories to outside customers.

Last year, the company said it would create a separate board for the manufacturing business and would explore independent sources of funding for it—moves some analysts saw as a precursor to a breakup.

Zinsner said the company would have the new board structure in place in the next couple of quarters. After that, he said, the company could bring in outside financial investors as well as customers who want to take equity stakes in the business.

Intel's quarterly profit/loss



Goldman Star Joins Bank to Chase Tech Cash

By MIRIAM GOTTFRIED

AND LAUREN THOMAS

Michael Dell thinks his fellow technology founders need more-tailored advice. **BDT & MSD**, the merchant bank whose advisory board he chairs, is expanding its business to help them get it.

The firm is hiring Ryan Nolan, a top banker at **Goldman Sachs**, to co-lead its technology practice, executives said. Nolan is close to artificial-intelligence leader **OpenAI** and is advising on its planned restructuring and other matters. At BDT & MSD, he will partner with former Kleiner Perkins

partner Juliet de Baubigny who joined in 2023.

BDT & MSD is a merchant bank, meaning it advises founder- and family-owned businesses on things like deals and succession planning and invests in them through a fund whose backers are business owners themselves. It is the product of a 2023 merger between merchant bank BDT, founded by Goldman alumnus Byron Trott, and MSD Partners, an investment firm with roots in Dell's family office.

Part of the merger rationale was extending the combined firm's blend of advice and capital to tech founders and giving

other business-owning families in its network access to technology investments. Many tech founders hold most of their wealth in the stock of their own companies, said Gregg Lemkau, BDT & MSD's co-chief executive alongside Trott.

When it took a stake in software-company Qualtrics in 2023, for example, BDT & MSD brought families from its network into the deal. Qualtrics founder Ryan Smith is now part of the firm's network. Other tech founders in its network include Mel Perkins of design-software developer Canva, Joe Gebbia of Airbnb and John Collison of Stripe.

"We tell founders: We can give you trusted advice on your business, give you capital to invest in your business and give you options to diversify your wealth," said Lemkau, previously co-head of investment banking at Goldman.

BDT & MSD also is launching a fund to invest in fast-growing, founder-led, technology companies, according to people familiar with the matter. The fund's backers are expected to include Dell, the founder of the eponymous computer maker, and other families and founders in BDT & MSD's network, the people said.

Nolan joined Goldman in

Cheaper AI Worries Tech Giants

Continued from page B1

the next five years.

If those investments don't provide companies with an unbeatable advantage but instead serve as springboards for cheaper rivals, they might become difficult to justify. In the wake of DeepSeek, executives and investors in Silicon Valley are re-examining their business models and questioning whether it still pays to be an industry leader.

"Is it economically fruitful to be on the cutting edge if it costs eight times as much as the fast follower?" said Mike Volpi, a veteran tech executive and venture capitalist who is general partner at Hanabi Capital.

OpenAI CEO Sam Altman on X called DeepSeek's latest release "an impressive model, particularly around what they're able to deliver for the price," and added, "we are excited to continue to execute on our research roadmap."

Anthropic CEO Dario Amodei wrote on his blog that DeepSeek's flagship model "is not a unique breakthrough or something that fundamentally changes the economics" of advanced AI systems, but rather "an expected point on an ongoing cost-reduction curve."

Tech executives expect to see more high-quality AI applications made with distillation soon. Researchers at AI company Hugging Face began trying to build a model similar to DeepSeek's last week.

"The easiest thing to replicate is the distillation process," said senior research scientist Lewis Tunstall.

AI models from OpenAI and Google remain ahead of Deep-

Seek on the most widely used rankings in Silicon Valley. Tech giants are likely to maintain an edge in the most-advanced systems because they do the most original research. But many consumers and businesses are happy to use technology that is a little worse but costs a lot less.

President Trump's AI czar, David Sacks, said on Fox News on Tuesday that he expects American companies to make it harder to use their models for distillation.

DeepSeek has said it used distillation on open-source AI released by **Meta Platforms** and **Alibaba** in the past, as well as from one of its models to build another. Open-source AI developers typically allow distillation if

they are given credit. DeepSeek's own models are open-source.

NovaSky, a research lab at University of California, Berkeley, this month released technology it said was on par with a recent model released by OpenAI. The NovaSky scientists built it for \$450 by distilling an open-source model from Chinese company Alibaba.

The Berkeley researchers released the model as open-source software, and it is already being used to help build more cheap AI technology. One startup, Bespoke Labs, used it to distill DeepSeek's technology into a new model it said performed well on coding and math problems.

"Distillation as a technique is very effective to add new

capabilities to an existing model," said Ion Stoica, a professor of computer science at UC Berkeley.

Competition in the AI industry is already fierce, and most companies are incurring losses as they battle for market share. The entry of DeepSeek and others that use distillation could drive prices down further, creating a feedback loop in which it is harder and harder to justify spending huge sums on advanced research.

Prices for software developers accessing AI models from OpenAI and others have fallen dramatically in the past year. Open-source AI such as DeepSeek's only promises to lower costs further, tech executives say.

"It will be harder to justify very large margins for this level of intelligence," said Vipul Ved Prakash, CEO of Together AI, which sells computational services to developers of AI applications.

Amazon Increases X Spending

Continued from page B1

The return of advertisers to X would bolster its balance sheet at a critical moment. The investment banks that lent Musk cash for the acquisition have struggled to unload that debt from their books. They are now arranging for a sale of senior debt at 90 to 95 cents on the dollar, The Wall Street Journal reported. Selling the debt will be easier if the company's finances improve.

In a January email to staff, Musk said that despite positive momentum, financial challenges remain, the Journal reported. "Our user growth is stagnant, revenue is unimpressive, and we're barely breaking even," he said in the email. Musk has denied sending such an email.

Tech companies and their CEOs were often the target of Trump's ire in the past several years. But the winds have shifted noticeably with his return to the White House. Amazon, **Meta Platforms** and Apple CEO Tim Cook contributed to Trump's inauguration fund.

Amazon founder Jeff Bezos was seen hobnobbing with Musk at inaugural events, a contrast to a once-frosty relationship in which Musk would



Amazon founder Jeff Bezos hobnobbed with X's Elon Musk at inaugural events, a contrast to a once-frosty relationship.

insult Bezos and his rocket company on X. Musk referenced the new friendship on X this month, showing a meme from the movie "Step Brothers" that said, "Did we just become best friends?"

Advertisers began fleeing the platform soon after Musk's takeover, because of concerns about his efforts to loosen content-moderation restrictions and the turmoil that ensued from management changes. Major ad agencies at the time advised clients that the platform wasn't a safe place to advertise. Controversy over antisemitic content on X in 2023 led even more advertisers to pull back.

The platform's revenue fell sharply after large advertisers left. Musk has sought to develop other streams of revenue, including subscriptions, but advertising remains crucial.

Musk has tangled with

brands, saying in late 2023 that advertisers pulling their ads from X could "go f--- yourself." Tensions soared last summer when X filed a federal antitrust lawsuit against an advertising trade group and several big brands, including candy company Mars and CVS Health, accusing the group of illegally boycotting the platform.

Musk added Amazon's Twitch to the suit in November, claiming the livestreaming platform bought no advertising on X in the U.S. after November 2022, according to court documents.

The lawsuit claims the ad-industry group organized "to collectively withhold billions of dollars in advertising from Twitter." X has alerted the courts that it intends to add more defendants to the suit.

Alexa Corse contributed to this article.

Samsung Profit Tops Estimates, but Chip Business Weakens

By KWANWOO JUN

Samsung Electronics posted better-than-expected net profit for the fourth quarter, but earnings at its core semiconductor business weakened sequentially for a second consecutive quarter.

The world's largest maker of memory chips and smartphones has said it faces challenges from sluggish demand for conventional chips and information-technology devices amid intensified market competition. It is also trying to catch up with rivals in supplying advanced artificial-intelligence chips.

Net profit for the October-December period rose 22% from a year earlier to 7.754 trillion won, equivalent to \$5.36 billion, beating a FactSet-compiled consensus estimate of 6.353 trillion won. Profit was down 23% from the previous quarter, the company said Friday.

Samsung's flagship chip-making division generated operating profit of about 2.9 trillion won, down from around 3.9 trillion won the prior quarter. The result was way below smaller chip-making rival SK Hynix's fourth-quarter

profit, which topped eight trillion won.

Revenue for the quarter increased 12% from a year ago to 75.788 trillion won, slightly above the company's preliminary estimate, while operating profit more than doubled to 6.493 trillion won, largely meeting its guidance.

For the full year, the company reported net profit of 34.451 trillion won and operating profit of 32.726 trillion won as revenue rose 16% to 300.871 trillion won.

Shares in Samsung were 2.4% lower after the earnings report.



Samsung Galaxy S25 Ultra

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BUSINESS NEWS

H&M's Revenue Comes Up Short

Sales for December and part of January rose, but came below expectations

By DOMINIC CHOPPING

STOCKHOLM—Hennes & Mauritz sales disappointed investors as the timing of Black Friday weighed on its quarterly figures while the new year has started at a slightly higher pace.

The Swedish fast-fashion retailer said sales in its fiscal fourth quarter, that runs from September through November, rose 3% in local currencies as the timing of Black Friday pushed some sales into the company's first quarter.

Shares closed 3.6% lower in European trade.

RBC Capital Markets analyst Richard Chamberlain said in a note to clients that the fourth-quarter sales growth was softer than the 4% expected, but noted the Black Friday effect did help margins as some promotional sales were pushed into the following quarter.

Sales through December and most of January increased by 4% on the year, and Chamberlain said that this was also softer than the 5% growth expected while noting that things could get tougher in February.

H&M has been investing heavily in new product ranges and marketing as it seeks to regain market share in an increasingly competitive market. It has also been working to update some stores while shutting others. It said Thursday it would maintain the pace of investments this year as it sought to optimize its store network and improve its supply chain.

Chief Executive Daniel Erver has made growing sales a priority and is moving the group from exclusively focusing on lower-cost fashion to offering products at a wider range of prices while also leading an investment drive to bring more manufacturing closer to its major markets to smooth logistics and purchasing.

He said that while there was still much to do, the company was on the right track despite the global uncertainties ahead.

"While continued challenging macroeconomic conditions and geopolitical uncertainty may impact the consumer sentiment during 2025, we see some positive signs such as inflation and interest rates going down," he said.

The company is closely monitoring developments in global trade and Erver said H&M would be able to act to minimize any imposition of trade restrictions through



The Swedish fast-fashion retailer has been investing in new products to regain market share.

good flexibility in the supply chain and through pricing.

The company reported a net profit of 3.09 billion Swedish kronor (\$280.4 million) for the fourth quarter to Nov. 30 compared with 1.58 billion

kronor a year earlier as reported sales fell 0.7% to 62.19 billion kronor.

It reported a gross margin of 54.6% in the quarter, which according to RBC is better than the 53.3% expected, but

the margin outlook looks challenging with markdown costs expected to rise in the first quarter, the bank said.

H&M proposed a dividend of 6.80 kronor, up from 6.50 kronor in 2023.

Weakening Sales in China Hurt Swatch

By MAITANE SARDON

Swatch Group's sales fell as demand fell in its crucial market of China.

The Swiss watchmaker said net sales in 2024 fell 12% at constant exchange rates to €6.735 billion Swiss francs, or \$7.43 billion, while net profit dropped to 219 million Swiss francs from 890 million Swiss francs a year earlier.

The company said it expects demand in China, which accounts for around 30% of its sales, to remain subdued, although it painted an upbeat picture for the year ahead. It said it expects new product launches across all price segments to drive substantial improvements in sales, operating results and cash flow.

The group's result have gone from bad to worse, Bernstein analysts said in a research note. The top line was 3.5% below consensus expectations and profit came in around 40% below forecasts, despite these being 60% lower than in 2023, the analysts said.

The stock trades at rock-bottom multiples and could benefit from a delisting, they added.

Rabanne Owner Puig Brands Posts Increase in Sales

By ANDREA FIGUERAS

Puig Brands, the owner of names including Rabanne and Jean Paul Gaultier, said its sales grew in the fourth quarter, helped by its core fragrance division and strong momentum in North America.

The Spanish group on Thursday reported revenue of €1.36 billion, or \$1.42 billion, for the last three months of

2024, around 14% higher than in the prior-year period. The result surpassed analysts' projections of €1.29 billion, according to a Visible Alpha poll of estimates.

Like-for-like group sales also climbed roughly 14% on year.

For the main fragrance-and-fashion business, it posted a 21% increase in sales to €1 billion, ahead of analysts' fore-

casts of €914.1 million.

Chief Executive and Chairman Marc Puig said the group was able to outperform the premium beauty market and its mid-term revenue growth targets.

For 2024 as a whole, the company booked record revenue of €4.79 billion, an increase of around 11% compared with the prior year.

The Barcelona-based group,

which made its debut on the Spanish stock exchange in May last year, was seen by AlphaValue analysts as a winner in the beauty market amid a boom in demand for fragrances.

Its limited exposure to China, once a growth engine for cosmetics makers, would allow it to weather the storm in the country, where its bigger counterparts L'Oréal and

Clinique owner Estée Lauder are facing damped consumer confidence due to domestic economic woes.

The company noted that activity in China remains subdued, but said that in North America it experienced continued strong momentum in fragrances.

Quarterly sales of makeup, however, dropped 7.2% on year. This was due to a high

base of comparison as well as the withdrawal of batches of Charlotte Tilbury's Airbrush Flawless Setting Spray due to quality issues. In December, Puig Brands withdrew Charlotte Tilbury's Airbrush Flawless Setting Spray.

The company, which also houses Carolina Herrera and Nina Ricci brands, is scheduled to publish results for 2024 as a whole on Feb. 27.

