

# THE WALL STREET JOURNAL.

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DJIA 44713.52 ▼ 136.83 0.31%

NASDAQ 19632.32 ▼ 0.5%

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OIL \$72.62 ▼ \$1.15

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## What's News

### Business & Finance

◆ **The Fed refrained** from another interest-rate cut, entering a monitoring phase as it tries to determine whether and how much more to lower rates from a recent two-decade high. **A1**

◆ **U.S. stocks slipped** after the central bank paused rate reductions, with the S&P 500 and Nasdaq both losing 0.5% and the Dow retreating 0.3%. **B9**

◆ **Meta Platforms** agreed to pay about \$25 million to settle a 2021 lawsuit that Trump brought against the company and its CEO after the social-media platform suspended his accounts. **A1**

◆ **Meta posted record** revenue for the fourth quarter, aided by artificial-intelligence improvements to its advertising business. **B1**

◆ **SoftBank is in talks** to invest \$15 billion to \$25 billion in OpenAI, which would be the biggest-ever investment in the ChatGPT maker. **B1**

◆ **Tesla delivered mixed results** for the fourth quarter, with operating margin and automotive revenue down, and growth mostly coming from its energy and services businesses. **B1**

◆ **Growth in Microsoft's cloud-computing business slowed** last quarter as constraints on data-center supply once again weighed on results. **B1**

◆ **Frontier argued that** Spirit creditors would be better off if the airlines merged than if Spirit tried to go it alone after exiting chapter 11, again attempting to clinch a tie-up. **B3**

◆ **KKR has taken a big stake** in medical- and dental-supply company Henry Schein and plans to work with the company to improve its operations. **B10**

### World-Wide

◆ **The Trump administration** rescinded its memo calling for federal agencies to pause potentially trillions of dollars in federal grants, loans and other financial-assistance programs, a day after a judge temporarily blocked the directive. **A1**

◆ **An American Airlines** regional jet carrying 64 people and a military helicopter collided in midair near the Washington, D.C.-area Reagan Airport, sending both aircraft into the Potomac River. **A3**

◆ **Robert F. Kennedy Jr.**, said he supports vaccines and vowed to lessen the burden of chronic diseases during fiery questioning from senators who will decide whether to confirm him as President Trump's health secretary.

Members of the Senate's finance committee questioned Kennedy on the first of two days of testimony before a vote to install him as secretary of the Department of Health and Human Services. He can only afford to lose backing from three Republicans in the Senate unless some Democrats back him.

Kennedy said that he is most passionate about alleviating chronic diseases and

*For Them, Canada Was No Joke*

\* \* \*

Driven by politics, Americans head for colder climates

By TE-PING CHEN AND VIPAL MONGA

Disgusted by Donald Trump's first presidential victory in 2016, Arkansas native Heather Fitz moved to pursue a new life in Canada.

Less than a week after arriving in Halifax, Nova Scotia, with her then-husband, she was questioning her choice.

Fitz had expected Canada to be cold, but nothing had prepared her for the freezing, 68 mile-an-hour winds that rocked their seven-story apartment building one night during a nor'easter.

"I was like, did we make the right decision?" said Fitz.

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## Fed Holds Steady on Rates

Powell says bank doesn't 'need to be in a hurry' as it enters wait-and-see period

By NICK TIMIRAO

The decision on Wednesday to leave the benchmark federal-funds rate at its current range around 4.3% followed three consecutive interest-rate cuts beginning in September, when the rate stood around 5.3%.

With interest rates now "significantly less restrictive" than they were before last year's cuts, "we do not need to be in a hurry to adjust our policy stance," said Fed Chair Jerome Powell at a news conference after the meeting.

Those comments suggested the central bank was likely to

stay on hold at its next meeting in mid-March. Powell said the Fed would need to see "real progress on inflation" or unexpected weakness in the labor market before considering further rate reductions.

After Powell spoke, Trump slammed the Fed and its leader for allowing inflation to accelerate four years ago and promised to put a lid on price increases.

"I will do it by unleashing American Energy, slashing Regulation, rebalancing International Trade, and reigniting

Please turn to page A2

### Federal-funds rate target



Note: Chart shows midpoint of target range.

Source: Federal Reserve

## White House Rescinds Funding Freeze

Trump team's memo prompted chaos before federal judge temporarily halted it

WASHINGTON—The Trump administration rescinded its memo calling for federal agencies to pause potentially trillions of dollars in federal grants, loans and other financial-assistance programs, a day after a federal judge temporarily blocked the directive that had sowed confusion around the country.

By Natalie Andrews, Liz Essley Whyte and Michelle Hackman

The White House issued on Wednesday a memo to federal employees scrapping its original memorandum, according to a document viewed by The Wall Street Journal.

Matthew J. Vaeth, the acting director of the Office of Management and Budget, said that the previous memorandum "is rescinded. If you have questions about implementing the President's Executive Orders, please contact your agency's General Counsel."

The OMB had sent the initial order to agencies Monday, calling for a temporary pause of the grants to give agencies time to review spending priorities. The directive instructed officials to halt "all activities related to obligations or dis-

Please turn to page A4

## Around World, the Year of the Snake Slithers In



**BOO, HISSSSS:** An unhappy performer stands out in a serpentine Lunar New Year parade in Hong Kong on Wednesday. The Year of the Snake was marked around the world with firecrackers, incense offerings at temples, and dancers and drummers.

## RFK Jr. Says He Backs Vaccines, Will Defer to President's Orders

By LIZ ESSLEY WHYTE AND KRISTINA PETERSON

Robert F. Kennedy Jr. said he supports vaccines and vowed to lessen the burden of chronic diseases during fiery questioning from senators who will decide whether to confirm him as President Trump's health secretary.

Members of the Senate's finance committee questioned Kennedy on the first of two days of testimony before a vote to install him as secretary of the Department of Health and Human Services. He can only afford to lose



Health secretary nominee Robert F. Kennedy Jr. at his hearing.

backing from three Republicans in the Senate unless some Democrats back him.

Kennedy said that he is most passionate about alleviating chronic diseases and

from working against them, despite his past activism raising doubts about the shots.

"The only thing I want is

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◆ RFK Jr.'s measles claims conflict with science..... A5

## Gabbard Tried To Mask Sect Ties

Her religious group had connections to an alleged pyramid scheme

To defend and burnish Tulsi Gabbard's image as her political star was rising, her congressional campaign hired a public-affairs firm in

By Brett Forrest, Caitlin Ostroff and Rebecca Feng

2017 that tried to suppress coverage of an alleged pyramid scheme connected to her Hindu sect, according to interviews, emails and Federal Election Commission records.

Gabbard, a former House member who is now President Trump's nominee for

director of national intelligence, was raised in the Science of Identity Foundation, a sect tied to a direct-marketing firm accused of running a pyramid scheme in several countries. Neither Gabbard, the sect nor the firm, QI Group, wanted the relationships scrutinized.

Gabbard's campaign paid Washington, D.C.-based Potomac Square Group for the PR cleanup, trying to mask the connections. But the operation was directed by a Science of Identity follower—and longtime Gabbard adviser—who sits on

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## Meta to Pay \$25 Million To Settle Trump's Suit

By ANNIE LINSKEY AND REBECCA BALLHAUS

Meta Platforms has agreed to pay about \$25 million to settle a 2021 lawsuit that President Trump brought against the company and its CEO after the social-media platform suspended his accounts following the attacks on the U.S. Capitol that year, according to people familiar with the agreement.

Of that, \$22 million will go toward a fund for Trump's presidential library, with the rest going to legal fees and the other plaintiffs who signed onto the case. Meta won't admit wrongdoing, the people said. Trump signed the settlement agreement Wednesday in the Oval Office.

A Meta spokesman confirmed the settlement.

"It looks like a bribe and a signal to every company that corruption is the name of the game," Sen. Elizabeth Warren

(D., Mass.) said. "After Meta pays to play, what does Mark Zuckerberg expect as a return on this investment?"

Serious talks about the suit, which had seen little activity since the fall of 2023, began after Meta Chief Executive Mark Zuckerberg flew to Trump's Mar-a-Lago club in Florida to dine with him in November, the people familiar with the discussions said.

The dinner was one of several efforts by Zuckerberg and Meta to soften the relationship with Trump and the incoming administration. Meta also donated \$1 million to Trump's inaugural fund. Last year, Trump, a Republican, warned that Zuckerberg could go to prison if he tried to rig the election against him.

Toward the end of the November dinner, Trump raised

Please turn to page A2

◆ Meta's sales soar, lifted by spending..... B1

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## U.S. NEWS

# GOP Tries to Hobble Consumer Agency

CFPB was created by Democrats in the wake of the 2008 financial crisis

By SIOBHAN HUGHES

**WASHINGTON**—Republicans, riding high from their election sweep of the House, Senate and White House, are again pushing to hobble the Consumer Financial Protection Bureau, the governmental entity that they have tried to dismantle since its creation by Democrats in the aftermath of the 2008 financial crisis.

The agency has extensive authority to write and enforce rules related to consumer financial products like mort-

gages and credit cards. Democrats have championed the bureau as a bulwark against abusive banking practices. Republicans see it as a meddling bureaucracy that lacks accountability. It is insulated from ordinary congressional pressure because its funding comes from the Federal Reserve and not through the appropriations process.

Sen. Ted Cruz (R., Texas), who in past Congresses has introduced legislation to eliminate the bureau, on Wednesday unveiled a new measure with the same target. He is joined by Senate Majority Whip John Barrasso (R., Wyo.) along with Sens. Mike Rounds (R., S.D.), Steve Daines (R., Mont.), Marsha Blackburn (R., Tenn.) and Rick Scott (R., Fla.).

This year, his legislation has a twist. Instead of proposing to repeal the measure creating the CFPB, the Texas senator is proposing to set at \$0 the amount of money that the Federal Reserve could transfer to the CFPB.

"The CFPB is an unelected, unaccountable bureaucratic agency that has imposed burdensome and harmful regulations on American businesses, banks, and credit unions," Cruz said in a statement. "It is an unchecked Obama-era executive arm and the Federal Reserve should not be transferring funds to it. Enacting this legislation would save American taxpayers billions of dollars, and I call on the Senate to expeditiously take it up and pass it."



TOM WILLIAMS/CQ ROLL CALL/ZUMA PRESS

Sen. Ted Cruz is proposing to set at \$0 the amount of money that the Federal Reserve could transfer to the CFPB.

While Republicans had control of Congress and the White House in the first two years of President Trump's first term, they were unable to dismantle the CFPB. This time, a person familiar with the matter said that Cruz's office believes that the proposal could be advanced under a special procedure that bypasses the Senate's 60-vote threshold required of most legislation.

Republicans are currently

planning to use that procedure, called budget reconciliation, to advance major parts of Trump's agenda on tax cuts and border enforcement. Republicans currently have a 53-47 majority in the Senate.

To qualify for inclusion under budget reconciliation, which requires just a simple majority, any change must be fiscal in nature and must have a significant impact on the budget that is more than inci-

dental to any policy change being sought. One open question is whether the CFPB is off limits because its funding stream is outside the congressional appropriations process.

The Senate parliamentarian, the arbiter of which provisions are eligible to be included, has disappointed the majority party on reconciliation before. In 2021, when Democrats controlled the White House and both chambers of Congress, she rejected an attempt to include a provision to raise the minimum wage to \$15 an hour and a separate attempt to provide a pathway to citizenship for millions of immigrants living in the country illegally.

Last year, the Supreme Court rejected a challenge that could have dismantled the agency, ruling that Congress had authority, when it set up the bureau, to insulate the bureau's funding stream from political interference. In 2020, the court agreed with a separate challenge, ruling that the Constitution entitled the president to remove the bureau director at will rather than only for cause during a five-year term.

## Meta to Pay \$25 Million Settlement

Continued from Page One

the matter of the lawsuit, the people said. Trump signaled that the litigation had to be resolved before Zuckerberg could be "brought into the tent," one of the people said.

Weeks later, in early January, Zuckerberg returned to Mar-a-Lago for a full day of mediation. Trump was present for part of the session, though he stepped out at one point to be sentenced—appearing virtually—for covering up hush money paid to a porn star, one of the people said. He also golfed, reappearing in golf clothes and talking about the round he had just played, the person said.

Trump has long been a prolific filer of lawsuits, with mixed results. In recent weeks, that has changed, as U.S. corporations have rushed to make inroads with the new administration. ABC News in December settled a defamation lawsuit Trump filed against the network and anchor George Stephanopoulos, agreeing to pay \$15 million to Trump's library. Paramount Global executives have also discussed settling a lawsuit Trump filed over a CBS News interview with former Vice President Kamala Harris.

Trump's lawyers are working to capitalize on that momentum. In December, a lawyer for Trump filed a letter in an unrelated case—in which the president had sued publisher Simon & Schuster and author Bob Woodward over publishing recordings of their interviews

without permission—urging the defendants to follow ABC's lead. Attaching a copy of the ABC settlement, the lawyer wrote, "President Trump is hopeful that the Defendants in this case follow Mr. Stephanopoulos' expression of contrition."

The Meta lawsuit was one of a series of legal actions that Trump, freshly voted out of office, brought in July 2021 against social-media companies that suspended his accounts. He also sued Twitter, now renamed X, and YouTube, along with their corporate leaders. A federal judge dismissed the Twitter suit, and the Google suit was administratively closed in 2023 but could be reopened.

John P. Coale, a Trump backer who represented Trump on the suit, first discussed the idea of suing the big tech companies at a 2021 meeting with Trump. It was a period in which Trump was politically at his lowest—out of power, having been impeached for a second time and facing prosecutions that he and his allies viewed as lawfare. "He has incoming, nothing but incoming," said Coale. "I said to him, 'We've got to have some outgoing. We've got to attack.'"

Coale said Trump remained engaged with the lawsuits over the years, asking for updates and providing input. Coale, along with attorney John Q. Kelly, embarked on years of litigation. At first, it didn't seem as if the lawsuits would yield much.

"Censorship runs rampant," the 2021 complaint against Meta read, "and the result is a chilling effect cast over our nation's pressing political, medical, social, and cultural discussions." Trump and other plaintiffs who signed on sought an injunction ordering Facebook to re-



SHAWN THEW/PRESS POOL

Meta's Mark Zuckerberg attended Trump's inauguration in the Capitol Rotunda this month.

instate their accounts and to remove all warning labels from their content.

Trump's Facebook and Instagram accounts were suspended in 2021 because of posts he made around Jan. 6, 2021, when a mob stormed the Capitol building. In the days leading up to the attacks and on Jan. 6, he repeatedly used the platforms to make false claims that he won the 2020 election and alleged widespread election fraud that was denied by the administration's top election-security experts and attorneys.

Zuckerberg, at the time, said the risks of the president using the social-media platforms during that period "are simply too great" and then paused the president's accounts for two weeks. The pause was subsequently lengthened.

YouTube, owned by Alpha-

bet's Google, and Twitter also removed Trump from their platforms in response to posts he made around the time of the attack at the Capitol. Twitter said that its decision was permanent, though Trump was allowed back on the platform in November 2022, shortly after Elon Musk purchased the company. YouTube lifted its suspension on Trump's account in March 2023.

How a lawsuit Trump filed nearly four years ago that faced slim chances of success turned into a \$25 million settlement in the president's favor is partly because of efforts by Trump's lawyers to draw out the matter, even after a similar case was dismissed.

In May 2022, a federal judge dismissed the lawsuit Trump had brought against Twitter and its CEO to the

time, Jack Dorsey, rejecting Trump's argument that the platform had violated his right to free speech on the grounds that the clause applies only to the government, not private companies. Trump appealed the case, but the appeals court hasn't yet issued a ruling.

Three months later, a federal judge stayed the Facebook case, pending the disposition of Trump's appeal of the Twitter case. It looked as if the lawsuit could peter out.

But about a year later, Trump's lawyers revived the suit, requesting that the judge lift the stay and allow them to file a second amended complaint. In a conference with Meta lawyers in November 2023, Trump's lawyers argued that new information had come to light and said they wanted to pursue filing an

other amended complaint. Kelly, the lawyer for Trump, said in that conference that while Trump's Facebook account had been restored, a chilling effect remained. "Once you're censored, you're censored, and that's it. But when you're restored, you have to watch your step," he said. "You're sort of whistling in the dark every time you use Facebook and even approach matters that Facebook is not endeared to, such as our ex-president."

U.S. District Judge William Alsup indicated he was dubious about the argument. "Is it really plausible that President Trump, who is as vigorous a person as could possibly exist, is afraid of his shadow and will be chilled in his—what he says on the platform?" he said. "I rather doubt it."

In March last year, Trump's lawyers said they were waiting for a decision in another related case before filing their amended complaint. They hadn't yet done so by November when Zuckerberg arrived in Palm Beach, Fla., to meet with Trump.

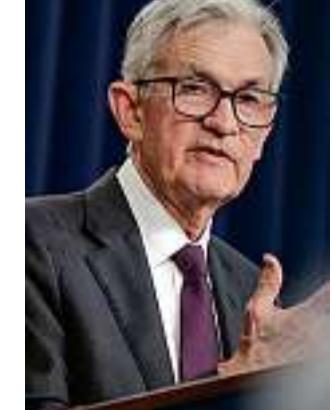
—Katherine Long contributed to this article.

## CORRECTIONS & AMPLIFICATIONS

**Chip maker Nvidia** lost more than half a trillion dollars in market capitalization on Monday. A Markets article in some editions on Wednesday incorrectly said Nvidia had lost more than half a billion dollars in market cap.

**The Johan Cruyff Arena** in the Netherlands has two superbatteries offering a combined capacity of 8.6 megawatt-hours. A Business & Finance article and an accompanying photo caption on Monday about the soccer industry's environmental initiatives incorrectly said the batteries' capacity was 8.6 megawatts.

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



KATYA BARTKOWSKY/GETTY IMAGES

Fed Chair Jerome Powell said there was no need to hurry to adjust our policy stance.'

and wage growth has cooled, but they don't want to undo recent progress on inflation.

### Near zero

The Fed cut interest rates to near zero when the Covid-19 pandemic hit nearly five years ago and held them there until 2022.

After that, they lifted rates at the fastest pace in 40 years to combat inflation that also soared to a four-decade high. They stopped increasing in mid-2023 and held rates steady for more than a year as inflation cooled. They cut last September amid concerns of an unwelcome slowdown in the labor market.

Short-term interest rates are very sensitive to what the Fed does. But market forces, including investors' expecta-

tions for growth and inflation, influence long-term rates such as mortgages.

The market reaction to the Fed's cuts last year powerfully illustrated this dynamic.

### Rising yields

Long-term yields rose even as the central bank cut interest rates—with the 30-year mortgage rate briefly rising above 7% this month—because brighter growth prospects led investors to dial back their expectations for rate cuts.

While the spread between government debt and many types of private credit narrowed after the Fed cut rates, investors in real estate and other rate-sensitive markets haven't enjoyed nearly the benefits they would have anticipated because of the run-up in yields on the 10-year Treasury note.

For many investments, "rates are uncomfortably high right now," said Marcus Frampton, chief investment officer for the Alaska Permanent Fund, a state-controlled investment vehicle with assets of \$78 billion. "There will be real pain if [long-term] rates don't come down from here."

Frampton said he is also nervous about stocks that are valued at historically high multiples compared with their earnings, sales or net worth.

"I think there are so many concerns about tariffs, about unconventional policy out of D.C., and what that could mean to a very expensive stock market," he said.

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## Fed Holds Steady On Rates

Continued from Page One

American manufacturing," Trump, a Republican, wrote in a post on his social-media site.

At the news conference after the meeting, Powell declined to respond to comments Trump made last week, when the president said he would demand lower rates once inflation was under control. Powell said the central bank would base its decisions only on impartial analysis of the economic data.

"As I've said countless times over the years, this is who we are, this is what we do," Powell said. "Don't look for us to do anything else."

Stocks were down throughout the day on Wednesday, and they remained lower after the Fed announcement. The yield on the 10-year Treasury was little changed, rising slightly to 4.554%, from Tuesday's 4.548%.

### Getting to target

The central-bank leader indicated he remained optimistic that inflation would continue to slow in the months ahead, but said officials wanted to see their forecast for a continued cooling of price pressures come true be-

**Officials at the Federal Reserve have been trying to pull off a balancing act.**

Clarida, who is now a senior adviser at bond giant Pimco, sees two plausible scenarios for the Fed this year provided that economic activity remains sturdy. Under one, the Fed could cut interest rates as soon as the spring because inflation continues to move closer to its 2% goal.

Under the other, the Fed doesn't change interest rates at all because inflation appears to be stickier than anticipated.

"They're feeling their way," said Nathan Sheets, chief economist at Citigroup.

A widely watched gauge of so-called core inflation, which excludes volatile food and energy prices, was 2.8% in November from a year earlier and is likely to sit at the same level for the 12 months ended December.

While a rate cut at the Fed's next meeting in March seems unlikely, a reduction in May is plausible if inflation continues to improve and economic activity is mild enough to suggest interest rates are, in fact, cooling growth, Sheets said.

Officials have been trying to pull off a balancing act.

They want to prevent aggressive rate increases from two and three years ago from unnecessarily slowing down economic activity now that price

## U.S. NEWS

# American Airlines Jet, Helicopter Crash

Emergency crews search Potomac River near D.C.; plane carried 64 people

By ANDREW TANGEL  
AND ALISON SIDER

An American Airlines regional jet carrying 64 passengers and crew and a military helicopter collided in midair Wednesday night near a Washington, D.C.-area airport.

The Federal Aviation Administration said the crash involved a Bombardier CRJ700 regional jet operated by American's regional carrier PSA and a Sikorsky H-60 helicopter. There were fatalities in the accident, said Sen. Ted Cruz (R,

Texas), but authorities didn't disclose additional details.

The air-safety agency said the passenger jet was on approach to Ronald Reagan Washington National Airport around 9 p.m. Eastern time. Aviation industry and government officials said the jet had 60 passengers and four crew members on board Flight 5342, which departed from Wichita, Kan.

Three people were on board the Black Hawk military helicopter, which was traveling from Fort Belvoir, Va., to the U.S. Army said. The crash sent both aircraft into the Potomac River, prompting emergency crews to respond with fireboats.

American Airlines said that its regional flight was involved in an accident at the airport, and that the airline

was in contact with authorities and assisting with emergency response efforts. The FAA said the National Transportation Safety Board would lead the investigation.

White House press secretary Karoline Leavitt said on Fox News that President Trump was briefed on the crash.

"May God Bless their souls," Trump said in a statement. "Thank you for the incredible work being done by our first responders. I am monitoring the situation and will provide more details as they arise."

The crash and emergency response led to a ground stop at one of the nation's busiest airports, disrupting other flights bound for the airfield, which is a favorite of lawmakers and political leaders.

For more than 15 years, there hasn't been a fatal crash involving a major U.S. airline.

Air-safety officials, controllers and airlines have dealt with a rise in near misses and narrowly averted crashes around airports in recent years. Officials have pointed to persistent staffing shortages at air-traffic control facilities, newer and less experienced pilots and technology that needs improvement.

—Natalie Andrews contributed to this article.

## Watch a Video



Scan this code for a video on the midair crash near Reagan National Airport.



Rescue teams gathered to help search the Potomac River after a helicopter and a regional jet collided Wednesday.

SHAWN THOMPSON/SHUTTERSTOCK

## Students' Reading Skills Worsen

By MATT BARNUM  
AND SARA RANDAZZO

The reading skills of American students are deteriorating further, according to new national test scores that show no improvement in a yearslong slide.

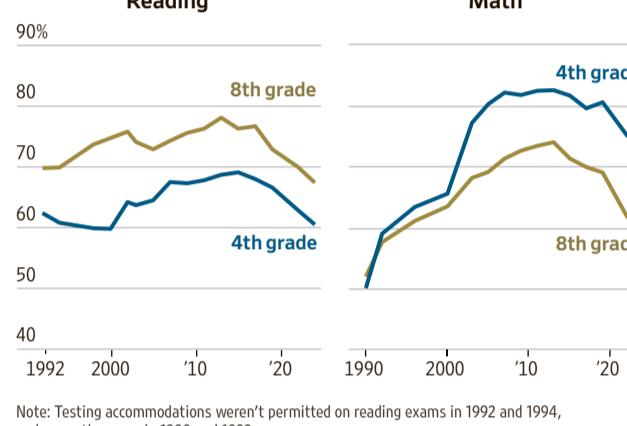
The 67% of eighth-graders who scored at a basic or better reading level in 2024 was the lowest share since testing began in 1992, results from a closely watched federal exam show. Only 60% of fourth-graders hit that benchmark, nearing record lows.

The declines started before the pandemic, continued during it and have persisted since. While the lowest-achieving students fell further behind everyone else, the slides were broad, affecting students across different states, school types, races and economic backgrounds.

Worsening reading skills have potentially wide-ranging consequences. Test scores have been linked to the economic success of both the nation and individuals. Students with limited reading skills are less likely to graduate from high school; as adults, they are less likely to vote and more likely to be incarcerated.

"Students who are struggling readers become adults who are struggling readers if we don't do something about it," said Kymyona Burk, a senior policy fellow in early literacy at the nonprofit ExcelinEd, which advocates for education changes.

Wednesday's results came from the National Assessment of Educational Progress, a long-running exam administered by an arm of the Education Department. The test, sometimes called the Nation's Report Card, was given to representative sets of fourth- and eighth-grade



ers from across the U.S. in the beginning of 2024.

In math, fourth-grade scores ticked up, while those for the eighth grade were flat. Math scores in both grades remained substantially below pre-pandemic benchmarks, though are still higher than in the 1990s.

The results come in the midst of a wave of attention on how to teach students to read. Many school districts and states have emphasized phonics-based instruction, known as the science of reading, and shed other reading methods that focused more on using context to deduce the meaning of words.

Federal officials and researchers say there are no definitive explanations for the latest scores. They also caution that the reading results don't speak to the effectiveness of recent changes.

In recent years, schools have faced a string of challenges:

rising student misbehavior, teacher burnout, chronic absenteeism and cellphone distractions. Public schools have faced political scrutiny. President Trump has promised to eliminate the Education Department.

The tested fourth-graders from the recent results were in kindergarten when the pandemic hit in 2020, while the eighth-graders were in fourth grade. Some see the pandemic as casting a long shadow.

Brandi Vardiman, who was a principal at a New York City charter school during the pandemic, said the struggles students faced as they returned to in-person instruction were startling.

"There were students whose first experience with school happened through the computer—they didn't even know how to hold a pencil," she said. The school made progress, she

said, by doubling down on reading instruction and offering extra tutoring, funded through federal relief money.

The country's achievement woes have vexed experts for years, defying simple explanations. Researchers have said that student performance depends on factors inside and out of schools.

"This is not just a pandemic story. Our nation is facing complex challenges in reading," Peggy Carr, an Education Department official, said Tuesday in a briefing with reporters.

Carr added that there has been a decline in students' joy for reading; fewer teachers asking for essay responses; and a rise in reading on devices.

Educators were hoping for more consistent improvements in the recent scores, but there were only scattered signs of progress. Relative bright spots included Louisiana, Mississippi, Tennessee and Washington, D.C., where scores generally held steady or in a few cases improved since 2017.

Republican Tennessee state Rep. Mark White said the state has passed laws to improve educational performance, including mandates that teachers be trained in the science of reading and that students be held back in third grade if they don't meet certain benchmarks.

"I think we're moving in the right direction," White said, adding that the changes need more time to play out.

Some celebrated small wins. Philadelphia schools improved their fourth-grade math scores and had flat results elsewhere compared with 2022. "Our approach is if we continue to invest in those early grades, K-4, over time that will trickle up to our high schools," said Tony Watlington Sr., the district's superintendent.

## Ex-Sen. Menendez Receives 11-Year Prison Sentence

By CORINNE RAMEY  
AND JAMES FANELLI

Former Sen. Bob Menendez was sentenced to 11 years in prison Wednesday for promising to swap the power of his office for gold bars and other bribes, capping the New Jersey lawmaker's extraordinary downfall after a half-century political career.

A federal jury last summer found Menendez, 71 years old, guilty of bribery, fraud and illegal foreign-agent offenses. The Democratic lawmaker, who until his indictment chaired the powerful Senate Foreign Relations Committee, announced his resignation from the Senate after he was convicted.

Before handing down the prison term, U.S. District Judge Sidney Stein said that, at some point in Menendez's career, the lawmaker had lost his way.

"The public cannot be led to believe that you can get away with bribery and fraud and betraying the voters of New Jersey," the judge said. He ordered Menendez to report to prison on June 6.

In a New York federal courtroom, Menendez gave a 12-minute speech punctuated by tears.

"I have made more than my share of mistakes and bad decisions, but I believe in my half-century of public service I have done far more good than bad," the former lawmaker said.

It was the first case in which a U.S. senator had been convicted of a crime that involved abusing his leadership



© EDUARDO MUÑOZ/REUTERS

position on a Senate committee, and the first in which any person had been convicted of serving as a foreign agent while in public office, according to the U.S. attorney's office.

Prosecutors had asked the judge to sentence Menendez to at least 15 years in prison, arguing that his crimes were a brazen attempt to corrupt U.S. power over foreign relations and law enforcement.

They said that in exchange for bribes including gold bars and a luxury Mercedes-Benz convertible, Menendez pressured a federal agency not to contest a halal meat monopoly granted by Egypt to a New Jersey businessman.

The lawmaker also promised to disrupt criminal proceedings in New Jersey and to aid Cairo in efforts to obtain hundreds of millions of dollars in U.S. aid, prosecutors said.



G R A F F

## U.S. NEWS

# Milley Stripped of Security Detail

Retired four-star general is the latest ex-official targeted by the administration

BY GORDON LUBOLD  
AND VERA BERGENGRUEN

**WASHINGTON**—Defense Secretary Pete Hegseth has suspended the security detail for former Chairman of the Joint Chiefs of Staff Army Gen. Mark Milley, adding another prominent former official to the list of those who have seen their protection stripped under the new Trump administration.

The decision is the latest in Trump's actions targeting a range of perceived enemies who served in his first administration. Last week, Trump revoked the security detail for Dr. Anthony Fauci, who has lived under federal protection since leading the country's Covid-19 response and continues to receive regular death threats.

Trump also stripped security protection from his former national security adviser John Bolton, former Secretary of State Mike Pompeo, and former top aide Brian Hook, all of whom face assassination threats for their hard-line positions on Iran during Trump's first term.

"The secretary informed General Milley today that he is revoking the authorization for his security detail and suspending his security clearance as well," said Pentagon spokesman John Ulyot late Tuesday. Hegseth also directed the Pentagon's inspector general to investigate Milley's conduct to determine whether the four-star general should be reduced in rank.

Trump has previously called Milley a traitor, and declared that his calls with Chinese officials in the aftermath of Jan. 6 were "an act so egregious that, in times gone by, the punishment would have been DEATH." Hegseth's



Ex-Chairman of the Joint Chiefs of Staff Army Gen. Mark Milley has faced a barrage of death threats since his 2023 retirement.

chief of staff Joe Kasper, in an apparent reference to those calls, said that "undermining the chain of command is corrosive to our national security, and restoring accountability is a priority for the Defense Department under President Trump's leadership."

Milley has said they were routine calls meant to reassure Chinese officials who were "worried about an attack," and authorized by then Secretary of Defense, Mark Esper.

Since his retirement in 2023, Milley has been targeted by a barrage of death threats. He and other former Trump officials were assigned government security details due to assassination threats from Iran. But Milley also said in 2023 that Trump's rhetoric toward the general also spurred threats, forcing him to take "appropriate measures" to protect his family.