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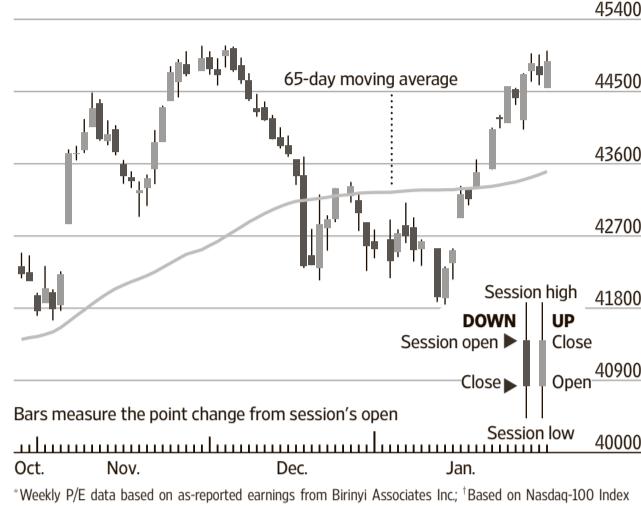
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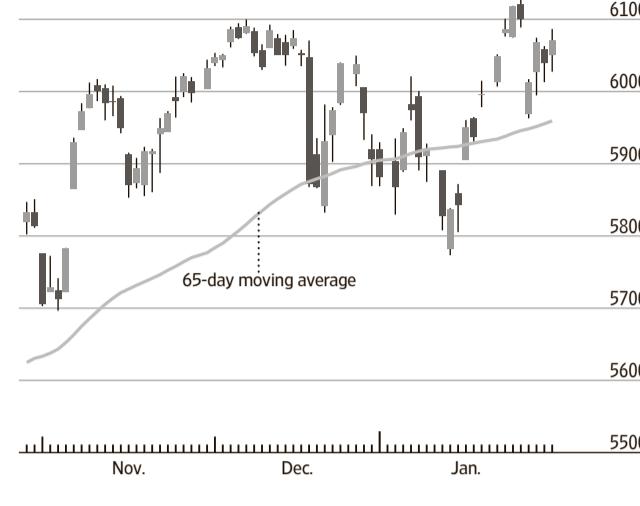
44882.13 **▲168.61, or 0.38%**
High, low, open and close for each trading day of the past three months.



Current divisor 0.16268413125742

S&P 500 Index

6071.17 **▲31.86, or 0.53%**
High, low, open and close for each trading day of the past three months.



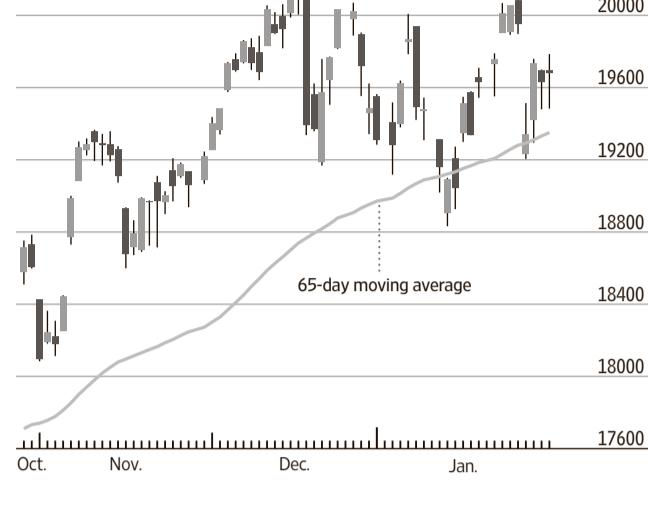
Bars measure the point change from session's open

Oct. Nov. Dec. Jan.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

Nasdaq Composite Index

19681.75 **▲49.43, or 0.25%**
High, low, open and close for each trading day of the past three months.



Oct. Nov. Dec. Jan.

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	45008.75	44548.69	44882.13	168.61	0.38	45014.04	37735.11	16.5	5.5 8.9	
Transportation Avg	16584.49	16354.75	16511.25	-146.60	-0.88	17754.38	14781.56	5.5	3.9 3.1	
Utility Average	1007.02	989.91	1006.21	23.74	2.42	1079.88	829.38	16.1	2.4 2.3	
Total Stock Market	60633.82	60064.29	60462.16	362.28	0.60	60885.79	48879.75	23.7	3.5 10.6	
Baron's 400	1319.83	1300.60	1314.39	13.79	1.06	1356.99	1063.30	22.7	5.0 9.7	
Nasdaq Stock Market										
Nasdaq Composite	19785.79	19483.83	19681.75	49.43	0.25	20173.89	15282.01	28.1	1.9 12.6	
Nasdaq-100	21623.45	21308.69	21508.12	96.66	0.45	22096.66	17037.65	24.0	2.4 14.2	
S&P										
500 Index	6086.64	6027.46	6071.17	31.86	0.53	6118.71	4906.19	23.7	3.2 11.1	
MidCap 400	3283.61	3246.63	3268.37	37.28	1.15	3390.26	2736.36	18.1	4.7 8.2	
SmallCap 600	1468.81	1450.67	1460.39	15.56	1.08	1544.66	1241.62	14.1	3.7 4.7	
Other Indexes										
Russell 2000	2320.53	2293.71	2307.45	24.36	1.07	2442.03	1937.24	16.9	3.5 5.4	
NYSE Composite	20218.73	19927.47	20166.22	238.75	1.20	20272.04	17004.78	17.8	5.6 7.1	
Value Line	638.07	629.03	635.64	6.61	1.05	656.04	568.94	8.8	4.0 1.0	
NYSE Arca Biotech	6331.23	6206.41	6293.06	86.65	1.40	6293.06	4861.76	21.9	9.5 8.3	
NYSE Arca Pharma	973.45	958.11	972.24	14.13	1.47	1140.17	912.71	0.5	4.1 6.8	
KBW Bank	140.28	138.42	139.37	1.18	0.85	139.37	92.30	48.2	9.3 1.2	
PHLX® Gold/Silver	157.13	154.54	156.06	6.01	4.00	175.74	102.94	32.8	13.8 8.8	
PHLX® Oil Service	73.89	72.61	73.62	0.51	0.69	95.25	68.88	-8.6	1.4 4.2	
PHLX® Semiconductor	5054.43	4959.70	5030.53	112.43	2.29	5904.54	4280.48	17.5	1.0 15.0	
Cboe Volatility	16.42	15.32	15.84	-0.72	-4.35	38.57	11.86	14.1	-8.7 -17.0	

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Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours				
			Last	Net chg	% chg	High	Low
NVIDIA	NVDA	29,344.2	122.95	-1.70	-1.36	129.58	115.19
Intel	INTC	15,159.2	20.71	0.70	3.50	20.81	19.13
Apple	AAPL	13,665.9	244.58	6.99	2.94	248.40	232.97
PGIM Ultra Short Bd ETF	PULS	8,676.0	49.75	...	unch.	49.76	49.75
Bausch Health	BHC	7,019.2	7.39	-0.07	-0.94	7.46	7.36
Oneok	OKE	5,210.7	98.25	-1.62	-1.62	100.08	97.78
SPDR S&P 500 ETF Trust	SPY	4,579.8	605.68	0.64	0.11	606.15	563.12
Lumen Technologies	LUMN	4,405.1	4.97	-0.03	-0.60	5.06	4.95

Percentage gainers...

Company	Symbol	Volume (000)	Latest Session				
			Close	Net chg	% chg	High	Low
Atlassian Cl A	TEAM	907.5	318.99	52.04	19.49	344.21	263.09
Cipher Mining	CIFR	3,782.7	5.61	0.91	19.36	5.98	4.70
Viavi Solutions	VIAV	291.7	11.53	1.54	15.42	11.80	9.99
GraniteSh 2x Lg AAPL	AAPB	90.3	32.01	2.03	6.77	32.75	28.78
Direxion AAPL Bull 2X	AAPU	748.4	35.59	2.20	6.59	36.66	32.01

...And losers

Company	Symbol	Volume (000)	Latest Session				
			Close	Net chg	% chg	High	Low
Deckers Outdoor	DECK	1,299.7	186.98	-36.13	-16.19	230.00	183.23
Signing Day Sports	SGN	78.4	2.31	-0.25	-9.77	2.68	2.23
Olin Corp	OLN	66.0	29.49	-2.65	-8.25	33.81	29.25
Walgreens Boots Alliance	WBA	2,141.6	10.59	-0.87	-7.60	11.50	10.37
Hartford Financial	HIG	108.0	109.00	-5.26	-4.60	116.03	109.00

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.

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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Contract			Open	
	Open	High	Low	Settle	Chg	interest	
Copper-High (CME) -25,000 lbs.; \$ per lb.							
Feb	4,255.0	4,313.5	4,250.0	4,288.0	0.0275	2,450	
March	4,287.0	4,345.5	4,261.0	4,307.5	0.0245	105,688	
Gold (CME) -100 troy oz.; \$ per troy oz.							
Feb	2,772.50	2,829.50	2,770.00	2,823.00	53.20	77,745	
March	2,784.40	2,840.60	2,783.00	2,834.30	52.80	10,984	
April	2,796.20	2,853.20	2,794.90	2,845.20	51.70	380,475	
June	2,821.70	2,878.00	2,820.60	2,869.90	51.20	59,523	
Aug	2,848.40	2,901.30	2,843.40	2,839.70	50.80	19,649	
Oct	2,883.10	2,925.10	2,887.00	2,917.80	50.60	3,852	
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
Feb	975.50	975.50	975.50	1,004.60	34.00	4	
March	978.00	10,233.50	975.50	10,099.30	34.00	15,658	
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
Feb	978.40	10,18.00	979.90	1,016.50	50.10	520	
April	979.30	10,29.50	978.90	1,027.00	49.70	67,191	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.							
Feb	31,480.00	32,600.00	31,470.00	32,364.00	1,100	1,846	
March	31,580.00	32,815.00	31,560.00	32,493.00	1,100	119,231	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
March	73.00	73.84	72.02	72.73	0.11	319,397	
April	72.32	73.09	71.39	72.18	0.20	153,924	
May	71.62	72.35	70.76	71.61	0.29	132,170	
June	70.99	71.65	70.15	71.00	0.32	168,716	
Sept	69.30	69.85	68.64	69.38	0.31	108,506	
Dec	67.91	68.38	67.35	67.97	0.25	164,632	
NY Harbor ULSD (NYM) -40,000 gal.; \$ per gal.							
Feb	2,459.1	2,499.0	2,430.0	2,474.5	.0214	15,445	
March	2,395.2	2,425.0	2,364.0	2,406.0	.0097	102,646	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
Feb	2,040.1	2,063.1	2,011.0	2,037.4	.0017	12,408	
March	2,063.7	2,093.8	2,037.8	2,066.5	.0058	110,325	
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBlu.							
March	3,175.0	3,240.0	3,035.0	3,047.0	-.123	296,328	
April	3,203.0	3,262.0	3,059.0	3,070.0	-.129	421	
May	3,311.0	3,356.0	3,159.0	3,170.0	-.129	140,308	
June	3,520.0	3,558.0	3,363.0	3,373.0	-.130	90,128	
Oct	3,793.0	3,843.0	3,652.0	3,662.0	-.132	128,307	
Jan'26	4,699.0	4,752.0	4,553.0	4,565.0	-.142	120,437	

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.						
March	496.25	497.00	490.00	490.25	-6.75	699,507
May	506.50	507.25	500.75	501.50	-6.00	503,185
Oats (CBT) -5,000 bu.; cents per bu.						
March	350.00	356.00	346.25	349.25	-.75	2,799
May	357.00	361.75	352.75	358.75	3.25	877
Soybeans (CBT) -5,000 bu.; cents per bu.						
March	1060.00	1060.50	1042.00	1044.00	-16.50	329,617
May	1074.50	1076.00	1057.75	1059.75	-15.20	255,524
Soybean Meal (CBT) -100 tons; \$ per ton.						
March	310.10	310.30	303.70	304.70	-.50	204,816
May	318.50	318.50	312.30	313.40	-.48	138,655
Soybean Oil (CBT) -60,000 bbls.; cents per lb.						
March	45.45	45.17	44.40	44.98	.01	194,501
May	45.46	45.66	44.60	45.45	-.01	156,283
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
March	14.13	14.20	13.93	13.94	-.20	9,871

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Thursday, January 30, 2025

	Thursday	Thursday	Thursday
Energy			
Coal,CApIc,12500Btu12SO2-r,w	76,500		
Coal,PwdrRvrBsn,8800Btu08SO2-r,w	14,200		
Metals			
Gold, per troy oz.			
Engelhard industrial	2785.00		
Handy & Harman base	2787.25		
Handy & Harman fabricated	3093.85		
LBMA Gold Price AM	*2759.40		
LBMA Gold Price PM	*2756.30		
Kruggerrand,wholesale-e	2919.48		
Maple Leaf-e	2989.32		
American Eagle-e	2989.32		
Mexican peso-e	3604.23		
Austria crown-e	2714.41		
Austria phil-e	2933.45		
Silver, troy oz.			
Engelhard industrial	31,400.00		
Handy & Harman base	31,395.00		
Handy & Harman fabricated	32,944.00		
LBMA spot price	*24,510.00		
(U.S. equivalent)	*30,440.00		
Coin,wholesale \$1,000 face-a	2448.00		
Other metals			
LBMA Platinum Price PM	*948.00		
LBMA Palladium Price PM	*956.00		
Platinum,Engelhard Industrial	970.00		
Palladium,Engelhard Industrial	995.00		
Aluminum,LME, \$ per metric ton	*2590.5		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=S&N Energy; S=Platts-TSI; T=Coltak Limited; U=USA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 1/29

Source: Dow Jones Market Data

Exchange-Traded Portfolios | wsj.com/market-data/mutualfunds-etfs

Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET

Thursday, January 30, 2025

ETF	Symbol	Closing	Chg	YTD
		Price	(%)	(%)
SPDR S&P MidCap Cpt	MDY	596.41	1.14	4.7
SPDR S&P Div	SDY	155.23	1.08	2.4
TechSelectSector	XLK	232.17	0.19	-0.2
Van Eck Semicon	SMH	245.17	2.35	1.2
Vanguard C Val	VBR	207.19	1.03	4.5
Vanguard ExRkt	VXF	200.71	1.06	5.6
Vanguard C Growth	VBG	294.71	1.31	5.2
Vanguard DivApp	VIG	202.93	0.94	3.6
Vanguard TEAXWUS	VEU	59.93	1.20	4.4
Vanguard TSEDevMk	VEA	50.42	1.08	5.4
Vanguard CTEEM	VWO	44.82	1.54	1.8
Vanguard Grease	VIG	119.95	0.14	2.3
Vanguard Growth	VUG	119.95	0.14	2.3
Vanguard Hdw	VYM	133.01		