Trump has complained about the government-sponsored security provided to a number of former officials. The president "does not believe American taxpayers should fund security details for individuals who have served in the government for the rest of their lives," White House press secretary Karoline Leavitt said on Tuesday.

The former officials could obtain and pay for private security, she said, echoing Trump's comments last week.

There was no immediate response from Milley.

Hours after Trump's inauguration, Milley's portrait as chairman of the Joint Chiefs was removed from the E-ring of the Pentagon, leaving behind only a fresh coat of white paint. Another portrait, honoring his service as Army chief of staff, on another Pentagon hallway, was taken down by Wednesday morning.

While the removal of por-

traits may be symbolic, reducing Milley's rank would be extremely rare and have a financial impact on the retired general. The potential demotion in retirement would also tarnish the one-time highest ranking officer in the U.S. military in an unprecedented way.

There is no modern precedent for such a move, and it is unclear how the Pentagon would proceed with such a review.

Trump's vow to punish those who he says crossed him has extended to less prominent officials as well. On his first day back in the White House, Trump signed an order to revoke the security clearances of the more than four dozen former intelligence officials who signed a 2020 letter warning that the emails found on a laptop owned by Hunter Biden bore the hallmarks of a Russian disinformation campaign.

Suddenly and publicly re-

voking the security detail for government officials facing credible death threats could expose them to serious risk, according to current and former U.S. intelligence officials.

U.S. agencies also long warned about Iran's efforts to retaliate against former and current U.S. officials for the drone strike that killed Iranian general Qassem Soleimani in January 2020. That warning was repeated in the intelligence community's most recent annual assessment last February.

While the threat is reassessed every six months to determine whether they should continue to receive protection, the threat level from Iran has remained unchanged, according to current and former U.S. intelligence officials.

—Dustin Volz, Lindsay Wise,  
Annie Linskey, Nancy Youssef and Alex Ward  
contributed to this article.

## Trump Media Tries Push Into Finance

BY ALEXANDER SAEEDY

Donald Trump's company is gearing up to sell financial products to the public.

**Trump Media & Technology Group** said Wednesday it plans to launch a finance company called "Truth.Fi." The company didn't specify if it plans to start selling investments or savings products to the public, but it opened the door to offering Trump-endorsed investments for everyday Americans.

The idea would be to capitalize on concerns from conservatives who feel they have been cut out by big banks and other financial firms. Trump himself last week criticized the chief executives of Bank of America and JPMorgan Chase, accusing them of not allowing people with right-wing beliefs to do business with the bank.

Banks said they don't consider politics or religion when they open or close accounts. But they do have to comply with government inquiries about their customers, including for information about suspicious activity, or risk hefty fines.

Banks are required by federal laws including the Bank Secrecy Act to keep tabs on what their customers are doing with their funds and to ensure that they aren't facilitating any criminal misconduct.

To kick-start the new finance venture, Trump Media will allocate around \$250 million of the company's cash into cryptocurrency, exchange-traded funds and other investment vehicles. **Charles Schwab** will keep custody of those funds, Trump Media said. Schwab declined to comment.

Trump Media's stock rose 6.8% on the announcement.

—Hannah Erin Lang  
contributed to this article.

## DOJ Mulls Dropping NYC Mayor Charges

Justice Department officials have spoken to Manhattan federal prosecutors about potentially dropping the bribery case against New York City Mayor

By Sadie Gurman,  
Corinne Ramey  
and James Fanelli

Eric Adams, according to people familiar with the matter.

The Manhattan U.S. attorney's office charged Adams in September with funneling illegal foreign donations into his campaign war chest and accepting more than \$100,000 in free travel and hotel stays in exchange for taking official actions. His trial is scheduled to begin in April.

Acting Deputy Attorney General Emil Bove oversaw the talks, a Justice Department official said. The official declined to elaborate.

Adams, a Democrat, has denied any wrongdoing and has said he was unfairly targeted by former President Joe Biden's administration after criticizing its handling of the migrant crisis in 2022.

The mayor's claims have garnered sympathy from President Trump, who has said he would consider pardoning Adams. Trump told reporters last month he believed the mayor "was treated pretty unfairly."

Prosecutors have said in court filings that the Adams charges weren't the result of a policy disagreement with the Biden administration in 2022. Rather, investigators had opened their probe into him a year earlier based on evidence Adams had accepted illegal campaign contributions, they said.

Alex Spiro, a lawyer for Adams, has challenged the evidence that prosecutors have produced, saying in a recent filing that none of it appears to show the mayor committed a crime.

The Justice Department discussions were earlier reported by the New York Times.



President Trump at the White House on Wednesday

## President Rescinds Aid Freeze

Continued from Page One  
bursement of all federal financial assistance."

The move to rescind the memo marked a rare and sudden about-face for President Trump, whose political playbook more commonly involves never giving an inch when facing criticism. White House aides fervently defended the funding freeze Tuesday, with press secretary Karoline Leavitt saying that enacting



A protest near the White House over the order to pause aid.

the order to analyze federal spending was "exactly what the American people elected Donald Trump to do."

Leavitt said Wednesday of the new memo: "This action should effectively end the court case and allow the government to focus on enforcing the President's orders on controlling federal spending. In the coming weeks and months, more executive action will continue to end the egregious waste of federal funding."

The White House argued

Wednesday that even though its Monday night call for a spending pause was now rescinded, the administration was still reviewing federal programs for ways to cut spending it views as wasteful. The Monday memo said the

halt in funding was to make sure government spending complied with several of the orders Trump signed on his first day in office, including one on ending spending on federal diversity programs.

The rescinded memo doesn't end the administration's separate pause on foreign aid programs for assistance that involves abortions, family-planning conferences, transgender surgeries and gender and diversity, equity and inclusion efforts.

Democrats, out of power in Washington since Trump's victory in November, rejoiced at the White House reversal and hoped it would give them momentum to push back on parts of the Republican president's agenda.

"The Trump administration initiated the funding-freeze plan in part because employees at the federal Centers for Disease Control and Prevention sent money to the World Health Organization after the White House had moved to withdraw the U.S. from it, people familiar with the matter said.

At least one CDC employee was put on leave earlier this week after a payment went through to the WHO, an administration official said. It wasn't clear whether the administration has the authority to stop the particular funds in question. But in general, the CDC's parent agency, the Department of Health and Human Services, has broad leeway to reallocate spending. The CDC didn't respond to a request for comment.

After widespread confusion over the Monday memo, Stephen Miller, a White House deputy chief of staff for policy, blamed disobedient "bureaucrats" for the freeze in an interview on CNN—appearing to cite the WHO incident and other examples.

Democrats, out of power in Washington since Trump's victory in November, rejoiced at the White House reversal and hoped it would give them momentum to push back on parts of the Republican president's agenda.

"The Trump administration—through a combination of sheer incompetence, cruel intentions, and a willful disregard of the law—caused real harm and chaos for millions over the span of just 48 hours," Sen. Patty Murray (D., Wash.) said. Sen. Chuck Schumer of New York, the chamber's Democratic leader, said that Democrats would continue to protest Trump's nominees.

The administration's move came ahead of a hearing Wednesday afternoon in which a federal judge in Rhode Island heard a request by Democratic attorneys general in 22 states and the District of Columbia to block the funding freeze. The judge didn't rule right away but said the case might not be moot if

the administration still takes actions that are consistent with the memo.

The states argued the OMB directive unconstitutionally overrides Congress's power to decide how federal funds are spent. The lawsuit also alleged violations of the Administrative Procedure Act, a federal law that sets out the rules for regulatory change and requires reasoned explanations for executive actions.

A judge in Washington, D.C., on Tuesday already had put the order on hold for several days. That decision came in response to a lawsuit filed by organizations affected by the freeze.

The initial order threw state and federal agencies into

chaos as organizations struggled to access funding portals dealing with Medicaid, emergency aid and low-income education and nutrition services.

The administration spent

Tuesday trying to contain the

fallout. The memo noted ex-

emptions to Medicare, Social

Security benefits and assis-

tance provided directly to in-

dividuals—but gave few other

clues as to what it covered or

didn't cover, such as Meals

on Wheels or organizations

that help people and receive

funding.

—Jan Wolfe

contributed to this article.

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## U.S. NEWS

# RFK's Measles Claims Conflict With Science

MMR vaccines are safe and effective, but fewer children are getting them, making case numbers go back up

By DOMINIQUE MOSBERGEN AND KARA DAPENA

**M**easles and mumps are viral diseases so rare that fewer than 1 in 40,000 Americans catch either of them in a given year. Getting rubella is less likely than getting struck by lightning.

But as recently as the 1960s, measles sickened half a million people in the U.S. annually and killed hundreds. Mumps was a leading cause of deafness in children, and rubella sickened thousands of pregnant women, causing many to miscarry or to deliver infants with birth defects.

Measles, mumps and rubella vaccines introduced in the 1960s slashed infection rates. All 50 states require children to receive a combined MMR vaccine before starting school.

"We've eliminated the memory of these diseases," said Dr. Paul Offit, a pediatrician at Children's Hospital of Philadelphia.

Most Americans think the benefits of the MMR vaccine in children outweigh their risks, according to a 2023 Pew Research Center survey. But 1 in 3 people expressed con-

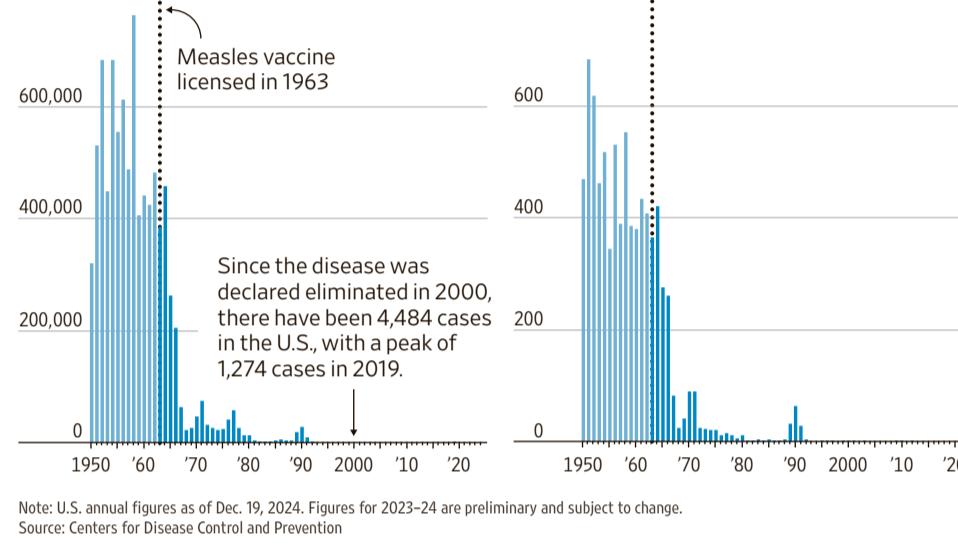
cerns about the vaccine's side effects. President Trump has said childhood vaccines cause autism.

Robert F. Kennedy Jr., Trump's nominee for health secretary who appeared at a contentious Senate committee hearing on Wednesday, has questioned the safety and efficacy of the MMR vaccine.

At the hearing, however, he said he supports the measles vaccine.

Here is what the scientific record on MMR shots really shows.

## Measles cases



## Efficacy

Measles menaced America until 1963, when the first measles vaccine prompted a sharp decline in infections and deaths from the disease. It causes a telltale rash across the body and flulike symptoms. Measles was eliminated in the U.S. in 2000, federal officials said. The virus still

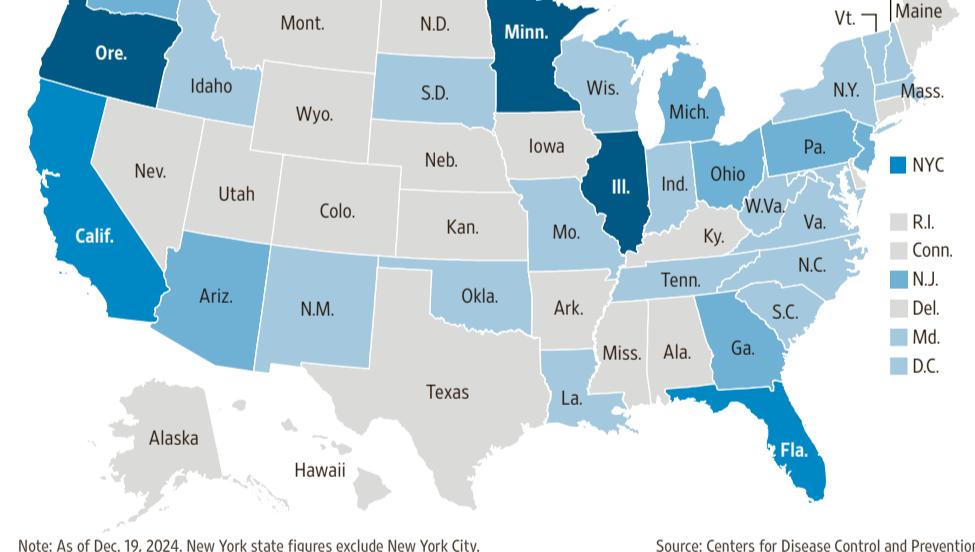
kills more than 100,000 people globally every year.

The mumps vaccine was introduced in 1967, when some 150,000 cases of the disease were reported annually. In 2024, that number was about 350. Mumps can cause swelling of the jaw, brain, testicles and ovaries.

The disease can also cause hearing loss and, in men, temporary sterility or decreased fertility.

Tens of thousands of people used to get rubella yearly in the U.S. The disease is considered eliminated in the U.S., but there are still a handful of imported cases every year.

## Measles cases, 2024



## Kennedy Questioned On Vaccines

Continued from Page One

good science," Kennedy said.

Democrats questioned whether Kennedy had the management experience to lead an organization with the health department's vast reach. It spends more than \$1.7 trillion annually on the healthcare of millions of people, pandemic preparedness and scientific research.

Kennedy is a lawyer, environmental activist and scion of the Kennedy clan whose colorful life was a recurring feature of his confirmation hearing. Senators entered into the record a letter from his cousin Caroline Kennedy, daughter of President John F. Kennedy, calling her cousin an unqualified conspiracy theorist.

"Bobby is addicted to attention and power. Bobby preys on the desperation of parents of sick children," Caroline Kennedy wrote.

Sen. Michael Bennet (D., Colo.) asked Robert F. Kennedy Jr. to clarify whether he had said previously that Lyme disease was a bioweapon, a de-

cades-old conspiracy theory. "I did probably say that," Kennedy said.

Kennedy pushed back on questioning from Sen. Ron Wyden (D., Ore.) about his past statements doubting vaccine safety. Kennedy has said he believes the polio vaccine might have done more harm than good and has linked childhood vaccines to autism—claims scientists have said are unfounded.

"I support the measles vaccine. I support the polio vaccine. I will do nothing as HHS secretary that makes it difficult or discourages people from getting those vaccines," Kennedy said.

Sen. Elizabeth Warren (D., Mass.) asked if Kennedy would swear off fees from vaccine lawsuits against pharmaceutical companies for at least four years after serving as health secretary. Kennedy declined, but said he would comply with ethics guidelines.

Democrats including Bennet attacked Kennedy for retreating from his past support for abortion rights. "This is a job where it is life and death," Bennet said. "It's too important for the games that you're playing, Mr. Kennedy."

Kennedy said he believes every abortion is a tragedy but didn't commit to more restrictions on mifepristone, a drug known as the abortion pill.

"President Trump has asked me to study the safety of mifepristone. He has not yet taken a stand on how to regulate it. Whatever he does, I will implement it," Kennedy said.

Sen. James Lankford (R., Okla.), who opposes abortion rights, said after the hearing that he was satisfied with Kennedy's comments.

"He made some very clear statements today on that," Lankford said.

Kennedy campaigned for president as an independent before endorsing Trump, a

## Safety

The idea that vaccines cause autism leads back to a 1998 paper in the *Lancet* linking the MMR vaccine to the condition.

Celebrities including Kennedy and actress Jenny McCarthy embraced the theory. MMR vaccination rates fell.

But the study involved only 12 children, and its findings were bogus. Its lead author, Andrew Wakefield, a surgeon at the time, falsified data and withheld financial conflicts of interest, according to the U.K.'s General Medical Council. In 2010, Wakefield's medical license was revoked, and the Lancet retracted the study.

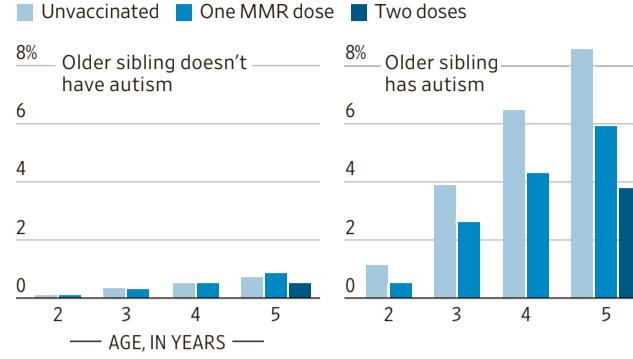
Wakefield has denied wrongdoing. He didn't respond to requests for comment.

Antivaccination advocates have published limited research that they say suggests vaccines could be linked to developmental delays. Public-health experts say the studies don't meet rigorous scientific standards.

An online report in January claimed to link vaccination and neurodevelopmental delays among children in Florida. The report, funded by the National Vaccine Information Center, an antivaccine group, wasn't published in a scientific journal, didn't undergo standard peer

## Share of children with autism

By MMR vaccination status and whether older sibling has autism



Note: Study was of children born in 2001–07 using an administrative claims database associated with a large U.S. health plan. Among the children, 1,929 had older sibling with autism and 93,798 without. Source: JAMA, Anjali Jain, Jaclyn Marshall, et al.; Craig Newschaffer

review, didn't verify vaccination status of its participants and didn't consider variables that could skew results. The center said the report acknowledged its limitations and raised serious questions about vaccines.

More than 20 large-scale studies involving hundreds of thousands of children in several countries have discredited any association between the MMR vaccine and autism. Additional large studies strongly suggest that no vaccine causes autism.

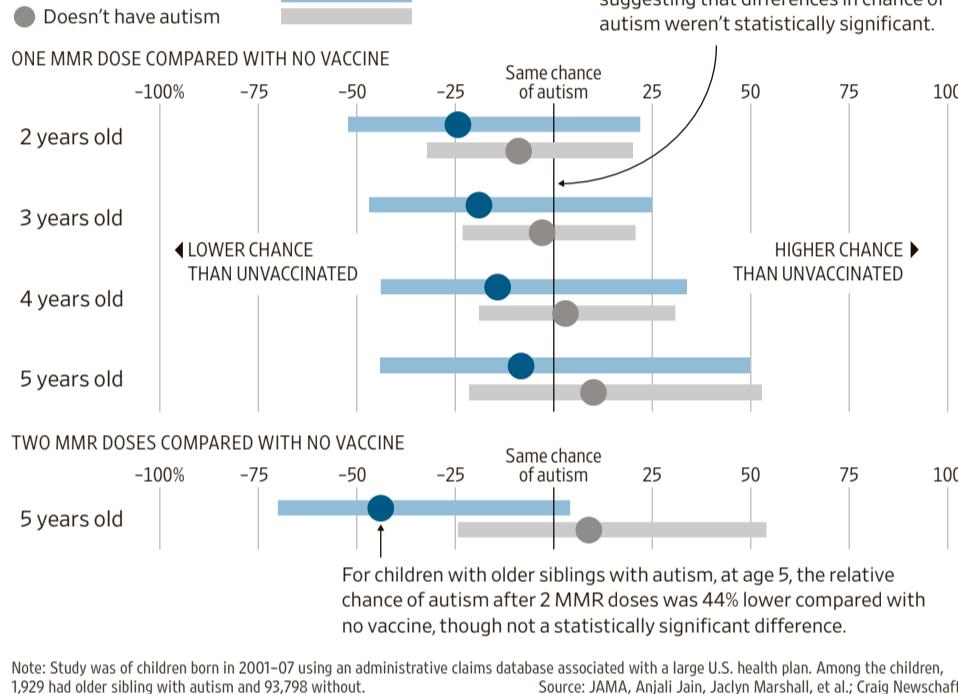
A 2015 study involving over 95,000 U.S. children ages 2–5 compared autism rates in those who had received the MMR vac-

cine and those who hadn't. Vaccination didn't affect autism rates, including in children whose older siblings had autism.

The study authors used a statistical model that accounted for other variables such as demographic information to figure out whether vaccination affected the risk that a child would develop autism. There was statistically no difference in risk between vaccinated and unvaccinated children, they concluded.

Vaccines, like most medical interventions, aren't free of potential harms. Doctors say the question is whether the benefits outweigh them.

## Relative chance of autism in vaccinated children compared with unvaccinated



## Measles makes a comeback

As vaccination rates have fallen in recent years, measles outbreaks have risen.

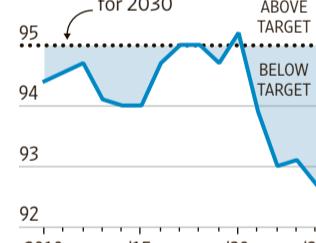
There were at least 16 measles outbreaks in 2024, according to the Centers for Disease Control and Prevention. Most cases were in children who were unvaccinated or whose vaccination status was unknown.

"We will have measles outbreaks again. We will have rubella outbreaks again," said Dr. Gregory Poland, a virologist.

Minnesota, Illinois and Oregon in 2024 were the states with the highest number of measles cases. Minnesota's MMR vaccination rate among kindergartners was estimated at 87%, Illinois's was about

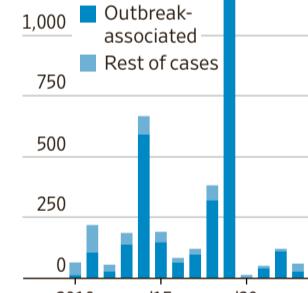
## Share of kindergartners vaccinated against measles

Federal target for 2030



92% and Oregon's was around 91%, the CDC said. That is short of the 95% coverage

## Measles cases



health authorities encourage to prevent community transmission.

publicly they will oppose Kennedy. Sen. Mitch McConnell (R., Ky.), a polio survivor and the chamber's former GOP leader, and centrist Republicans Susan Collins of Maine and Lisa Murkowski of Alaska are considered possible defectors. Republicans control the Senate with 53 votes, so Kennedy can't lose more than three votes, if he gets no support from Democrats. In the event of a tie, Vice President JD Vance would cast the deciding vote.

Republican Sen. Bill Cassidy, a medical doctor from Louisiana and likely a pivotal vote in Kennedy's confirmation, asked the nominee questions about Medicare and Medicaid that he struggled to answer. Asked how care for people eligible for both federal health programs could be integrated, Kennedy said, "I'm not exactly sure because I'm not in there."

Republicans expressed optimism about working with Kennedy to improve healthcare. "God has a divine purpose for you, and I look forward to working with you," Sen. Roger Marshall (R., Kansas), told Kennedy.

Sen. Bernie Sanders (I., Vt.), who some speculated might support Kennedy because they share some views on ultraprocessed food and pharmaceutical company profits, grilled the nominee about vaccines and whether health care is a human right.

"Free speech doesn't cost anybody anything but in healthcare if you smoke cigarettes for 20 years and you get cancer, you are now taking from the pool," Kennedy said.

## Watch a Video



## U.S. NEWS

# U.S.-China Tech War Is Scrambled

By LIZA LIN AND JOSH CHIN

SINGAPORE—The unexpected success of Chinese AI startup DeepSeek has revealed cracks in U.S. efforts to contain China's technology ambitions, challenging both Washington and Silicon Valley to rethink how best to preserve American supremacy.

The Biden administration took what it called a "small yard, high fence" approach to the U.S.'s tech rivalry with China: It erected strict barriers to prevent U.S. companies from selling advanced chips and other critical know-how that Beijing could exploit to strengthen its military and surveillance capabilities, but otherwise allowed business to proceed as usual.

Backers of the policy thought it would keep the U.S. ahead in technologies such as artificial intelligence.

But now DeepSeek has blasted through the barriers, releasing a low-cost AI model that rivals American achievements. Its success is fueling debate over whether the U.S. needs a new approach, with DeepSeek serving as a Rorschach test for people with differing beliefs about the best way forward.

Backers of a hard line against China say that Deep-

Seek was able to use deficiencies in the Biden administration's rules to accumulate chips it shouldn't be able to access. The logical way forward, some argue, is for Washington to double down with even tougher rules to ensure Chinese companies can't access advanced U.S. technology in the future.

Others say DeepSeek's progress only encourages China to work harder to innovate while depriving American companies of revenue.

It is a position China itself is now proclaiming. "Trying to curb technological development by restricting hardware is like trying to dam a large river while overlooking the countless streams that feed it," the Communist Party-run Global Times wrote in a commentary on Monday.

There are people from both camps among President Trump's advisers, and it remains unclear whose views will prevail with the president, according to industry watchers. Last week, his administration said in a memo that it was reviewing policies to maintain America's leadership in AI innovation.

"I'm confident in the U.S. but we can't be complacent," David Sacks, Trump's AI and cryptocurrency czar and one



President Trump listened to White House adviser David Sacks, his AI and cryptocurrency czar, in the Oval Office last week.

of the three Trump officials leading his AI strategy, wrote in a post on X. He noted that Trump had already rescinded a Biden executive order that required AI developers to report the results of safety tests on systems that posed risks to U.S. national security, the economy, public health or safety.

But DeepSeek's breakthrough also gives the China hawks in Trump's administration more ammunition to push their views, said Steve Feldstein, a senior fellow at the Carnegie Endowment for International Peace.

Alexander Wang, the head of Scale AI, a San Francisco-based AI startup, called for a

tightening of U.S. export restrictions to allow the country's companies to maintain their lead in the technology. Yet he also warned that the U.S. needs to avoid leaning on export controls as a crutch, and instead work harder to outrun its rival.

"DeepSeek is a wake up call for America, but it doesn't change the strategy," Wang wrote on X. Ultimately, the U.S. just needs to "out-innovate & race faster."

Trump could tighten the screws through additional restrictions on China's access to semiconductors, or by requiring chip companies to add the ability to track the location of export-controlled semicon-

ductors, according to Matt Pottinger, a deputy national security adviser in the first Trump administration who is now head of research firm Gernaut Global.

U.S. officials could also slap stiff penalties on companies to deter them from undermining the controls, he said.

The release of DeepSeek's chatbot app helped wipe \$1 trillion in market value off stocks such as AI chip giant Nvidia. Prominent venture capitalist Marc Andreessen described it as a "Sputnik moment," evoking the Cold War tech competition between the U.S. and Soviet Union. Senate Minority Leader Chuck Schumer (D., N.Y.) called for

more support to ensure continued U.S. AI dominance.

The DeepSeek model, R1, matches or nearly matches the performance of the U.S.'s top AI models in solving complex problems, according to third-party evaluations. But it was produced at a fraction of the cost.

Part of the challenge for U.S. policymakers is that it is still not entirely clear how much of DeepSeek's success relied on accessing U.S. technologies, and how much came from its own innovations. OpenAI said Wednesday it is investigating whether DeepSeek trained its new chatbot by repeatedly querying the U.S. company's AI models.



Alibaba this week released Qwen2.5-Max, an artificial-intelligence model that it said was competitive with DeepSeek.

## DeepSeek Isn't the Only Company Making Advances With AI Models

By RAFFAELE HUANG

When DeepSeek jolted the global tech world with its low-cost model, it also threw a spotlight on China's booming artificial-intelligence market, a sector that the Chinese government has identified as a national priority.

DeepSeek is just one of an array of companies developing AI models and applications. Here's a guide to a number of the biggest players in China.

### The tech giants

**Alibaba:** The e-commerce giant provides conversational chatbot service Qwen, powered by multiple AI models, including some designed for more complex reasoning and coding tasks. This week, Alibaba also released Qwen2.5-Max, an artificial-intelligence model it said was competitive with global leaders, including DeepSeek. It hasn't clarified whether it developed the model with the low cost and high efficiency that DeepSeek has boasted of.

**Tencent:** China's biggest videogame company has developed multiple versions of its AI model Hunyuan. It said

one version released in November delivered performance comparable to Meta's Llama 3.1. According to some researchers, Tencent might use around a tenth of the computing power Meta used to train the model. The company is integrating AI capabilities into its WeChat app, the ubiquitous platform in China providing everything from chats to banking.

**Baidu:** Baidu, which first emerged as a search-engine company, was the first in China to launch a ChatGPT equivalent, called Ernie Bot.

Its technology chief said in November that its model had 430 million users.

**ByteDance:** ByteDance, which is the owner of TikTok, has a chatbot called Doubao, which can be translated as bean bun. The app has been among the most downloaded chatbots in China, with around 60 million monthly active users, according to Aicpb.com, a website tracking AI products

### The upstarts

**DeepSeek:** The company surprised the global tech community this month after it said it had trained AI models that delivered high performance at low cost without the most advanced chips. Tuesday, it released a multimodal model, called Janus Pro, that it said could produce results comparable to OpenAI's text-to-image model DALL-E 3.

**StepFun:** The company, valued at around \$2 billion, has a model that is

now ranked for performance among the top 10 in the world in Chatbot Arena. Founded by a former senior Microsoft scientist, the company counts Tencent and the Shanghai government as key investors.

**Moonshot AI:** Moonshot's Kimi chatbot has around 13 million users in China, according to Aicpb.com. The startup, valued at around \$3.3 billion and backed by Alibaba and Tencent, was founded by a young Chinese scientist who had stints at Meta and

Google. This month, Moonshot released a multimodal reasoning model, called k1.5, that it said outperformed big names such as OpenAI's GPT-4o and Anthropic's Claude3.5 Sonnet on some major benchmarks, including a math challenge.

**MiniMax:** MiniMax is a Shanghai-based startup valued at \$3 billion. It invented a Character.ai-like companion chatbot called Talkie, which has become popular in the U.S. This month, it published two open-source models that it claimed to be comparable to OpenAI's GPT-4o and Anthropic's Claude3.5 Sonnet, using a technique called Lightning Attention that allows faster computation.

**Zhipu:** Zhipu, valued at around \$3 billion in its latest fundraising round in December, has invented a chatbot as well as a video-generating model called Ying that is similar to OpenAI's Sora. Zhipu was also included this month in a U.S. trade blacklist for developing AI systems that could have military uses. Zhipu said the U.S. move was baseless.

◆ Some investors bought the dip in AI..... B1

## Chinese, Iranian Hackers Use AI To Bolster Attacks

By DUSTIN VOLZ AND ROBERT MCMILLAN

some efficiency. They can operate faster and scale up."

Current and former U.S. officials said they think foreign hacking units are turning to other chatbots as well. Last year, OpenAI also revealed some information about five foreign hacking groups using ChatGPT and said it had disabled the accounts associated with them.

In the past year, dozens of hacking groups in more than 20 countries turned to Google's Gemini chatbot to assist with malicious code writing, hunts for publicly known cyber vulnerabilities and research into organizations to target for attack, among other tasks, Google's cyber-threat experts said.

The findings released on Wednesday from Google are some of the first to shed light on how exactly foreign adversaries are leveraging generative AI to boost their hacking prowess.

This week, the China-built AI platform DeepSeek upended international assumptions about how far along Beijing might be in the AI arms race, creating global uncertainty about a technology that could revolutionize work, diplomacy and warfare.

Groups with known ties to China, Iran, Russia and North Korea all used Gemini to support hacking activity, the Google report said. They appeared to treat the platform more as a research assistant than a strategic asset, relying on it for tasks intended to boost productivity rather than to develop fearsome new hacking techniques.