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

i-New 52-week high; **1**-New 52-week low; **dd**-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Thursday, January 30, 2025

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
AACN	AAON	116.60	6.20	ABCP	BCE	23.90	0.20	ABCB	BILL	96.12	0.83	ABCI	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19	ASE Tech	ASX	10.08	0.25	ASML	ASML	739.99	24.34	AT&T	T	24.02	-0.21	ATT	ATI	57.79	-2.43	AbbottLabs	ABBV	128.81	0.95	BancSouth	BSR	4.48	0.15	Avg	AEG	6.55	0.01	AerCap	AER	95.40	-0.42	AffirmA	AFRM	62.10	3.15	AgilentTechs	ALI	151.38	2.42	AgilityBrands	AVI	334.67	6.18	Adobe	ADBE	446.60	4.32	AdvancedErgo	AWES	124.48	1.08	AdvancedWearables	AWES	118.88	0.74	AlaksaAir	AKL	42.74	4.33	Albemarle	ALB	85.65	-0.63	Albertsons	ACN	380.75	6.35	Accenture	ACN	380.75	6.35	AcuityBrands	AVI	334.67	6.18	AIQ	AECOM	105.55	0.95	Aifac	AFL	108.25	6.03	AGNC Inv	AGNC	10.00	0.65	Ansys	ANSR	351.57	5.28	APA	APA	22.99	-0.19 </

MARKETS & FINANCE

Stocks Waver After Tariff Threats

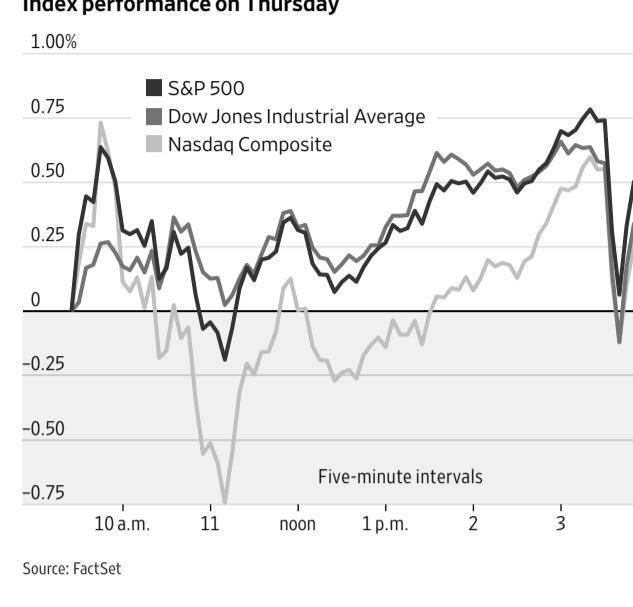
Trump's promise of 25% levies weighed on U.S. shares in afternoon trading

Major indexes pared afternoon gains after President Trump's latest tariff threats against Mexico and Canada.

Stocks retreated from session highs when Trump reiterated that 25% tariffs on imports from both countries were coming **THURSDAY'S MARKETS**

The Dow Jones Industrial Average briefly fell into the red, before recovering to finish higher by 0.4%, or about 169 points, at 44,882.13. The S&P 500 added 0.5%, or 32 points, to end the day at 6071.17, while the technology-heavy Nasdaq Composite was 0.3%, or 49 points, higher at 19,681.75.

Shares of utilities led gains in the S&P 500, while tech was the only sector to decline. **Tesla, Meta Platforms and International Business**



Machines all gained following results late Wednesday. Microsoft stock, however, dropped sharply after its cloud-computing growth disappointed investors.

Executives at Microsoft and Meta were enthusiastic about artificial intelligence, vowing to plow ahead with

big spending plans despite the jolt to tech stocks earlier this week from the emergence of Chinese startup DeepSeek. And SoftBank is in talks to invest as much as \$25 billion in ChatGPT maker OpenAI.

Enthusiasm for AI technology has fueled market gains in recent months, with trad-

ers placing ever-higher valuations on companies participating in the race. That leaves some investors fearing the extended rally is growing precarious.

"Entering peak earnings season, the burden falls on AI leaders to justify their lofty valuations and capex, especially with new entrants like DeepSeek shaking up the landscape," said Jake Behan, head of capital markets at Direxion.

Elsewhere:

◆ The yield on the 10-year Treasury note declined to 4.515%, a day after the Federal Reserve held interest rates steady, a move investors had expected. Data Thursday showed the U.S. economy grew 2.5% last year—slower than in 2023 but still at a solid pace, thanks to strong consumer spending.

◆ The European Central Bank broke with the Fed and cut rates to 2.75%. European stock indexes posted small gains.

Several markets in Asia were shut for the Lunar New Year.

◆ Gold prices set a record for the first time since October, settling at \$2,845.20 a troy ounce.

◆ Bitcoin prices rose to around \$105,000, extending Wednesday's gains.

◆ U.S. crude oil futures edged up 0.2% to \$72.73 a barrel.

—Jack Pitcher and Katy Barnato

STOCK SPOTLIGHT

Mastercard

The credit-card company posted better-than-expected adjusted earnings and revenue, fueled by a rise in cross-border transactions. Shares rose 3.1%.

IBM

IBM shares added 13%, their best day since 2000, to lead the Dow industrials after the company's adjusted earnings topped forecasts.

Caterpillar

The company said sales of construction-and-mining equipment fell last quarter, although power-generation sales rose. Shares declined 4.6%.

American Airlines

A jet operated by American collided with a helicopter and crashed close to D.C.'s Reagan airport. Shares in American dropped 2.5%.

Dow Inc.

The company said it would cut 4% of employees, or 1,500 jobs, as part of a \$1 billion cost-savings program. Shares fell 6.1%.

Tesla

Quarterly profit rose less than expected, but Chief Executive Elon Musk reiterated his vision of Tesla becoming the world's most valuable company through robotics and self-driving vehicles. Shares rose 2.9%.

Meta Platforms

The Facebook and Instagram parent posted record quarterly revenue. The stock rallied 1.6%, and shares of Broadcom, which helps Meta design and produce chips, increased 4.5%.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$287,396,859,400
Accepted bids	\$95,278,617,100
"noncompetitively"	\$6,583,346,500
"foreign noncompetitively"	\$0
Auction price (rate)	99.669444 (4.250%)
Coupon equivalent	4.323%
Bids at clearing yield accepted	75.33%
Cusip number	912797NK9
The bills, dated Feb. 4, 2025, mature on March 4, 2025.	

EIGHT-WEEK BILLS

Applications	\$237,156,391,400
Accepted bids	\$90,263,696,400
"noncompetitively"	\$1,576,417,000
"foreign noncompetitively"	\$0
Auction price (rate)	99.340444 (4.240%)
Coupon equivalent	4.323%
Bids at clearing yield accepted	26.47%
Cusip number	912797NT0
The bills, dated Feb. 4, 2025, mature on April 1, 2025.	

Deutsche Bank's Heavier Costs Drag Shares

By ELENA VARDON

Deutsche Bank's better-than-expected performance in investment banking for the fourth quarter was overshadowed by a drop in profit, and shares slumped as the German group said it expects costs to remain heavy.

Germany's largest lender by total assets said restructuring expenses from its multiyear turnaround effort and legal provisions from a case stemming from the acquisition of its former rival Postbank more than a decade ago, as well as some exceptional items, ate into its quarterly profits.

Despite the one-off nature of these costs, the bank warned that expenses are set to remain high in 2025 as it continues to invest in operational efficiency and deal with inflation. It downgraded guidance for its cost-to-income ratio—a key efficiency measure—for the year to below 65% compared with its previous target of under 62.5% and seemingly scrapped its quarterly cost guide of €5 billion. The group's after-tax profit

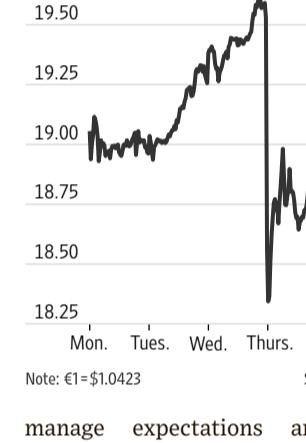
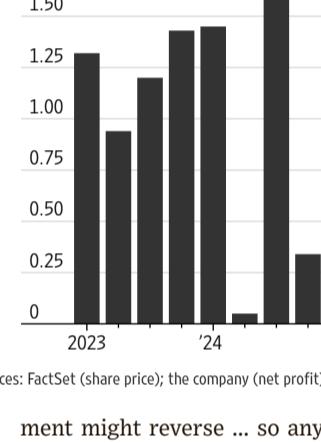
for the three months ended Dec. 31 was €337 million, or €351.2 million, compared with €1.43 billion for the same period the previous year, it said Thursday.

Analysts had estimated a €573 million result, according to a company-compiled consensus. Noninterest expenses amounted to €6.22 billion while it set aside €420 million for credit losses.

This offset its strong investment-banking performance as volatility from the U.S. election and turmoil in European politics benefited fixed-income and foreign-exchange trading, while it reported softer results for its private bank and asset manager.

Revenue came in at €7.22 billion, up from €6.66 billion a year prior, beating a consensus of €7.135 billion.

JPMorgan said it makes sense to invest operationally, with the outperformance of the investment bank and the opportunities to take market share in Germany. Analysts at the brokerage flagged the bank's continuous inability to

Deutsche Bank share price**Deutsche Bank quarterly net profit**

bank's investment in technology and automation.

"We plan to actively reduce management layers and roles, and integrate teams as part of our workforce optimization initiatives, in particular scrutinizing those areas where we do not see the required efficiency improvements," he said.

Deutsche Bank also plans to distribute €2.1 billion to shareholders this year. This includes restarting buybacks with a €750 million program—which has already been approved by regulator—while investors expect this to be supplemented by another one in the second half of the year. The bank last year paused buybacks due to the Postbank litigations.

Dividends for the past year are set to amount to €1.3 billion, or 68 euro cents per share, up from 45 euro cents for 2023, it said.

The bank has promised to distribute €8 billion in capital between 2022 and 2026 and should exceed this target. "We are already working on measures to further increase returns in the coming years," Sewing said.

Blackstone's Earnings Climb as Key Metrics Rebound

By MIRIAM GOTTFRIED

Blackstone's quarterly earnings rose, driven by stronger performance in many key business lines.

The New York company posted solid investment returns in its private equity, credit and hedge-fund businesses.

Real estate was the one weak spot, with higher interest rates pushing down portfolio values.

Fundraising, investment and asset sales were the highest they have been in 2½ years. That was roughly when the Federal Reserve began a string of interest-rate increases that led to a slowdown in private-equity deal-making.

Blackstone stock fell 4% Thursday.

Net income for the fourth quarter was \$703.9 million, up from \$151.8 million a year earlier.

Distributable earnings, or cash that could be returned to shareholders, rose to \$2.17 billion.

Blackstone invested \$41.6 billion in the period. It committed another \$20.5 billion, inking deals for sandwich chain Jersey Mike's and software company Smartsheet, among others.

The firm sold off \$25.9 billion worth of investments in the quarter.

Blackstone raised \$57.5 billion in the quarter, pushing assets under management to \$1.13 trillion.

BBVA Expects to Build on Last Year's Growth

By PIERRE BERTRAND

Banco Bilbao Vizcaya Argentaria said it expects growth this year after 2024 earnings rose, driven by a stronger performance in Spain and Mexico.

The Spanish bank, which generates most of its income from outside the country, said loans in both Spain and Mexico increased last year, especially in the consumer and credit-card business segments. The bank also posted increases in customer funds in both countries.

Lending grew by 14% as BBVA attracted 11.4 million new customers, and achieved a return on tangible equity of nearly 20%, it said.

BBVA said Spanish net interest income, a key revenue driver that measures the difference between what banks earn on loans and what they pay clients for deposits, grew by about 15% in 2024. This helped boost revenue growth from the country to 20%, while profit from Spain surged by 39% to 3.78 billion euros, equivalent to \$3.94 billion.

The bank expects low-to-mid-single-digit growth in



BBVA's lending grew by 14% as the Spanish lender attracted 11.4 million new customers.

loans and fees to rise by a low single digit this year in Spain. Spanish net interest income growth, meanwhile, is expected to slow slightly.

BBVA is attempting to reinforce its position in its home market, which accounted for around 26% of its revenue in 2024, through a hostile bid for domestic lender Banco Sabadell.

In Mexico, which accounts for about 43% of BBVA's revenue, profit rose 2.4% to €5.45 billion while net interest income rose 4.5%.

Loans in Mexico are expected to increase by a high-single-digit percentage this year, but net interest income is

expected to increase at a slightly slower rate than activity growth this year, BBVA said.

The bank said it is optimistic going into 2025 and expects growth in activity and sustained high levels of return on equity, guiding for a high-teens return on tangible equity this year and an efficiency ratio of around 40%.

BBVA's overall net profit surged 25% to €10.05 billion in 2024, surpassing the €10 billion-mark for the first time in the bank's history, it said. Fourth-quarter net profit jumped to €2.43 billion from €2.06 billion on revenue that rose 25% to €9.32 billion. Analysts had expected net profit of €2.24 billion and revenue of €8.66 billion, according to a company-provided consensus.

The bank said it would propose a final dividend of €0.41 a share for 2024 and plans a €993 million share buyback. Total shareholder returns for 2024 stand at €5.03 billion compared with €4.01 billion for the previous year.

In European trading on Thursday, shares rose 1.4% to €11.22 each.