All four countries have generally denied U.S. hacking allegations.

"AI is not yet a panacea for threat actors and may actually be a far more important tool for defenders," said Sandra Joyce, vice president of threat intelligence at Google. "The real impact here is they are gaining

more efficiency. They can operate faster and scale up."

Current and former U.S. officials said they think foreign hacking units are turning to other chatbots as well. Last year, OpenAI also revealed some information about five foreign hacking groups using ChatGPT and said it had disabled the accounts associated with them.

That research likewise found that cyberattackers weren't using ChatGPT for generating significant or novel cyberattacks. A Google spokeswoman said the company terminated accounts linked to malicious activity outlined in its report but declined to disclose how many accounts in total were disrupted.

The company found that a range of sophisticated hacking groups—also known as advanced persistent threats—were using Gemini, but that Chinese and Iranian groups had relied on the tool the most.

More than 20 China-linked groups and at least 10 Iran-linked groups were seen using Gemini, Google said, making them easily the most active

countries seeking to use the chatbot. Iranian groups, which exhibited the heaviest overall use, pursued an array of goals on Gemini, including research into defense organizations to target with hacking attempts and generation of content in English, Hebrew and Farsi to be used in phishing campaigns.

China was the next most frequent user of Gemini, the report said, with hacking groups linked to Beijing also conducting reconnaissance on targets in addition to attempting to learn more about specific hacking tactics, including how to exfiltrate data, evade detection and escalate privileges once inside a network.



Researchers found a range of hacking groups used Gemini, but that Chinese and Iranian groups had relied on it the most.

MICHAEL M. SANTIAGO/GETTY IMAGES

## U.S. NEWS

# Trump Eyes Guantanamo to House Migrants

Up to 30,000 could be held at the prison awaiting deportation, the president says

**WASHINGTON**—President Trump said on Wednesday he plans to order the Pentagon and Department of Homeland Security to construct a facility

*By Tarini Parti,  
Michelle Hackman  
and Nancy A. Youssef*

to hold as many as 30,000 migrants at Guantanamo Bay.

The U.S. Navy base in Cuba, the site of a prison for more than two decades for terrorist suspects, would be used to “contain the worst criminal illegal aliens threatening the American people,” Trump said. He didn’t offer further details.

“Some of them are so bad we don’t even trust the countries to hold them, because we don’t want them coming back,” Trump said of the migrants,

while signing a bill passed in response to a murder by a migrant who was in the U.S. illegally. “So we’re going to send them out to Guantanamo.”

The move underscored the White House’s increasing reliance on military facilities and personnel in carrying out its immigration crackdown. Trump has also ordered active-duty troops to the U.S.-Mexico border to assist civilian authorities and is using Air Force transport planes to quickly scale up deportation flights to other countries.

Opening 30,000 additional detention beds would almost double U.S. Immigration and Customs Enforcement’s capacity to hold migrants ahead of their deportations. Congress has allotted funding for detaining up to 41,000 immigrants at a time, a historically high number that Trump’s team considers inadequate as it tries to carry out the largest mass deportation in U.S. history.

Guantanamo Bay has been used in the past as a migrant



Guantanamo has been used as a migrant detention center, including in the 1980s and 1990s.

more people, Homeland Security Secretary Kristi Noem and White House border czar Tom Homan said after Trump’s announcement. The administration will ask Congress to fund the expansion as part of the tax-and-spending bill Republicans are trying to assemble.

Holding migrants at Guantanamo Bay would mean detainees wouldn’t have ready access to lawyers, said Leon Fresco, an immigration attorney who served as a top immigration official in the Obama administration.

“The Trump administration may find the symbolism of sending migrants to Guantanamo darkly appealing; its practical result would be more injustice, waste, and self-inflicted loss of credibility,” said Sue Hendrickson, president of the advocacy group Human Rights First.

There are 15 prisoners being held at Guantanamo Bay. Opened after the Sept. 11, 2001, terrorist attacks, the prison at its peak held nearly 800 people.

detention center, including in the 1980s and 1990s when thousands of Haitians were sent there, sometimes even after winning asylum cases. The Biden administration used the

facility to house a small number of migrants so they could be resettled to third countries.

Pentagon officials said they were unaware of the plan, which White House officials

said was finalized Wednesday.

The administration will expand an existing migrant detention center at the base, building out the temporary housing and other facilities for thousands

## Shock-and-Awe Deportation Campaign Sows Fear

President Trump’s immigration directives are clearing the path for officials to step up deportations. But the White House’s flashy public-relations campaign around its

*By Tarini Parti,  
Elizabeth Findell and  
Michelle Hackman*

deportation work might be just as effective, as it unsettles immigrant communities across the country.

Trump is marshaling federal powers from the Pentagon to the Drug Enforcement Administration to make a crackdown at the border and aggressive interior enforcement the first priority for his second term.

In the first week of his ad-

ministration, Immigration and Customs Enforcement arrested nearly 5,000 migrants in the U.S., agency data show. ICE arrested approximately 310 people a day during former President Joe Biden’s last year in office.

Newly confirmed Homeland Security Secretary Kristi Noem, wearing raid attire and an ICE vest, recorded a video on Tuesday with agents making arrests in New York City.

“We’re getting the dirt bags off these streets,” she said.

The administration has said it is targeting people with criminal backgrounds, but hundreds of migrants in the U.S. illegally who didn’t have a criminal record have been arrested, ICE data show.

“People are keeping their

kids home from school,” said Gale Brewer, a New York city council member representing Manhattan’s Upper West Side. “They’re afraid to go to work. They’re just scared in general.”

Muzaffar Chishti, a senior fellow at the Migration Policy Institute, said moves such as a raid in Newark, N.J., on Jan. 23 that drew national attention to three arrests, were designed

to send a message.

“It’s about creating the sense of awe, the sense of fear, to send a message,” he said. “Every administration

has enforcement action; the aim of this administration is more to publicize it.”

In north Texas, where immigration agents apprehended some 80 people over the weekend, a construction worker who arrived illegally from Guatemala six years ago said he was staying home, except to go to work. He is shopping for groceries in a neighborhood

where few immigrants live to avoid getting into a crowd with other Latinos.

The White House has distributed images of handcuffed

immigrants being led onto a military airplane and mug shots of arrested migrants with criminal records, including those with ties to the Venezuelan gang Tren de Aragua.

Phil McGraw, who made his fame as a television host, accompanied agents on a televised raid in Chicago.

“You’re Dr. Phil?” a man being arrested there responded when McGraw tried to ask about his legal status.

White House press secretary Karoline Leavitt listed arrests and criminal backgrounds of some recently arrested migrants at her first briefing on Tuesday.

“By using every lever of his federal power, President Trump has sent a loud and clear message to the entire

world, ‘America will no longer tolerate illegal immigration,’ ” she said.

Trump has revoked a directive that kept ICE from targeting schools and churches and granted immigration-enforcement authority to agencies at the Justice Department, including the DEA and U.S. Marshals Service. He has allowed officials to strip some migrants of legal status who thought they had entered the country legally under Biden administration programs.

Senior ICE officials have told subordinates that the agency’s offices are each responsible for 75 arrests a day, or roughly 1,000 to 1,500 a day across the country, two people familiar with the talks said.

### U.S. WATCH

**NEW YORK****Trump Files Appeal In Hush-Money Case**

President Trump has appealed his hush-money conviction, seeking to erase the verdict that made him the first person with a criminal record to win the office.

Trump’s lawyers filed a notice of appeal Wednesday, asking the state’s midlevel appeals court to overturn his conviction last May on 34 counts of falsifying business records.

The case, involving an alleged scheme to hide a hush-money payment to porn actor Stormy Daniels during Trump’s 2016 Republican campaign, was the only one of his criminal cases to go to trial.

The Manhattan district attorney’s office, which prosecuted the case, will have a chance to respond in court papers. A message seeking comment was left with the office Wednesday.

*Associated Press*

**SOUTHWEST****Deal on Shipping Uranium Ore Set**

Shipments of uranium ore from a revived mining operation just south of the Grand Canyon are expected to resume in February after the Navajo Nation reached a settlement with the mining company, clearing the way for trucks to transport the ore across the largest Native American reservation in the U.S.

The agreement announced Wednesday settles a dispute that erupted last summer when Energy Fuels began trucking ore from the Pinyon Plain Mine to a mill site in Utah.

Energy Fuels must meet standards spelled out by federal agencies when transporting uranium ore. The measures outlined in the agreement with the Navajo Nation provide additional layers of protection, company officials said.

*Associated Press*

**FLORIDA****Sea Turtles Receive Care After Icy Blast**

An arctic blast that brought a rare snowfall to northern Florida last week left green sea turtles as far south as St. Augustine suffering from a condition known as cold stunning.

Seventeen sea turtles that were found stranded along Florida’s northeastern Atlantic Coast were brought to the Loggerhead Marinelife Center in Juno Beach, north of West Palm Beach.

“When it’s cold on land, it’s also cold in the ocean. And that led to a number of turtles being beachied or very debilitated and just floating in the water,” said Dr. Heather Barron, the chief science officer and veterinarian at the center.

Last year, turtles from Massachusetts were brought to Florida to rehab while suffering from cold stunning.

*Associated Press*



Green sea turtles suffering from cold stunning because of an arctic blast in northern Florida last week were getting rehab Wednesday at Loggerhead Marinelife Center in Juno Beach, Fla.



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## WORLD NEWS

# Hamas Is Set to Release 3 More Hostages

Militants publicize list that includes civilian woman, as U.S. envoy makes rare Gaza visit

Hamas gave Israel the names of three hostages to be freed Thursday under the Gaza cease-fire deal, including Arbel Yehoud, a female civilian whose freedom was a point of tension with Israel.

By **Rory Jones,**  
**Anat Peled**  
and **Summer Said**

Alongside Yehoud, Hamas also will release Agam Berger, a 20-year-old female soldier, and the first man to be freed in the current truce, Gadi Moses, 80, from kibbutz Nir Oz, according to Arab mediators.

In addition to the three Israelis, Hamas also is likely to release five Thai citizens who were taken in the militant group's Oct. 7, 2023, attacks on Israel, said an Israeli official and the mediators.

The first phase of the Israeli-



A photo of Arbel Yehoud, who is expected to be freed on Thursday, is displayed in Jerusalem.

Hamas pact calls for the militants to 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. Israel, as a result, delayed allowing Palestinians to cross an Israeli-controlled corridor into the Gaza Strip's north until Hamas freed Yehoud. The sides eventually agreed to add

an extra hostage exchange on Thursday to ease the tension.

As part of the deal, Israel is expected to release more Palestinian prisoners Thursday, including some serving life sentences. Hamas on Friday is

slated to name three more hostages to be freed.

The initial stage of the cease-fire deal is expected to involve the release of 33 hostages held by Hamas over six weeks. The U.S., Qatar and Egypt, the countries that negotiated the truce, are monitoring its implementation.

The rest of the named hostages to be released in the first phase are men. Hamas has given Israel a list detailing which of the 33 hostages are alive. Israel has said that most of them have survived.

In total, 87 hostages taken Oct. 7 remain in Gaza, most of them Israeli. They include more than 30 who Israel has concluded are no longer alive, though Israeli and U.S. officials privately believe the number of dead is much higher. Three additional hostages, taken before the Hamas-led attacks, bring the total to 90.

More than 20 Thai citizens and one citizen of the Philippines were freed by Hamas during the November 2023 cease-fire. As part of the November truce, Hamas also re-

leased several Israelis with Russian citizenship as a gesture to Vladimir Putin.

Meanwhile on Wednesday, President Trump's Middle East envoy Steve Witkoff made a rare visit by a U.S. official to the Gaza Strip to oversee the implementation of the truce.

Witkoff also met with Israeli Prime Minister Benjamin Netanyahu, as part of a diplomatic effort to end fighting across the Middle East. On Tuesday, Witkoff met in Saudi Arabia with Saudi Crown Prince Mohammed bin Salman. They discussed the implementation of the cease-fire and normalizing relations with Israel, say people familiar with the matter.

Gulf countries are expected to take a leading role in rebuilding Gaza. Netanyahu is slated to visit the White House on Tuesday.

While in Saudi Arabia, Witkoff also met with Hussein al-Sheikh, a senior Palestinian Authority official about its potential role in Gaza following the truce, the people said.

—Dov Lieber contributed to this article.

# Israel Severs Ties With U.N. Agency Aiding Palestinians

By **OMAR ABDEL-BAQUI**  
AND **CARRIE KELLER-LYNN**

Israeli authorities say they will cease working with the main U.N. agency caring for Palestinian refugees on Thursday, threatening aid deliveries for Gaza that are a key part of the cease-fire deal that has halted fighting there.

The East Jerusalem headquarters of the United Nations Relief and Works Agency showed few signs of life on Thursday, after Israeli visas issued to international staff expired and those workers left the country. Other employees were told to work from home a day ahead of Israel's deadline

for the agency to close up shop there and vacate the premises.

The U.N. has said that in the absence of Unrwa, it is the legal responsibility of Israel, as the occupying military power in the West Bank and the Gaza Strip, to take care of the Palestinians under its jurisdiction. Israel declined to comment on that claim but said its problem is with Unrwa and that aid will continue to flow.

Israel passed legislation in October that bars Unrwa from operating in Israel, and prevents Israeli officials from interacting with the agency. It goes into effect on Thursday.

The laws reflect Israel's allegations that the U.N. agency is

biased against Israel and has employed people who participated in the Hamas-led Oct. 7, 2023, attacks that left 1,200 dead. But they also threaten to cripple the agency that runs the largest aid operation in the Gaza Strip and West Bank. The situation is particularly fragile in Gaza, where most of the population of the war-battered territory has been displaced and is heavily dependent on aid.

Other agencies that supply aid rely on Unrwa's distribution network within Gaza, including its trucks, warehouses, shelters, staff and distribution points. The aid community has warned Unrwa's capabilities can't be easily replaced.

Israel says a range of other international organizations will take over parts of Unrwa's role based on their expertise, said an Israeli official close to the issue. The agency said other humanitarian agencies within and outside the U.N. system heavily rely on its infrastructure.

"Without Unrwa, certain things just can't be done, and other things will just massively slow down and grind to a halt," said Sam Rose, a senior official with the agency in Gaza.

Unrwa says it will try to continue operating after the laws take effect, said Roland Friedrich, director of the agency's affairs in the West Bank. "The main operational

stumbling block is the no-contact policy," he said. It is unclear how Israel will enforce that policy, which could affect everything from imports to permits to heading off accidental incidents with the military while operating in a war zone, he said. "We have no official communication from the Israeli authorities," Friedrich said.

Cogat, the Israeli military organization that oversees administrative issues such as aid deliveries in the occupied Palestinian territories, has been cutting back its direct conversations with Unrwa for months, the Israeli official said.

Israel committed to a big increase in aid deliveries under

the truce. While the flood of aid that has come with the pause in fighting has relieved some of the pressure of finding an alternative to Unrwa, the situation will become more complicated if the deal falters and there isn't a plan to take up Unrwa's roles, said the Israeli official and the head of a humanitarian group working in Gaza.

Israel has accused at least 12 Unrwa workers of participating in the deadly assault on southern Israel, and later alleged Unrwa employed hundreds of Palestinians with links to Hamas and other militant groups.

Unrwa says it hasn't received evidence of those ties.

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# THE WALL STREET JOURNAL.

## WORLD NEWS

# Syrian Rebel Leader Declares Himself Country's President

By STEPHEN KALIN

DAMASCUS—Syrian rebel leader Ahmed al-Sharaa declared himself president, canceled the constitution and disbanded the national army and all opposition parties and armed groups, including his own, in a step toward transitioning away from the era of Bashar al-Assad.

Sharaa headed Hayat Tahrir al-Sham, a U.S.-designated terrorist group that led the lightning takeover of Syria in December, ending 54 years of Assad family rule and marking a new alignment in the Middle East. He has been pushing for the removal of economic sanctions that the U.S., Europe and the United Nations imposed on Syria during Assad rule.

Sharaa will undertake the rebuilding of the national army and security apparatus and form a temporary legislative council for the transitional period already under way until a new constitution comes into effect, a spokesman said.

The proclamations came after a closed-door meeting that Sharaa held with Syrian military factions and revolutionary figures.

Charles Lister, a Syria expert at the Middle East Institute, said Sharaa's latest decisions formalize what has been de facto reality for the past seven weeks. "Actual transitional steps are the key test," he wrote on X.

Sharaa said in December that it could take up to three months to draft a new constitution and four years to hold elections. A meeting of representatives of Syria's diverse

communities meant to hash out the transition was expected to begin this month but has been delayed.

The immediate challenges facing Sharaa are maintaining order, restoring government services and rebuilding the economy. Before advancing on Damascus in December, his group essentially administered a single city in a rebel-held enclave of five million people. Governing most of the country is a tall order for a group whose roughly 25,000 fighters are spread across Syria's largest cities, and civilian authorities also are stretched thin.

Following their takeover of Damascus, the rebels introduced a general amnesty for army conscripts, asked police to stay on duty, and ordered former officials to identify themselves to the new authorities in exchange for safe treatment.

Around the same time, Sharaa shed the nom de guerre Abu Mohammed al-Jawlani and swapped combat fatigues for a suit. He once fought with al Qaeda in Iraq as an anti-U.S. jihadist, but in recent years has sought to recast himself as a more moderate figure, promoting a pragmatic brand of Islamist politics.

An HTS political-affairs bureau member in December described in a briefing with reporters the group's to-do list: Merge rebel groups into a national army, bring back Syrian refugees, write a constitution and staff government ministries.

*—Saleh al-Batati and Suha Ma'ayeh contributed to this article.*

## Ahmed al-Sharaa canceled the constitution and disbanded armed groups.



Pilgrims massed along a fence after a stampede during the Maha Kumbh Mela festival on Wednesday.

SUMIT DAYAL FOR WSJ

# Indian River Ritual Turns Deadly

Dozens are killed after Hindu devotees crash barrier on the festival's busiest day

By SHAN LI AND ESHA MITRA

PRAYAGRAJ, India—It has been billed as the "world's largest congregation of humanity." In a showcase of India's growing religious tourism, an estimated 450 million people are gathering over six weeks in northern India in a celebration of ritual bathing where two holy rivers meet.

But on Wednesday, as devotees headed for the river on the most auspicious bathing day of the calendar, a tragedy unfolded. A crowd broke through barriers and crushed people sleeping on the river banks near the meeting point of the two rivers, officials in Uttar Pradesh state said.

At a press conference on

Wednesday night, senior police official Vaibhav Krishna said 30 people were killed and 60 injured after overexcited pilgrims broke through barricades.

Earlier, a police official helping the injured said at least 40 people were killed, and that authorities were still counting the dead. The state government announced nearly \$30,000 in compensation for the families of the dead.

Officials said they had worked for at least two years to prepare for the Maha Kumbh Mela, or Great Pitcher festival, to take place without incident. The Hindu pilgrimage, where people flock to take a ritual dip at the convergence of the Ganges and Yamuna rivers to purify their sins, has been the scene of deadly overcrowding in the past.

This time around, they said they were prepared to handle upward of 100 million devotees in a single day.

"That many people we have already provisioned for," said

Sanjeev Singh, a senior state official, at a press conference last week. "If it's going to be less than that, then no problem so far as the capacity which has been put in place is concerned."

The festival, which started on Jan. 13, is believed to be at least two millennia old. It attracts a tapestry of visitors—Hindu holy men, politicians, tourists—to bathe at a spot where a drop of the nectar of immortality churned by the gods is believed to have spilled from a pitcher.

Preparations included the installation of 175,000 tents, 150,000 toilets, 30 floating bridges and nearly 70,000 streetlights for the festival.

In recent years, Prime Minister Narendra Modi and his Hindu nationalist Bharatiya Janata Party have increasingly seized on religious events such as the Kumbh Mela as symbols of Hindu pride. Religious tourism also gives a boost to the economy.

On X, Modi extended his

condolences to "the devotees who have lost their loved ones."

At a command center in the festival, which spans an area the size of 8,000 football fields, police officers scan footage from about 1,600 security cameras installed throughout the fair, looking for trouble spots such as agitated crowds or bottlenecks, said Amit Kumar, superintendent of police in charge of the Kumbh's Integrated Command and Control Centre, in an interview this week.

Asked how to avoid overcrowding deaths, he said, "This is the holy grail." Police have a number of tactics, including putting up additional barricades and forming human chains to divert and slow down crowds, Kumar said. But people were continuously finding ways to skirt obstacles.

"The crowd is one big organism," he said. "They will find new ways, they will find new methods."

*—Tripti Lahiri contributed to this article.*

## WORLD WATCH



RAILING IN THE YEARS: The 'Doctor Yellow' T4 edition track-testing bullet train for Japan's high-speed lines made its final run in Fuji on Wednesday, before being replaced by a new model.

CANADA

### Central Bank Cuts Policy Rate to 3%

The Bank of Canada on Wednesday cut its benchmark rate for a sixth straight time, and warned of a significant shock to the economy from a U.S.-Canada trade conflict.

Canada's central bank lowered its policy rate by a quarter-point to 3%, as widely expected in a survey of economists last week by The Wall Street Journal. In its decision, the Bank of Canada said a recent rebound, fueled by aggressive rate cuts since June, is in jeopardy should President Trump follow through on his threat of a 25% tariff on imports from Canada and Mexico. Canadian officials have vowed to retaliate forcefully with their own tariffs in such an event.

"A long-lasting and broad-based trade conflict would badly hurt economic activity in Canada," Gov. Tiff Macklem said, adding tariffs would also push prices higher.

Macklem said central-bank policymakers face a difficult task in the event of a trade row with tariffs of the magnitude Trump has threatened.

The policy rate is now 2 percentage points lower than its most-recent peak of 5%.

*—Paul Vieira*

### EUROPEAN UNION Unified Strategy On Growth Urged

European Union nations must work together quickly to put a strategy in place to help the bloc compete against global economic powerhouses such as China and the U.S., said European Commission President Ursula von der Leyen.

"Europe has everything it needs to succeed in the race to the top. But, at the same time, we must fix our weaknesses to regain competitiveness," von der Leyen said on Wednesday as the EU executive unveiled a long-awaited proposal to boost the region's industry.

Von der Leyen was introducing the bloc's so-called Competitiveness Compass: A 26-page document detailing policy overhauls and new legislation the commission plans during the next five years to boost the region's economy and attract investment.

Core to the plan is a desire to make life easier for businesses in the bloc to grow and compete with foreign rivals, and to wean the region off its dependence on non-EU countries for things like critical raw materials and semiconductors.

*—Edith Hancock*

### SOUTH SUDAN

### Chartered Plane Crashes, Killing 20

A small plane chartered by a Chinese oil company crashed on Wednesday in a remote part of South Sudan, killing 20 people, authorities said. One passenger survived.

The flight chartered by Greater Pioneer Operating Co. had 21 people on board, including two pilots, when it crashed while taking off near an oil field in Unity state as it headed to the South Sudanese capital, said Gatwech Bipal, the state information minister.

Local media reports said the passengers were oil-company workers. The United Nations-affiliated Radio Miraya, citing the flight manifest, said the victims were mostly South Sudanese, and included one Indian and two Chinese nationals. Authorities didn't confirm the identities of the victims.

"We are deeply saddened," South Sudan's oil minister, Puot Kang Chol, told reporters in the Kenyan capital Nairobi after confirming that 20 people were killed. He was in Nairobi for peace talks aimed at ending South Sudan's cycle of political violence.

It wasn't immediately clear what caused the crash.

*—Associated Press*



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## WORLD NEWS

# Kim's 'Shock Brigade' Aims to Keep Youth Loyal

BY DASL YOON

SEOUL—Kim Jong Un enjoys absolute power across North Korea and is regarded as godlike by his own people. But one threat appears to loom large for the 41-year-old dictator: disloyalty from his country's youth.

He is particularly worried about the foreign media trickling into his information-repressed country, affording North Koreans a rare glimpse into the outside world via Hollywood films or K-pop albums. Possessing or distributing such content—which Kim refers to as “dangerous poisons”—carries ever-stiffer penalties, even death.

At risk is Kim's ability to maintain the illusion of North Korea as a socialist paradise, which is key to his ability to maintain power. And no group is more vulnerable to ideological slippage than North Korea's youngest citizens.

That is why Kim has handed a central propaganda role of late to the Paektusan Hero Youth Shock Brigade. Named for the country's sa-

cred mountain, the group of teenagers and 20-somethings has been recently hailed as national heroes for helping to rebuild a western border region leveled by summer floods. Over four months, they erected 15,000 houses, schools and hospitals, the country's state media claimed.

The youth shock brigade's 300,000 members—about the population of Pittsburgh—had mobilized at a moment's notice and volunteered to go, state media reported.

In a speech in December, Kim, who calls himself the group's “benevolent father,” showered the fresh-faced members with praise, having earlier challenged them to express their regime loyalty by carrying out the manual-labor project.

“Kim Jong Un wants to get young people occupied with labor to stop them from getting together to watch South Korean television and develop heretical ideas about the state,” said Peter Ward, a research fellow at the Sejong Institute, a think tank in Seoul.

But keeping North Korea's youngest generation as true



Kim Jong Un in August saw off young people sent to rebuild a region leveled by floods.

dier” who it said died from working despite emergency surgery, building a massive greenhouse at record speed. She had reportedly written in her diary an apology to Kim for failing to fulfill her daily tasks.

North Korean media exhaustively covered the work of the Paektusan Hero Youth Shock Brigade after it was deployed to help the flood-hit North Pyongan province, which borders China in the country's northwest.

The membership in youth shock brigades changes depending on who is available to be drafted, but whatever the exact makeup of these groups, the Kim regime has found them to be effective in indoctrinating North Koreans to blindly follow orders, said Kim Young-soo, head of the North Korea Research Institute in Seoul.

“The youth members may change,” he said, “but the purpose of a shock brigade never changes: to prove loyalty to the Kim regime.”

—Soobin Kim contributed to this article.

believers represents a long-term challenge he must address now. Indoctrinating the country's youth ensures his regime's survival for decades.

The Paektusan Hero Youth Shock Brigade is one of the dozens of paramilitary organizations composed of North Koreans plucked from their everyday

jobs to accelerate major construction projects under harsh conditions. Shock brigades were workforces organized in socialist states such as the Soviet Union to overcome the lack of advanced machinery.

While some voluntarily join shock brigades, many others are recruited forcibly and face widespread malnutrition, according to a South Korean government report from 2023, which interviewed North Korean escapees.

The work conditions can be dangerous.

About two years ago, North Korean state media praised an 18-year-old “virgin girl sol-

## FROM PAGE ONE

## Gabbard Sought to Mask Ties

Continued from Page One

the board of a QI subsidiary. The revelations shed further light on Gabbard's ties to the religious group—publicly described by some former followers as a cult that demands total loyalty to its founder—and to the Hong Kong-based QI, which has been a target of criminal and civil cases alleging fraud and racketeering in at least seven countries.

Lawmakers have looked closely at Gabbard's connections with Science of Identity and QI ahead of her confirmation hearing Thursday before the Senate Intelligence Committee, people familiar with the matter said. Gabbard's ties raise questions about her judgment and loyalty, congressional staffers said.

Gabbard and many of her former Capitol Hill staffers are sect followers, people with knowledge of the matter said. Gabbard, a former Democratic congresswoman from Hawaii, has called Chris Butler, the sect's leader, her “guru dev,” a Hindu term often translated as divine teacher.

Science of Identity is entwined with QI, according to real-estate and corporate records, as well as former followers. Sunil Khemaney, who serves on the board of one of QI's subsidiaries, is a longtime political fundraiser for Gabbard. She has described him as an “uncle.”

Trump nominated Gabbard for one of the most sensitive roles in the federal government. Senate confirmation would give the 43-year-old former lawmaker the task of coordinating the work of all U.S. spy agencies, including the Central Intelligence Agency, the National Security Agency and the intelligence branch of the Federal Bureau of Investigation.

Gabbard's parents are followers of Butler, a former Hare Krishna disciple who founded Science of Identity Foundation in Hawaii in the 1970s. They raised Gabbard in the group, said former followers, who described Butler's demands of fealty. Some adherents mixed Butler's toenail clippings into their meals, two former followers said, as a sign of devotion. Others used his shoes as prayer totems, they said.

A spokeswoman for the sect declined to respond to questions, accusing The Wall Street Journal of “falsehoods, half-truths, and misrepresentations.” A QI spokeswoman said the company and its principals “refute any connection with Tulsi Gabbard.”

“The QI Group has no knowledge of, and has had no involvement in the Congressional Campaign of Ms. Gabbard,” the spokeswoman said.

Christopher Cooper, Potomac's managing director, said the campaign hired Potomac



Tulsi Gabbard, center, heading to a meeting in December on Capitol Hill. She faces a Senate confirmation hearing Thursday.

for help managing “online attacks related to her religion” and didn't seek to conceal Gabbard's relationship with Butler. Potomac worked separately for the sect on media strategy, he said, “with no involvement from the Gabbard campaign.”

Gabbard's relative inexperience in national intelligence, as well as her past support for regimes in Russia and Syria, has raised concern among some national-security officials and lawmakers. Gabbard served two years on the House Homeland Security committee. She seemed confused about a key U.S. national-security surveillance power in recent meetings with Senate Republicans.

Trump said Gabbard “will

bring the fearless spirit that has defined her illustrious career to our Intelligence Community, championing our Constitutional Rights, and securing Peace through Strength,” in his statement announcing her nomination.

Science of Identity has described such characterizations as anti-Hindu bigotry.

Followers who attain a certain status in the group are initiated in a ceremony and given a new name, former disciples said. At least four former adherents said they believe that Gabbard was initiated and received the

name Shraddha Dasi. Science of Identity and QI have been linked since at least 2007, when QI purchased Healthy's, the parent company of the sect-affiliated Down to Earth grocery store chain.

Sect followers founded and operated the chain, which has six locations in Hawaii. Down to Earth didn't respond to requests for comment.

QI was founded in 1998 by Vijay Eswaran and Joseph Bismarck, a Filipino businessman who is a Science of Identity follower.

In September, at QI

Group's annual convention in Malaysia, employees knelt to touch Eswaran's feet, while he blessed them, according to videos Eswaran posted to Facebook.

QI began under a different name as an e-commerce portal that sold commemorative gold and silver coins in developing countries.

It went on to sell luxury watches, air purifiers and nutritional products. The company is a member of the World Economic Forum and participates in the forum's annual meeting in Davos, Switzerland. A subsidiary sponsors

the Manchester City Football Club.

Among the company's enterprises is a multilevel marketing system. Customers can sign up to be distributors, buying gadgets, jewelry, beauty care and other products

and then sell them for a share of the profits. Customers also are encouraged to recruit others to become distributors—earning money from their sales as well.

QI subsidiaries were banned in Sri Lanka, Nepal and Rwanda in the 2000s after being declared pyramid schemes, according to media reports at the time.

In a January 2023 press release, Indian prosecutors called the India franchise of QI's direct-selling business, Qnet, a “Ponzi scheme in the guise of a direct selling business” after conducting a raid on several of its locations.

Indian authorities didn't respond to inquiries about the status of the investigation.

In 2009, Indian authorities filed criminal charges against 25 people and entities related to Qnet's local network, including Eswaran and Allan Tibby, a senior Science of Identity figure.

The case involved more than 32,000 alleged victims in India's Tamil Nadu state, according to police records. Qnet's local network settled with about half of the complainants, and a court closed the case in 2020.

“There are no related cases brought by authorities against me that remain active,” Tibby said.

A separate case sprang out of the 2009 investigation.