Gold Prices Climb to A Record

Continued from page B1

meeting, which saw the central bank hold interest rates steady. Fed Chair Jerome Powell expressed caution in Wednesday's meeting over further interest rate cuts, but noted that "interest rates are meaningfully above neutral,"

start to the year climbing 7.8% this month, and is set to rise much further in the short term now that President Donald Trump has taken office, MUFG analysts write.

Trump's administration will drive safe-haven demand and play into the fear-related dimension of MUFG's bullish expectations for gold in 2025, the analysts said in a note. Commodities act as a critical inflation hedge, and MUFG expects a number of Trump policy-induced inflation shocks.

Markets are now pricing in around two U.S. interest-rate cuts this year, a boon for non-interest bearing bullion. The Bank of Canada cut rates on Wednesday and as did the European Central Bank on Thursday, further supporting the metal's appeal.

Gold has recorded a strong

start to the year climbing 7.8% this month, and is set to rise much further in the short term now that President Donald Trump has taken office, MUFG analysts write.

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We anticipate that gold will continue to perform well in 2025 due to the many uncertainties in the world and the ongoing desire for a store of value independent of other assets and institutions," Sprott's McIntyre said.

Market participants have

also moved to borrow gold from central banks with London-based storage facilities. This demand surge was triggered

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



THOMAS SAMSON/AFPIGETTY IMAGES

Reductions to Canadian oil-sands production during annual maintenance could naturally mitigate discount risks.

Tariffs Won't Sink Canadian Oil Companies

U.S. has become reliant on crude from north of the border

President Trump has said he could slap 25% tariffs on Canadian imports as soon as Saturday. While that is bad news for Canadian oil producers, it isn't nearly as bad as it looks.

Canada depends heavily on the U.S. to sell its crude. In 2023, it produced 4.6 million barrels a day, out of which more than 80% ended up in the U.S. But the dependency goes both ways: About 60% of U.S. crude-oil imports are from Canada, in part because U.S. refineries are designed to process the heavy crudes Canada pumps, not domestic varieties.

Any tariff's cost will ultimately be shared between Canadian oil producers, U.S. refiners and American consumers. Refineries are most exposed in parts of the country where they have few, if any, alternatives to Canadian crude. These landlocked regions are where most Canadian oil goes: The Midwest received about 62% of Canadian crude-oil imports in 2023, while the Rocky Mountain region got 6.8%, according to the Canada Energy Regulator.

There also are potential offsetting factors for Canadian producers. For one, annual maintenance—known as a turnaround—is expected to take off about 380,000 barrels a day of oil sands production capacity in the second quar-

ter and about 140,000 barrels a day in the third quarter, according to a report from TD Cowen. That could naturally mitigate the risk of steep discounts on Canadian oil. And given the Trump administration's rapid U-turns to date, tariffs might be scrapped by the time maintenance ends.

Secondly, refiners located in such places as the Gulf Coast do have access to heavy crude from other countries, but options are limited. While U.S. refiners already source heavy crude from Mexico and Colombia, those sellers don't have much additional volume to send to the U.S., said Dylan White, analyst at Wood Mackenzie. Iraq is the biggest available source of incremental heavy crude imports for the U.S., he added.

And even existing alternatives could be at risk. If Trump imposes 25% tariffs on Mexico, it would leave U.S. refiners with fewer cheap heavy crude oil options, said Menno Hulshof, equity analyst at TD Cowen. And if Dos Bocas Olmeca, the largest refinery in Mexico, ramps up further this year as planned, the country will have fewer spare barrels to export to the U.S., he added.

Another small offset: Canadian producers now have more export capacity to Asia after the Trans Mountain pipeline, which connects

Canada's oil to its western coast, was completed last year.

Canada also has a potential retaliatory trick up its sleeve: curtailing oil production. Even a little bit could go a long way. In early 2019, the Alberta government ordered oil producers to reduce production to narrow the wide discount that Canadian crude was getting compared with the U.S. benchmark. Even with a modest curtailment of 325,000 barrels a day, the discount narrowed from about \$49 a barrel to \$10 a barrel once the curtailments had taken effect, according to TD Cowen's report.

Markets are already baking in some bad news. A basket of Canadian energy companies has underperformed a basket of U.S. counterparts by about 4 percentage points since Trump was elected. Some are better shielded from tariffs than others. **Suncor Energy** and **Imperial Oil**, for example, have a sizable refining footprint in Canada, and most of their crude production is consumed domestically, according to Hulshof. That might explain why their shares have performed more in line with U.S. energy companies than Canadian ones.

Tariff costs wouldn't be as one-sided as Trump seems to think.

—Jinjoo Lee

Tech Giants' AI Bets Not Enough for Nvidia

Microsoft and Meta keep spending plans in line as DeepSeek raises questions about computing needs

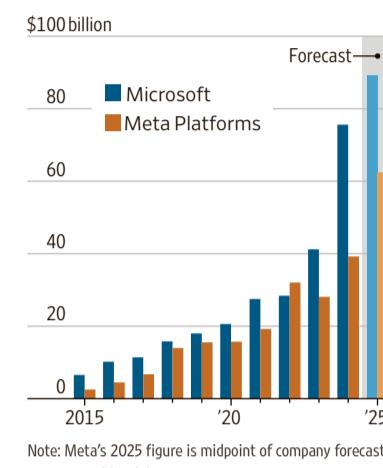
Money doesn't solve all problems, but \$37.4 billion should solve a few.

That was what **Microsoft** and **Meta Platforms** have in combined capital spending in the December-ended quarter, according to the companies' earnings reports Wednesday afternoon. The expenditures were higher than what Wall Street had anticipated, not to mention nearly double from the same period the previous year. The bulk of it is going to chips and data centers to power generative artificial intelligence services.

That should have been great news for **Nvidia**. But the market's prime AI chip maker saw its shares slip in after-hours trading following the reports of two of its largest customers, though they rose 0.8% Thursday. That follows bruising run that has already clipped around 15% off the company's stock price since last week, when a Chinese AI startup published claims about developing an advanced AI model at a fraction of the computing cost required by U.S. competitors. Nvidia is one of only three companies valued at more than \$3 trillion, so such a drop leaves a wide mark. About \$1 trillion of the U.S. stock market's value was wiped out on Monday alone, according to Dow Jones Market Data. Nvidia's stock spent most of Thursday in the red before picking up a small gain by the closing bell.

Microsoft and Meta are two very different businesses with one big thing in common. Both are now spending about 30% of their annual revenue on capex, which is a much bigger percentage than what its rivals **Amazon.com** and Google's parent, **Alphabet**, have committed. But investors have given Facebook's parent a much longer leash. Meta's stock price has surged around 72% over the past 12 months, compared with an anemic 1.6% rise for Microsoft. That has put some pressure on the software titan to show that its AI investments will pay off soon.

Wednesday's report didn't quite do that. Revenue and operating earnings in Microsoft's Intelligent Cloud segment came in below Wall Street's forecasts, as did reported revenue growth for its Azure public cloud service. The company also issued a disappointing revenue forecast, noting that the stronger U.S. dollar will have a more negative impact than what the company estimated three months ago. Micro-



Note: Meta's 2025 figure is midpoint of company forecast.

Source: Visible Alpha

soft's stock slipped 6% on Thursday.

As far as capital spending goes, Microsoft said it expects the next two quarters to be similar to the \$22.6 billion it spent in the latest quarter, which is roughly in line with Wall Street's expectations. The company didn't say if DeepSeek's breakthroughs would eventually lead to a big reduction in spending on AI computing—the key fear driving Nvidia's selloff.

"We ourselves have been seeing significant efficiency gains in both training and inference for years now," said Chief Executive Officer Satya Nadella on Microsoft's call, adding, "As AI becomes more efficient and accessible, we will see exponentially more demand."

Meta boss Mark Zuckerberg, for his part, doesn't seem inclined to tap the spending brakes just yet either. On his own call, he said the ability to invest heavily in capex will be a "strategic advantage" over time. "It's possible that we'll learn otherwise at some point, but I just think it's way too early to call that," he added.

Meta had already announced plans last week to significantly boost its capex spending for this year, and its social network business is still generating plenty of cash to support that. The company's ad revenue jumped 21% year over year in the fourth quarter to \$46.8 billion, while its operating margin hit a seven-year high of 48%. The company even managed to lose \$1 billion less than analysts had been expecting in its Reality Labs segment. With plans to drop at least \$60 billion this year on its AI build-out, every little bit helps.

—Dan Gallagher

BUSINESS NEWS

Pimco Scores Windfall on Gas-Exporter Venture Global

By JUSTIN BAER

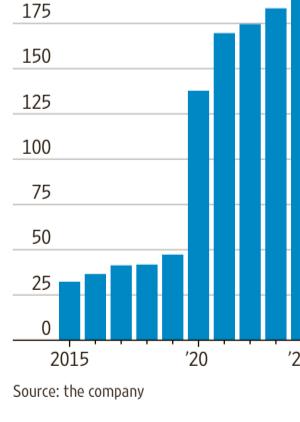
Pimco, one of the world's largest bond managers, is sitting on one of the most-profitable investments in its 50-year history: a stock.

Currently, Pimco owns 354 million Class A shares of **Venture Global**, the natural-gas exporter that went public last Friday at \$25 a share. And while the stock has since dropped to about \$20, the California manager's stake is still worth about \$7 billion. That is more than 14 times what the shares cost the investment firm as it accumulated them over the past eight years. On paper, it is one of Pimco's most-profitable investments in any one security, people familiar with the firm said.

Pimco's unusual windfall is the latest sign of the rise of private markets. The pursuit of private equity, private debt and other high-octane investments is transforming the once-staid world of asset management—increasingly pitting traditional mutual-fund firms against the alternative-investing stalwarts that manage money for pensions and other institutions.

These private assets offer outsize rewards and, for fund managers, outsize fees. But the investments are by their design illiquid, and some analysts argue the risks they pose for investors and the markets aren't fully understood. The rapid growth of private funds has only raised the stakes.

Pimco's assets in alternative funds



The company's shares went public last week. A Venture Global plant under construction in Louisiana last year.

pany's first investing rounds, the people said. Pimco also invested in rounds two and three, in 2017 and 2018, respectively.

Sabel, a former investment banker, and Pender, a lawyer, were industry outsiders. And in founding Venture Global in 2013, they were touting a business model that differed from all of their future competitors. They billed their new company as every bit the disrupter as, say, Uber, the ride-sharing startup that has brought change to its industry. But their pitch didn't resonate with the traditional venture-capital investors that had seeded Uber and other digital upstarts that were remaking parts of the economy throughout the decade.

By 2019, Venture Global's early successes had effectively doubled its early backers' money. With no IPO on the horizon, some of its investors were ready to cash out. Sabel and Pender were eager to buy out those investors, and in many cases did.

But Pimco held out, declining to sell its shares to the founders. In fact, the investment firm continued to add to its position by picking up additional shares from other insiders.

Pimco hosted Russia's 2022 invasion of Ukraine triggered a surge in gas prices and a scramble by Europeans to find alternatives to Russian energy. Venture Global, whose first plant in Louisiana had just recently started producing liquefied natural gas,

emerged as a significant supplier.

The company earned nearly \$7 billion combined in 2022 and 2023. Its growth, and the promise that Donald Trump's election would benefit the energy industry—the gas-export business in particular—set the stage for what was expected to be the largest IPO of an energy company in more than a decade.

Days before the IPO, President Trump lifted a pause on new liquefied-natural-gas exports. It appeared as though Venture Global was on the cusp of becoming a \$100 billion company.

Investor demand for the offering fell well short of those expectations. Venture Global went ahead with the IPO last week, but only after the company and its bankers slashed the price by more than 40%, to \$25. Instead of raising as much as \$2.3 billion at a \$110 billion valuation, the deal brought in \$1.75 billion.

Venture Global's shares closed Monday at \$19.95 each, leaving the company's market value at \$48.3 billion.

Pimco's holdings are subject to a lockup agreement, meaning it can't sell its shares for six months. But the firm's investment is still in the black, despite Venture Global's rocky start as a public company; the average cost to its Venture Global purchases was \$1.38.

—Benoit Morenne contributed to this article.

Pimco's alternative funds, which include investments in private credit, private equity, quantitative strategies and hedge funds, managed some \$191 billion in assets at the end of 2024, up from just \$32 billion in December 2015.

The investment in Venture Global is more of a lucrative outlier than the start of a wider shift into venture capital. The money manager is still a dominant player in the debt markets—it's total assets under management are about \$2 trillion.

But in the capital-intensive energy industry, investors can often use their expertise in corporate debt to evaluate a company's stock, said Boaz Weinstein, founder of Saba Capital Management, a credit hedge

fund firm.

"The energy sector is one where credit and equity aren't distant cousins—they're brother and sister," said Weinstein, whose firm is the largest shareholder in the **Pimco Dynamic Income Strategy Fund**, one of the seven Pimco funds that hold Venture Global stock. Pimco "has great experience on the credit side, so this is not so far afiel."

Pimco's Venture Global story began in 2016, when the investing staff at one of the manager's private funds learned the gas

exporter had signed a purchase agreement with the oil giant **Shell** and was looking to raise outside capital. The Pimco team, which had invested in a handful of natural-gas deals earlier that decade, saw Venture Global's contract as a sign the company's idea for chilling and shipping gas faster and cheaper was gaining traction.

Pimco hosted Michael Sabel and Robert Pender, Venture Global's co-founders, that year at the money manager's offices in Newport Beach, Calif., and wrote a check to join the com-



\$22 Million
Gwyneth Paltrow
sells her
longtime home in
Los Angeles. **M2**

MANSION

THE WALL STREET JOURNAL.

\$3.29 Million
Onetime home of
Elizabeth Arden
lists in South
Carolina. **M4**



HOMES | MARKETS | PEOPLE | REDOS | SALES

Friday, January 31, 2025 | **M1**

Park Avenue Loses its Luster

A new generation of wealthy buyers is eschewing Manhattan's most prestigious co-ops—and their extensive requirements—for the convenience of buying a condo



DONNA DOTAN (2)

34
Manhattan co-op
sales of \$10 million
and up in 2024,
down from
64
in 2014

**\$15.49
MILLION**
Median price for a
Manhattan co-op over
\$10 million in 2024, up
16% from 2014

**\$19.45
MILLION**
Median price for a
Manhattan condo over
\$10 million, up 45%
from 2014

BY KATHERINE CLARKE

When Edward J. Minskoff listed his apartment in a storied Park Avenue co-op in 2022, the price tag was \$17.7 million. The apartment, in a white-glove building where the real-estate investor had lived for three decades, has a private elevator vestibule, a large living room with Central Park views and a dining room that seats up to 20 people.

When Minskoff finally sold the apartment in January 2024, the closing price was just \$7.4 million, a discount of nearly 60%.

While an extreme example, Minskoff's sale illustrates an ongoing struggle for sellers in some of New York's most exclusive cooperatives on Park and Fifth Avenues. These buildings, many constructed in the 1920s, were once the pinnacle of New York luxury. Home to well-heeled families like the Vanderbilts, the Rockefellers and the Tisches, buildings like 740 Park Avenue and 834 Fifth Avenue symbolized old-money elegance and exclusivity and commanded record-setting prices. Now, however, the values of these Upper East Side co-ops are lagging far behind condominiums.

While condos have historically fetched higher prices than co-ops, the spread between the two has "gotten unnaturally large" in recent years, said luxury real-estate agent Leighton Candler of the Corcoran Group. "The premium that you're paying to have condominium ownership is enormous."

While these factors are also impacting co-ops on Central Park West and elsewhere, the change is particularly noticeable in the Upper East Side's most prestigious buildings. For Fifth and Park Avenues condos over \$10 million, the median price in 2024 was \$19.25 million, a leap of roughly 45% from \$13.24 million in 2014, according to data from real-estate analytics firm UrbanDigs. For co-ops in the same area, by contrast, the median price grew around 16% to \$15.49 million from \$13.4 million in 2014. While those statistics are based on a relatively small number of transactions, they speak to a broader trend of co-ops

Please turn to page M5

For decades, prewar co-ops like 740 Park Avenue were among the most sought-after and expensive buildings in Manhattan.

What Was Inside Mattered Most

L.A. homeowners didn't just lose their houses to recent wildfires. They lost one-of-a-kind pieces, family heirlooms and other priceless items.



BY SARAH PAYNTER AND LIBERTINA BRANDT

CATHERINE KANNER'S midcentury ranch in the Pacific Palisades was filled with irreplaceable midcentury furniture and signed first-edition books.

In January, the home and its contents were destroyed by the Palisades fire.

"It's incomprehensible," said Kanner, a book publisher, artist and former design director for the Los Angeles Ballet. She and her husband, architect Winston Brock Chappell, lived on the property for about 35 years. Zilow estimated its value at about \$3.5 million, but "it was really

Please turn to page M8

Molly Baz and Ben Willett, right, in the kitchen of their now-destroyed home



FROM LEFT: LAURE JOLIE; JUSTIN CHUNG

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*Source: NJMLS MLS 01.01.2024–04.13.2024.
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It's always been easier for me to help others than to help myself

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U.S. Department of Veterans Affairs

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PRIVATE PROPERTIES

Gwyneth Paltrow Sells Los Angeles Home

★
UPDATE

Less than a month after the Los Angeles wildfires threatened to destroy it, Gwyneth Paltrow's longtime home in the Brentwood area has sold for \$22 million.

The home, which was unharmed by the fires, came on the market for \$29.9 million in May 2024. The price was lowered to \$24.9 million in October. Paltrow and her ex-husband, Chris Martin, bought the house for \$9.95 million in 2012, property records show.

The buyer is unknown.

The property is located in the Mandeville Canyon area of Brentwood, which is known for its sprawling lots, tall hedges and old-growth trees.

The area was ultimately largely spared from the fires. The market in L.A.-area neighborhoods relatively unaffected by the disaster has spiked in recent weeks, as displaced people look for new homes. Paltrow's property went under contract before the fires threatened it, however.

Paltrow, who married writer-producer Brad Fal-



SOLD
\$22 MILLION
game room,
gym, theater



chuk in 2018, was looking to sell the property because her children were getting older and she recently finished building a new

home in Montecito, her listing agent, Lea Porter of the Beverly Hills Estates, told The Wall Street Journal last year. Porter declined to comment on the sale.

Built in the 1950s, Paltrow's single-story house was gut renovated around 2009. It spans about 8,000 square feet with six bedrooms and a large kitchen. There is also a one-bed-



Purchase price in 2012: \$9.95 million

room guesthouse with a wine cellar, office, gym, game room and movie theater.

Paltrow, an Academy Award-winning actress, founded the lifestyle com-

pany Goop in 2008.

Richard Ehrlich of Carolwood Estates, who represented the buyer, declined to comment.

—Katherine Clarke and E.B. Solomont

She said she and her husband are working on several other homes in the gated community, known as Stone Creek Ranch.

The deal appears in the local multiple listing service with a price of \$50.5 million, which doesn't reflect the cost of the furniture

and fixtures, Adžem said.

Adžem did "quite a few" showings of the property, including some with celebrities, she said.

The seven-bedroom contemporary house has indoor and outdoor pools, a soccer field and a putting green.

The Starks paid around \$3.4 million for the lot in 2023 and spent tens of millions building the house.

—Katherine Clarke



★
UPDATE

SOLD
\$55 MILLION
22,000 sq. ft.,
7 bedrooms

Ferrari-Inspired House Finds Buyer

factory location in Italy.

Adžem declined to comment on the identity of the buyers. According to a person with knowledge of the transaction, they are tied to the Cafaro family, which runs an eponymous Ohio-

based real-estate company that owns shopping malls.

"Delray Beach was always a high-status place to live," said Stark's wife and co-developer, Fiorenna Stark. "We just took it to the next level."



As a Veteran, when someone raises their hand for help, you're often one of the first ones to respond. But it's also okay to get help for yourself. Maybe you want or need assistance with employment, stress, finances, mental health or finding the right resources. No matter what it is, you earned it. And there's no better time than right now to ask for it. **Don't wait. Reach out.**



U.S. Department of Veterans Affairs

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PRIVATE PROPERTIES



The House that Romance Novels Built

A Beverly Hills, Calif., mansion built for the late novelist Jackie Collins is coming on the market for \$66 million, a potentially record-breaking price for the Flats neighborhood.

The sellers are real estate investor Ben Nehmadi and his wife, Bita Nehmadi. They purchased the house for \$21

house for \$21 million in 2016 about a year after Collins died at age 77, property records show. The Nehmadiis spent about

The upscale Flats neighborhood was unaffected by the Los Angeles

was unaffected by the Los Angeles wildfires and has seen a surge in popularity as displaced families from other areas look for long-term housing, according to listing agents Richard Maslan and Susan Smith of Carolwood Estates. The Nehmadis had already planned to list the house before the fires took place, Ben said.

seven-bedroom estate sits on about an acre. The house was inspired by the David Hockney painting "A Bigger Splash," which depicts a swimming pool beside a modern house, said Smith, who also worked with Collins.

In a bid to expand her parcel of land, Collins bought the house next door and leased it to actor Al Pacino, who lived there until late last year, the agents said. The Nehmadis, who also purchased that lot for an additional \$9 million,

asking \$16 million, Ben said. Being Pacino's landlord was "an absolute pleasure," Ben said. "He never bothered us."

drawn to the estate for its oversize lot and Hollywood history. "Jackie had many parties with celebrities and special events there," Ben said. "It was like the power-house of Beverly Hills."

The Nehmadis took the house down to the studs, changing the floor plan, adding a sunroom

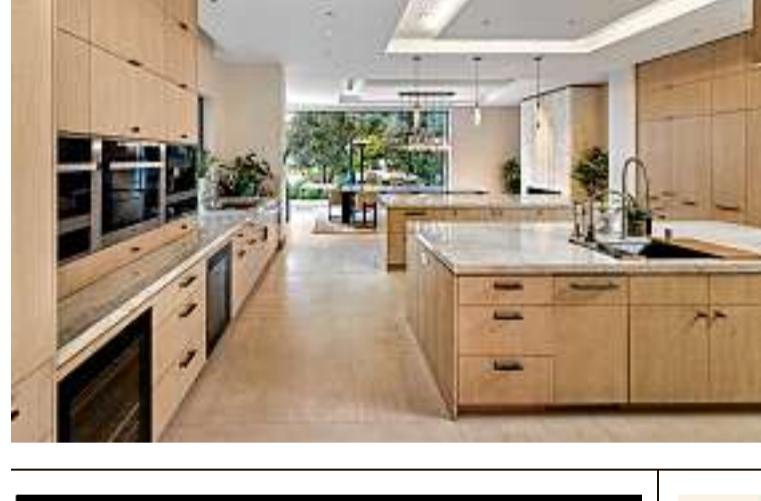
floor plan and adding an elevator, gym, movie theater and solar-energy system, Ben said. Prominent English designer Gavin Brodin oversaw the interiors. Outside, they redid the landscaping.

Ben is the founder of Republic Investment Company, a real-estate

investment company, a real estate investment company with a portfolio spanning from California to New York and Costa Rica, according to the company's website. The Nehmadis are selling the Beverly Hills house because they travel often and don't spend enough time there, Ben said.

of Married Men.”
—Katherine Clark

• 100 •



An aerial photograph of a tropical island landscape. In the foreground, there's dense green vegetation. Two large, modern luxury villas with thatched roofs and light-colored walls are nestled among the trees. Each villa has a large, rectangular swimming pool in front of it. The background shows a vast expanse of blue ocean meeting a sky filled with warm, orange and yellow hues from a setting sun. The overall scene is one of luxury and natural beauty.

MANSION



HOUSE
OF THE
WEEK

Red door allure



LIST PRICE
\$3.29 MILLION

Reason for selling?

The couple want to be closer to family, including Allison's 86-year-old mother, who lives in Cincinnati. Her daughters from a prior relationship are also starting their own families, and she doesn't want to be an absent grandmother. "It was a very, very hard decision. A lot of tears, conversations about why," she said. "As you look at your life, family is what's important. Not the job. Not the house."

Market snapshot

Located about 25 miles from Charleston, Summerville was a summertime retreat for wealthy South Carolinians during the 19th century. Its historic downtown draws comparisons to downtown Charleston and Mount Pleasant's Old Village, but prices are far lower, said listing agent Taylor Charpia of the Boulevard Company.

"Homes there trade for \$1,500 to \$2,000 per foot," he said. "We're at \$500 per foot."

In November, the median home in Summerville sold for \$370,000, up 15.3% year-over-year, according to Redfin.

► A new House of the Week drops every Friday at [WSJ.com/RealEstate](#).

A Colorful Home in South Carolina

Cosmetics icon Elizabeth Arden once used the Victorian-style Summerville property as her vacation home

By E.B. SOLOMONT

Allison and Ron Wehtje were searching for a rental in Charleston, S.C., when they stumbled upon this Victorian-style home in nearby Summerville.

"I didn't have filters on the pricing, so up pops this gorgeous house," said Allison, who was browsing properties online. "I fell in love with it."

The Wehtjes, who met online during Covid, paid \$1.89 million for the property in 2022 and got married there in 2024. Built in the 1890s, the residence was owned by cosmetics icon Elizabeth Arden from the 1930s to 1950s, according to the 2011 book "Summerville."

The couple said they spent about \$820,000 remodeling the property, which includes a roughly 6,400-square-foot main house, three guest cottages and a poolhouse. "We've basically touched everything," said Ron, a former CFO who is now an executive at a finance company.

Part of the renovation was featured in a 2023 episode of the

Magnolia Network's "Happy to Be Home with the Benkos." Ron said they spent roughly \$300,000 with home renovation duo Gray and Mike Benko, who completed the job quickly and in time for Allison's daughter's wedding.

"They wanted to get the TV show done," he said.

After buying the estate, the Wehtjes decided to host events there and rent out the cottages for \$200 a night and up.

"I'm a very social butterfly who would have a party at my house every week if Ron would let me," Allison said.

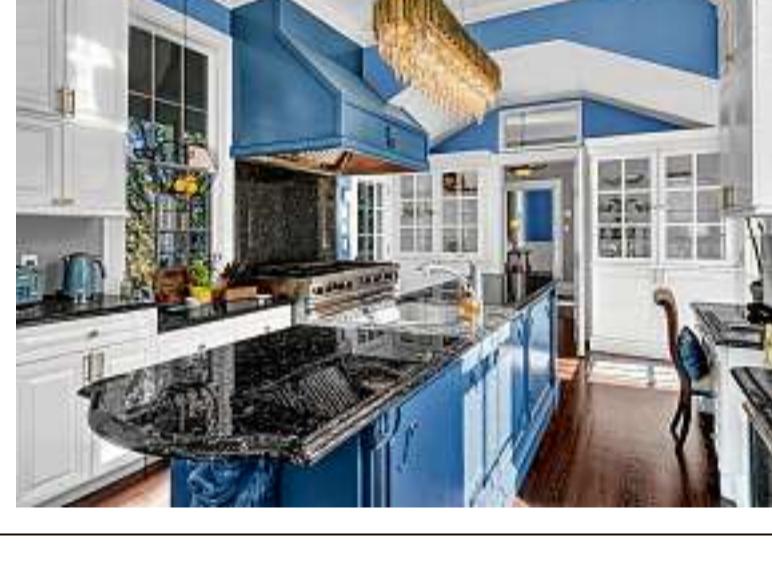
The couple said being hosts is a great source of supplemental in-

come and they've become friendly with 95% of their renters; there was one awkward moment when Allison, who was in her bikini, greeted a guest who arrived early.

Can't miss features

The Wehtjes said they tried to keep the historic nature of the estate. They decided to preserve the leaded-glass windows, while the living room retains its original hand-carved, stone fireplace mantles.

As a tribute to Arden and her "Red Door" spas, the couple also repainted the front door, which had faded to a pinky red. The furnishings are a mix of art deco, antique and modern pieces.