Indian authorities alleged that Qnet's local network had falsified its books for years. In August 2023, a district court in Chennai prosecuted company directors who signed falsi-



Vijay Eswaran, of QI Group, in 2014.

### 'Ponzi scheme'

Science of Identity adherents believe that to achieve peace, they must break from worldly desires. Followers abstain from eating meat, taking drugs, drinking alcohol, gambling and having sex outside of marriage, according to former followers.

The group discourages rela-

fied company statements. The case is ongoing, court documents show.

### Unwanted scrutiny

Khemaney—Gabbard's long-time political adviser—was a shareholder in a New Zealand company formed to produce an action movie, “The Lost Prince,” in the 1990s. Butler, the Science of Identity leader, was to write, direct, and co-produce the film, court records show. It was never made.

Among his current roles, Khemaney is executive director of a yoga business led by Wai Lana, who is married to Butler, according to tax filings and Hong Kong court records. Lana was previously married to Khemaney.

Khemaney has long served on the board of Healthy's, which operates the Down to Earth grocery chain. Eswaran and Bismarck, co-founders of QI Group, joined the board by 2016 and 2015, respectively, corporate records show.

The QI spokeswoman at first denied any company ties to Khemaney. After being shown evidence of Khemaney's seat on Healthy's board, the spokeswoman said he served “solely as an inactive, non-executive director.”

As Gabbard's political profile grew in 2017, and she contemplated a 2020 presidential bid, public scrutiny of her roots in Science of Identity intensified. Gabbard's campaign, Tulsi for Hawaii, hired Potomac Square Group, paying the firm \$19,400 in October 2017, FEC records show.

Under Khemaney's direction, Potomac worked to obscure longstanding connections between Gabbard and Butler, as well as between QI and Science of Identity, according to documents reviewed by the Journal and a person familiar with the matter.

Potomac targeted journalists who had conducted research into the groups, for instance, writing an email to a magazine editor questioning the credentials of a reporter working on a related article.

Khemaney didn't respond to requests for comment.

Cooper, of Potomac, declined to provide billing records or other evidence showing the firm's work for Science of Identity was separate from its work on behalf of Gabbard. A sect spokeswoman declined to say whether the group had hired Potomac.

Potomac also prepared materials that defended QI and Eswaran, according to documents reviewed by the Journal and a person with knowledge of the operation. Jeannie Bishop, Science of Identity Foundation president, was also involved in the project, according to the person. Bishop didn't respond to requests for comment.

Gabbard has rarely addressed her ties to the Science of Identity Foundation and its leader Chris Butler.

“I can speak to my own personal experience and, frankly, my gratitude to him,” she said in a 2017 magazine profile, “for the gift of this wonderful spiritual practice.”

# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Thursday, January 30, 2025 | A11



**CARRY ON**  
DAWN  
GILBERTSON

Aboard the Nieuw Statendam—“BINGO!” I SHOUTED in the crowded B.B. King’s Blues Club lounge.

I was playing on a tablet Sunday morning, when the screen flashed the magic word. It was a \$140 win and a poetic start to a cruise I was only on because I gambled on a deal.

Cruising is having a moment and deep discounts are harder to find even with peak-season promotions. But there is a tiny hack on one cruise line: standby.

I took a flier on Holland America’s standby program in a bid to score a cheap, spontaneous deal to sun and fun. It tested my nerves, patience and backup-plan skills, but I would do it again for the price (even without the Bingo win).

Fair warning if you are a type A vacation planner who already has next year’s winter-break trip booked: This column will stress you out.

## How to do standby

Holland America publishes a list of eligible standby cruises from several U.S. ports on dates over the next few months. The prices are fixed: \$99 a day for an inside or oceanview cabin and \$129 for a room with a balcony, including port charges and taxes. Until last year you could sign up for \$49 a day but couldn’t pick your cabin type, and taxes weren’t included.

The best part of this deal for solo travelers: You don’t pay double for having only one person in the room.

Once you pick a date(s), you or your travel adviser have to call Holland America reservations to get on the standby list. You immediately have skin in the game as the cruise must be prepaid. It is refunded only if you don’t get on.

I was a late-comer to the standby list for Saturday’s sailing on the Nieuw Statendam out of Fort Lauderdale. I paid \$693 a person on Jan. 16, less than 10 days before departure. Most weeklong cruises out of Florida were starting at more than \$1,000 for that week at that time.

The starting last-minute rates on Royal Caribbean’s splashy new Icon of the Seas topped \$2,200 a person. (Holland America wasn’t notified of my plans or booking.)

I invited my 82-year-old mom so she could escape the Connecticut cold, and she texted me this as a standby reality set in: “Do you get advance notice you can go on the cruise or is it like a flight, and you have to be there?”

You don’t find out if you have a room until seven to two days before sailing, and you don’t get your money back if you have a



My Holland America ship, the Nieuw Statendam, was built in 2018. Oprah Winfrey is the ship’s godmother. I was able to check in for my cruise even though I was on standby, giving a false sense of hope.

spot and don’t show up.

That’s no sweat if you live near a port, but my mom and I don’t. I used points to book round-trip flights for my mom as I could get them back if the trip didn’t happen. For me, I booked a refundable one-way ticket from Phoenix to Fort Lauderdale.

## Sold-out ship

One thing definitely not in my favor in addition to my late arrival

Select a guest to check in

Dawn Gilbertson

6 check-in steps

- Guest Details
- Consent Forms
- Travel Documents
- Onboard Payment
- \* Emergency Contact
- Flight Information

Update Information

Boarding Pass/Luggage Tag

on the standby list: The Jan. 25 sailing of the 2,666-passenger ship was sold out online.

From the moment I booked, I obsessively checked my email like a helicopter parent waiting to see if their kid got into that Ivy League school.

Nothing, nothing and more nothing.

There was some false hope when Holland America let me check in for the cruise shortly after booking, passport, flight information and all. I thought that meant it was a go until I scrolled through Reddit comments on the

standby program and found that it means nothing.

Five days before the cruise I finally caved and called Holland’s reservation line and got nowhere.

“Are you calling to see if the cruise is still going?” the agent asked.

No, I want to know if I’m going to be on it. She couldn’t tell me how many people are on the wait list or when I would know except that it would be no later than two days before sailing.

I was in cruise limbo and it was frustrating. If I was rejected by Wednesday, I was just going to cancel the entire trip. If I didn’t find out until Thursday, we had to fly to Fort Lauderdale that morning on our prearranged flights, in case we got a yes that night.

I furiously started searching for affordable backup cruises because we were already going to be in Florida and a resort stay would be over the cruise budget. Few were in my price range. And I couldn’t book another deal until I heard from Holland America.

My Google Doc on this standby sitch now stretched 17 pages.

On Wednesday night, all checked in for our Thursday flights to Florida, I found what I thought was an encouraging sign on the cruise line’s app. Under stateroom on our booking, it no

longer said WAITL for wait list. It said GUAR. That is the lingo on any cruise when you pick a room category where the cruise line selects your stateroom, not you.

I texted my mom and my boss that I thought this trip was a go and booked an airport hotel with free cancellation.

I was giddy.

Two days before the cruise, the deadline for finding out confirmation finally arrived. But not in the promised email. The Holland America app showed an assigned stateroom number.

Was it a fluke? I called the cruise line and they said I made it on. (Only three of seven standby passengers did, I found out later.) I didn’t receive an email because they sent it to an old one on file instead of the one I used in booking.

All was forgotten on Saturday morning when we boarded. The inside cabin was nicer and bigger than expected in a prime midship location (though I could do without the noise from restaurants above). The price was more than right for a week of lodging, food, ocean views and transportation between islands. The only passengers I met with a better deal was a couple from Boston.

They won the cruise in a raffle on a Holland America cruise last year.

## Why Bond Yields Are Up Amid Rate Cuts

By BEN EISEN AND SAM GOLDFARB

If you are trying to figure out whether now is the time to buy bonds, watch the White House more than the Federal Reserve.

The benchmark 10-year Treasury yield has been rising toward 5%, Fed interest-rate cuts be damned. The central bank held its own rates steady Wednesday after trimming by a full percentage point since last fall.

Long-term U.S. government-bond yields have been taking their cue less from the Fed than from President Trump. He took office last week promising to cut taxes, enact tariffs and deport immigrants. Many investors believe these policies will grow the federal deficit and stoke inflation, fueling the latest push toward higher yields.

## The state of play

Right now, uncertainty is at an extreme. A measure of all the unknowable factors baked into Treasury yields beyond baseline rate expectations, called the term premium, has recently been at its highest level in years, according to some estimates.

The rise in yields has kept borrowing costs high for everything from mortgages to corporate debt. Higher rates tend to weigh on stocks, too. Meanwhile, the rise in yields has handed paper losses to many bond investors, because rising yields are the result of falling bond prices.

That might not matter if you are planning to buy and hold the bonds until they mature, collecting interest along the way and finally getting back your full principal. If you are buying Treasurys because their yield looks attractive now and you don’t have a longer-term plan, there are some factors you should consider:

► Buying Treasurys that mature in two years or more amounts to a bet that yields will stabilize or fall as Trump’s agenda takes shape and the uncertainty dissipates.

► You might want to avoid long-term Treasurys, such as those maturing in 10 years, if you are of the mind that rates will rise further because of higher inflation and ballooning deficits.

Plenty of people disagree on what happens next. BlackRock Chief Executive Larry Fink said recently that 10-year Treasury yields could rise to as much as 5.5%. Morgan Stanley researchers say yields will fall to 3.55% by the end of the year.

## The bull case

The 10-year Treasury note on Tuesday had a yield of 4.55%. This

month it went as high as 4.8%. The Fed’s short-term rates are currently lower, at a range between 4.25% and 4.5%.

It stands to reason that long-term Treasury rates shouldn’t drift too far above short-term rates. The biggest influence on 10-year yields is typically what investors expect short-term rates to average over the next 10 years, and the Fed is still in a period of cutting rates, not

raising them.

Once Trump’s policies come into focus, their effect on the Treasury market may fade, shrinking the term premium. Already, some predict that Trump’s bark is worse than his bite. Goldman Sachs, for example, recently predicted tariffs won’t be as extensive and all-encompassing as initially expected.

## The bear case

Trump already threatened 25% tariffs and economic sanctions on Colombia recently because the South American country didn’t accept demands to repatriate migrants. He

backed off after Colombia agreed to his terms, the White House said. Still, there is now momentum behind an effort to place tariffs on Canada and Mexico.

Given these developments, it is easy to imagine that some of the fear baked into that term premium becomes reality. Some hypotheticals:

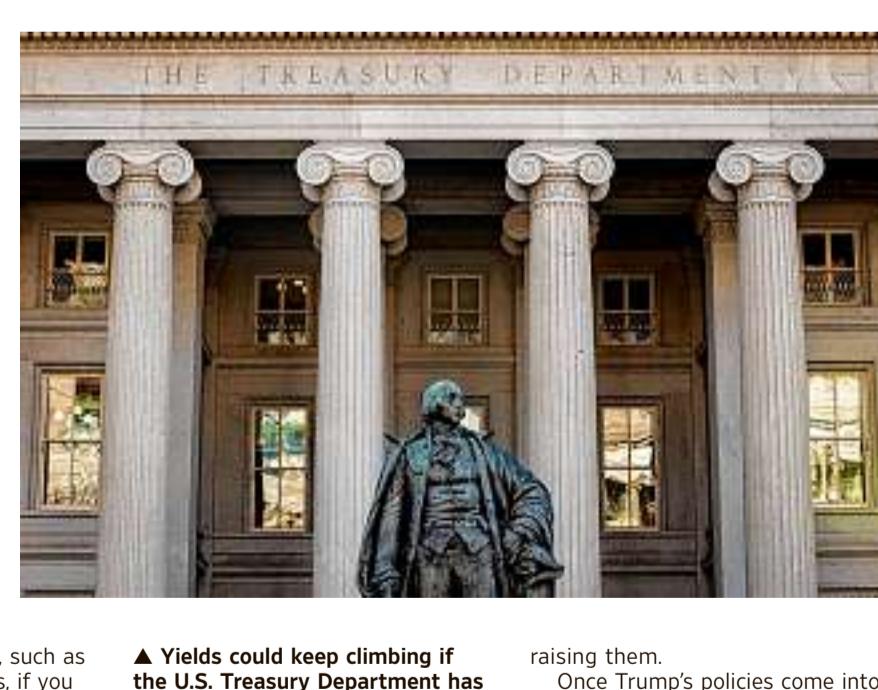
► The promised tariffs lift inflation, forcing the Fed to keep rates at current high levels or raise them.

► The mass deportation of immigrants leads to labor shortages that drive up the cost of construction and restaurant meals.

► Tax cuts lower the federal government’s revenue, increasing deficits that prompt the U.S. government to borrow more. Investors, faced with a larger supply of Treasurys, demand higher yields to own them.

No one knows whether any of this will happen. Higher yields could also be self-limiting if the Trump administration responds by changing course. BlackRock’s Fink, for example, said in his interview that yields above 5% could start a conversation about shrinking the deficit.

Those who are bearish on Treasurys at their current yields might choose to wait for a better moment to buy. Or they might buy short-term Treasurys such as bills that mature in a few months but offer almost as much yield. Inflation-protected Treasurys, whose face value rises with inflation, are another option.



► Yields could keep climbing if the U.S. Treasury Department has to accelerate its borrowing to cover bigger deficits.

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## PERSONAL JOURNAL.

# Rapid Response Spurs Benefit Concert

Musicians quickly join wildfire relief effort; 'I didn't have to call anybody—the phone just rang,' says organizer



By NEIL SHAH

**T**he night after the wildfires broke out in Los Angeles, music mogul Irving Azoff dreamed up FireAid. Less than 48 hours later, the benefit concert was unveiled to the public, even though there wasn't a lineup yet.

"I had talked to friends and clients, I knew I had enough for a show," said Azoff, whose home became a haven for his children and grandchildren, several of whom evacuated. Once Azoff announced the concert, he said, "I didn't have to call anybody—the phone just rang."

The roughly five-hour concert, scheduled for Thursday, brings 27 music stars—from young artists including Billie Eilish and Olivia Rodrigo to veterans such as Joni Mitchell and Stevie Wonder—to two arenas, Intuit Dome and Kia Forum in Inglewood, Calif. Azoff is expecting to raise over \$60 million from concert tickets and sponsorships, not counting donations from those watching the livestream. The mega-concert will be widely available on streaming, broadcast on radio stations and viewable in select AMC theaters, with proceeds going to FireAid.

FireAid is the music industry's most high-profile attempt to heal the wounds of L.A.'s devastating fires. The show went from brainstorm to benefit concert in just three weeks, led by Azoff, 77, one of music's most powerful dons, manager of superstars such as the Eagles and a onetime executive chair-

man of Live Nation Entertainment.

It all started on Wednesday, Jan. 8, when Azoff, his wife Shelli and his family—including his son Jeffrey, an artist manager with clients such as Harry Styles—decided that the best way to raise money was by staging a concert. A friend, Gillian Zucker, president of business operations for the Los Angeles Clippers, offered Azoff the Clippers' Intuit Dome arena; it was she who came up with the name "FireAid."

Concert-promotion rivals Live Nation Entertainment and AEG Presents were also on board.

Azoff's first calls were to Don Henley of the Eagles and Cindy Frey, the widow of Glenn Frey. The Eagles loved the idea but couldn't perform, so instead, they wrote Azoff a \$2.5 million check

to kick off the fundraising.

Shelli called Rod Stewart's daughter, Kimberly; Rod, who said he'd charter a plane for himself and his band, became the first artist to confirm, followed by Stevie Nicks, who wanted to perform a song with relevant lyrics that she'd never recorded or released before. Manager Frank Gironda said his client Joni Mitchell was game. At some point John Mayer texted Dave Matthews and suggested doing a collaboration onstage.

By Friday afternoon, Jan. 10, a press release went out without a lineup. Though the fires were raging still, Azoff wanted to do the event quickly, while traumatized

▼ Stevie Wonder will perform at Intuit Dome on Thursday.



▲ Olivia Rodrigo is one of several pop artists performing at FireAid's Intuit Dome concert Thursday.

▲ FireAid is the music industry's most high-profile attempt to heal the wounds of devastating fires.

Angelenos needed emotional support. "People are in deep mourning," Azoff said. Jan. 30 was also advantageous because it came in the run-up to the Feb. 2 Grammys, which meant high-profile artists would be around.

With so many artists pledging to participate, Azoff and his team decided to do two shows, one more pop-oriented and the other more rock-oriented.

Zucker and Steve Ballmer, the billionaire owner of the Clippers, offered up Kia Forum, which Ballmer also owns.

Following days of speculation, FireAid announced its initial lineup on Jan. 16. Days later, a second press release added more names, including Olivia Rodrigo, Stevie Wonder, Peso Pluma and Dawes (whose musicians Taylor and Griffin Goldsmith both lost property in the fires).

Tickets went live Jan. 22. For the most part, Azoff took a "first come, first served" approach to booking, though he did want to

▼ Irving Azoff expects to raise over \$60 million from concert tickets and sponsorships, not counting donations from those watching the livestream.



favor acts with a connection to California.

"My friend and client Jon Bon Jovi said, 'I'm on the next plane,'" Azoff joked. "And I said, 'Jon, stay in New Jersey. There'll be a tragedy there, and we'll come there.'"

Live Nation, in an unusual move, waived all its typical Ticketmaster fees. Since Intuit Dome and Kia Forum aren't charging fees either, every dollar spent by fans is going to fire relief.

"I didn't ask—Michael [Rapino, Live Nation chief executive] offered,"

Azoff said. "All that s—that people b—about, there's none of that."

Meanwhile,

Ballmer will pick up the tab for reasonable expenses incurred by artists, though many musicians are likely to pay their own way.

Here's how the show will work: Kia Forum opens things up Thursday evening, followed by the Intuit Dome an hour and half later. (Local officials typically request that the two venues, which are nearby each other, stagger events to reduce traffic.) Fans who arrive early at Intuit Dome will be able to watch the Kia Forum show on video screens; likewise, those who stay late at Kia Forum after it finishes can watch the finale of the Intuit Dome show.

For those of us watching via livestream, the concert will toggle back and forth between arenas during the roughly hour and half when the two shows overlap. While FireAid in the end couldn't accommodate all the dozens of acts that expressed interest in performing, there are some unannounced surprises in store.

"It's not rocket science, we'll figure it out," said Azoff. "The hard part is over."

GETTY IMAGES (3); INTUIT DOME

Nonetheless, it hurts.

The 61-year-old psychologist, who moved to Canada to avoid Trump's first presidency, misses the fiery spirit and easy banter of New Yorkers. At times, he says, his new life can be lonely. Though he values how safe and politically stable Canada feels, it's hard being so far from friends and family, and he returns often to visit the U.S.

Shainbart says his time abroad has given him a new appreciation for the role the U.S. plays overseas, including sparing allies like Canada the need to build up a strong military.

For Lucia Lloyd, 56, it's proven harder than she'd hoped to leave the U.S. behind.

The pastor shocked her college-age daughters and then-husband when she declared in 2018 that she was moving to Canada after Brett Kavanaugh was confirmed to the Supreme Court following a hotly contested hearing over sexual-assault allegations. "I told them I wasn't joking," said Lloyd.

She found another position with a church outside Toronto and left Virginia not long thereafter.

Lloyd values the overall progressivism of her new home. Increasingly, though, she says she sees more Trump-like politics in Canada, with some conservative politicians advocating for legislation that would curb transgender rights. "That's flowed over the borders," she said.

Trump's recent declarations that Canada should become the 51st state have added to her sense that there's nowhere to flee.

"It's very destructive when you can't count on anything being stable or reliable," she said.



▲ Canada, with its picturesque scenery, progressive laws and universal healthcare, has long beckoned as an escapist fantasy for some Americans.

"It's like aliens have abducted you and created a virtual reality based on your memories," said the 51-year-old former Pennsylvania resident.

"But the simulation is a little off, and every once in a while there's a glitch. The money is a different color, and there are pictures of the queen everywhere."

Sanders, who became a Canadian citizen in 2022, said it felt strange as an American to swear an oath to the British monarch, who is officially Canada's head of state. "We fought them to break free," he said.

Still, he likes that Canada feels less politically polarized.

Americans seeking to emigrate to

Canada these days will find a shrinking welcome mat.

The country has long embraced immigrants. More than a fifth of its population were born elsewhere—the highest proportion among G-7 countries. But economic strains have shifted public opinion, and the government plans to reduce immigration in an effort to alleviate pressure on housing, social services and infrastructure.

Former New Yorker Stephen Shainbart has been surprised by how openly some Canadians disdain Americans, given the country's reputation for friendliness. At a recent party, he said, one guest commented "Ugh!" upon hearing his nationality.

"They feel they can insult the U.S. because it's always so big and powerful and in their face," he said. As a Mets fan who regularly rags on the Yankees, he understands the urge.

## Americans Who Moved To Canada

Continued from Page One

"I was googling 'building swaying is this safe?'"

With its progressive laws, strict gun control and universal healthcare, Canada has long beckoned as an escapist fantasy for some Americans. Amid a second Trump presidency, more are considering emigrating north, with searches for "move to Canada" spiking after the Republican's election and inauguration, according to Google Trends.

Few will actually go, of course. It's easier to vow to expatriate than to navigate immigration bureaucracies and start over abroad.

But some Americans have actually done it. They say their journeys have been by turns surprising and rewarding—if sometimes lonely.

After relocating, Fitz found a human-resources job at a furniture company, where she was struck by the kindness of her co-workers. One peer, after a U.S. vacation, returned with souvenirs she thought Fitz would have missed, including Dunkin' coffee.

"It was just the cutest thing," said Fitz, 37, who returned to the U.S. at the start of the pandemic to be closer to family. She now lives in Tampa, Fla. Though the politics are more conservative than she'd like, she appreciates other aspects of the

state: "The air doesn't hurt my face anymore."

Juan Marcos Percy, 47, a freelance sound engineer and longtime New Yorker, applied to immigrate to Canada in 2016 after he saw Trump's first presidential bid gaining steam. "I told my friends, this guy is ruthless," he said.

Percy, who came to the U.S. from Colombia as a child and later became a citizen, was unnerved by Trump's rhetoric on immigration and fed up with America's increasing polarization.

Even after seven years in Vancouver, he still misses aspects of life in the U.S.—especially cheaper consumer goods. "Everything is just ridiculously expensive here," he said.

While consumer goods have traditionally been more costly because of Canada's higher taxes and weaker dollar, inflation has raised other prices, especially food. "You go to the supermarket, you're paying four to five dollars for a head of lettuce," Percy said.

He pines for certain staples. His favorite low-fat Jif peanut butter isn't sold locally so he stocks up during trips to the U.S.

Still, Percy says, he's happy to trade such inconveniences for benefits including universal healthcare. That's especially true since a recent cancer diagnosis. He has no plans to leave his adopted country. "I call it North America 2.0," Percy said.

Trump's first victory helped cement Nathan Sanders' decision to take an academic job at the University of Toronto. The experience of living in a culture that is both so similar to and so different from America's been strange at times.

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CHRIS HELGREN/REUTERS

## ARTS IN REVIEW

By ERIC GIBSON

**Cleveland** The best-kept secret of the current art season—at least to judge by the absence of prior national news coverage—is “Picasso and Paper” at the Cleveland Museum of Art, through March 23. Note that it’s “and,” not “on,” paper. While there’s plenty of the familiar sort of paper-based work in the show—drawings and prints—it’s main thrust is exploring the works in which paper went from being the support for an image to a material with as many creative possibilities as stone, clay, pigment and graphite.

We find—in addition to several types of paper used for drawing and prints, as well as those specially manufactured for watercolor, pastel and photography—works using wallpaper, newsprint, cardboard, a tobacco wrapper, packing paper, graph paper, a printed-paper tablecloth, the pages of glossy magazines, even blotting paper. Collage, the radical new art form Picasso pioneered with Georges Braque, is the most famous and widely known example of Picasso’s inventiveness with this material. But it is one of the exhibition’s many revelations that, even as collage was the culmination of the modernist upending of the Renaissance tradition of representation, it was only the beginning of Picasso’s artistic odyssey with paper.

The show was jointly organized by the Royal Academy of Arts in London and the Cleveland Museum of Art (where Britany Salsbury, the museum’s curator of prints and drawings, has been a guiding hand) in partnership with the Musée national Picasso-Paris, which provided the bulk of the loans. Be advised, this is a large exhibition. There are nearly 300 works in all media, as well as a reconstruction of the Cubist costume for one of the characters in the 1917 ballet “Parade.” Not every show requires such time and effort. This one does, and repays them abundantly.

“Picasso and Paper” opens with two small paper cutouts, one of a dove and the other of a dog, made when Picasso was about 9 years old. Though the work of a child, they are not childlike. On the dove in particular the contours are so tightly drawn as to endow the flimsy, two-dimensional image with the suggestion of volume.

Picasso’s sustained involvement with paper begins in earnest with the Cubist collages made during the teens. More than just a new mode of representation, collage in Picasso’s hands was a way of creating multiple, often competing, levels of reality within a single work of art



## ART REVIEW

## Paper Prestidigitator

A show illuminates how Picasso used paper as a material of seemingly endless applications



‘Women at Their Toilette’ (1937-38), top, and ‘Head of a Woman’ (1962), left.

penciled word “VIN” symbolizing the label on the wine bottle).

Later we encounter another collage made entirely from pieces of wallpaper, “Women at Their Toilette” (1937-38), depicting the three women in Picasso’s life: his wife Olga Khokhlova and sometime partners Dora Maar and Marie-Thérèse Walter, one of them holding a portrait of the artist. Here, wallpaper’s role has been reversed. In the Cubist collages, it stood for itself. Here the pieces are put to other uses, representing figures, clothing and objects. A further twist: We still recognize the pieces as being wallpaper. And one more: The work’s mural scale (it’s almost 10 feet by 15 feet) alludes both to the multi-figure narratives of Old Master painting and the material’s original function of covering walls.

Much later we see the extraordinary “Head of a Woman” (1962). Here, Picasso took a sheet of regular drawing paper, sketched in the face and exposed breasts of a woman, scissored it out of the sheet to form a silhouette image, and cut out a section of the interior. He then folded it in three places along its vertical axis so it

could stand on one edge like a screen. Once again, multiple levels of reality coexist. The work is a drawing that is also a sculpture, a frontal view that includes a profile view. And in this work the ever-competitive Picasso is responding to the cutout technique pioneered by Henri Matisse in the 1940s, in which the artist composed an image by scissoring paper shapes, covering them with gouache and attaching them to a support.

There is much, much more to “Picasso and Paper.” It contains sections devoted to preparatory studies for “Les Demoiselles d’Avignon” (1907), the painting that launched the Cubist revolution, and “Guernica” (1937), as well as late-career interpretations of Eugène Delacroix’s “Women of Algiers” (1834) and Edouard Manet’s “Déjeuner sur l’Herbe” (1863).

It’s also something of a career survey. It starts with some of his earliest efforts and concludes with his unsparing confrontation with his own mortality in a 1972 crayon self-portrait from the year before he died, in which a battered, cadaverous head stares out at us, precariously balanced on his shoulders like a boulder on a cliff. Along the way there are keystone masterpieces such as Cleveland’s “La Vie” (1903), emblem of the melancholic early Blue Period.

So it’s the ideal introduction to Picasso. Unbounded by conventions, categories or definitions, his creative imagination was like a refiner’s fire. Any idea tossed into it was reinterpreted and transfigured, not just once but over and over.

Nowhere is this more evident than in his responses to the Delacroix and Manet. The exhibition has included almost 20 of the former and about a dozen of the latter. But these are only a fraction of the total output. As Emilia Philippot writes in the catalog, he made 15 paintings of the Delacroix preceded by dozens of preparatory drawings, along with nine engravings and two lithographs. The Manet prompted an even greater outpouring, she says: “27 canvases and more than 140 drawings, linocuts and cut cardboard models that were transposed into concrete on a monumental scale.”

Unfortunately, this show isn’t traveling to any other U.S. museums. But there’s still plenty of time to get to Cleveland. You’ll be rewarded with something profound and unforgettable.

**Picasso and Paper**  
Cleveland Museum of Art, through March 23

Mr. Gibson is the Journal’s Arts in Review editor.



Bob Dylan circa 1975, right; he recorded the album during a tumultuous time in his personal life.

the spring of 1974. There, by his own admission, painting taught Mr. Dylan to “put my mind and my hand and my eye together.” Songs evolved through intuition.

In the studio, Mr. Dylan sought a renewed purity. He used mostly acoustic instrumentation and avoided overdubs. First recorded at A&R Studios in New York with a last-minute band, the result was bass-heavy and spare. Mr. Dylan’s brother, David Zimmerman, convinced him to re-record the songs at Sound 80 in Minneapolis with a more polished local ensemble. Ultimately, Mr. Dylan re-recorded five tracks that he used for the album.

Most of the songs cast the protagonists as tortured victims of lost love—either through destiny or character flaws.

The opener, “Tangled Up in Blue,” is the album’s strongest work and tells the story of a man who habitually hits the road to escape complicated relationships: “And when finally the bottom fell out / I became withdrawn / The only thing I knew



how to do / Was to keep on keepin’ on like a bird that flew.”

Doomed love saturates “Simple Twist of Fate”: “I still believe she was my twin, but I lost the ring / She was born in spring, but I was born too late / Blame it on a simple twist of fate.”

The next two also are lost-love laments. “You’re a Big Girl Now” tells the story of a woman who goes her own way, despite the protagonist’s pleading. “Idiot Wind” looks at love from a bitter perspective: “Idiot wind, blowing every time you move your teeth / You’re an idiot, babe / It’s a wonder that you still know how to breathe.”

In the fatalistic “You’re Gonna Make Me Lonesome When You Go,” the singer presumes he’s going to get dumped: “But I’ll see you in the

sky above / In the tall grass, in the ones I love / You’re gonna make me lonesome when you go.” Hard departures are themes in “Lily, Rosemary and the Jack of Hearts” and “Meet Me in the Morning,” a 12-bar blues: “Look at the sun sinkin’ like a ship / Ain’t that just like my heart, babe / When you kissed my lips?”

Two tracks dwell on being jilted due to bad judgment—“If You See Her, Say Hello” and “Shelter From the Storm.” As he sings in the latter: “Now there’s a wall between us, somethin’ there’s been lost / I took too much for

granted, I got my signals crossed.”

And finally, an inability to commit to a lover leaves the singer with resigned regret in the superb “Buckets of Rain”: “I like the way you love me strong and slow / I’m takin’ you with me, honey baby / When I go.”

On relistenings, “Blood on the Tracks” is most compelling when thought of as 10 short films directed by a storyteller trying to weave himself in and keep himself out. The songs’ restless ruminations and moral equivocation give the LP edge and heft, so long as the listener remembers that the protagonist ain’t him, babe.

Mr. Myers is the author of “Rock Concert: An Oral History” and “Anatomy of 55 More Songs” (Grove Press).

## MUSIC REVIEW

## ‘Blood on the Tracks’: A Dylan Classic at 50

By MARC MYERS

**A**s the times were a-changin’, Bob Dylan ran into trouble. Booed at the 1965 Newport Folk Festival after his heretical electric-guitar set, he also was jeered on his subsequent electric tour with the Band, then known as the Hawks. After a motorcycle accident in July 1966, he stopped touring for eight years, missing Woodstock and the onset of arena rock concerts. So when Mr. Dylan reunited with the Band in 1974 and returned to the stage, the music and his singing voice were more forceful—as evidenced on the new 27-CD box “The 1974 Live Recordings” (Columbia/Legacy). The comeback tour’s strong reception convinced him to revisit his roots on his next studio album.