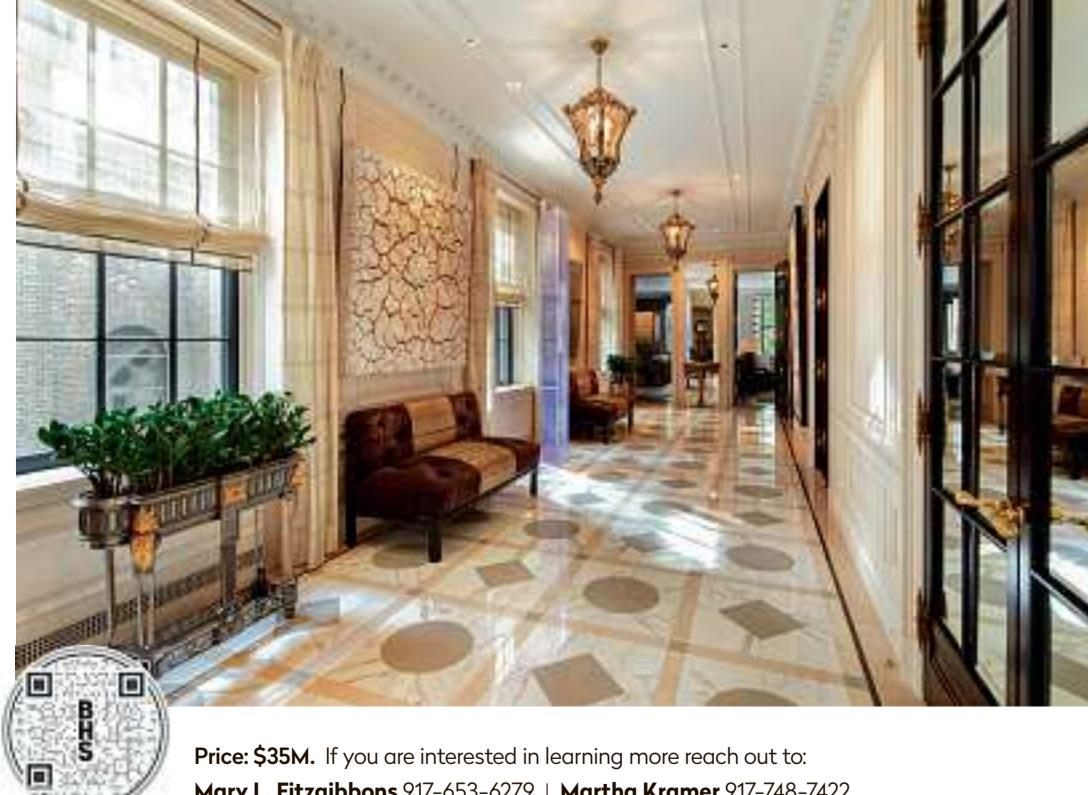
JON JAVIER/VIRTUAL REALTY (3)

Brown Harris Stevens

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MANSION

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Co-op Prices Lag Behind

Continued from page M1
slipping behind, UrbanDigs co-founder John Walkup noted.

Living in one of the Upper East Side's grand, doorman-guarded co-ops was once a social marker, a sign of belonging to an exclusive club. In recent years, however, this cachet has eroded as younger buyers' choose condo buildings with fewer rules, or in apartments in hipper neighborhoods downtown.

"In my generation and in the one immediately after me, most of those people still cared about addresses," said Frederick Warburg Peters, president emeritus of Coldwell Banker Warburg and a 45-year industry veteran. "The next generation of buyers—the ones with money—mostly have it through tech and hedge funds. The majority of them don't particularly want to live uptown."

Billionaire William Lauder of Estée Lauder Companies is listing this unit at 778 Park Avenue for just above his 2023 purchase price of \$25 million.

In 2024, amid a broader slowdown in the market due to interest-rate shifts and election uncertainty, there were just 34 sales of Manhattan co-ops priced at \$10 million and up, down nearly half from 64 in 2014. By comparison,

ess and philanthropist Anne Hendricks Bass sold in January for \$53.5 million, far less than its \$70 million asking price in May 2023. Private-equity executive James Coulter and his wife, Phyllis Coulter, recently paid \$36 million for a five-bedroom unit at 2 East 67th Street. It was originally listed for \$49 million in May 2022.

Manhattan's co-ops have long operated as the equivalent of private country clubs. Residents don't own their apartments, but rather buy shares in a corporation, a system that has been around since the late 19th century. The structure allows residents tight control over nearly everything that takes place in the building, starting with who lives there: Co-op boards can reject prospective residents for almost any reason, and they don't have to disclose what the reason is. Even celebrities have been turned down. Madonna was once rejected by the board of the San Remo on the Up-

their apartments as pieds-à-terre, and govern when and how residents can renovate their units. Some also prohibit buyers from using limited liability companies and trusts, which can have tax benefits and provide a cloak of anonymity for purchasers. Condos, by contrast, generally allow for financing, pied-à-terre ownership and LLCs, and have laxer renovation rules.

Since the vast majority of Manhattan's early apartment houses became co-ops, they occupy some of the city's most prime real estate on the Upper East Side near Central Park. Those locations have helped them hold their value over that period, said Walkup.

Condo prices have historically been slightly higher than those in co-ops, in part because it is easier to buy and sell them. But prewar co-ops have long been prized for their generous floor plans, high ceilings and formal entertaining rooms.

In the past decade or so, however, wealthy buyers have started

Please turn to page M6

"They're less worried about getting a massive appreciation...It's more about making sure the right people get in."

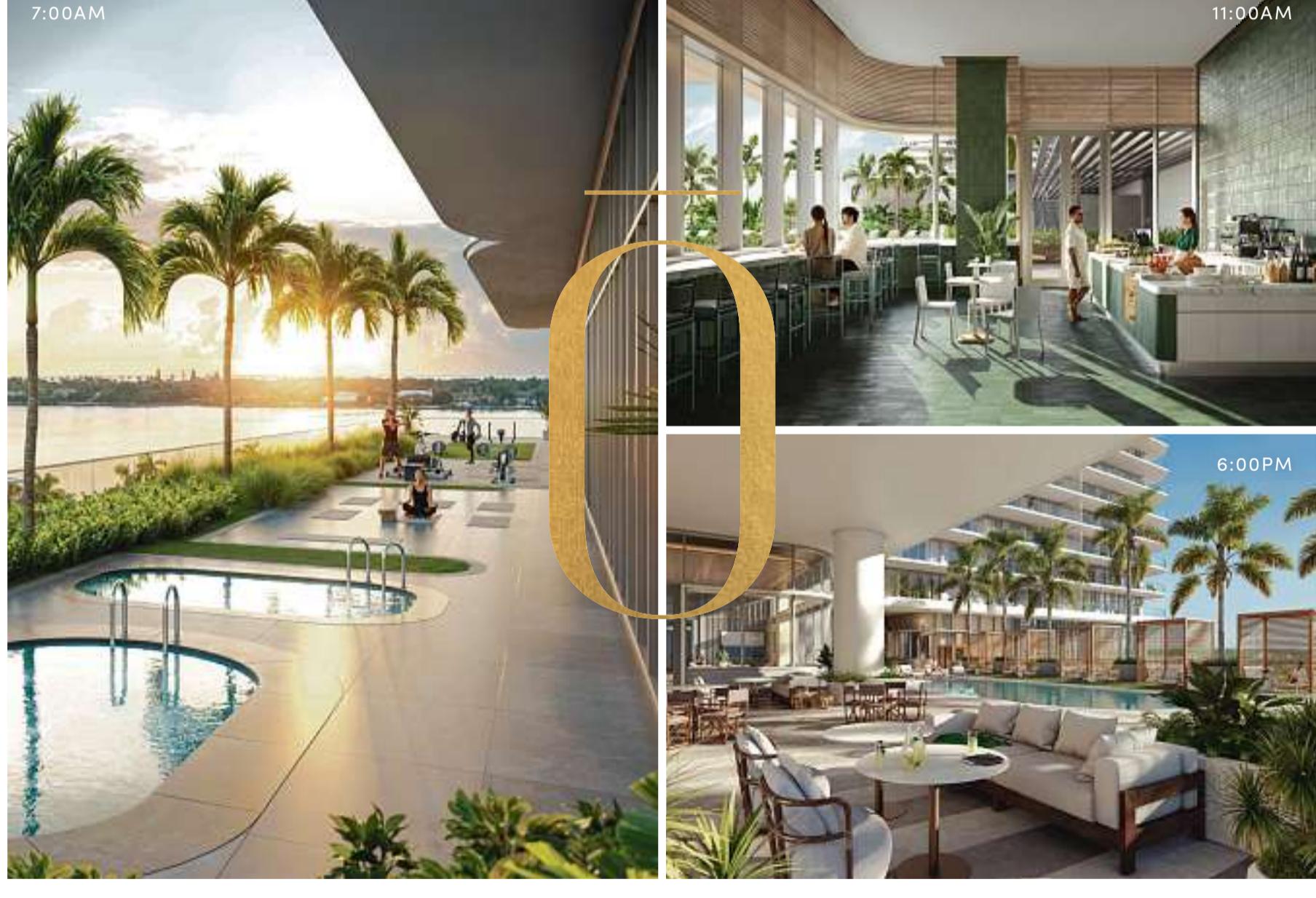
the number of condo sales declined by just 12%, to 151 from 171, UrbanDigs data show.

In some of the city's most illustrious co-ops, sellers have been slashing prices and selling at discounts. At 960 Fifth Avenue, the longtime home of the late oil heir-



per West Side, while Diane Keaton was turned down by River House. Richard Nixon was famously twice rejected by Manhattan co-op boards after leaving the White House.

Co-ops can also enact strict financial standards for would-be buyers, such as requiring that they pay all cash. Buildings can ban residents from subletting or using



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MANSION

NYC Co-ops vs. Condos

Median sale prices for condos over \$10 million on Fifth and Park avenues have overtaken comparable co-ops over the last 20 years.



Source: UrbanDigs



Edward Minskoff



Anne Hendricks Bass



Michael Lorber



James Coulter

Continued from page M5

gravitating downtown to hipper neighborhoods, buying units at well-known Tribeca condos such as 70 Vestry Street, where Tom Brady owned a unit, or 443 Greenwich Street, which celebrities like Ryan Reynolds and Blake Lively and Justin Timberlake have called home. Prices downtown started to rival those uptown.

"It's no longer, 'I have to be on Sutton Place in a prewar co-op and belong to the Met Opera,'" said Walkup. "It's, 'I live in this 32nd-floor Tribeca penthouse with a sweeping view of the harbor.'"

Many affluent buyers who do want to be uptown are drawn to brand new, super high-end condo projects like 432 Park Avenue and 220 Central Park South, or what is now called Billionaires' Row. "It's like an IPO—it's got this premium of freshness attached to it," said Walkup.

These new-construction condos have amenities such as swimming pools, private restaurants and state-of-the-art gyms, which older buildings tend to lack.

And while high-end co-ops typically want their shareholders to be full-time residents, the wealthy have become increasingly mobile, thanks to advancements in remote work and technology. Their parents and grandparents might have been tethered to New York for



Park Avenue

most of the year, but these buyers may want to spend some of the year in Florida or in Europe.

"People have a much more national and international schedule than they used to," Peters said. "The whole relationship to what your home is just different for a lot of younger people, especially the very successful ones."

Prerna Soni, a 35-year-old attorney who splits her time between New York and San Francisco, has been looking for a two-bedroom New York City apartment for around eight months. She told her agent, McKenzie Ryan of Douglas Elliman, to avoid co-ops and look exclusively for condos, so she'll have the option of subletting or renovating the apartment if she wants to.

"I love to have flexibility," Soni said. "I don't love rules."

Rather than associating exclusive co-ops with status, she said, "I think of it as antiquated, old school."

Moreover, at least 50% of the units in the white-glove buildings along Fifth and Park Avenue are in need of some degree of renovation, real-estate agents estimated.

"They're family heirlooms, in many cases," said Candler. "People hold on to these for 30 years. So even if they look absolutely beautiful, they generally have not had a renovation in a while."

As with all renovations, the costs can be unpredictable, and in a co-op, buyers also have to deal with guidelines for what kind of work they can do, when they can do it and which contractors they can hire. Some co-ops charge a daily rate if construction goes past the agreed-upon timeline.

In a bid to shore up their values, some co-ops have relaxed requirements. Many buildings have eased the restrictions on pied-à-terre ownership and now allow buyers to purchase in trusts.

Some have increased the level of financing purchasers can get, or reduced the paperwork involved in board packages.

But other buildings have been loath to let their processes slip, Walkup said.

"I get the sense in some of these buildings that they still hold on to that gatekeeping function; they want to see someone of their

sort of social level get into the building," he said. "They're less worried about getting a massive appreciation on an apartment. It's more about making sure the right people get in."

Brown Harris Stevens agent Lisa Lippman said she recently sold a roughly 3,800-square-foot co-op on Park Avenue to a couple with young children for \$6.5 million. In 2016, that kind of apartment would have been \$9 million or \$10 million," she said.

For many co-op sellers, these changes are a hard pill to swallow. "They have a value in their minds of what their house was worth in 2009 or 2012, and that is always the high watermark of where these people want to sell," said Chase Landow of Serhant, who has multiple listings in high-end co-ops. "They're not ready to accept that the co-op market is not where it was."

Others are biting the bullet and being more conservative with their asking prices.

In 2019, billionaire William Lauder of beauty giant Estée Lauder Companies listed a unit at 778 Park Avenue for \$45 million. He pulled it off the market just over a year later after dropping the asking price to \$39 million. Now, he is listing another unit in the building for \$26.95 million, just above the \$25 million he paid in 2023, according to the listing with Cathy Franklin and Alexis Bodenheimer of the Corcoran Group.

The buyer of Minskoff's Park Avenue unit was Michael Lorber, 45, son of former Douglas Elliman Chief Executive Howard Lorber. Michael, a real-estate agent, said he watched the Minskoff apartment online for more than a year as its price was repeatedly reduced. Minskoff declined to comment.

"I have an almost 20-by-30-foot living room with some park views," Michael said. "There's a lot of amazing new construction on the Upper East Side but, to me, these new buildings can't compete with the best locations."