When “Blood on the Tracks” was released 50 years ago this month, Mr. Dylan proved he could update the perspicacious folk music he pioneered years earlier. But instead of hushed, social observations, his 15th studio LP explored the crossed wires of messy romantic relationships—a theme mined by Joni Mitchell and other top folk-rock contemporaries. The LP also marked Mr. Dylan’s

He brings an acoustic sound to poetic tales of longing and lost love.

return to Columbia for greater marketing muscle and control of his masters after two previous records for Asylum. The new album climbed to No. 1 on the Billboard chart and sold a half-million copies within weeks of release. In 2015, it was inducted into the Grammy Hall of Fame and is still widely considered one of Mr. Dylan’s finest and most influential works.

During the months prior to recording in late 1974, the married but separated Mr. Dylan had several affairs, including one with a Columbia Records executive. But trying to link the album’s lyrics to his liaisons is a slippery endeavor given Mr. Dylan’s passion for ambiguity. What is clear

is that the LP’s lyrics weren’t coded diary entries as much as fictional projections onto a Dylanesque doppleganger. As he said in a 1985 interview with Bill Flanagan: The album “didn’t pertain to me. It was just a concept of putting in images that defy time—yesterday, today and tomorrow.”

Perhaps the most significant influence on Mr. Dylan was a newfound songwriting process developed during two months in painting classes held by Norman Raeben in

## SPORTS

By ROBERT O'CONNELL

You may not have noticed, but the Utah Jazz swung a trade last week for one of the hottest prospects in the NBA. It wasn't a sharp-shooting guard or a 7-foot center.

It was a draft pick.

And not a draft pick that is likely to be pulling on a purple hat anytime soon. In fact, the pick the Jazz acquired was a first-round selection in 2031. Which means it's entirely possible that the player they would eventually take with that selection is currently 12 years old.

That didn't stop Jazz general manager Justin Zanik from sounding downright giddy about the prized resource they had acquired.

"This is, in my opinion, the most valuable asset on the market right now," he said.

That's because the draft pick in question originally belonged to the Phoenix Suns. And, in one of the stranger subplots in basketball, a substantial number of NBA teams are betting their futures on the Suns becoming very bad, very quickly.

In fact, nearly a quarter of the NBA is shorting the Suns.

In their haste to build a championship contender under owner Mat Ishbia, who took over the franchise in 2023, the Suns have traded away their own draft picks at an unprecedented rate. In the process of assembling a roster that features All-Stars Devin Booker and Bradley Beal alongside future Hall-of-Famer Kevin Durant, Phoenix has parted ways with its top selections in the next seven drafts.

Along the way, the Suns have also assembled an aging team that is now struggling just to qualify for the postseason.

All of which means that the worse the Suns perform in the coming seasons, the more their rivals will reap the rewards.

For the next seven years, Phoenix's draft picks will go to some combination of Brooklyn, Houston, Washington, Memphis, Orlando, New York and Utah. (In some cases, these exchanges are "swaps," in which Phoenix receives whichever pick is worse between their own and the team they've traded with.) The next time the Suns draft a player with

## The NBA Teams Shorting the Suns

Phoenix has sent away years' worth of draft picks. The only problem is that they're not winning.



Where the Phoenix Suns draft picks are going



their own original selection, we could be in the closing months of another presidential campaign—

**Devin Booker and Kevin Durant lead a team that is struggling to qualify for the NBA playoffs.**

the teams with the worst records getting the highest chance at top picks. Those selections are among the most sought-after assets in basketball. They mean a chance at selecting a superstar who could turn around an entire franchise: Magic Johnson, Shaquille O'Neal, LeBron James and Victor Wembanyama were all No. 1 picks.

But when Ishbia—who made his fortune with a mortgage company—took over the Suns, he was happy to mortgage future draft capital to accumulate present-day superstars. Within hours of his introductory press conference as Phoenix owner, he swung a deal for Durant, giving up four first-round picks in the process. It was a calculated wager: If Phoenix were winning, the selections they'd be giving up wouldn't be all that valuable anyway.

"I don't value a first-round pick

at the same level, if I think we're going to be the best team in the league," Ishbia said in a 2023 interview with The Wall Street Journal, "as someone else might value a first-round pick."

There's just one problem right now, the Suns are a long way from the best team in the league. They have been rocked by injuries and currently sit in eighth place in the Western Conference. They would have to advance out of the play-in tournament just to reach the playoffs.

Those struggles could quickly become self-perpetuating. Since the Suns lack the most common tool for turning around a flagging team—their own draft capital—each successive outgoing pick could be more valuable than the last.

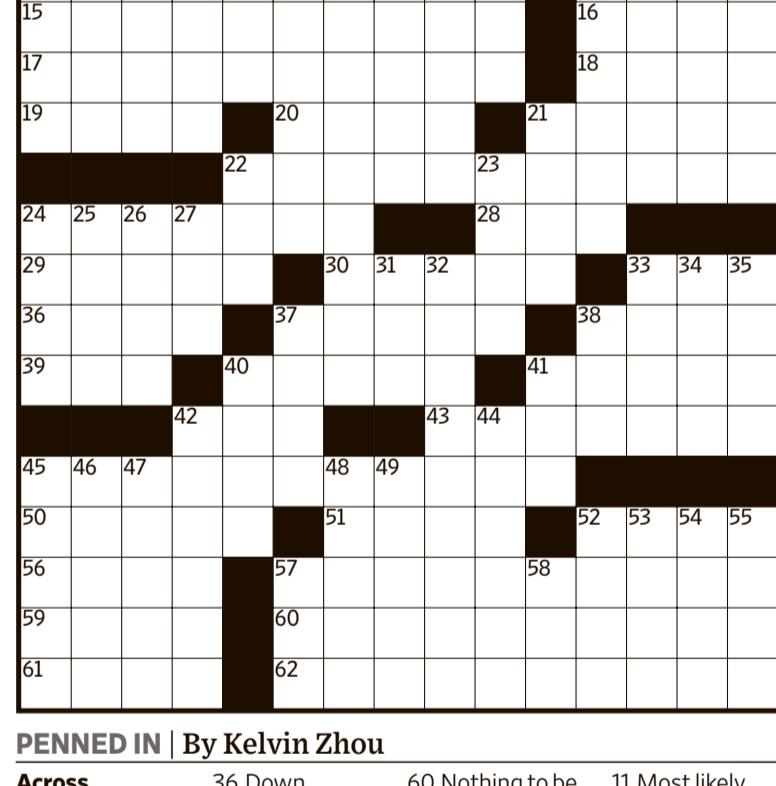
When they traded their 2031 pick to Utah, Phoenix received three lower picks in return. With those assets at their disposal, they're rumored to be in the hunt for yet another big-name veteran. The Suns might hope that one more piece will spark a turnaround.

But the Jazz are one of the teams that suspects differently. "The three picks we traded have no chance of being the No. 1 pick," Zanik said. "And this one does."

You don't need to dive all that deep into NBA history to see how such short-term schemes tend to pan out. Like today's Suns, the 2013 Brooklyn Nets also wanted to make a splash. They had a new owner in Mikhail Prokhorov, a Russian oligarch who signed off on a trade that shipped away three first-round draft picks—and a swap—for aging stars Kevin Garnett and Paul Pierce.

In short order, the Nets fell apart. As for those picks they sent away? They turned into Jaylen Brown and Jayson Tatum, who last season took the Celtics just where the Nets had dreamed of going: the NBA championship.

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



### PENNED IN | By Kelvin Zhou

Across	36	Down	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	
1 Monarchs, presidents, prime ministers, etc.	2	downtown, maybe	3	Take in	4	On one's guard	5	You can cast this	6	Screwdriver part	7	Full range	8	So last year	9	It may be trite and true	10	Like some tips	11	Oscar-winning role for Anthony Hopkins	12	British biscuits
11 Letter after Oscar	12	Letter after Oscar	13	Can cast this	14	Take in	15	On one's guard	16	Screwdriver part	17	Full range	18	So last year	19	It may be trite and true	20	Like some tips	21	Oscar-winning role for Anthony Hopkins	22	British biscuits
15 Semisweet British biscuits	23	Letter after Oscar	24	Can cast this	25	Take in	26	On one's guard	27	Screwdriver part	28	Full range	29	So last year	30	It may be trite and true	31	Like some tips	32	Oscar-winning role for Anthony Hopkins	33	British biscuits
36 Down	37	Nothing to be afraid of	38	Some Pilots, and a hint to five squares in this puzzle	39	You can cast this	40	Take in	41	On one's guard	42	Full range	43	So last year	44	It may be trite and true	45	Like some tips	46	Oscar-winning role for Anthony Hopkins	47	British biscuits
45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	

27 Time of your life

31 Bourbon barrel material

32 Law in its earliest stage

33 Stabilizing agent

34 Keister, in Leicester

35 Changed the locks?

37 Deliberately underestimate

38 No longer is

40 Like Narcissus

41 \_\_\_ favor

42 Insolent looks

44 Close again, as a purse

45 Greenish-brown

46 Still in it

47 Front and back, at a golf course

48 She sits between Samuel and Brett

49 It may have locks on it

52 Popular Persian poet

53 Lena of "Alias"

54 What hot dogs do

55 Fractions of joules

57 Trivia host, maybe

58 Sign of a successful show

Previous Puzzle's Solution

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

## The Eagles Have a Rare Shot At Revenge in the Super Bowl

BY ANDREW BEATON

**FOR THE SECOND TIME** in three years, the Philadelphia Eagles and Kansas City Chiefs are meeting in the Super Bowl, and for some football fans that's about as appetizing as a cheesesteak that's been sitting in the sun for too long.

But the fact that these teams met so recently means there's more on the line for the Eagles than some fancy new rings and the chance to derail Kansas City's dynasty. They can also exact some Super Bowl revenge in a way that no team has ever done before.

Super Bowl rematches have happened before and even recently—just ask the Chiefs, who have beaten the San Francisco 49ers for two of their three titles in the Mahomes era. What's much rarer, though, is when two teams square off again with the same starting quarterbacks.

That's where Eagles quarterback Jalen Hurts has a chance to make history.

Only three times before has the same pair of quarterbacks faced each other in two different Super Bowls. And in each of those instances, the signal caller who prevailed the first time also came out on top in the rematch.

It first happened during the heyday of another dynasty, when the Pittsburgh Steelers and quarterback Terry Bradshaw beat the Dallas Cowboys and Roger Staubach after the 1975 season, and then did it again three years later.

In the '90s, the Cowboys were on the other side of the equation. With Troy Aikman under center, they beat Jim Kelly's Buffalo Bills in back-to-back Super Bowls.

Most recently, the guy in the broadcast booth for this year's Super Bowl learned how maddening a rematch can be. Tom Brady's Patriots lost twice to Eli Manning's New York Giants, thanks to a



Jalen Hurts gets another shot at beating the Chiefs.

helmet catch that slammed the door on a perfect season and a late drive that gutted New England fans once again.

Even with different quarterbacks, teams that have lost the Super Bowl tend to have a tough time when they get back there and face the same opponent.

There's actually only three instances of a team winning a rematch. The Cowboys eventually beat the Steelers in a third go-round, but by then Aikman and Neil O'Donnell were the two quarterbacks, not Staubach and Bradshaw. Washington and Miami also split a pair, and both had new quarterbacks in the second meeting.

In the '90s, the Cowboys were on the other side of the equation. With Troy Aikman under center, they beat Jim Kelly's Buffalo Bills in back-to-back Super Bowls.

Eagles fans don't need a reminder of the third example: 13 years after Brady beat Donovan McNabb, Nick Foles and a Philly special dealt the Patriots another Super Bowl defeat. Given how much time passed between them, those rematches are hardly comparable to the opportunity facing Hurts and the Eagles. While parts of the two rosters have churned, the two most important players on both teams are still the same. And it isn't as if Philadelphia wasn't close to winning the first clash. Hurts led the Eagles to a 24-14 halftime advantage with a couple of touchdown runs and a throwing score. Philadelphia still led by six entering the fourth quarter. That's when the Eagles learned a lesson that they may want to remember when they get their shot at revenge a week from Sunday: When Mahomes gets the ball back in the final minutes, it doesn't usually end well for the guys on the other side.

CAROLINE BREHMAN/SHUTTERSTOCK

### PENNED IN | By Kelvin Zhou

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## OPINION

## Farewell to Thursdays



**WONDER LAND**  
By Daniel Henninger

When in the summer of 2001 I was offered the opportunity to write a weekly column, the expectation was that it would begin later that year.

There was no rush. I was busy as deputy editor of the editorial page, and newly elected President George W. Bush was still unfolding his first year in office.

Then 9/11 happened.

The phrase heard everywhere after that clear but catastrophic September morning was, "This changes everything." And it did, including for me.

**There is no greater adrenaline rush than meeting a daily newspaper's deadline.**

The Journal's offices then were across the street from the World Trade Center's two towers, the twin towers. I was outside on my way into the office when the first plane hit the north tower. The police herded us to a nearby park, where we heard a second plane hit the south tower. Eventually we watched the north building collapse.

As we started up the West Side Highway to escape the smoke and debris, I noticed a picnic table in a children's park and said to myself: You know the other building is going to fall. It's your job as a journalist to stop here and witness the event.

All this was recorded in a piece I wrote several hours later for the editorial page, "I Saw It All. Then I Saw Nothing." My colleagues got out a newspaper that afternoon, most of them relocating to makeshift offices in central New Jersey, and for that the paper won a Pulitzer Prize. My column started that week.

Before then, the most compelling event in my journalistic career had been the end of the Cold War, specifically the fall of the Berlin Wall on Nov. 9, 1989. Now this one event, 9/11, had begun a long war with the reality of global Islamic terror.

I am recalling the anecdote about sitting down at a picnic table to watch the south tower fall because it sums up what the people in my line of work do, or are supposed to do. First, we watch. And then we write about what we see so that others can know and understand.

This longish, operatic prelude is of a piece with my penchant for putting the news in historical context. That includes my own personal history: This will be my final Wonder Land column.

Nota bene: It is not the last piece I will do for the Journal. After this week, I will write for the paper when I want to, rather than under a deadline.

So instead of opinion this week, some reflection.

I got into the business of daily newspapering during



Mr. Henninger's column debuted Sept. 12, 2001.

with the hope that all the notes and chords end in clarity.

I had a few rules of thumb. One was trying to avoid the word "must." I don't like the idea of telling people what they "must" think. Smart readers hate it when you try to push them around. At the risk of flattering my audience, the Journal's readership is a writer's treasure trove of informed intelligence.

Related to that is the importance for an opinion writer to remain a skeptic, rather than a cynic, which isn't easy. The distinction matters. Skepticism implies a residual measure of hope. One can't write constant editorials or columns on a limited universe of issues without being, at bottom, an optimist about the future.

For a while after the column began, people would ask, "Why do you call it Wonder Land?" No one asks me that anymore. Our politics passed through Alice's looking-glass a long time ago. The Queen of Hearts, an expert in upside-down logic—"Sentence first, verdict afterwards"—could be a gerrymandered member of Congress.

After innumerable editorials and columns, I've concluded that nearly anything worthwhile can be said in about 825 words. Pushing beyond that limit risks committing the deadliest sin—boaring one's readers. So I'll stop there.

Write [henninger@wsj.com](mailto:henninger@wsj.com)

## Now Comes the Hard Part for Trump

By Karl Rove

In his first week in office, President Trump has moved fast and hard, filling every day with action.

He has removed criminal illegal aliens from America and toughened border defenses. He has named trusted lieutenants as acting cabinet secretaries and agency heads. In turn, they're preparing withdrawals of Biden-era regulations wherever possible on everything from the economy to climate and abortion.

He visited victims of Hurricane Helene in North Carolina and the Los Angeles fires in California, spoke at a Nevada rally, and hosted House Republicans at his Trump National Doral Golf Club. He fired at least 17 departmental inspectors general, froze all federal grants and offered buyouts for all federal civil-service workers.

He has issued dozens of executive orders, including creating an "Iron Dome" missile defense, barring transgender troops from serving in the military, reinstating service members discharged for refusing the Covid vaccine, and killing diversity, equity and inclusion programs throughout the government. He has moved to withdraw the U.S. from the World Health Organization and the Paris Climate Agreement, to end birthright citizenship, and to declassify all records on the assassinations of John F. Kennedy, Robert F.

Kennedy and Martin Luther King Jr.

He was strengthened by Colombian President Gustavo Petro's refusal to allow U.S. military aircraft to land and repatriate his countrymen. Mr. Trump's instantaneous response—a threat to slap tariffs on Colombian exports to the U.S. (namely oil, coffee and cut flowers)—caused Mr. Petro to fold, leaving Mr. Trump looking powerful and effective.

**He has gotten off to a running start, but executive orders will take him only so far.**

His furious activity has contributed to the image of a purposeful leader pressing his agenda. This resulted in his best job-approval numbers ever: 50% as of Sunday approved of his performance and 41.7% disapproved in the 538 average of recent polls. He never got that high in his first term. But it's also the lowest starting approval number for any president since polling began in the 1930s—except for Mr. Trump in 2017.

And his dusk-to-dawn, flood-the-zone approach could give the impression that he cares about culture-war issues and symbolism more than inflation and the economy, issues critical to his November triumph. In the flurry of or-

ders, it's the hot-button cultural ones that the media jump on. Add his efforts to acquire Greenland, take back the Panama Canal, rename the Gulf of Mexico and make Canada a state (or states), and swing voters might ask if he's serious about killing inflation and spurring economic growth.

Speed can also lead to mistakes, such as pardoning at least 170 Jan. 6 rioters who were accused of attacking police with deadly weapons. The blanket pardons were an attempt "to move past the issue quickly," according to Axios. Rather than spend the time to identify violent criminals, "Trump just said: 'F— it: release 'em all,'" an anonymous adviser told Axios's Marc Caputo.

Mr. Trump might also want to rethink linking presidential actions to partisanship and political favors. Visiting North Carolina victims of Hurricane Helene, he led with how the region "supported us in record numbers, and I'm supporting them in record numbers, too." But when it came to California, he said he had "a condition" for approving wildfire disaster relief: The state must pass a voter identification law. The 1988 Stafford Act, which modernized federal disaster emergency response, clearly outlines the criteria for a disaster declaration. It doesn't include such quid pro quos. Can you imagine the MAGA world rage if a Democratic

president conditioned aid to red states on weaker voting laws?

If Mr. Trump keeps making disaster relief all about taking care of politics, voters might object. Americans want their president to act for the good of all the people, not just reward supporters while punishing states that went blue.

A bigger challenge awaits Mr. Trump. Every president has a mandate, no matter how narrow his winning margin. But it can't all be done by executive orders. A future president can easily undo them. To give his agenda some permanence, Mr. Trump must pass it into law.

Which brings us to Congress. It has a role to play, especially on the budget and taxes. And little can be done on a party-line vote. Against Mr. Trump's urging, 38 House Republicans chose not to vote to raise the debt ceiling last December. That points to the necessity of at least some bipartisanship.

Mr. Trump is off to a good start, but acting only by executive order is over. Hard, serious work must begin. Those who champion disrupting the "Deep State" must now show they can unite the country and govern.

*Mr. Rove helped organize the political-action committee American Crossroads and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).*

## The Democrats' Trump Concussion

By Matthew Hennessey

Donald Trump is riding high in the saddle. He's a man on a mission, doing what he promised—executing his immigration agenda, flexing his tariff muscles and telling deep-state bureaucrats, "You're fired." There's energy in the executive again. It's something to behold.

Nobody predicted this. The official story for most of the Biden years was that Mr. Trump was finished, disgraced, maybe even on his way to prison. Yet here we are. An unprecedented political comeback. Nixon, Napoleon, de Gaulle—we've rarely seen the like.

Mr. Trump went to California this week with his tie off and his shirt open low. At Los Angeles International Airport he matched macho with Gov. Gavin Newsom. Later, at a

meeting with residents, he calmly and completely took Los Angeles Mayor Karen Bass to the woodshed. This is a new Trump—competent, effective, triumphant.

Success breeds confidence, and vice versa. How long will it last? The danger of riding high is that the air gets thin.

**He's riding high, but don't think they'll stay in a daze for long.**

You get lost in the clouds. You lose sight of the ground. Pride goeth before the fall. That day will surely come.

Meantime, Democrats have never been so disoriented and demoralized. Listen to them talk. Watch them on TV. They're dazed, moaning and babbling. Someone should escort them to the locker room.

They need the concussion protocol.

The New York Times describes "a mix of fear, fury and confusion" at federal agencies. Rep. Alexandria Ocasio-Cortez rages on Twitter about Mr. Trump's every order and decision. She and her Democratic colleagues are gearing up to... do what exactly? Resistance is futile. They don't have the votes.

Understand this in context.

Democrats on the back foot and progressives in retreat is a shocking development. For decades, the American left banked on a certain power to bend political reality. With the media's help, they had a free hand to introduce topics for discussion—and a freer hand to rule topics out. Whether it was guns, healthcare, same-sex marriage, race relations or transgenderism, the left policed the boundaries of acceptable discourse. Their pri-

orities, amplified through the mainstream outlets, became the nation's crucial issues.

Now here they are, struck dumb, impotent, cowering. They are behaving with the frantic confusion of the great and powerful Oz after Toto pulls back the curtain. They are smacking at the buttons on the console and trying desperately to remember their lines. Trump deleted Medicaid! Trump insulted Colombia! Pathetic!

It isn't polite or kind to take enjoyment from the suffering of others. But Republicans—even those who aren't all in for Mr. Trump—can be forgiven a moment's delight. Still, remember how it ended for Nixon, Napoleon and de Gaulle. Nobody rides high forever.

*Mr. Hennessey is the Journal's deputy editorial features editor.*

BOOKSHELF | By Mark Yost

## On Top Of the World

## Realm of Ice and Sky

By Buddy Levy

*St. Martin's, 384 pages, \$32*

In 1905 Walter Wellman was given an assignment by his editor at the Chicago Record-Herald: "Build an airship, go find the North Pole and report by wireless telegraphy and submarine cables the progress of your efforts."

It was the height of exploration fever. Six years later Roald Amundsen would become the first man to reach the South Pole. But it would be more than a decade and several attempts after that before someone would reach the North Pole. These latter efforts are the subject of Buddy Levy's "Realm of Ice and Sky."

Mr. Levy, who has written about other adventures of derring-do on the ice and in the Amazon, focuses here on three men: Wellman, an American; Amundsen, a Norwegian; and Umberto Nobile, an Italian and a pioneer in the design and construction of dirigibles—which at the time held more promise for human flight than the fledgling airplane. Today Wellman is the least known of the three. Born in Ohio in 1858, he was a journalist who excelled at self-promotion but was no less legitimate a contender to be the first person to reach the North Pole.

Wellman's first two Arctic attempts, in 1894 and 1898, were made by dog sled; in the process he nearly lost his leg to frostbite and gangrene, but the man was undaunted. As he would later recall, he and his crew remained "under the influence of the Arctic spell. Its glamour was in our eyes, its fever in our blood."

For his third try, Wellman commissioned Louis Godard, a Frenchman, to build a dirigible that was 164 feet long, 52½ feet in diameter and capable of holding 224,000 cubic feet of hydrogen. On Sept. 2, 1907, the airship America took off from Danes Island on Norway's Svalbard archipelago and became, according to Mr. Levy, "the first airship ever seen above the Arctic." Wellman and his two crewmen, however, were soon buffeted by winds and crashed onto a glacier about 10 miles away—close enough to be rescued by ship. "The America [proved] her power and capability of being steered," Wellman later wrote, putting his best spin on events. "After this successful attempt we were all convinced that the America, in normal summer weather, can make her way to the pole." Wellman never did succeed at reaching the North Pole—he made one more failed attempt in 1909—but he became an inspiration to others, most notably Amundsen and Nobile.

Amundsen was arguably the greatest explorer of his day. He navigated the Northwest Passage in 1906 and beat Robert Falcon Scott to the South Pole in 1911. In 1924 Amundsen, then 52, proposed flying over the North Pole in an airplane from Spitsbergen, Norway, to Alaska. "It was an audacious idea," Mr. Levy tells us, "bordering on insanity."

The flight took off on May 21, 1925, and nearly ended in disaster when the expedition's two Dornier-Wals flying boats crash-landed after eight hours, having covered about 600 miles—well short of the North Pole. Amundsen and his crew spent three weeks chopping out a runway before piling into the only flyable plane and returning home to a heroes' welcome after having been assumed dead.

**In the early hours of May 12, 1926, the navigator of the Norge cried 'Here we are!' The airship had reached the North Pole.**

For Amundsen's next attempt he teamed up with Nobile, this time to travel from Kings Bay, Norway, to Alaska in the Italian-built, 347-foot dirigible Norge. Also in Kings Bay at the same time, preparing for their own expedition, were two U.S. Navy officers, Richard Byrd and Floyd Bennett. Nobile saw the Americans as competitors and worried they would take off first. But Amundsen saw them as men to be respected. "Being intimate with a forced landing and survival on the pack," Mr. Levy tells us, "Amundsen provided Byrd with a sledge, snowshoes, skis, and straw-stuffed winter mukluks (a trick he had learned from the Inuit) that would save their feet from frostbite, and potentially their lives, in an emergency."

Byrd and Bennett took off in a Fokker trimotor monoplane on May 9, 1926, and returned nearly 16 hours later, claiming to have reached the North Pole. Their attempt would be discredited, however, with some arguing that their plane had neither the range nor the speed to cover the required distance in that time.

Amundsen and Nobile left a few days later, with Amundsen as the expedition leader and Nobile the pilot of the Norge. Sixteen and a half hours into their flight, "Nobile descended through a hole in the clouds, dropping to just 750 feet," then down to 600 feet, Mr. Levy writes. Their navigator, Hjalmar Riiser-Larsen, kept his eye pressed to his sextant. "The cabin drew eerily quiet, with only low, constant humming of the engines outside." Then Riiser-Larsen suddenly exclaimed: "Here we are!" They crossed the North Pole on May 12, 1926, and would go on to travel a total of 2,700 miles in 71 hours, landing near Teller, Alaska, a small outpost some 75 miles northwest of Nome.

Initially, the postvoyage publicity tour went well, but a rift soon divided Amundsen and Nobile, who in his allegiance to Benito Mussolini touted the expedition as an Italian success.

Amundsen retired after the Norge voyage, vowing that he was done with Arctic exploration. Nobile planned another expedition, this time to linger over the Arctic and gather more scientific data, possibly even dropping a crew onto the ice. That trip would go horribly wrong, with Nobile and his team crashing partway into their journey. Ironically, the effort to save Nobile would bring Amundsen out of retirement. Asked why he would risk his life for Nobile, despite their falling-out, the Norwegian told an Italian journalist: "There is a sentiment of solidarity which must bind men, especially those who risk their lives in the cause of science." On June 18, 1928, Amundsen and his crew took off from Tromsø, Norway, to embark on their rescue mission. They would never be seen again.

*Mr. Yost writes about history for the Journal.*

## OPINION

## REVIEW &amp; OUTLOOK

## The Spending Freeze Panic

**A**nd so ends the first “resistance” panic of the second Trump era. On Monday the White House ordered a pause on federal grants, to ensure they don’t promote Biden Administration obsessions. Democrats and the press went into full “constitutional crisis” mode, and a judge halted the pause. Then on Wednesday the White House rescinded it.

It’s well within Mr. Trump’s executive authority to pause disbursement of discretionary funds to ensure they comply with the law and his priorities. But the White House didn’t help itself with a lack of clarity on the details, which let Democrats predict the apocalypse. “The blast radius of this terrible decision is virtually limitless,” Senate Minority Leader Chuck Schumer said, citing “disaster assistance, local law enforcement, rural hospitals, aid to the elderly, food for people in need.”

Mr. Trump wants to disrupt Washington, and voters will thank him if he does. But governing by chaos doesn’t work. To succeed, his executive actions need to be nailed down and carefully explained, or they’ll be torn apart by the courts and the agents of the status quo.

\* \* \*

The original memo, issued Monday by the Office of Management and Budget (OMB), directed agencies by Tuesday to put a hold on grants that hadn’t yet been disbursed, so that Trump appointees could review them. By Feb. 10, agencies were supposed to submit “detailed information on any programs, projects or activities” that don’t comply with Mr. Trump’s executive orders, such as funding for DEI and the “green new deal.”

On Tuesday the White House clarified in a follow-up memo that the pause would not affect financial assistance to individuals, such as food stamps, small business grants, aid to farmers, and sundry entitlement programs, including Medicaid and children’s nutrition. OMB also added that agencies “may grant exceptions” on “a case-by-case basis.”

There’s nothing wrong with an incoming Administration that doesn’t want to keep shoveling money out the door without first reviewing where it’s going. Take the National Institutes of Health’s First program, which requires grant recipients to use “diversity statements” for government-funded faculty. The program and others like it may violate the Supreme Court’s *Students for Fair Admissions* (2023) ruling that barred racial preferences in education.

## Elizabeth Warren Exposes RFK Jr.

**R**obert F. Kennedy Jr. pledged during his confirmation hearing on Wednesday to root out corruption between industry and government. Yet the man who wants to be the nation’s Secretary of Health and Human Services refused to rule out personally making money from lawsuits against drug makers. This ought to be disqualifying.

“You just said that you want the American people to know you can’t be bought, your decisions won’t depend on how much money you could make in the future, you won’t go to work for a drug company after you leave HHS,” Sen. Elizabeth Warren said. “But you and I both know there’s another way to make money.” Ah, yes. A fellow friend of trial lawyers, Ms. Warren knows their playbook.

Mr. Kennedy’s disclosures show that he has received more than \$2.5 million from law firms that have sued drug and vaccine makers. He also has a financial stake in a pending lawsuit against human papillomavirus (HPV) vaccine maker Merck. Mr. Kennedy’s trial-lawyer ties and financial interests in litigation against drug makers pose a clear conflict of interest.

Ms. Warren asked RFK Jr. to commit to not “suing the drug companies, and taking your

## He wants to keep cashing in on lawsuits against drug makers.

rake out of that, while you are Secretary and for four years after.” He refused. “You’re asking me to not sue drug companies, and I am not going to agree to that,” he said. Why not?

Ms. Warren went on to detail that “there’s a lot of ways that you can influence those future lawsuits, and pending lawsuits, while you are Secretary of HHS.” They include publishing his anti-vaccine views “on U.S. government letterhead, something a jury might be impressed by.” He could change side effects that appear on vaccine labels.

He could “remove vaccines from special compensation programs, which would open up manufacturers to mass torts,” Ms. Warren continued, or “make more injuries eligible for compensation even if there is no causal evidence.” He could “turn over FDA data to your friends at the law firm and they could use it however it benefited them.”

We never thought we’d hear this, but Ms. Warren has an excellent point that Mr. Kennedy, as HHS Secretary, could have the ability to “kill off access to vaccines and make millions of dollars while he does it.” This ought to trouble Republican Senators who profess to care about good government and public health.

## Schumer Protects the ICC

**T**he International Criminal Court (ICC) is a rogue operation that equates Israel with Hamas and has threatened to charge Americans with war crimes for fighting terrorists. Senate Democrats nonetheless voted Tuesday to protect the court by blocking a bipartisan sanctions bill that has already passed the House.

Minority leader Chuck Schumer rallied Democrats to stop the bill from going to the floor for debate, 54-45, six votes short of the 60 needed. Sens. Elissa Slotkin (D., Mich.) and Ruben Gallego (D., Ariz.) voted no, despite having supported the bill last year when they were in the House. The House passed the ICC sanctions bill again this month, and 42 Democrats joined Republicans in support.