Ryan Reynolds and Blake Lively



Tom Brady

ANDREW HINDERAKER FOR WSJ (MINSKOFF); GETTY IMAGES (6); ZACK DEZON FOR WSJ (PARK AVENUE)

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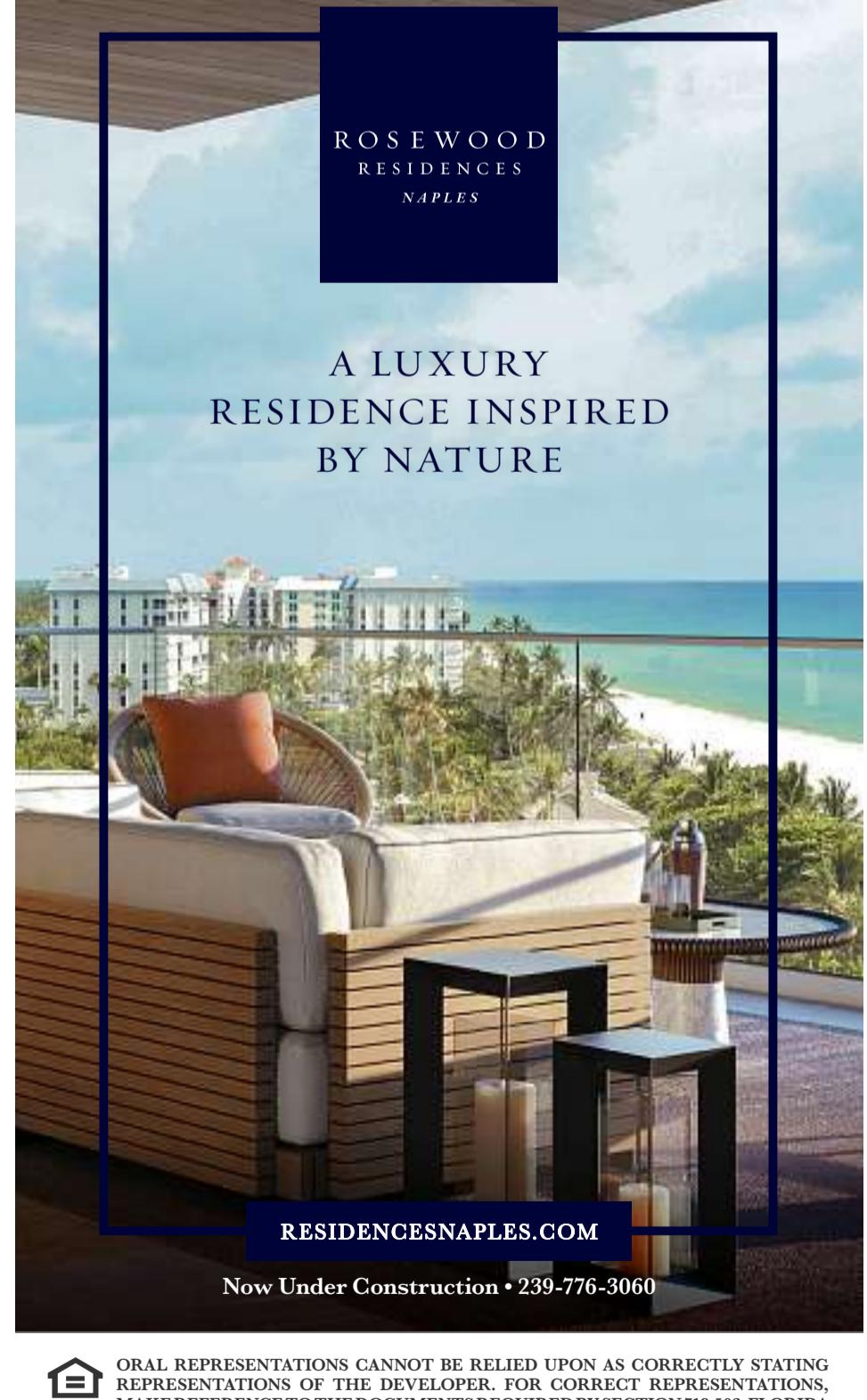
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PRIVATE PROPERTIES

Du Pont Family Lists Hunting Property

A du Pont family hunting property in Maryland is going on the market for the first time in nearly a century, asking \$14.8 million.

The 850-acre waterfront property is located outside Rock Hall, Md., about 25 miles east of Baltimore across Chesapeake Bay, according to co-listing agent Carol Snyder of Monument Sotheby's International Realty. Known as Napley Green, the property has been owned by the du Ponds since 1929, when Eugene E. du Pont paid \$70,000 for it, according to contemporary reports. Eugene was a descendant E.I. du Pont, who founded the DuPont chemical company in 1802.

Napley Green has about 7 miles of frontage on rivers and creeks that feed into the Chesapeake. The property's six-bedroom, roughly 5,600-square-foot farmhouse with river views is believed to date to the 1600s, said Snyder. The family has preserved the house with the decor and furnishings from the time of Eugene's ownership, according to his great-grandson Samuel Hobbs.

A one-bedroom log cabin dates back to the same era as the main house. Other structures include a caretaker's house and a garage shop building with a club room, where the caretaker runs a hunting club on the property, said Snyder. The property also contains a pool and a roughly 280-foot dock where the family used to keep a yacht. Recently, an episode of the hunting reality television show "Duck Dynasty" was filmed there, Snyder said.

Eugene bought the property to prevent development near the Grey's Inn Point Gunning Club,

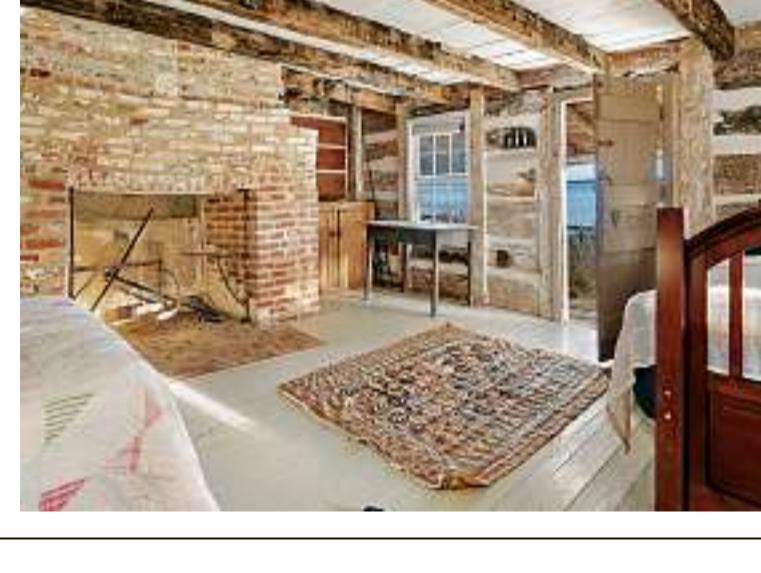
where he was a member, it was reported at the time. He used the property for duck hunting, rowing, tennis and swimming competitions, Samuel said. Eugene lived primarily in the Wilmington, Del., area, and during his ownership, the property had a landing strip, which his friends and family used to arrive by plane.

Napley Green is now owned by Samuel's mother, Patricia Weymouth Hobbs, who is now 90 and lives in Florida. Patricia, an avid hunter and sportswoman, bought out other relatives about 40 years ago after her grandparents' deaths. "I just loved it down there because my grandfather used to take me shooting all the time," said Patricia, who continued hunting until she was in her late 70s. She used Napley Green for hunting, crabbing and fishing with her four children.

Home to waterfowl, deer and turkey, the estate contains farmland, woods, marshes and ponds.

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The main house has several wood-burning fireplaces, as well as two-story porches added by the du Ponds.

The house looks virtually the same as it did in Eugene's day, according to Samuel. "Everything is exactly the same, meaning all the pictures in it, all the duck decoys, all the wallpaper in every room," he said. Whenever renovations were needed, his mother found



The main house has several fireplaces.

replicas of the original finishes, said Samuel, who still visits the property regularly.

The caretaker, who has been with the property almost 40 years, is the son of Eugene's original caretaker, said Snyder.

Patricia has decided to sell the Napley Green because it is underused. Nonetheless, "I'm very sad because I love the place," she said. She hopes the buyer uses it for recreation and "loves it as much as I do."

Snyder, who has the listing with Billy Norris of Select Land & Homes, said a developer is unlikely to buy the property because of its wetlands and local subdivision restrictions. A home on 790 acres, about 20 miles northeast, sold for \$8.85 million in 2021, but Snyder said Napley Green is worth more because of its large waterfront. Moreover, she said, home values in the area have increased about 10% since 2021.

—Sarah Paynter

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What Was Inside

Continued from page M1

what was in the house that was what was special," particularly its rare midcentury furnishings, which had been passed down from her husband's parents, she said.

"I haven't felt full-body pain, really, ever in my life until now."

—Molly Baz

Their furniture collection included desks and a coffee table they inherited that were designed by the late Archibald Quincy Jones, a midcentury architect who designed the historic Sunnyslands estate in Rancho Mirage. The Kanner home also had an original Herman Miller Eames lounge chair and ottoman set designed by legendary designers Charles and Ray Eames. They paid about \$5,000 to restore the pieces, which they also inherited, she said.

Kanner also lost many pieces of her original artwork and hundreds of books that were displayed and stored throughout their house. Her collection included a dozen signed first-editions of the late



Claire O'Connor's red vase was from her time living in Burundi.



Baz and Willett spent over \$1 million renovating their home, which was filled with custom-made furnishings.

Michael Crichton's books such as "Jurassic Park," and hundreds of limited-edition printings of books she publishes, which she estimated to be worth hundreds of thousands of dollars. She also had many pieces inherited from her grandmothers.

"Gone," said Kanner. "So, how do you replace that? I don't know."

Kanner and Chappell plan to rebuild in the same location near a bluff with views of the Pacific Ocean. Their new house will be filled with new, original artwork that Kanner plans to create, and she intends to republish some of her lost illustrated limited-edition books through her private fine-press publishing company, the Melville Press, she said. "It was a beautiful place, and it will be again," she said. The house and its contents were privately insured with a plan that will cover most of the cost of their rebuild, said Kanner.

Thousands of structures were destroyed by the wildfires that scorched parts of Los Angeles County in January. They began on

January 7. As assessors take initial inventory of destroyed homes, well over \$1 billion in losses have been cataloged. Inside those lost structures were items of incalculable additional financial and sentimental value: finishes and furnishings, lost examples of fine craftsmanship, art, one-of-a-kind

pieces, and family heirlooms.

Some of it can never be replaced.

Molly Baz, a popular food writer and YouTube personality, and her husband, Ben Willett, had their first child, a son, last year. In January, they lost their newly renovated modernist Altadena home. It was filled with Willett's



Kanner and Chappell's heirlooms included this Eames chair and ottoman, which they spent \$5,000 restoring.



custom-made furnishings. The pair bought the house for \$1.25 million in September 2020, soon after they moved to Los Angeles from New York, and they gave the circa-1949 house a \$1 million to \$2 million renovation, completed in 2022, said Baz. Zillow estimates the home's value at about \$1.85 million.

"We, obviously, are heartbroken. I haven't felt full-body pain, really, ever in my life until now, where it has a physical sensation," said Baz, who said the loss was particularly hard because of all the work they put into the house. "It'll be a long time before we have a home that feels anything like the one that we lost, that's filled with things that have histories to us."

Willett, an architect by training, custom-designed many of the home's furnishings because of pandemic-related supply-chain de-

"It was a beautiful place, and it will be again."

—Catherine Kanner

lays, ultimately leading him to a career in furniture design, he said. One-of-a-kind pieces he designed for the house included a round-cornered credenza, a built-in blue corduroy couch and a three-legged coffee table. Willett also

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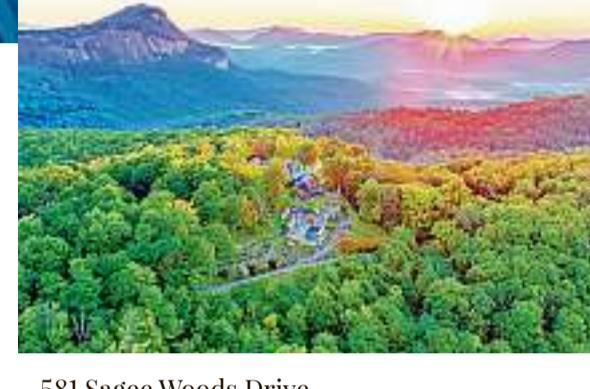
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MANSION

Continued from page M8

built a modernist tile fireplace hearth for the living room and hand-laid broken pieces of marble as tile on the bathroom floor. The couple designed every detail of their all-yellow kitchen, intended to serve as a platform for promoting Baz's work.

The couple also lost antiques and family heirlooms including 1960s armchairs, an antique bar cart, and a framed original drawing of the first house Willett's father, a home builder, ever built, he said. The house had wooden art sculptures and original illustrated prints by the children's book author and artist Esphyr Slobodkina, said Willett.

Baz and Willett aren't sure if they will rebuild or even if they will remain in the area, but the house was insured through California's FAIR Plan Insurance, the state's insurer of last resort for fire insurance that caps home coverage at \$3 million. In December 2024, the median sale price of a home in Altadena was \$1.3 million, according to Redfin.

Willett declined to disclose whether the value of his home is covered by the plan. They are taking it one day at a time with the support of the people around them, said Baz.

"A lot of people have come to our aid in helping to replace the replaceable things" they need, like a crib and a stroller for their baby, said Baz. Many people who lost their houses don't have the immediate resources to replace their basic belongings, she said. "It's not lost on us that we have a huge support system."

Claire O'Connor, a real-estate agent with Berkshire Hathaway HomeServices California Properties, lost her roughly 6,300-square-foot, Cape Cod-style home in the Palisades fire. O'Connor said she is not very sentimental about her belongings. However, she did lose some irreplaceable things in the fire, including a vase she bought in 2012 when she lived in Burundi.

"And I lost that," said O'Connor, "which was kind of like a weird sort of reminiscence of a different phase of my life."