Mr. Schumer’s gambit is really something. For months while in the majority he refused to negotiate over the House bill, bottling it up in the Senate at the behest of President Biden. But now that he’s in the minority he is demanding changes to the bill that are little more than a excuse to oppose it.

His claim is that the bill’s language could ensnare U.S. tech companies whose services are used by the ICC. Yet the language is the same as it was in President Trump’s first-term execu-

tive order that Mr. Biden repealed. It’s the same as when Congress last took up the bill. On the merits, it also isn’t clear why tech companies should be exempt from sanctions if banks and other companies aren’t.

As we’ve written, this bill is the floor, not the ceiling, for ICC sanctions. It merely hits select ICC officials, not the institution. Failing to pass it in the Senate will put the matter in President Trump’s hands, and he may go further than the bill Mr. Schumer blocked.

With its warrants to arrest Israeli Prime Minister Benjamin Netanyahu and his former defense chief Yoav Gallant, the ICC has become an anti-Western menace. The warrants accuse the pair of “crimes against humanity and war crimes” for Israel’s defensive war against Hamas. The ICC is clearly anti-Israel, but the theory behind its warrants threatens any democracy that must fight against terrorists who hide behind civilians in hospitals, schools and mosques.

Why Democrats want to protect the court is a mystery other than perhaps as a bow to the anti-Israel left or simply to deny a legislative victory to Republicans. It’s cynical politics that harms a U.S. ally and American interests.

## Senate Democrats block a sanctions bill against the anti-U.S. court.

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## OPINION

## LETTERS TO THE EDITOR

## Trump and Foley Are Wrong on TikTok Law

I am no stranger to advising presidents that they can resist intrusions into their constitutional powers. Nevertheless, I couldn’t help but disagree with Elizabeth Price Foley’s op-ed “Trump’s Reprieve for TikTok Is Legitimate” (Jan. 27).

Article II of the Constitution vests the president with “the executive power” of the U.S. and recognizes his authority as commander in chief. As Alexander Hamilton observed in Federalist No. 75, “the execution of the laws and the employment of the common strength either for this purpose or for the common defense, seem to comprise all the functions of the executive magistrate.” If Congress orders a war against the president’s wishes or makes an alliance he doesn’t seek, it has violated the Constitution.

But there is a world of difference between those cases and the TikTok law. Congress exercised its authority under Article I, Section 8 of the Constitution “to regulate Commerce with foreign Nations.” There is no serious claim that the law is unconstitutional, especially after a unanimous Supreme Court rejected TikTok’s free-speech claims on Jan. 17. This renders

off point the claim that President Trump can refuse to enforce the law because it is just like Congress forbidding him from firing cabinet officials or waging war in the most effective way.

Mr. Trump can only claim prosecutorial discretion to defend his suspension of the law. Because the Constitution declares that the president “shall take Care that the Laws be faithfully executed,” the executive branch has the responsibility to prioritize cases for prosecution. But that power doesn’t allow the executive to reduce enforcement of a law to zero. This would effectively give the president an unreviewable veto over all federal law. It would likewise support President Obama’s policies on Dreamers and marijuana, as well as President Biden’s refusal to enforce the immigration laws at the southern border and to cancel student loans.

Until now, conservatives had universally condemned progressive shenanigans to rewrite the law through nonenforcement. President Trump shouldn’t follow in these unconstitutional footsteps.

PROF. JOHN YOO  
University of California, Berkeley

## Is the CFPB Helping or Harming Consumers?

Your editorial “Why Is Rohit Chopra Still Employed at the CFPB?” (Jan. 24) outlines the litany of reasons the Consumer Financial Protection Bureau director must go. In recent years the bureau became a political wing of the Biden administration. It used its press arm as a bully pulpit, even naming individuals in press releases regarding public enforcement actions in which they had nothing to do with the accusations being made.

The press also suggested the memo violated the Impoundment Control Act that Mr. Trump’s OMB nominee, Russ Vought, thinks may be unconstitutional. But that law is only implicated if Mr. Trump refuses to spend the money at all. Funds don’t have to be spent in the next two weeks, and Mr. Biden in his final months rushed to finalize grants that deserve legal review. Congress didn’t demand that NIH give Harvard a \$5 million grant by Feb. 10.

Mr. Trump was elected in part to stop the willy-nilly spending blowout of the last four years. Nondefense discretionary spending has increased 45% since 2019, twice the rate of inflation. Democrats want to keep the party going, but Mr. Trump has the authority—pause or no pause—to scrutinize discretionary funds that still haven’t gone out the door. Let’s hope he does it more competently next time.

Through its government price-setting agenda, the CFPB has made it more expensive for consumers on the margins to access critical financial services such as credit cards, overdraft safety nets and free or low-cost checking accounts. In some cases, the bureau’s actions simply took away these services altogether. It’s time to reboot the CFPB and appoint a new

leader who will put consumers and sound policy ahead of politics.

LINDSEY JOHNSON  
Consumer Bankers Association  
Washington

Fintech innovation is transforming how people interact with financial services. Your editorial, however, misses the mark on a rule that allows consumers to take advantage of these digital services.

In 2024 the CFPB finalized a rule on “open banking,” which protects consumers’ rights to access and share personal financial data. The rule raises the bar for safety and security, moving the industry away from “screen scraping” toward secure interfaces that give consumers more control and transparency.

Thousands of institutions have access to and are adopting open banking. Without it, legacy financial institutions could block access to consumer data, curbing innovation and limiting consumer choice. It is a measure that helps consumers, promotes competition and fosters free markets.

PENNY LEE  
Financial Technology Association  
Washington

## Hegseth Distracts From Our National Defense

Every president has the right to set his own priorities, re-evaluate his predecessor’s policies and nominate his own people. Regulations and programs should be re-evaluated on occasion. Having said that,

the immediate effect of Pete Hegseth’s confirmation was to undermine military readiness (“Senators Narrowly Confirm Hegseth,” U.S. News, Jan. 25).

The tone and rapidity of the diversity, equity and inclusion “cancellations”—even more than the action itself—caused unnecessary distraction for leaders who had to respond to their sailors’ confusion and sometimes fear. Navy lawyers are busy fielding questions about possible implications and even potentially un-

lawful orders when they should be focused on other legal counsel.

I served from 1985 through 2015. Integrating women into the Navy was difficult and often painful, including for the men, but has become an accepted reality. Women have proved themselves beyond question as an integral part of a prepared military at all levels. Perhaps Mr. Hegseth doesn’t mean to undermine that, only to question their appropriate use in certain categories of combat. But the current effect, at least at some levels, is a distraction from overall military readiness.

CAPT. MARY HANSON, USN (RET.)  
Arlington, Va.

## The Son Calling Some Shots

In “Journal Writers Look Ahead to Trump 47” (Jan. 18), your staff contemplates its greatest fears for the Trump administration. Not mentioned is the potential that Don Jr. wields outsized influence. JD Vance is vice president, Mike Pompeo has been excluded from the cabinet and Mike Turner has been removed as Intelligence Committee chairman. Inasmuch as Don Jr. influenced these decisions, they reveal that his focus is on the political interests of the isolationist wing of the GOP rather than the best interests of the electorate that returned his father to the White House.

HENRY BARRON  
Denver, N.C.

## Pepper ... And Salt

THE WALL STREET JOURNAL



“Someday robots will have all our anxieties for us.”

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

CHARLES D. EDEN  
Atlanta

## OPINION

# DeepSeek AI Is the Competition America Needs

By George Gilder

The success of DeepSeek, the Chinese rival to American goliaths with radically more cost-effective artificial intelligence, reveals the futility of U.S. sanctions policies. Under the Biden administration, the American government was captured by some of the world's most ham-handed national-security socialists, while the Chinese private sector under Xi Jinping commands some of the world's most nimble capitalists.

The entrepreneur behind DeepSeek's apparent breakthrough is Liang Wenfeng, who founded the High-Flyer hedge fund in 2015. Since DeepSeek's launch less than two years ago, the venture has received no further outside funding. China

**The company's success demonstrates the futility of the U.S. policy of subsidies and sanctions.**

has roughly nine times as many engineers as the U.S. and perhaps 15 times as many science and technology graduates. That means Mr. Liang had a cornucopia of technical talent at his disposal, all galvanized by the challenge of doing AI without violating U.S. restrictions on the memory bandwidth of their Nvidia graphics processing units. These chips, like the leading GPUs in U.S. AI data centers, are nearly all fabricated by Taiwan Semiconductor Manufacturing Co.

"Do more with less" is the Chinese entrepreneurial answer to American "Stargate" program socialism, mobilizing a half-trillion dollars to do more with more, as governments and politicians usually try to do.

By discrediting U.S. sanctions and subsidies, again, Chinese capitalists are performing a service for U.S. capitalism. American entrepreneurs are hamstrung by a putative \$6 trillion in global climate-change mandates and subsidies for obsolete technologies, such as windmills and solar panels, specified by zero-sum Green New Dealers. The U.S. has been dissipating the bonanzas conferred in recent decades on our economy by Chinese manufacturing prodigies from Foxconn in Shenzhen and other Chinese fabricators. Chinese factories have been crucial to enabling American companies to command as much as 70% of global equity market capitalization, compared with 10% at best for China.

DeepSeek, by using microchips more efficiently, is similarly favorable to the U.S. economy. As my chip-guru colleague John Schroeter wrote in his newsletter—and both Nvidia's Jensen Huang and Microsoft's Satya Nadella have said—semiconductors are an example of the Jevons Paradox. William Stanley Jevons, a 19th-century British economist, discovered that when a resource is rendered more efficient, we use more of it, often so much more that total spending on the resource rises. When people used only fire for lighting, the world was a very dark place. Nobel laureate William Nordhaus has pointed out that as we progressed from candles to oil lamps to incandescent lights and now LEDs, the cost of lighting dropped by 99.97%, yet we buy more of it than ever.

Advancing at an even faster pace, the number of transistors a dollar buys has increased by several million percent in 70 years. At the same time, annual global spending on semiconductors has grown from less



these ventures promise processing economies of a scale millions of times greater than anything contemplated at DeepSeek or other AI companies.

As outlined in a January 2024 article in the journal *Nature*, a team from Georgia Tech led by a Dutchman, Walter de Heer, achieved a further wafer-scale breakthrough using a layer of graphene atop a silicon carbide wafer. Because graphene, a two-dimensional carbon sheet, switches 1,000 times faster than silicon, Mr. de Heer's technology, the fruit of roughly 20 years of research, foreshadows a new epoch in the materials science behind information technology.

The chief obstacle to the success of such ventures is the U.S. national-security apparatus, which somehow imagines that by inflicting sanctions on China, it can help Americans. Beyond the huge challenges of replacing the existing paradigm of semiconductor fabrication, Mr. de Heer's main obstacle is his previous links with Tianjin University in China and his Chinese students at Georgia Tech. He is under investigation by a congressional committee on China for alleged links between his research and the Chinese military. Mr. de Heer said several of his students are back in China, collecting about \$350 million in investments for a wafer-scale project.

Technology is the key adventure of human progress, and it is intrinsically global. The key test of the Trump administration will be whether it can come to terms with this fact of life and enterprise.

*Mr. Gilder is author of "Gaming AI: Why AI Can't Think but Can Transform Jobs" and "Life After Capitalism: The Information Theory of Economics."*

than a few hundred million dollars to nearly \$700 billion. The cheaper computing became, the more it was demanded.

Today, the key breakthrough in technology isn't some ingenious trope in AI software but the emergence of an era altogether beyond microchips. Called wafer-scale integration, it obviates the usual data-center welter of chips and "chiplets" in plastic packages backed by snarls of wire and racks of computer servers. Instead, the new regime banishes chips and integrates the essence of an entire data center on a single 12-inch wafer. A wafer is a silicon slice that serves as the target for semiconductor lithography usually inscribing the design of thousands of separate chips. In wafer scale, by contrast, it is just one integral system.

Pioneering this breakthrough are U.S. companies such as Cerebras and Tesla. Cerebras, an AI computer innovator beyond chips, has demon-

strated wafer-scale computing on about four trillion interconnected transistors. With finance from G42, a tech company in the United Arab Emirates, Cerebras had planned an initial public offering until it ran into resistance from the U.S. government based on possible links between China and the U.A.E.

The most advanced wafer-scale project is Tesla's Dojo system for AI training. It is based on the vast accumulation of video data from the cameras on Tesla's automobiles. This system is based not on chips or internet data, but on real sensory inputs and "training tiles," which are interconnected across entire wafers. Since large language models such as DeepSeek and ChatGPT use unreliable internet data, they are inherently less likely to achieve intelligence in the real world than the pixel processors on Tesla's Dojo tiles.

Working with Taiwan Semiconductor Manufacturing Co. to overthrow the existing data-center era,

## Trump and Congress Need to Attack the U.S. National Debt

By Jodye Arrington

Treasury Secretary Scott Besent is concerned about America's large and growing national deficit. "We have never seen this before when it is not a recession or not a war," he said during his confirmation hearings. He's right. Our deficit is unsustainably high, and without a course correction it will undermine efforts to promote economic growth and reduce inflation and threaten our standing as the world's superpower.

Joe Biden's fiscal legacy can be summarized in one shameful milestone: The federal government now spends more paying interest on the national debt than it does on defense. Interest spending nearly tripled during Mr. Biden's term. This is a disastrous result of his reckless spending spree, which ballooned the debt, triggered rampant inflation and increased borrowing costs for consumers and businesses. As Republicans prepare to turn the page and execute President Trump's America-first agenda, surging interest costs represent a ticking time bomb that must be defused.

Despite the Federal Reserve's cutting interest rates by a percentage point since September, bond yields have been surging, hitting their highest levels in more than a year in mid-January. While multiple factors influence this trend, a major culprit is America's untenable long-term debt. As the debt grows, Washington must borrow more money to finance it. Investors, looking to mitigate risk amid such profligate federal spending, demand higher returns on U.S. Treasurys. This leads to compounding interest payments and even more borrowing and debt.

The average interest rate that the federal government pays on our national debt is 3.3%—about double what it was when Mr. Trump left office. In 2024 net interest costs accounted for 18% of federal revenue, and nearly half of every dollar we borrowed went to finance the debt. This trend is continuing: By 2035 interest payments will suck up almost a quarter of federal revenues, and about two-thirds of every dollar borrowed will go to finance the debt.

Left unchecked, these payments are on track to become the single largest item in the federal budget by

2051, crowding out private investment and national priorities like infrastructure and national defense. If interest rates exceed expectations, this could happen even sooner. My economics team calculates that if borrowing costs are just 1 percentage point higher than projected, it would add an additional \$5 trillion to the national debt over 10 years.

### Rising deficits and interest costs impede economic growth and undermine global trust in the dollar.

Higher rates of federal borrowing lead to higher borrowing costs for businesses and families on everything from mortgages to car loans to small-business financing. This stifles economic growth and strains household budgets. Rising national debt makes everyone pay more.

It's time to face reality. The era of spending without limits or accountability has reached its breaking point. We must start by reducing the

debt, a challenge that's daunting but not insurmountable. Our debt-to-GDP ratio hovers around 123%, an all-time high excluding the height of the Covid-19 pandemic. In 2024 the federal deficit was 6.4% of GDP, higher than most times of peace and relative prosperity throughout history. According to a 2010 study in the *American Economic Review*, countries with debt-to-GDP ratios exceeding 90% experience median growth about 1 percentage point lower—and average growth nearly 4 percentage points lower—than nations with lower debt burdens.

Reversing this trend offers clear benefits. According to the Congressional Budget Office, every 10-percentage-point reduction in our debt-to-GDP ratio could lower interest rates by a quarter point, saving tens of billions of dollars annually. The CBO also estimates that stabilizing our debt-to-GDP ratio could add \$5,500 to real per capita income by 2054. Lower debt levels would restore investor confidence, reduce borrowing costs and secure America's economic future.

This is why the 119th Congress must focus its attention on reducing the deficit. It's a perilous path for a nation to spend more to finance its past than to secure its future. If interest costs continue to spiral out of control, it will undermine economic stability and global trust in the dollar. To realize the benefits of pro-growth policies such as tax reform and regulatory relief, we must root out wasteful, fraudulent and unnecessary spending and restore the fiscal health of our country. True fiscal discipline is the only path forward.

Washington has a surplus of possible avenues but a deficit in political will to get the job done. Enter Mr. Trump. His political courage exceeds that of any president in modern political history. He's risked his life pursuing solutions to America's problems, from border insecurity and unfair trade practices to our waning leadership on the world stage. Under his leadership, by cutting spending and controlling the national debt, the U.S. can launch an era of unparalleled strength and prosperity.

*Mr. Arrington, a Texas Republican, is chairman of the House Budget Committee*

## How I'll Rebuild Public Trust in the FBI

By Kash Patel

When President Trump told me he would nominate me to direct the Federal Bureau of Investigation, I was deeply honored. I carry not only the dreams of my parents but the hopes of millions of Americans who stand for justice, fairness, and the rule of law. My commitment to these principles is deeply rooted in my family's history.

My father fled Idi Amin's genocidal dictatorship in Uganda. My mother was born in Tanzania. They married in India and emigrated to New York, where I was born and raised in a bustling household that included my father's seven siblings, their spouses and six children. My family instilled in me a deep respect for the rule of law and the transformative power of education.

These values have shaped the driving force behind my career: protecting the rights enshrined in our Constitution.

The recent terrorist attack in New Orleans, which claimed the lives of 14 innocent Americans, is a stark reminder of the persistent threats to our homeland. Whether combating child predators, terrorists or drug traffickers, the FBI plays a vital role in protecting our nation from its gravest dangers. A vigilant FBI that puts the mission first will end the explosion of violent crime and mitigate national-security threats.

If confirmed, I will remain focused on the FBI's core mission and not involve the bureau in prosecutorial decisions. Determining whether someone should be charged with a crime is the responsibility of the Justice Department, not the FBI. If

confirmed, I will guide the agency in investigating criminals and safeguarding the homeland.

Each step in my career has reinforced my commitment to due process and transparency. For the first eight years after law school, I served as a public defender—first with the Miami-Dade Public Defender's Office and later in the federal Southern District of Florida. I represented defendants accused of horrific crimes. Ensuring that they receive due process is fundamental to our justice system. It is what distinguishes us from totalitarian regimes.

I joined the Obama Justice Department as a national-security prosecutor. I contributed to the successful prosecutions of terrorists from organizations such as al Qaeda and al-Shabaab, at home and abroad.

I was honored to receive the 2017 Assistant Attorney General's Award from Loretta Lynch for helping Uganda bring members of al-Shabaab to justice for the 2010 bombing that killed 76 people, including one American. I was also proud to receive the Humint Award from the intelligence community for related work.

My experiences at the Justice Department, at the National Security Council leading counterterrorism policy, as deputy director of national intelligence and as chief of staff at the Defense Department provided me with a firsthand understanding of the persistent threats to our nation and the critical role the FBI plays in keeping Americans safe.

But my time on the House Intelligence Committee revealed how the FBI's immense powers can be

abused. I spearheaded the investigation that found the Foreign Intelligence Surveillance Act—a tool I had previously used to hunt down terrorists—had been unlawfully used to spy on political opponents. Such misconduct is unacceptable and undermines public trust.

The erosion of trust is evident: Only 40% of Americans hold a favorable view of the FBI. This must change. Public cooperation is vital for the bureau to solve crimes, and

### Two foundational steps are necessary: First, let good cops be cops. Second, transparency is essential.

its declining reputation is already affecting recruitment efforts. Violent crime is destroying families across the nation. We can't afford a lack of trust in the institution mandated to protect them. Rebuilding that trust is vital to ensuring the FBI can carry out its mission effectively.

If confirmed, I intend to collaborate closely with the Justice Department to bring safety and relief to American communities. Gallup recently reported that nearly half of all Americans—the highest in three decades—would be afraid to walk alone at night within a mile of their home. Little wonder when the country sees 20,000 homicides and 110,000 rapes a year and 200 drug overdoses a day. Violent crime demands immediate action.

We've also seen the FBI at its

best. Recently in Oklahoma, agents foiled a planned ISIS attack, and in Colleyville, Texas, they courageously neutralized a terrorist holding synagogue congregants hostage. These examples showcase the FBI's capability to protect Americans and underscore why restoring public confidence in the bureau is critical.

I believe two foundational steps are necessary to rebuild public confidence in the FBI. First, let good cops be cops. Leadership means supporting agents in their mission to apprehend criminals and protect our citizens.

If confirmed, I will focus on streamlining operations at headquarters while bolstering the presence of field agents across the nation. Collaboration with local law enforcement is crucial to fulfilling the FBI's mission.

Second, transparency is essential. Members of Congress have hundreds of unanswered requests to the FBI. If confirmed, I will be a strong advocate for congressional oversight, ensuring that the FBI operates with the openness necessary to rebuild trust by simply replying to lawmakers.

I am committed to working alongside the dedicated men and women of the FBI. They are our warriors of justice, and I will always have their backs, because they have the backs of the American people.

*Mr. Patel is President Trump's nominee for FBI director. This is adapted from opening remarks he prepared for his Thursday confirmation hearing before the Senate Judiciary Committee.*

## THE WALL STREET JOURNAL.

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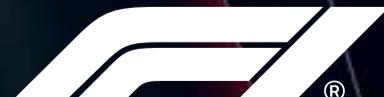
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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, January 30, 2025 | B1

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## Meta's Sales Soar, Lifted By Spending

Revenue, net income gains follow improvements in advertising business

By MEGHAN BOBROWSKY

**Meta Platforms** posted record revenue in the fourth quarter, aided by artificial-intelligence improvements to its ads business.

The Facebook and Instagram parent reported a 21% increase in sales and \$20.8 billion in net income, both ahead of analyst expectations. Net income was \$20.8 billion.

Meta estimated that revenue growth would slow in the January-to-March quarter, reaching 8% to 15%, a level that would represent the lowest increase in two years.

The company's shares rose about 3% in after-hours trading Wednesday, following a rally over the last week after it announced plans to ramp up spending on AI. Its capital-expenditure estimate for 2025 was roughly 70% over 2024 projections.

"I expect that this is going to be the year when a highly intelligent and personalized AI assistant reaches more than one billion people, and I expect Meta AI to be that leading AI assistant," Chief Executive Mark Zuckerberg said on a call with investors and analysts.

Investors have been divided in their response to AI spending plans for the largest U.S. tech companies, rewarding the strategies of some and punishing others. Meta was one of the few tech companies to see its shares rise in the wake of concerns about the powerful capabilities of Chinese AI startup DeepSeek this week.

**Apple** rallied as well, but shares fell for **Microsoft** and Google-parent **Alphabet**, which have spent tens of billions of dollars to develop data centers and AI systems capable of writing software, carrying on conversations and other tasks. Some investors have been spooked by DeepSeek's capabilities, which are comparable to many costly and advanced U.S. models while reportedly using far less computing power at a relatively lower cost.

Meta operates a suite of AI products, including an open-source model called Llama that developers can use to create their own applications, and AI chatbots embedded in its apps. The company also plans an AI engineer that will start contributing increasing amounts of code to its research and development projects.

Meta plans to spend \$60 billion to \$65 billion on capex this year, in part to build out a data center in Louisiana that is "so large it would cover a significant portion of the state," according to CEO Mark Zuckerberg. Shares of Tesla rose 4.1% in after-hours trading Wednesday.

Please turn to page B2



The automaker's closely watched operating margin was 6.2% in the latest quarter, a decline from 8.2% a year earlier.

NOAH BERGER/AP

## Tesla Energy Business Gains, But Core Auto Revenue Falls

By BECKY PETERSON

**Tesla** Chief Executive Elon Musk talked about full self-driving cars hitting U.S. roads this year and the production of thousands of Optimus humanoid robots, after the automaker delivered mixed results for the fourth quarter.

The company reported declines in operating margin and automotive revenue for the period, with much of the growth coming from stronger demand for its energy-storage products and rising sales of regulatory credits.

Shares of Tesla rose 4.1% in after-hours trading Wednesday.

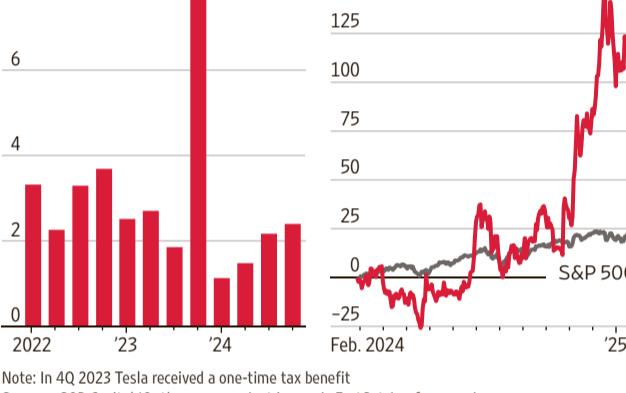
day evening as Musk repeated his vision about Tesla becoming the world's most valuable company because of its efforts now on robotics and self-driving vehicles.

The billionaire entrepreneur opened the electric-car maker's earnings call with a focus on its future businesses, including its rollout of unsupervised autonomous vehicles in Austin, Texas, in June, and an internal goal to build 10,000 Optimus humanoid robots by the end of the year.

"We're setting up for what I think will be an epic 2026 and a ridiculous '27 and '28—

Please turn to page B2

### Tesla net profit, quarterly



Note: In Q4 2023 Tesla received a one-time tax benefit

Sources: S&amp;P Capital IQ, the company (net income); FactSet (performance)

### Share-price and index performance, past year



Note: Latest fiscal quarter ended Dec. 31.

Sources: S&amp;P Capital IQ; the company

Microsoft quarterly revenue

\$70 billion

\$69.6B

Capital expenditures

\$25 billion

\$22.6B

## Microsoft's Cloud Growth Cools Off

By TOM DOTAN

**Microsoft**'s flagship cloud computing business experienced a slowdown in growth last quarter, as constraints on data-center supply again weighed down results.

Revenue for the tech giant's Azure cloud-computing division, which is closely watched by investors, grew by 31%, at the low end of the company's projections. Chief Financial Officer Amy Hood said Azure growth

would again be 31% or 32% this quarter, a projection that disappointed investors. Microsoft stock was down 4.4% in after-hours trading.

Just two days after tech stocks dropped due to investor fears sparked by the rapid success of DeepSeek, an inexpensive and free-to-use AI model built in China, Microsoft Chief Executive Satya Nadella emphasized that his company is seeing its own efficiency gains in the AI models it builds and operates.

"In some sense, what's happening with AI is no different than what was happening with the regular compute cycle," he said on a call with analysts, referring to cost declines for other chip-based technology in the past.

Nadella praised DeepSeek's innovations and said the techniques it used will "all get commoditized" and be broadly used in the industry, which will benefit Microsoft's cloud computing and PC businesses. "AI will be

much more ubiquitous," he said. "This is all good news as far as I'm concerned."

Microsoft began offering DeepSeek's new R1 AI model on Azure Wednesday.

The CEO didn't address OpenAI's contention that DeepSeek may have improperly benefited from its AI models using a process called distillation. Microsoft is OpenAI's biggest investor and hosts its applications on Azure.

Please turn to page B2

## Some Investors Bought the Dip in AI



Individuals bought \$562.2 million of Nvidia stock on Monday. Its CEO, Jensen Huang.

Nvidia's stock price, past three days

\$145

140

135

130

125

120

115

Mon.

Tues.

Wed.

10-minute intervals

Wednesday \$123.70 -4.1%

Source: FactSet

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# Microsoft's Cloud Pace Cools Down

*Continued from page B1*

Nadella was also asked by analysts about his company's revised partnership with OpenAI, which allows it to work with other cloud providers, and the Stargate joint venture the ChatGPT maker announced with SoftBank and other partners to spend up to \$500 billion on AI infrastructure.

He said Microsoft and OpenAI will continue to work closely together but that his company's investment in data centers don't rely on OpenAI's business. "The overall point, the thing I'd say, is we are building a pretty fungible fleet," he said.

Microsoft's capital expenditures including leases, most of which go toward building AI data centers, totaled \$22.6 billion last quarter, up from \$20 billion in the September quarter. Microsoft previously said it plans to spend \$80 billion on capital in the current fiscal year ending in June, with most going to AI infrastructure. Last fiscal year it spent \$55.7 billion.

**The company has been aggressively marketing Copilot.**

by the end of the fiscal year.

In addition to selling cloud computing to OpenAI and other developers, Microsoft has been investing in its Copilot AI assistant for businesses and consumers, for which it doesn't break out revenue.

Over the past year, Microsoft has been aggressively marketing Copilot, which helps write work documents and summarize video calls, as an add-on to software bundles like Microsoft 365.

## Meta Posts Higher Revenue

*Continued from page B1*

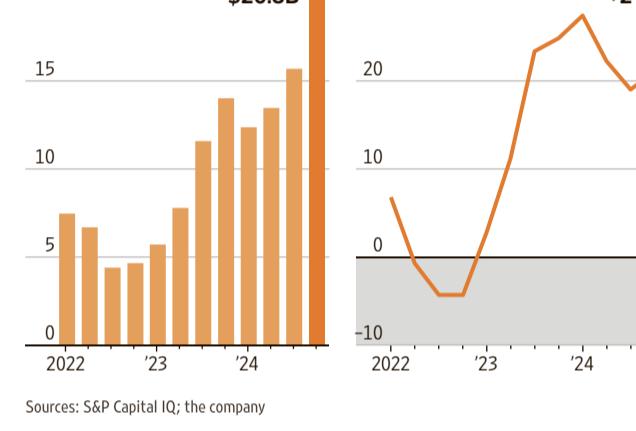
nificant part of Manhattan," Zuckerberg said.

It also expects to end the year with more than 1.3 million graphics processing units, commonly known as GPUs.

The company's Reality Labs unit, which oversees its investments in smart glasses, augmented reality and the metaverse, reported losses of nearly \$5 billion. The unit lost \$17.7 billion last year.

Meta reported "daily active people" of 3.35 billion in De-

### Meta Platforms quarterly net profit

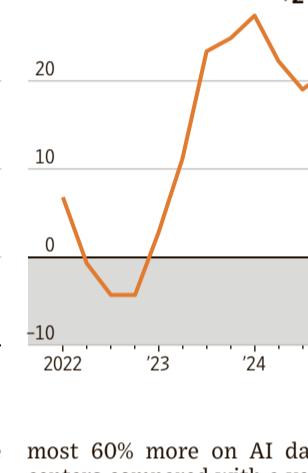


Sources: S&amp;P Capital IQ; the company

cember 2024, up 5% from the prior year.

In the third quarter, Meta, Microsoft, Amazon and Alphabet collectively spent al-

### Quarterly revenue, change from a year earlier



most 60% more on AI data centers compared with a year prior. They are expected to announce even more spending in the latest round of earnings

reports that started this week.

Beyond increased spending, Meta more broadly is going through a transition and has sought to align itself with the new Trump administration. The company donated \$1 million to President Trump's inaugural fund, and Zuckerberg himself visited Trump's Mar-a-Lago, Fla., estate twice in recent months ahead of attending the president's inauguration.

He also went on Joe Rogan's podcast and criticized the Biden administration. Earlier this month, Meta said it was eliminating its third-party fact-checker program in the U.S., relaxing restrictions on speech allowed on its platforms and phasing political content back into its users' feeds.



Analysts hope Microsoft will boost revenue from Copilot, which helps write work documents and summarize video calls.

# Tesla's Profit Increases

*Continued from page B1*

ridiculously good," Musk said.

Revenue was up 2% for the period, lifted by stronger demand for its energy-storage products and rising sales of regulatory credits. These credits, essentially pure profit for Tesla, are sold to other automakers that buy them to meet tailpipe-emissions requirements set by the U.S. government.

But for its core automotive business, revenue was down 8%, in part because Tesla leaned heavily on promotional deals in the fourth quarter to drive a rebound in sales in the last three months. Overall, Tesla's closely watched operating margin was 6.2%, down from 8.2% a year earlier.

Tesla is facing an array of challenges in the year ahead, including a chief executive whose attention is divided by

his other companies and work as an adviser to President Trump.

Its core auto business is under pressure with demand weakening for its vehicles, including its new Cybertruck pickup, and intensifying competition in China, where a price war in the electric-car market has broken out among foreign and homegrown automakers.

Musk's close relationship with Trump only came up once on the call with Wall Street, when an analyst asked Musk what the right policy is to support sustainable transportation in the U.S. Musk largely avoided the question.

"At this point, I think that sustainable transport is inevitable," he said.

With growth stalled, investors hope that more affordable electric-car options promised by Musk will help revive consumer interest in the brand.

Tesla Chief Financial Offi-

cer Vaibhav Taneja reiterated on Wednesday that the company plans to release new products this year, including a new low-cost model in the first half, though he didn't provide specifics.

In October, Tesla showed off prototypes for two fully autonomous vehicles—the Cybercab, a gold two-seater with butterfly wing doors, and the Robovan, a 20-seater, art-deco style bus. Musk said the Cybercab could be available to customers for less than \$30,000 with production starting by 2026.

Tesla's market value skyrocketed to a record \$1.5 tril-

lion in December, powered by a postelection rally. The surge reflects optimism on Wall Street that Musk's proximity to Trump will yield benefits for his businesses and help support Tesla's ambitions in self-driving cars.

Along with advising Trump, Musk is leading the president's new Department

of Government Efficiency, a task force focused on reducing federal spending.

Trump's policy objectives, while backed by Musk, present some obstacles for Tesla's car business. The president has pledged to roll back Biden-era subsidies for electric vehicles, including a \$7,500 tax consumer tax credit that has helped boost Tesla's sales over the years.

Trump is also threatening to impose a 25% tariff on Mexican and Canadian imports as soon as Saturday.

While Tesla builds most cars it sells in the U.S. in Texas and California, it relies on suppliers in the two neighboring countries for parts. For instance, 20% to 25% of parts that are used in U.S.-built cars come from Mexico, according to federal data.

On Wednesday, Taneja said the tariffs are likely to affect Tesla's profitability.

In the near term, Tesla's core automotive business is still critical to generating the profit behind Musk's future AI and robotics bets.

In its earnings release, Tesla said it plans to return to growth and increase production 60% in 2025.



The apparel retailer has launched a marketing campaign around its denim brand with Beyoncé.

# Levi Strauss Logs Revenue Rise as Key Arm Recovers

*By SABELA OJEA*

**Levi Strauss** said revenue rose in the fiscal fourth quarter after returning to growth in its key wholesale business, but guided for a drop in revenue in the current year.

The apparel retailer on Wednesday posted net income for the three months ended Dec. 1 of \$183 million, or 46 cents a share, up from \$127 million, or 32 cents a share, for the same period a year earlier.

Stripping out one-time items, earnings per share came in at 50 cents. Analysts polled by FactSet had forecast adjusted earnings per share of 48 cents.

Revenue climbed 12% to

\$1.84 billion, beating the \$1.72 billion expected by analysts. In the Americas, revenue also rose 12% after the U.S. logged organic growth of 6%. Europe and Asia saw sales growth of 15% and 9%, respectively.

Levi's wholesale revenue—its biggest business segment—rose 6.7% to \$1.01 billion after almost two years of declines, and direct-to-consumer sales jumped 19%.

"We delivered a strong fourth quarter and holiday season, positioning us well as we enter 2025," Chief Executive Michelle Gass said.

For fiscal 2025, Levi expects a revenue decline of 1% to 2%, and adjusted earnings per share of \$1.20 to \$1.25 amid a

headwind of 20 cents from foreign exchange and a higher tax rate. The market had forecast full-year revenue to rise about 3.6% to \$6.46 billion, and adjusted earnings to come in at \$1.37 a share.

Since taking the top job a year ago, Gass has focused the

company's efforts on its Levi's brand, initiated a search to sell its Dockers brand, exited its Denizen fashion line and closed a footwear business in Europe.

Levi also has launched a marketing campaign around Beyoncé and continued retail expansion," Gass added.

the pop star Beyoncé that will continue over the next year.

"We have a strong plan for the year ahead supported by a robust product pipeline, the continuation of our marketing campaign with Beyoncé and continued retail expansion," Gass added.

**Petrofac Limited ("Petrofac"):** current and former shareholders Petrofac is undertaking a financial restructuring by way of a Restructuring Plan under Part 26A of the UK Companies Act 2006. Part of that process involves the settlement and compromise of any and all claims of shareholders against Petrofac arising out of, or in connection with, alleged misleading statements and dishonest omissions purported to have been made in Petrofac and its subsidiaries' published information between 7 October 2005 and 5 October 2021 as a result of the commission (or risk) of historical instances of bribery and/or failure to prevent those instances, whether pursuant to s90A or Schedule 10A of the Financial Services and Markets Act 2000 or otherwise. These issues have been addressed by Petrofac, which is committed to maintaining the highest ethical standards and standards of corporate governance. Whilst Petrofac does not accept that it is liable to pay the sums claimed in the claims and would defend them robustly if they proceeded, the compromise of those claims in return for a share in a settlement fund of GBP1.6m is required as part of its Restructuring Plan. Therefore, if you are currently a shareholder of Petrofac or acquired, held or disposed of shares in Petrofac between 7 October 2005 and 5 October 2021 then you may be entitled to participate in the restructuring. The first hearing is due to take place on 25 February 2025. Please note that the date has changed from 28 January 2025 to 25 February 2025.

Further information on the Restructuring Plan is set out in a Shareholder Practice Statement Letter (the "Shareholder PSL") that Petrofac published on 23 December 2024 in accordance with the Court's practice statement for restructuring plans. The Shareholder PSL is available at <https://deals.kroll.com/petrofac-fsm-shareholders>.

JULIE JAMMOT/AGENCE FRANCE PRESSE

## BUSINESS NEWS

# Frontier Tries Again to Merge With Spirit

The suitor says a merger would be a better path out of chapter 11 for airline

By ALISON SIDER

**Frontier Airlines** is making another run at a deal for struggling rival discount carrier **Spirit Airlines**.

Spirit filed for bankruptcy in November after years of losses, mounting questions about its business model and a failed sale to JetBlue. Now Frontier is trying to persuade Spirit's bondholders that they will be better off if the two budget airlines combine than if Spirit tries to go it alone after exiting from chapter 11.

"We continue to believe that under the current stand-alone plan, Spirit will emerge highly levered, losing money at the operating level, and this would not be a transaction we would pursue," Frontier Chairman Bill Franke and Chief Executive Officer Barry Biffle



Frontier is trying to persuade Spirit's bondholders that a combination will benefit all parties.

wrote to their counterparts at Spirit on Tuesday. "As a result, time is of the essence."

Both companies disclosed the approach in securities filings Wednesday. The proposal is Frontier's latest gambit in a yearslong drive to join with Spirit. Frontier has said a

merger would create the fifth-largest U.S. carrier—a budget airline with enough heft to compete against airlines that dominate the industry.

Frontier will have to overcome resistance from Spirit and its bondholders. Spirit said in its own filing that

Frontier's plan was inferior to its own and too risky.

"The Company has determined, barring new developments, not to further delay its planned emergence from Chapter 11," Spirit wrote.

Spirit CEO Ted Christie and Chairman Mac Gardner told

Frontier on Jan. 11 that they agreed the two airlines together would be a "potent competitor," but said Frontier's offer was worse than what the two companies had discussed last year. The Spirit executives said they had discussed the proposal with advisers to the company's bondholders and the bondholders rejected it.

The two airlines were set to merge in 2022 until JetBlue swooped in with a higher offer. A federal judge rejected that tie-up last year. Frontier made another takeover bid last fall, but talks broke down shortly before Spirit filed for bankruptcy, The Wall Street Journal reported.

Spirit entered Chapter 11 with an agreement supported by holders of about 80% of the debt to be restructured, according to court documents.

Spirit has said it is on track to emerge from chapter 11 in the first quarter of this year. A bankruptcy court hearing on the company's reorganization plan is scheduled for Feb. 13.

Under Spirit's plan, creditors would receive \$840 million in secured notes and would own all of Spirit's equity. Frontier said its proposal would give those creditors \$400 million in notes and 19% of a combined airline it said would be much more valuable. Frontier also said its proposal would provide some recovery to Spirit shareholders, who would be wiped out if Spirit's bankruptcy progresses as planned.

Budget airlines have been struggling for months. They face stiffer competition for cost-conscious customers from larger competitors that have deployed their own barebones fares.

An engine defect has also kept a portion of Spirit's fleet on the ground, stymying the rapid growth rate the carrier has long relied on. Some discount carriers, including Spirit and Frontier, have been retooling their strategies to appeal to more upscale fliers willing to pay more for amenities.

## BUSINESS WATCH

## CASTELION

**Defense Startup Raises \$100 Million**

Silicon Valley's enthusiasm for superfast weapons has picked up speed, with defense-tech startup Castelion raising \$100 million through debt and equity to build hypersonic missile systems. The company is vying to sell long-range strike weapons to the U.S. military.

Castelion raised \$70 million from venture investors and \$30 million in debt to help finance a new manufacturing plant to add to its facilities in California and Texas. The funding round, led by Lightspeed Venture Partners, brings the company's total funding to \$114 million. Andreessen Horowitz also invested.

—Heather Somerville

## NORFOLK SOUTHERN

**Earnings Climb as Claim Is Resolved**

Norfolk Southern earnings rose above expectations in the fourth quarter, as the railroad resolved a claim by an Ohio town related to a derailment there nearly two years ago.

Stripping out the effects of the February 2023 derailment in East Palestine, Ohio, as well as railway-line sales, restructuring and other changes, adjusted earnings were \$3.04 a share, up from \$2.83 and beating the \$2.94 a share expected by analysts polled by FactSet. The earnings came two days after East Palestine said it and Norfolk Southern had reached a \$22 million settlement.

—Owen Tucker-Smith

## BRINKER INTERNATIONAL

**Chili's Owner Tops Analyst Estimates**

Brinker International shares soared 16% after the owner of the Chili's Grill & Bar chain posted results well above Wall Street expectations.

For the fiscal second quarter, which ended on Christmas Day, Brinker posted a profit of \$118.5 million, or \$2.61 a share, up from \$42.1 million, or 94 cents a share in the same period a year ago.

Stripping out one-time items, adjusted earnings were \$2.80 a share. Analysts polled by FactSet had been expecting \$1.86 a share. Total revenue soared 26% to \$1.36 billion.

—Dean Seal

## CORNING

**Fiber Demand for AI Powers Earnings**

Corning swung to a fourth-quarter profit on a continuing surge in demand for optical fiber to equip artificial-intelligence computing hardware.

The maker of specialty glass and ceramics Wednesday reported fourth-quarter net income of \$310 million, or 36 cents a share, compared with a loss of \$40 million, or 5 cents a share, a year earlier.

Stripping out one-time items, Corning registered core, or adjusted earnings, of 57 cents a share, edging out the average Wall Street target of 56 cents a share, according to FactSet. Fourth-quarter sales rose 17% to \$3.5 billion.

—Rob Curran

## PENN ENTERTAINMENT

**Casino Operator Faces Proxy Fight**

Investor HG Vora is launching a proxy fight at casino operator Penn Entertainment and is submitting nominations for three independent board seats, people familiar with the matter said.

New York-based HG Vora said in a securities filing this month that it had reduced its stake in Penn to less than 5% to be able to launch a proxy battle.

The firm had been talking to gambling regulators in more than two dozen states to obtain the required gambling licenses to submit nominees to Penn's board.

—Lauren Thomas

## VOLVO

**Profit Beats Views; Truck Orders Rise**

Volvo maintained its outlook for European and North American truck markets after reporting a forecast-beating 24% increase in fourth-quarter truck orders that was driven by fleet replacements in Eastern Europe and demand for purpose-built trucks in the U.S.

Fourth-quarter net profit was 10.74 billion Swedish kronor, or \$976.6 million, up from 12.05 billion kronor a year earlier as sales fell 6.5% to 138.41 billion kronor.

Analysts polled by FactSet had expected a net profit of 10.63 billion kronor on sales of 132.15 billion kronor.

—Dominic Chopping

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**\$5,600,000,000**  
November 2024

**Vulcan Materials Company**

**\$1,600,000,000**  
Revolving Credit Facility

**\$2,000,000,000**  
Delayed Draw Term Loan

**\$2,000,000,000**  
Senior Unsecured Notes

Left Lead Arranger, Active Bookrunner, and Billing and Delivery Agent

Pending

**BLUE OWL Technology Finance Corp. II**

Has Agreed to Merge with

**BLUE OWL Technology Finance Corp.**

Advisor to the Special Committee of Blue Owl Technology Finance Corp.

**\$1,750,000,000**

November 2024

**DUKE ENERGY**

**\$800,000,000**  
Term Loan Facility

Sole Lead Arranger and Bookrunner

**\$950,000,000**  
Term Loan Facilities

Joint Lead Arranger and Bookrunner

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November 2024

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# Startup Envisions Market for ‘Compute’ Power

By ALEXANDER OSIPOVICH

Some investors are betting that the artificial-intelligence revolution of the 21st century will give rise to a huge, actively traded market for computing power, the same way that global energy demand led to the emergence of the crude-oil market last century.

Compute Exchange, a startup that announced its launch on Wednesday, plans to conduct auctions where data-center operators and cloud providers can sell their computing capacity—or “compute” in tech-industry jargon. Buyers such as AI companies can use the auctions to buy chunks of processing time for arrays of chips, such as **Nvidia**'s H100 and H200 systems.

The trading platform's co-founder and best-known investor is Donald Wilson Jr.,

founder of high-frequency trading firm DRW Holdings and a veteran Chicago trader.

“The total dollars spent on compute will, over the next 10 years, exceed total dollars spent on oil,” Wilson predicted. “Obviously, oil is the largest commodity right now, so I believe it will be displaced by compute.”

Compute Exchange plans to hold its first public auction Feb. 25, after quietly holding two test auctions late last year. About a dozen sellers are expected to take part, according to the Palo Alto, Calif.-based startup.

The debut comes just after the tech industry was roiled by China's DeepSeek. The Chinese startup triggered a huge sell-off in AI-linked stocks when it unveiled a sophisticated model that it trained using fewer, less-advanced chips

than its Silicon Valley rivals and at a fraction of the cost.

There are obstacles to the emergence of a traded market for computing power. One challenge is that the largest sellers of compute—the hyperscalers such as

Amazon Web Services, Google Cloud and Microsoft Azure—have so far stayed away from startup trading platforms such as Compute Exchange, preferring to sign big-ticket deals. Similarly, huge buyers such as OpenAI tend to secure massive amounts of computing capacity, rather than buying small portions on the spot market.

Skeptics also question

whether computing power can truly be considered a commodity.

Compute comes in a diverse array of underlying chips and configurations, without a commonly agreed upon standard. Typically, AI companies can't just switch from one provider to another to get a lower price, unless they are willing to put up with technical headaches.

“Compute isn't necessarily a fungible resource,” said Meltem Demirors, founder of early-stage investment fund Crucible Capital. “A compute-hour in one facility with one type of chip is not equal to a compute-hour in another facility

with another type of chip.”

Besides Compute Exchange, Wilson has invested in Silicon Data, a startup that researches the market for computing power. Silicon Data aims to publish indexes that could become the basis for futures contracts tied to the price of compute. In theory, data-center operators could use such futures to hedge against the risk of a drop in prices, the same way energy companies trade futures to protect against a potential crash in the oil market.

Others also have sought to develop organized markets for computing power. Perhaps the best known is the San Francisco Compute Company, or SF Compute for short. Founded in 2023, the company says it has sold more than \$50 million of compute contracts over the past year. Its investors include

the venture-capital firm of Jack Altman, brother of OpenAI CEO Sam Altman.

The founders of SF Compute were initially seeking to train a model for an AI audio startup when they discovered it was difficult to get cloud providers to sell them computing capacity in the quantities they needed.

“They couldn't sell you an hour at a time, or even a week at a time,” said Evan Conrad, a co-founder of SF Compute. “You had to buy for a year or longer.”

SF Compute's founders pivoted to creating a marketplace for computing power. Unlike Compute Exchange, SF Compute doesn't run intermittent auctions. Instead, it runs a continuous market where AI companies can buy computing power as they need it, for times as short as one hour.

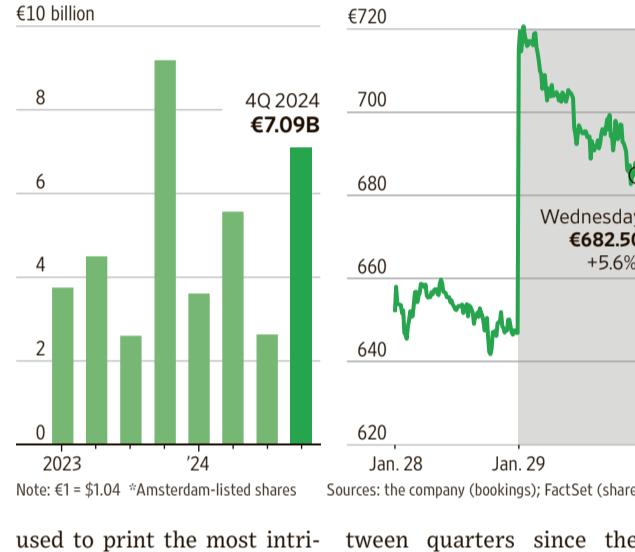
## ASML Orders Top Forecasts as Demand For Chip-Making Equipment Stays Strong

By MAURO ORRU

**ASML Holding** shares jumped after orders surpassed analysts' expectations for the fourth quarter as chip makers scrambled to get their hands on machinery to produce increasingly sophisticated semiconductors amid booming demand for artificial intelligence.

The Dutch supplier of semiconductor-making equipment booked 7.09 billion euros, equivalent to \$7.4 billion, in orders for the quarter, down from €9.19 billion a year earlier, but above analysts' forecast of €3.99 billion, according to consensus estimates by Visible Alpha.

The company said that €3 billion in orders were for its high-end extreme ultraviolet lithography systems that are



used to print the most intricate layers on chips.

Orders for ASML's machines can vary greatly be-

tween quarters since they hinge on how much chip makers are willing to spend depending on the demand trends

they see.

Higher-than-expected bookings show that chip makers continue to bet on ASML's highly complex equipment in the race to build more advanced semiconductors to power the data centers behind the AI boom.

ASML supplies semiconductor-making machinery to **Taiwan Semiconductor Manufacturing Co.**, **Samsung Electronics** and other chip makers that face pressure from their own customers to churn out more capable chips.

ASML reported sales of €9.26 billion for the fourth quarter, up from €7.24 billion a year earlier and beating both analysts' forecasts and company guidance.

ASML shares closed up 5.6% in Amsterdam on Wednesday.

## SoftBank, OpenAI In Talks

Continued from page B1

The Financial Times reported earlier on the investment talks.

If the deal comes together, it would create a tight partnership between two of the biggest names in global business: OpenAI Chief Executive **Sam Altman** and SoftBank CEO Masayoshi Son.

The men have been growing closer over the past year and discussed a plan Altman had to overhaul the global semiconductor industry.

Son, who has said he uses ChatGPT every day, told shareholders in June 2023 that he wanted SoftBank to “lead the AI revolution.”

In October, his firm made its first investment in OpenAI, putting \$500 million into the

American developer's \$6.6 billion funding round.

In addition to its commitment to Stargate, OpenAI needs investment funds to cover its multibillion-dollar annual losses, as it spends heavily to develop cutting-edge technology and deals with intense price competition against rivals like Google and Anthropic, as well as free, open-source technology from China's DeepSeek and Meta Platforms.

At the same time as it is growing closer to SoftBank, OpenAI has been drifting apart from its longtime closest partner, Microsoft.

In addition to its multiple investments, Microsoft was until this month the exclusive provider of cloud computing services for OpenAI.

ChatGPT's launch in late 2022 significantly escalated OpenAI's need for chips to develop and operate its products. Over the past two years, OpenAI has said Microsoft wasn't providing it with enough cloud capacity. The Wall Street Journal previously reported.

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## TECHNOLOGY

WSJ.com/Tech

# IBM Artificial-Intelligence Strategy Drives Up Shares

Making source code open to the public is key, company says, citing DeepSeek

By CONNOR HART

Investors rallied behind **International Business Machines' artificial-intelligence strategy**, driving the stock up after the company released its latest quarterly earnings Wednesday.

The tech company said it has taken an open-innovation approach to artificial intelligence, meaning its source code is available to the public. Chief Financial Officer James Kavanaugh said its open-source strategy makes the technology cheaper and easier to scale.

AI startup DeepSeek validated that strategy earlier this week, he added. The Chinese

company shook up the market Monday, when its open-source model appeared to perform well despite being trained with less sophisticated chips.

"There's been a huge debate about closed versus open," Kavanaugh said of the emerging AI models. "It validates that open innovation is real with regards to the gen-AI world."

IBM shares rose 8% in after-hours trading to \$228.63. The stock was up 4% so far this year ahead of Wednesday's market close.

IBM has continued to gain early momentum from AI consulting, while its software models are accelerating. Since its launch, the company's generative-AI book of business now stands at over \$5 billion, up nearly \$2 billion sequentially.

These AI advancements helped drive IBM's revenue higher in the fourth quarter.

Total revenue rose 1% during the frame, to \$17.55 billion, in line with analyst expectations.

The company on Wednesday posted net income of \$2.92 billion, or \$3.09 a share, compared with \$3.29 billion, or \$3.59 a share, in the same period a year earlier. Adjusted per-share earnings came in at \$3.92, ahead of the \$3.78 that analysts surveyed by FactSet were expecting.

In the recent quarter, consulting revenue fell 2%, to \$5.18 billion, dragged down by companies moving away from discretionary projects. Still, Kavanaugh said he believes the company's early adoption of AI will help it in the long term.

"We have an early leadership position against others in the marketplace," Kavanaugh said. "This is very important because clients are choosing their strategic provider of choice, and an incumbency po-

sition will fuel a future revenue multiplier."

Lower consulting revenue was offset by higher software revenue, up 10% to \$7.92 billion.

Infrastructure sales during the recent quarter were down nearly 8%, to \$4.26 billion. IBM is at the tail-end of a three-year product cycle. Its next generation of hardware is expected to release around midyear, Kavanaugh said, providing an expected boost to earnings in the second half of the year.

In 2025, IBM guided for constant currency revenue growth of at least 5%. It noted that current foreign exchange rates would result in a 2% headwind to revenue.

It expects about \$13.5 billion in free cash flow for the full year, ahead of the \$13.04 billion that analysts polled by FactSet are forecasting.

## Some Buy The Dip In AI Stocks

*Continued from page B1*

active on Interactive Brokers' brokerage platform for the five-day trading period ended Monday. Users made close to 421,000 buy orders for Nvidia shares, nearly double the number of sell orders, the brokerage's data show.

That dynamic wasn't limited to Nvidia. Every one of the platform's 25 most active tickers showed net stock buying activity.

"I just don't have any concern at all," said Dodaro, who has tens of thousands of dollars invested in the stock. "I think anyone that does has lost the bigger picture."

Dodaro said he is betting that the efficiency achieved by DeepSeek will power cheaper and more widely adopted AI, ultimately fueling demand for Nvidia chips.

Buying the dip has become a popular way to boost returns in the market, particularly after investors were rewarded for doing so after the 2008-2009 financial crisis and the 2020 Covid-19 crash, when markets came roaring back to life. But in some cases, it has taken stocks much longer to bounce back: After the tech bubble burst in 2000, the Nasdaq Composite took 15 years to reach the same heights. In 2022, down days in the markets were often followed by more declines.

On Tuesday, Nvidia shares fell a further 4.1%, while the Nasdaq Composite lost 0.5% after Monday's 3.1% drop. Over the past two years, investors placed enormous bets on the profit-making potential of AI, piling into the big tech stocks that seemed poised to harness it. Nvidia was one of

the most popular trades of 2024. The stock made up about 9.4% of U.S. equity retail trades last year, according to Nasdaq Data Link's historical retail-trading monitor. Just last week, Nvidia was the world's most valuable company.

A number of individual investors said they saw this week's rout not as a sign that the AI trade had soured but as an opportunity to make even bigger bets. In addition to Nvidia, they bought the dip in stocks like Broadcom and Tesla—and say they still think the technology will fuel more returns in the year ahead.

"The dip-buying mentality is apparent across the table," Steve Sosnick, chief strategist at Interactive Brokers, wrote in a note. "It's AI's market and we're all just trading in it. And for the most part, our customers are continuing to buy it."

Austin Hankwitz, a Nashville, Tenn.-based podcast host, said the shiver that ran through the markets didn't shake his belief that AI will eventually transform all kinds of industries, from auto manufacturing to healthcare.

**'If [AI] goes down, I'll buy more. I'll just keep buying the dip.'**

Although DeepSnek stoked fears that the billions of dollars spent by U.S. companies developing the technology was overzealous, Hankwitz said it is too soon to say if that is true. He bought eight shares of Nvidia on Monday—or about \$1,000 worth—in addition to scooping up shares of cloud data companies Snowflake and Cloudflare. "Something tells me this is just noise," the 28-year-old said. "I'm still a major believer in this long-term game of AI."

He added that he thinks the selloff is a good reminder for individual investors not to keep all their eggs in one basket. Despite the big drop in the Nasdaq, his \$585,000 portfolio was only down 0.4% thanks to stocks like Kroger, Mastercard and others that were during the session.

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**G H I**

GE Aerospace GE 199.10 4.67  
GE Healthcare GHEC 87.85 0.07  
GE Vernova GEV 353.25 -1.87  
GFL Environmental GFL 43.36 0.21  
GSK GSK 35.06 -0.04  
Gallagher AJG 294.10 0.69  
GameStop GMST 27.51 0.05  
Generac GNRC 148.12 -1.07  
Gap GAP 24.53 -0.21  
Genmab GMAB 19.85 0.27  
**F S**

Genpact G 47.54 -0.10  
Genuine Parts GPC 116.34 -0.97  
Gilead Sciences GILD 70.59 1.74  
GitLab GTLB 27.50 -3.42  
Glaukos GKOS 159.01 -0.67  
Goldman Sachs GS 37.38 -0.42  
Global Payments GPA 110.32 -0.06  
GlobalFoundries GFS 41.38 0.18  
GlobeInk GLB 208.12 -0.43  
GlobeLife GL 121.95 0.34  
GlobeMedical GMD 97.79 -0.15  
GoDaddy GDDY 213.91 -0.44  
Goldfields GFI 16.59 0.20  
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## BIGGEST 1,000 STOCKS

Continued From Page B5

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	Stock	Sym	Close	Net Chg				
HHS	HSBC	52.16	.20	Insulet	PDO	277.11	1.14	Kroger	KR	61.06	.69	MarketAxess	MKTX	189.99	-4.30	Novartis	NVS	102.93	1.09	Progressive	PGR	246.40	1.35	Sempra	SRE	81.98	0.23	TargaResources	TRGP	202.86	0.49
H World	HTHT	31.91	-.98	Intel	INTC	19.75	-.05	Kyndryl	KD	38.38	-.04	Marriott	MAR	289.66	1.02	NovalNordisk	NVO	84.03	-.16	Prologis	PLD	119.17	-.104	ServiceNow	NOW	1143.63	26.76	VeevaSystems	VEEV	232.30	0.06
Halcon	HLN	0.53	-.01	InteractiveBrks	IBKR	211.25	3.50	LatamAirlines	LTM	28.82	0.62	Marsh&McLennan	MMC	219.31	-.15	NuHoldings	NU	12.55	-.09	PrudentialFin	PRU	122.33	1.15	ServiceTitan	TTAN	100.00	-.27	Ventas	VTR	59.60	-.12
Haliburton	HAL	26.37	-.28	ICE	ICE	157.22	-.62	MartinMarietta	MLM	539.84	-.23	MarvellTech	MRVL	106.79	2.91	Nutanix	NTNX	67.76	-.07	Prudential	PUK	16.63	0.25	SharkNinja	SN	111.78	-.09	TeledyneTech	TDY	508.75	-.43
HamiltonLar	HLNE	157.38	2.22	IBM	IBM	228.63	2.97	L3HarrisTech	LHX	211.95	-.135	Masco	MAS	79.69	-.07	Nutriens	NTR	53.09	0.64	PublicServiceEnt	PEG	81.70	-.04	Shutterstock	PSA	294.26	3.22	VerizonGlobal	VGL	19.95	-.05
HarfordFins	HIG	113.50	2.08	Int'lFlavors	IFF	86.00	-.054	Labcorp	LH	246.22	-.229	Masimo	MASI	177.60	2.42	NvcentElectric	NVNT	63.94	0.78	PublGroup	PHG	112.99	-.206	Verizon	VZ	40.28	-.12				
HealthEquity	HOY	108.80	1.09	Int'lPaper	IPG	57.98	-.14	LamResearch	LRCX	75.15	0.64	Mastercard	MA	548.80	1.44	NIVIDIA	NVDA	123.70	-.529	PureStorage	PSST	67.64	0.83	Vertel	VRTX	58.08	-.07				
HealthpeakProp	DOC	20.21	-.45	Interpublic	IPG	28.78	-.007	LamarAdv	LAMR	125.55	-.86	MatchGroup	MTC	351.80	-.024	Qagen	QGEN	43.77	-.136	Shopify	SHOP	116.59	-.99	Vertiv	VRTX	441.52	0.84				
Heico	HEI	234.15	-.98	Intra-Cellular	ITCI	127.02	0.02	LambWeston	LW	61.51	1.18	McCorckVito	MKV	76.69	-.109	IRealtyEquity	IRE	1208.08	9.74	Siemens	SI	81.01	0.18	VeevaSystems	VEEV	232.30	0.06				
Heico A	HELA	186.11	-.26	Intuit	INTU	592.71	-.767	Leidos	LDO	140.27	-.122	McDonald's	MCD	290.11	-.04	OldDomFreight	ODFL	185.84	-.415	Siemens	SI	64.78	0.20	Ventas	VTR	102.85	-.60				
HenrySchein	HSC	79.87	3.77	IntuitiveSurgical	ISRG	572.71	-.143	Lennar B	LENB	120.56	-.314	McKesson	MCK	603.18	0.23	OccidentalPetrol	OXY	48.83	-.017	RBC Bearings	RBC	311.58	-.364	VerizonGlobal	VGL	19.95	-.05				
Hershey	HSY	149.23	-.050	InvitatoHomes	INH	30.67	-.023	Lennar A	LEN	132.23	-.330	Medpace	MEDP	343.02	-.57	OldRepPublic	ORP	36.77	0.09	RPM	RPM	126.16	-.125	VentureGlobal	VGL	19.95	-.05				
Hess	HES	145.16	0.11	Int'lPaper	IP	57.98	-.14	LibertyBroadband	LBBD	43.43	1.18	Merck	MERK	98.28	0.83	Omnicom	OMC	86.81	-.040	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HessMidstream	HESM	21.60	0.83	Int'lPaper	IP	57.98	-.14	LibertyBroadband	LBBD	43.43	1.18	Merck	MERK	98.28	0.83	OnHolding	ONH	63.04	0.88	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HewlettPackard	HPE	21.66	0.20	Int'lPaper	IP	57.98	-.14	LibertyBroadband	LBBD	43.43	1.18	Merck	MERK	98.28	0.83	OntoInnovation	ONTO	191.81	8.25	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
Hilton	HLT	253.93	0.27	Int'lPaper	IP	57.98	-.14	LibertyBroadband	LBBD	43.43	1.18	Merck	MERK	98.28	0.83	Oracle	ORCL	162.02	-.198	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
Hologic	HOLX	71.41	-.36	Int'lPaper	IP	57.98	-.14	LibertyBroadband	LBBD	43.43	1.18	Merck	MERK	98.28	0.83	Orion	ORX	106.30	-.42	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HomeDepot	HD	413.42	-.51	J.D.com	JD	40.26	-.081	Linde	LIN	438.32	2.81	MidAmApt	MAA	341.25	5.52	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HondaMotor	HMC	28.32	-.40	J.P.MorganChase	JPM	266.58	-.056	Lineage	LINE	59.67	-.023	MetLife	MET	86.64	0.09	OldRepPublic	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
Honeywell	HON	221.05	0.35	Jabil	JBL	169.08	-.74	LinkedIn	LINK	172.91	-.224	Mettler-Toledo	METT	1335.50	7.32	Omnicom	OMC	86.81	-.040	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HormelFoods	HRL	30.18	-.28	JackHenry	JHY	172.91	-.224	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OnHolding	ONH	63.04	0.88	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
DR Horton	DHI	141.93	2.02	JacobHenry	JHY	172.91	-.224	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OntoInnovation	ONTO	191.81	8.25	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
Host Hotels	HST	16.59	-.046	JacobSolins	JHS	137.26	-.001	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	Oracle	ORCL	162.02	-.198	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HoulihanLokey	HLL	179.80	-.427	JefferiesFinl	JEF	166.30	-.59	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	Orion	ORI	94.65	-.122	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
HowmetAerospac	HWM	126.36	-.005	J.P.MorganChase	JPM	266.58	-.056	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
ICICI Bank	ICBK	28.65	-.21	J.KR	KRAC	151.15	0.77	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
IdexxLab	IDXX	418.75	0.89	JK	KLAC	120.97	10.05	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
ING Groep	ING	16.74	0.06	JK	KLAC	120.97	10.05	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	VentureGlobal	VGL	19.95	-.05				
Invesco	IVZ	19.00	-.034	JL	KLAC	120.97	10.05	LibertyBroadband	LBBD	43.43	1.18	MicronTech	MCH	56.03	-.025	OrlandoRealty	ORP	42.09	-.005	RTEX	RTEX	125.13	-.322	Venture							

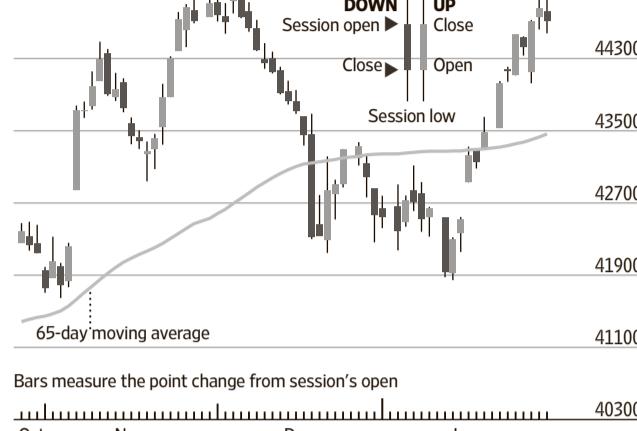
## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**44713.52** ▼136.83, or 0.31%  
High, low, open and close for each trading day of the past three months.