The fire destroyed her home roughly two months after her insurance policy was dropped by State Farm, she said. O'Connor moved under California's FAIR Plan, plus a secondary insurance that brings her cap to around \$4 million, about half the home's value, she said.

The most expensive home in Pacific Palisades was also destroyed in the fires. The roughly 20,000-square-foot home sold for \$83 million in 2021 and was developed by Los Angeles developer Ardie Tavangarian. The home was built with a 40-foot-tall statement wall that cost \$2 million to construct, as well as a garage that doubled as an event venue with a car turntable that could be transformed into a dance floor, The Wall Street Journal reported. Tavangarian said earlier in January that its owner, Luminar Technologies Chief Executive Austin Russell, was devastated over the loss of the property. Russell didn't respond to a request for comment.

Not far from Russell's property, the Dragon, a three-year project



The Dragon in the Pacific Palisades was completed in 2024 and was destroyed in the January fires. Interior designer Jae Omar, right, said that the home took three years to complete and had around \$1 million in art.



by builders JVE Development and Jae Omar Design, also burned down. Jae Omar, an interior designer who had to evacuate the area when the fires broke out, said it took a few days to learn the fate of the home.

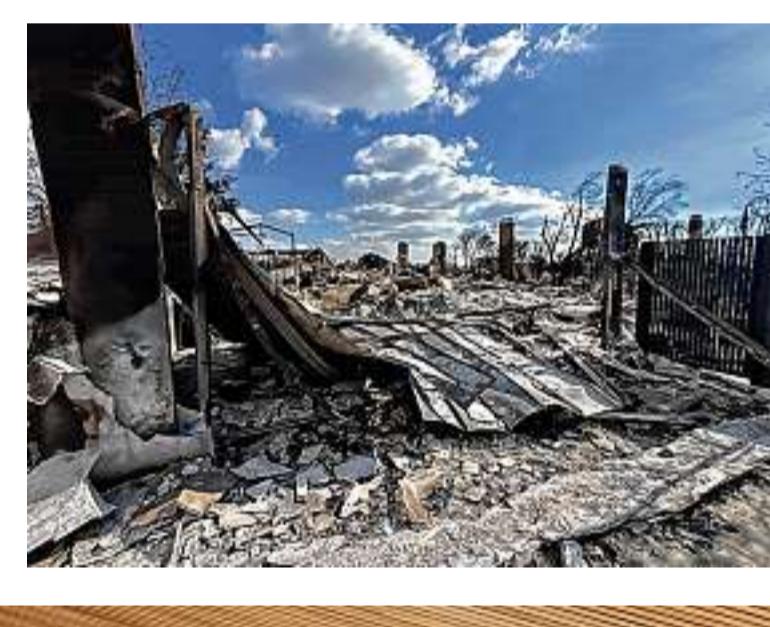
"We heard that particular section or portion of the street was spared; then we heard it was gone; then we heard it was spared," Omar said. "It was this roller coaster of emotions."

"Each one of my projects comes from a deep, deep part of me," he said. "You pour your heart and soul into something for three years and in an instant it's gone."

The roughly 11,500-square-foot, seven-bedroom Dragon house was on the market for \$18.5 million. Its exterior was made of dark steel cladding and Japanese cypress wood treated with shou sugi ban, an ancient Japanese technique that chars and preserves the wood. Omar said the wood was treated by a company in Oregon that specializes in the Japanese technique.

A two-story, 19-foot waterfall

pool in the home's basement. The waterfall took about six months and roughly \$500,000 to install, according to Jae. The stone backdrop was created with four roughly 600-pound pieces of marble that were craned into the



over bookmatched marble began in the dining room on the first floor and ended in the plunge



NLS/TIMM VISUALS (3); CALIFIRE/JAE OMAR (INSET)

home. The stone also featured subtle 45-degree reverse cuts every inch to slow the water as it cascaded down the surface. The speed of the flow could be adjusted.

Adjacent to the waterfall was a glass-enclosed wine cellar and a bar made of the rugged ends of a slab Petit Granit, which is mined in Belgium.

"You pour your heart and soul into something for three years and in an instant it's gone."

—Jae Omar

Omar said they spent about \$1 million on the art pieces for the home.

Joseph Peretz, founder of JVE Development, said they paid around \$18,000 a month for insurance with Nationwide.

"We're finding ourselves under-insured to a degree," Omar said. "It's pretty reasonable to assume we're going to have to absorb some considerable losses here."

Peretz and Omar said that while the loss of the Dragon house is heartbreaking, it pales in comparison to the devastation experienced by those who lost their personal homes. They hope to eventually rebuild on the Dragon's site.

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MANSION

HOUSE CALL | GRETCHEN MOL

A Coat-Check Job Led to Her Big Break

The 'Millers in Marriage' star felt stuck, but a chance encounter led to commercial work and movie roles

I WAS SHY AS A CHILD and still am. My mom was a painter and a single parent for much of my childhood, and I was in awe of her talent, charisma and strength.



Growing up, I'd often see her behind her easel, but I always felt I could interrupt. My mom, Janet, probably could have gone further with her painting career, but she put my brother, Jim, and me first. We lived in a brown salt-box

house in Deep River, Conn. My parents designed it with a modernist look, and the interior was mostly open-plan space. My father, Jim Sr., was the principal of an all-boys school and then an administrator of special education.

In first grade, Mrs. Jones had us act as the planets. I wanted to be the sun, in the center. I liked the idea of becoming a character, which liberated me from shyness.

My mom and dad divorced when I was 11. It was hard, but I never doubted that I was loved. In some ways it was a relief.

My brother and I were very close growing up. Jim was my first director—when I was 10 and he was 12. With his Super 8 camera, he directed me in scenes, asking me to hang from the attic trap door like Lois Lane dangling from



a helicopter in "Superman."

In seventh grade, I auditioned for Sandy in "Grease." Then Jennifer, an eighth-grader, got on stage. I'd never heard a voice like hers that wasn't on a record. I didn't get the part, but I knew I had to up my game, so I took lessons with her voice teacher.

My auditions for Juilliard and Carnegie Mellon didn't work out. I

Gretchen Mol in November in a Gretchen M. dress. Far left, Mol and her brother in the late '80s in Deep River, Conn.

was too nervous and green.

I got into the American Musical and Dramatic Academy and moved to New York. Jim was already there, studying film at NYU. I spent two years at AMDA, but it was mostly a musical-theater program and I really wanted

dramatic training. I was stuck.

In 1994, I was checking coats at Michael's, a Manhattan restaurant frequented by entertainment and media executives. I had just returned from doing summer stock and was about to quit my coat job when the manager introduced me to literary agent George Lane, who said the regulars missed me. I told him I'd been in Vermont in

"Godspell." He urged me to give my headshot to Larry Taub, a junior agent at William Morris. His assistant brought my portfolio to a commercial agent, who booked me on McDonald's and Coke ads. Then Larry began sending me out for TV and movie roles.

In 2001, I was cast in the London stage production of "The Shape of Things." I played the same part in the Hollywood movie adaptation in 2003. It led to my breakthrough role in "The Notorious Bettie Page."

Today, I live with my husband, Tod, and our two children in Massachusetts. In 2019, we purchased our house, built in 1810. We fell in love with the hills and how peaceful it is here.

My mom passed away in 2021. I have a lot of her art hanging around the house. I feel like I see her every morning as the sun rises. When I pass her self-portrait, I'll sometimes say out loud, "Hi Mom." She's still there for me.

—As told to Marc Myers

Gretchen Mol, 52, is an actress known for the films "The Notorious Bettie Page" and "Manchester by the Sea" and TV's "Boardwalk Empire." She stars in Edward Burns's family drama film "Millers in Marriage," coming Feb. 21.

FROM TOP: LEN PRINCE; JIM MOL

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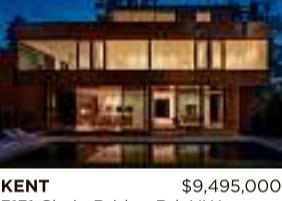
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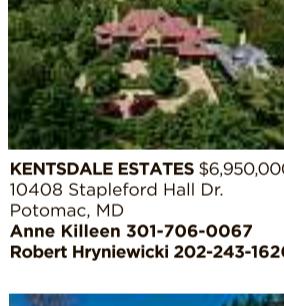
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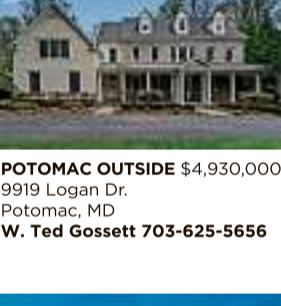
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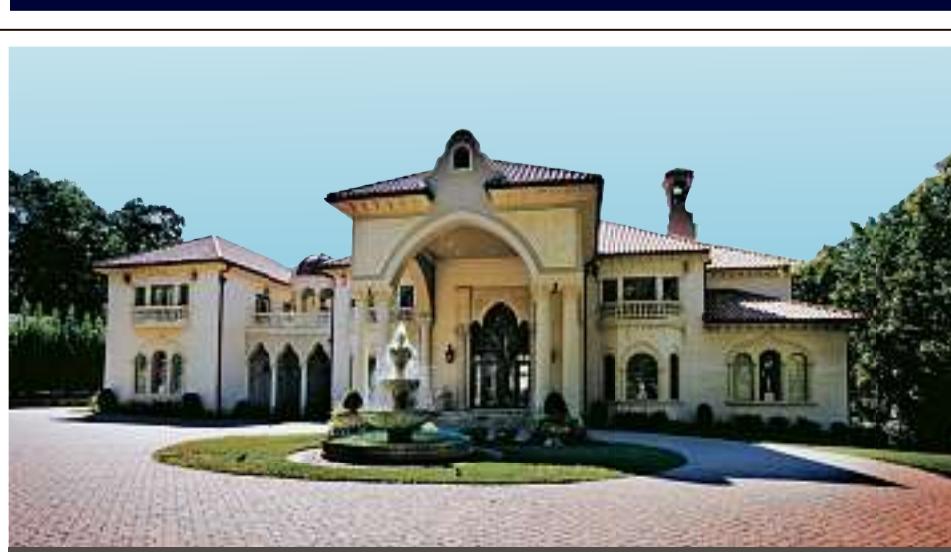


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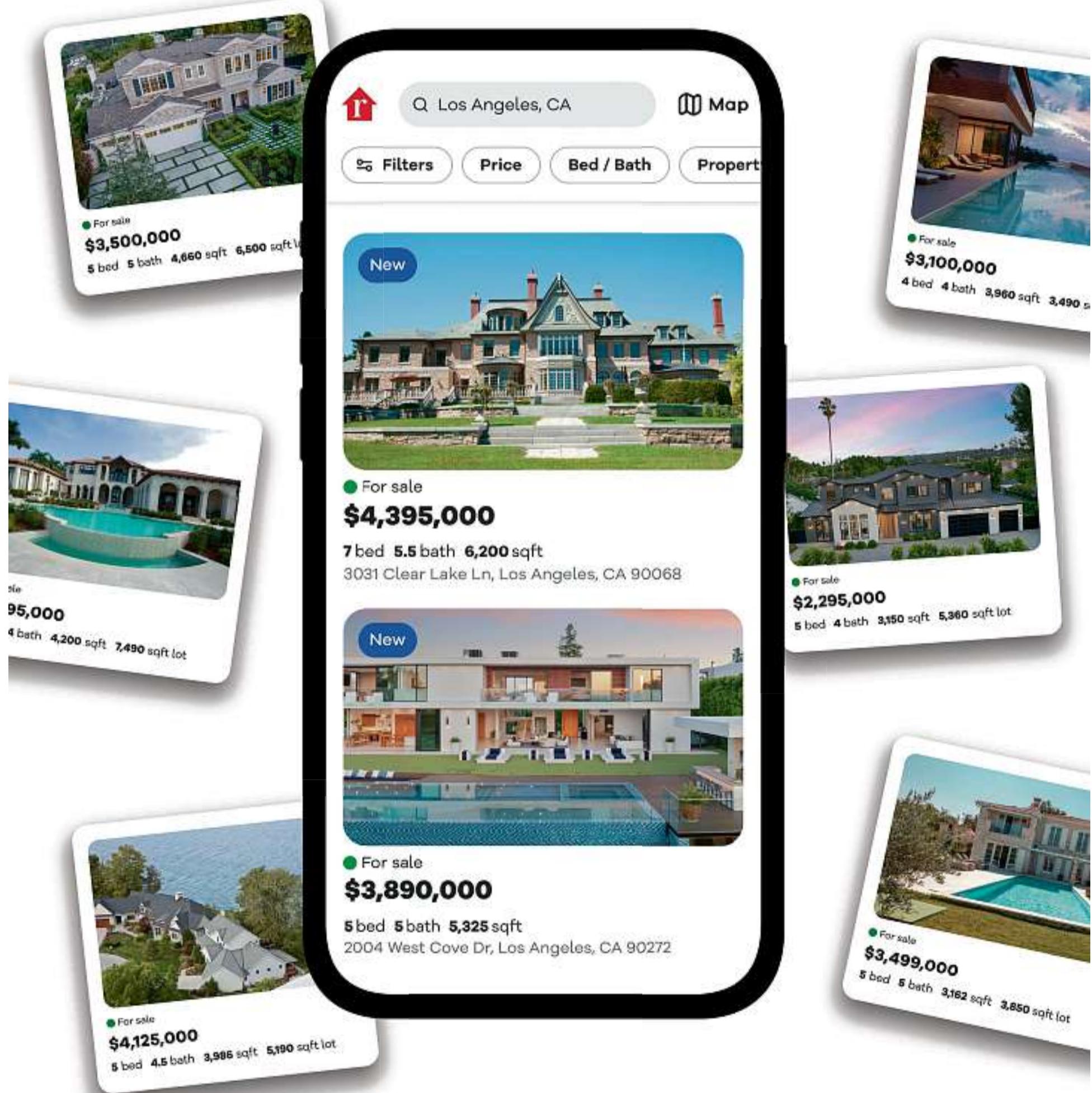
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