Current divisor 0.16268413125742



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

## S&amp;P 500 Index

**6039.31** ▼28.39, or 0.47%  
High, low, open and close for each trading day of the past three months.

65-day moving average



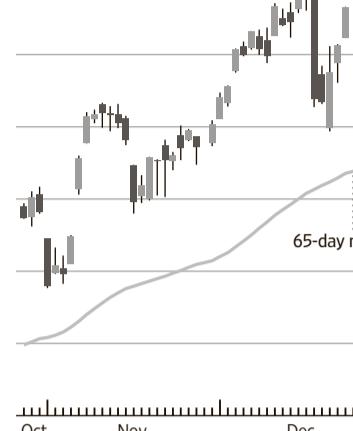
Oct. Nov. Dec. Jan.

■ Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## Nasdaq Composite Index

**19632.32** ▼101.26, or 0.51%  
High, low, open and close for each trading day of the past three months.

65-day moving average



Oct. Nov. Dec. Jan.

■ Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	44962.58	44579.10	<b>44713.52</b>	-136.83	-0.31	45014.04	37735.11	<b>17.2</b>	5.1	<b>8.8</b>
Transportation Avg	16850.20	16609.35	<b>16657.85</b>	-36.17	-0.22	17754.38	14781.56	<b>7.4</b>	4.8	<b>3.4</b>
Utility Average	996.82	979.98	<b>982.47</b>	-1.68	-0.17	1079.88	829.38	<b>15.2</b>	-0.03	<b>1.4</b>
Total Stock Market	60351.28	59823.93	<b>60099.88</b>	-265.67	-0.44	60885.79	48275.32	<b>24.5</b>	2.9	<b>10.4</b>
Baron's 400	1307.17	1295.85	<b>1300.60</b>	0.44	0.03	1356.99	1063.30	<b>22.1</b>	3.9	<b>9.4</b>
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	19699.82	19479.51	<b>19632.32</b>	-101.26	-0.51	20173.89	15164.01	<b>29.5</b>	1.7	<b>12.5</b>
Nasdaq-100	21477.88	21251.80	<b>21411.46</b>	-51.58	-0.24	22096.66	17037.65	<b>24.9</b>	1.9	<b>14.0</b>
<b>S&amp;P</b>										
500 Index	6062.83	6012.96	<b>6039.31</b>	-28.39	-0.47	6118.71	4845.65	<b>24.6</b>	2.7	<b>10.9</b>
MidCap 400	3260.20	3218.63	<b>3231.09</b>	-13.22	-0.41	3390.26	2732.18	<b>18.3</b>	3.5	<b>7.8</b>
SmallCap 600	1459.02	1436.91	<b>1444.83</b>	-5.78	-0.40	1544.66	1241.62	<b>14.2</b>	2.6	<b>4.3</b>
<b>Other Indexes</b>										
Russell 2000	2300.87	2269.11	<b>2283.10</b>	-5.77	-0.25	2442.03	1937.24	<b>17.2</b>	2.4	<b>5.1</b>
NYSE Composite	20057.66	19881.72	<b>19927.47</b>	-43.15	-0.22	20272.04	16911.13	<b>17.8</b>	4.3	<b>6.7</b>
Value Line	633.08	626.92	<b>629.03</b>	-1.93	-0.31	656.04	568.94	<b>9.1</b>	3.0	<b>0.6</b>
NYSE Arca Biotech	6258.35	6164.54	<b>6206.41</b>	-34.93	-0.56	6251.16	4861.76	<b>21.5</b>	8.0	<b>7.8</b>
NYSE Arca Pharma	964.44	955.92	<b>958.11</b>	-0.45	-0.05	1140.17	912.71	<b>0.3</b>	2.5	<b>6.3</b>
KBW Bank	140.37	138.02	<b>138.19</b>	0.04	0.03	138.78	92.30	<b>44.4</b>	8.4	<b>0.9</b>
PHLX® Gold/Silver	151.38	148.13	<b>150.05</b>	1.14	0.76	175.74	102.94	<b>32.2</b>	9.4	<b>7.4</b>
PHLX® Oil Service	73.88	72.77	<b>73.11</b>	-0.28	-0.38	95.25	68.88	<b>-9.4</b>	0.7	<b>3.9</b>
PHLX® Semiconductor	4964.67	4862.32	<b>4918.10</b>	11.07	0.23	5904.54	4260.92	<b>15.4</b>	-1.2	<b>14.2</b>
Cboe Volatility	18.08	16.17	<b>16.56</b>	0.15	0.91	38.57	11.86	<b>15.4</b>	-4.6	<b>-15.7</b>

§ Nasdaq PHLX

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
NVIDIA	NVDA	63,614.5	125.66	1.96	<b>1.58</b>	134.02	117.88
Intel	INTC	25,646.3	19.80	0.05	<b>0.25</b>	19.81	19.67
Direxion TSLA Bull 2X	TSLL	19,701.9	26.86	2.13	<b>8.61</b>	27.08	21.71
Tesla	TSLA	15,012.7	404.41	15.31	<b>3.93</b>	411.05	365.00
Invesco Senior Loan ETF	BKLN	12,184.9	21.04	...	unch.	21.08	21.03
Lumen Technologies	LUMN	11,336.1	5.00	-0.01	<b>-0.19</b>	5.06	4.92
Janus Henderson AAA CLO	JAAA	9,815.2	50.99	-0.02	<b>-0.04</b>	51.01	50.99
Vanguard Shrt-Trm Cp Bd	VCSH	9,605.4	78.31	-0.10	<b>-0.13</b>	78.43	78.31

## Percentage gainers...

Company	Symbol	Volume (000)	Latest	Session	52-Week	High	Low
Celestica	CLS	684.1	113.52	13.03	<b>12.97</b>	119.00	100.00
IBM	IBM	1,238.7	250.00	21.37	<b>9.35</b>	258.70	225.00
Defiance Dly Target 2X Lg	AVGX	108.5	26.54	2.26	<b>9.31</b>	26.59	23.85
Direxion TSLA Bull 2X	TSLL	19,701.9	26.86	2.13	<b>8.61</b>	27.08	21.71
GrShr 2x Long TSLA Dly	TSLR	149.0	42.35	3.34	<b>8.56</b>	42.58	34.12

## ...And losers

Company	Symbol	Volume (000)	Latest	Session	52-Week	High	Low
CARGO Therapeutics	CRGX	3,761.5	3.00	-10.19	<b>-77.26</b>	13.19	2.88
Silexion Therapeutics	SLXN	6,612.9	2.04	-1.10	<b>-35.03</b>	3.33	1.97
Ironwood Pharm C1A	IRWD	55.6	3.09	-0.63	<b>-16.94</b>	3.72	2.97
Whirlpool	WHR	108.9	114.01	-15.77	<b>-12.15</b>	129.78	113.00
Confluent	CFLT	207.1	26.47	-3.63	<b>-12.06</b>	30.10	26.06

## Trading Diary

## Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume\* 906,221,138 17,723,669

</

## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract		Open		Settle		Chg	Interest
	Open	High	Low	Settle	Chg	Interest		
<b>Copper-High (CMX)</b> -100,000 lbs.; \$ per lb.								
Jan	4,256.5	4,258.0	4,256.5	4,257.5	0.0370	440		
March	4,250.5	4,311.5	4,205.0	4,283.0	0.0365	106,899		
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.								
Jan	2738.00	2760.60	2738.00	2769.10	2.30	2,923		
Feb	2771.60	2778.10	2761.00	2769.80	2.30	128,950		
March	2784.90	2790.10	2772.80	2781.50	0.50	10,232		
April	2799.10	2802.80	2784.70	2793.50	-1.10	346,145		
June	2825.00	2829.40	2810.00	2818.70	-2.30	52,333		
Aug	2852.60	2853.10	2834.40	2842.90	-3.30	20,068		
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.								
Jan	893.50	937.50	937.50	966.60	12.00	6		
March	965.00	985.50	959.00	975.60	12.00	15,765		
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.								
Jan	971.60	971.70	970.00	965.40	18.40	8		
April	960.20	983.50	955.30	977.30	17.90	69,084		
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.								
Jan	30.365	30.525	30.365	31.238	0.511	132		
March	30.940	31.765	30.755	31.393	0.511	119,557		
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.								
March	73.95	74.08	72.33	72.62	-1.15	328,606		
April	73.06	73.16	71.70	71.98	-0.96	163,950		
May	72.20	72.29	71.05	71.32	-0.82	120,402		
June	71.44	71.52	70.43	70.68	-0.74	165,912		
Sept	69.63	69.74	68.88	69.07	-0.59	110,174		
Dec	68.24	68.34	67.55	67.72	-0.54	162,282		
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.								
Feb	2,449.1	2,470.5	2,425.0	2,454.0	0.039	20,786		
March	2,385.2	2,405.0	2,361.2	2,390.9	0.044	103,123		
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.								
Feb	2,052.9	2,061.6	2,028.3	2,035.7	-0.169	18,693		
March	2,077.8	2,085.2	2,051.0	2,067.0	-0.031	113,363		
<b>Natural Gas (NYM)</b> -1,000 MMbtu.; \$ per MMbtu.								
Feb	3.335	3.588	3.313	3.535	.064	2,137		
March	3.084	3.196	3.062	3.170	.048	311,221		
April	3.121	3.220	3.101	3.199	.041	125,110		
May	3.226	3.317	3.206	3.299	.037	140,209		
Oct	3.717	3.808	3.689	3.794	.055	127,308		
Jan'26	4,635	4,723	4,617	4,707	.053	119,543		

## Agriculture Futures

Corn (CBT)	5,000 bu.; cents per bu.							
March	485.00	497.50	485.00	497.00	11.75	688,017		
May	495.50	500.00	495.50	507.50	11.50	491,257		
Oats (CBT)	5,000 bu.; cents per bu.							
March	348.50	345.50	348.50	350.00	1.00	2,893		
May	359.75	359.75	355.50	355.50	-1.25	855		
Soybeans (CBT)	5,000 bu.; cents per bu.							
March	1045.00	1061.75	1045.00	1060.50	15.50	330,417		
May	1059.50	1076.75	1059.50	1075.25	15.75	218,726		
Soybean Meal (CBT)	100 tons; \$ per ton.							
March	302.00	310.80	301.60	309.80	8.20	206,424		
May	310.10	319.00	310.10	318.20	8.10	138,434		
Soybean Oil (CBT)	5,000 lbs.; cents per lb.							
March	45.13	45.41	44.70	44.97	-.16	198,436		
May	45.64	45.88	45.18	45.46	-.11	152,908		
Rough Rice (CBT)	2,000 cwt.; \$ per cwt.							
March	14.13	14.20	14.08	14.13	-.07	9,811		
May	14.22	14.29	14.21	14.22	-.07	627		
Wheat (CBT)	5,000 bu.; cents per bu.							
March	544.50	564.75	544.50	562.50	17.25	241,179		
May	558.50	577.50	558.50	576.00	17.25	107,636		
Wheat (KC)	5,000 bu.; cents per bu.							
March	561.00	582.00	560.75	580.25	19.25	149,507		
May	570.75	591.75	570.50	590.25	19.50	60,441		
Cattle-Feeder (CME)	50,000 lbs.; cents per lb.							
Jan	281.850	281.900	280.525	280.550	-1.275	3,561		
March	278.850	279.825	274.750	275.275	-2.975	34,571		
Cattle-Live (CME)	40,000 lbs.; cents per lb.							
Feb	208.550	209.350	206.175	207.025	-1.525	42,553		
April	207.200	207.600	204.500	204.950	-2.325	166,908		
Hogs-Lean (CME)	40,000 lbs.; cents per lb.							
Feb	84.000	84.450	83.725	83.900	...33,281			
April	90.975	92.500	90.400	91.325	.425	119,258		
Lumber (CME)	27,500 bd. ft.; \$ per 1,000 bd. ft.							
March	575.00	582.00	573.50	575.50	3.00	6,074		
May	596.50	601.50	594.00	595.00	.50	757		
Milk (CME)	200,000 lbs.; cents per lb.							
Jan	20.31	20.40	20.29	20.30	-.02	4,459		
March	19.88	20.24	19.88	20.02	-.07	5,051		
Cocoa (ICE-US)	10 metric tons; \$ per ton.							
March	11,498	11,789	11,482	11,745	371	33,766		

Source: FactSet

## Macro &amp; Market Economics

## Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended January 24. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

## Inventories, 000s barrels

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg			
<b>Crude oil and petroleum prod</b>	1,213,345	...	1,227	1,232	1,227	1,248	8,096	...	

## MARKETS &amp; FINANCE

# Stocks Edge Lower Following Fed's Pause on Cutting Rates

Stocks edged lower after the Federal Reserve, as widely expected, paused its recent stretch of interest-rate cuts and signaled it was in more of a wait-and-see mode for subsequent moves.

**Indexes**  
**WEDNESDAY'S MARKETS** closed lower after the Fed decision, with the S&P 500 falling 0.5%, or 28 points, to 6039.31, and the technology-heavy Nasdaq Composite down 0.5%, or 101 points to 19632.32.

The Dow Jones Industrial Average slipped 0.3%, or 137 points, to finish trading at 44713.52.

Government-bond yields climbed after Fed officials indicated comfort with their interest-rate stance for an economy where inflation remains somewhat above their goal and where labor market conditions have been solid.

Traders remain concerned that inflation will persist above the Fed's 2% target and that Treasury bond yields will keep rising without a cut in interest rates.

"We're back in inverse correlation—when bond yields go up, stock prices go down," said Liz Ann Sonders, chief investment strategist at Charles Schwab.

The firm is projecting the 10-year Treasury yield will rise to 5% or higher this year, a move that will increase borrowing costs and hamper growth for midsized companies.

Benchmark Treasury yields moved higher to 4.554% after settling Tuesday at 4.548%.

Bond investors seem to have quickly moved past Wednesday's Fed meeting. Yields, which rise when bond prices fall, briefly ticked higher after the Fed left out language in its policy state-

ment that inflation was making progress toward its 2% goal.

They mostly retraced that move, however, after Fed Chair Jerome Powell clarified that officials were just doing "a little bit of language cleanup" and didn't mean to send any policy signal.

According to Tradeweb, the two-year Treasury yield settled at 4.226% vs. 4.204% Tuesday.

After the closing bell, investors parsed results from Meta Platforms, Microsoft, Tesla and others.

Investor scrutiny was likely to be even sharper than usual, given the questions swirling about artificial intelligence prompted by the rise of China's DeepSeek.

AI bulls had something to cheer about in Europe as ASML, the Dutch supplier of chip-making equipment, said orders had outstripped expec-

tations in the final quarter of 2024.

—Matt Wirz  
and Sam Goldfarb

**THURSDAY'S EVENTS:**

ECB rate decision: The European Central Bank concludes its meeting, and is expected to cut rates. The announcement is due at 8:15 a.m. ET.

**EARNINGS EXPECTED:**

Blackstone  
Caterpillar  
Mastercard  
Shell  
UPS

After the close:  
Apple  
Visa  
Intel

aims to scale up by acquiring new mining machines and small- to mid-sized facilities, Silbert said. The company is also in early conversations with investors to raise outside capital.

With crypto prices rising in the past year, DCG has slowly made a comeback. In November, the company launched a decentralized artificial-intelligence company called Yuma, which provides capital for entrepreneurs to build applications on the fledgling Bittensor blockchain.

**AUCTION RESULTS**

Here are the results of Wednesday's Treasury Auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS	
Applications	\$198,786,352,000
Accepted bids	\$64,187,514,500
"noncompetitively	\$584,036,600
"foreign noncompetitively	\$0
Auction price (rate)	98.614972 (4.190%)
Coupon equivalent	4.308%
Bids at clearing yield accepted	70.05%
Cusip number	912797P5

The bills, dated Feb. 4, 2025, mature on June 3, 2025.

## STOCK SPOTLIGHT

**ASML**  
Quarterly orders topped estimates, as companies scrambled to get their hands on machinery to make increasingly sophisticated semiconductors. U.S.-listed ASML stock rose 4.3%.

**Alibaba**  
The Chinese e-commerce company released a new version of its AI model, claiming it surpasses that of rival DeepSeek. U.S.-listed shares rose 0.7%.

**Starbucks**  
The coffee chain said quarterly profit fell, though executives hailed progress in making cafes more welcoming and less hectic. Shares soared 8.1%.

**Danaher**  
The manufacturing conglomerate reported earnings that fell short of analyst estimates, and said revenue may fall this quarter. Shares lost 9.7%.

**Trump Media & Technology**  
Donald Trump's social-media company said it was expanding into financial services with the launch of the Truth.Fi brand. Shares jumped 6.8%.

**Henry Schein**  
KKR has taken a big stake in the medical- and dental-supply specialist, and plans to work with the company to improve its operations. Shares of Henry Schein gained 5%.

**T-Mobile U.S.**  
The cell carrier beat quarterly revenue and profit expectations as it continued to add more wireless phone customers than rivals. Shares jumped 6.3%.

**Manhattan Associates**  
The supply-chain company said earnings are likely to fall this year, sending shares down nearly 25%.

**Nvidia**  
Shares of the chip maker slid 4.1% after the Trump administration indicated it might tighten the company's sales to China. That extended a volatile stretch, following Monday's DeepSeek-induced tumble, and Tuesday's partial recovery.

**LVMH**  
Shares fell 5% in Paris after the French owner of Louis Vuitton, Tiffany and other luxury brands reported a 17% decline in annual net profit, driven by a slowdown in China.

**F5**  
The software company said revenue and profit would grow faster than it had previously thought this year thanks to the adoption of multi-cloud software and AI. Shares increased 11.4%.

**Ranpak Holdings**  
Shares ended 47% higher Wednesday after it said Amazon.com is taking a stake in the provider of packaging materials.

# DCG Pushes Further Into Crypto Mining, Moving Past Bitcoin

By VICKY GE HUANG

Digital Currency Group, a crypto conglomerate that ran into trouble during the 2022 crypto-market meltdown, has launched a new business focused on mining cryptocurrencies beyond bitcoin.

Dubbed Fortitude Mining, the business is a spinout from DCG's bitcoin-mining infrastructure company Foundry and will focus on mining a variety of cryptocurrencies beyond bitcoin.

Fortitude will be the fifth subsidiary under DCG, the sprawling crypto company that founder Barry Silbert said he modeled after Warren Buffett's Berkshire Hathaway.

Silbert and DCG faced allegations in 2022 that they defrauded investors. A lawsuit from the New York attorney general followed. DCG's lending arm, Genesis Global Capital, filed for bankruptcy.

Fortitude, which has an eight-person team at launch,

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Connecting technology's decision-makers from the world's most influential companies to examine their role as business leaders and prepare for what's next.

Member Voices | Four of our members respond to the below question:

**What do you foresee as the biggest opportunities or threats to CEOs and their organizations in the year ahead?**



**Steve Preston**

President and CEO  
Goodwill Industries International

"Geopolitical instability, significant shifts in trade policy, and leadership changes in many US partners could affect the cost, near-term reliability, and longer-term design of global supply chains. Rather than being visible trends that companies can more quickly address, these potential disruptions are more sudden and difficult to respond to in the short term. In addition, transitioning labor needs, in part driven by AI/Gen AI, will require investment in talent and could provide much-needed opportunities for underserved populations."



**Laura Hines-Pierce**

Co-CEO  
Hines

"CEOs face a dual challenge: allocating resources internally while investing externally in a volatile, zero-sum world shaped by geopolitical shifts, economic uncertainty, and technological shocks. The key lies in blending global perspective with on-the-ground expertise to navigate risk and seize opportunity. Those who stay agile and creative in deploying capital and talent will turn disruption into an advantage, unlocking outsized value and positioning their organizations to thrive in a rapidly changing landscape."



**Girish Saligram**

President and CEO  
Weatherford International

"I see the most significant opportunities and threats as two sides of the same coin—geopolitical events affecting supply chains, navigating technology advancements and investment ROI, and leading in a world of real-time (mis)information. Success will depend on aligning objectives, having strong contingency plans, and safeguarding long-term investments. Authenticity, resilience, and effective communication will be essential for CEOs in this environment to turn potential challenges into opportunities for growth."



**Eric Moseley**

CEO and Founder  
Workhuman

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# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Weight-Loss Drugs Get a January Boost

An analyst thinks he has cracked the code on why highflying Eli Lilly missed two quarters of Wall Street projections

If obesity is a chronic disease, like kidney or heart conditions, demand for GLP-1 drugs shouldn't ebb and flow with the seasons. But the weight-loss market is far from typical.

After analyzing data going back to 2016, one analyst thinks he has identified a seasonal pattern in demand for drugs such as **Eli Lilly's** Zepbound and **Novo Nordisk's** Wegovy. The drugs have stellar growth in initial sign-ups in the first half of the year followed by slower gains in the second half.

This pattern resembles the cyclical nature of gym memberships rather than the steady trajectory of most pharmaceutical markets, and for good reason: At the start of the year, people often make resolutions to lose weight, exercise or start new diets. It stands to reason that some of these resolutions might also lead to increased demand for weight-loss prescriptions such as GLP-1 drugs.

If the logic is even half-right, it could help explain Eli Lilly's back-to-back misses that have confounded Wall Street.

After starting off the first half of last year strong, Eli Lilly in October reported lower-than-expected third-quarter sales for its blockbuster weight-loss and diabetes drugs, sending its stock tumbling. Then, earlier this month, the company released a fourth-quarter and full-year 2024 outlook that again fell short of analysts' estimates. While the company says it isn't worried about quarterly fluctuations and sees demand as being strong, it sent some on Wall Street into a tizzy.

But Umer Raffat, an analyst at Evercore ISI, thinks the market, and perhaps the company itself, might be overlooking the seasonal aspect of GLP-1 demand. He sifted through new patient start data



Eli Lilly in October reported lower-than-expected sales for its blockbuster weight-loss and diabetes drugs.

and noticed that much of the slowdown in the second half of last year had to do with fewer people starting on the drugs.

To confirm that it wasn't a one-off, he looked back at eight years of data for new patient starts on all GLP-1 drugs and found that the trend tended to repeat itself. For the past several years, growth in new patient starts has slowed in the second half of the year, with one notable exception in the second half of 2022, when Eli Lilly's Mounjaro first launched.

This has significant implications for Eli Lilly, whose stock has been under pressure after two consecutive earnings misses. The company, which has been at the

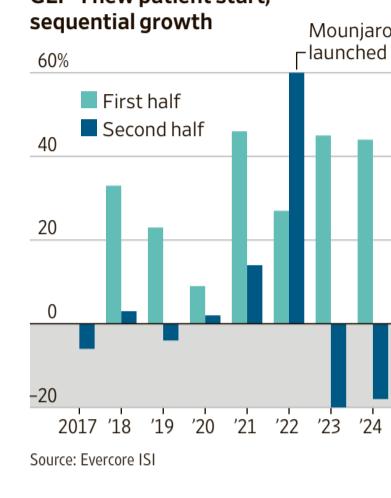
forefront of the rapidly growing GLP-1 drug market, left investors puzzled as to why its growth hasn't met Wall Street's lofty expectations. After the recent quarterly performances, analysts wondered whether the company has a handle on the market dynamics for its fastest-growing products.

If the recent misses were even partly because of the seasonality of GLP-1 demand, that could be good news for Lilly investors. This could set Eli Lilly, which will discuss its 2025 guidance during its earnings conference call next week, up for a strong rebound in the first half of this year. Using his seasonality approach, Raffat estimates sales of Mounjaro and Zep-

bound could hit \$25 billion in 2025, pushing the company's total revenue to \$62 billion, just above its guidance range of \$58 billion to \$61 billion.

Seasonality is likely only part of the story, though. Unlike joining a gym, where a few clicks can secure a membership, obtaining drugs such as Wegovy or Ozempic is more complicated. Insurance deductibles, coverage restrictions and out-of-pocket costs can all play a significant role in patient access.

"January is definitely a time when patients come in with new goals—many set over the holidays," said Dr. Disha Narang, director of obesity medicine at En-



deavor Health System. "But things like employer pushback might also be playing a role in reduced use of these drugs."

The leading obesity drugs have list prices of more than \$1,000 a month, so covering them can lead to a massive increase in employers' healthcare budgets and premiums. Only about half of large employers cover antiobesity medications, and coverage is even spottier among smaller employers. Without coverage, patients sometimes have to pay full list price, limiting uptake.

Either way, Eli Lilly may want to temper its expectations if it does indeed have a blowout first half this year. The company got itself into trouble in the second quarter of last year, raising its 2024 revenue guidance by \$3 billion only to later fall short of its expectations. Had the company never increased its outlook, it wouldn't have missed its projections.

GLP-1 usage might be seasonal. That is something drug companies and their investors should start baking into their models.

—David Wainer

### BUSINESS NEWS



Soho House, an international chain of high-end clubs, has struggled as growing membership and rapid expansion has eaten away at its aura of exclusivity.

## KKR Buys Stake in Medical-Supplies Company

By MIRIAM GOTTFRIED AND LAUREN THOMAS

The private-equity firm **KKR** has taken a big stake in the medical-and-dental-supply company **Henry Schein** and plans to work with the company to improve its operations.

KKR has amassed a large stake in the company and announced a deal Wednesday that includes increasing that stake to 12% with the option to buy up to 2.9% more in the future, confirming an earlier Wall Street Journal report. Henry Schein has agreed to give the private-equity firm two board seats.

Henry Schein, which has a market capitalization of about \$9.5 billion, distributes medical and dental supplies to customers worldwide. The Melville, N.Y., company has been the subject of an activist campaign by **Anonym Capital Management**, which had been focused on CEO succession planning. "This just shows that, when you apply pressure to the right place, a variety of good things become possible," said Charlie Penner, one of Anonym's co-founders, alongside Alex Silver.

Shares of Henry Schein haven't moved much in recent years, while the broader market has surged. Investors have soured on the company's acquisition and integration strategy. The stock was up in pre-market trading Wednesday.

"This is a role we can play, being a long-term shareholder to a company truly under attack from activists," said Pete Stavros, KKR's global co-head of private-equity. He said the firm would be open to making similar investments in companies beset by activists if it has a good relationship with management and can secure formal governance rights.

Activist Loeb Opposes Burkle's Bid To Take Swanky Soho House Private

By BEN GLICKMAN

The super rich are still obsessed with **Soho House** after all.

The chain of swanky clubs with outposts in New York and London had been losing its cachet after a rapid expansion and growing membership wore away at its air of exclusivity. Now, Dan Loeb and his activist hedge fund Third Point are questioning a bid backed by fellow billionaire Ron Burkle to take the club private.

Loeb unveiled nearly 10% stake in the company in a regulatory filing Wednesday. In a letter to its board, Loeb argued that the \$1.7 billion offer was a "sweetheart" deal that resulted from an opaque process.

"While we applaud the decision to return the company to private own-

ership, it appears to us that the board has failed to perform its most important responsibility: to ensure a fair sales process that achieves maximum value for all shareholders," Loeb wrote.

Soho House was founded in London in 1995 and became a place where the rich could enjoy a cocktail with the hope of rubbing elbows with celebrities and power brokers. It opened a New York location in 2003 and saw its profile rise after being

featured in an episode of "Sex and the City," with Samantha's struggles to get into the club burnishing its cred as a hangout spot for the elite.

The chain expanded and had more than 42 clubs as of the end of 2023. Complaints of overcrowding and surging membership have weighed on Soho House, which stopped accepting applications in some cities in recent years.

The \$9-a-share bid announced last month and backed by Burkle represented a significant premium to

where the stock had been trading. Burkle has served as Soho House's chairman since his investment firm the Yucaipa Cos. acquired a majority stake in 2012.

Loeb is pushing the board to consider outside bidders, who he said would pay a better price for the company, and said members would benefit from a visionary new owner. Loeb is one of the best-known hedge-fund managers of his generation and in recent years has pushed for change at Advance Auto Parts and Bath & Body Works.

Representatives for Burkle and Soho House didn't immediately respond to requests for comment.

Shares of Soho House climbed more than 12% in Wednesday's trad-

**\$1.7B**

Value of Burkle's take-private offer for Soho House. Loeb called the proposal a 'sweetheart' deal.

ing.