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THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * * FRIDAY, APRIL 28, 2017 ~ VOL. CCLXIX NO. 98 WSJ.com ★★★★ $3.00

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What's News

Business & Finance

Amazon and Alphabet reported booming quarterly sales and profits, as the tech giants continue to extend their dominance. **A1**

◆ **Uber is interviewing** candidates with track records at large, established firms in its search for a No. 2. **A1**

◆ **Regional-bank insiders** have cashed out since the election, netting executives and directors $1 billion on sales of company stock. **B1**

◆ **Honeywell is being** pressured by activist investor Third Point to spin off its aerospace division. **B1**

◆ **United reached** a settlement with the Kentucky physician forcibly pulled off a flight earlier this month. **B1**

◆ **Southwest will end** overselling of seats by the end of June, accelerating the move after the United incident. **B6**

◆ **Purdue is buying** for-profit Kaplan University with the aim of creating a new, public online school. **A3**

◆ **More new households** chose to buy homes rather than rent last quarter for the first time in a decade. **A2**

◆ **The ECB gave** no signs it is ready to wind down its stimulus despite an economic rebound in the eurozone. **A9**

◆ **Ford's profit** fell 35% last quarter, hurt by higher costs and weaker sales in the U.S. and China. **B3**

◆ **U.S. stocks** edged higher as tech gains offset energy-sector losses. The Dow rose 6.24 points to 20981.33. **B11**

◆ **Neuberger Berman** called on Whole Foods to explore a sale or joint venture. **B10**

World-Wide

◆ **The Pentagon opened** an investigation into whether Flynn violated the law by taking payments linked to foreign governments without permission after leaving the military. **A1**

◆ **Lawmakers prepared** to vote on a stopgap measure to avert a government shutdown, as Republicans signaled they were still short of votes for a health-care bill. **A7**

◆ **Trump planned** to announce a U.S. pullout from Nafta, but calls from the leaders of Canada and Mexico helped change his mind. **A8**

◆ **Trump told** Reuters he wants to renegotiate a free-trade deal with South Korea and have Seoul pay for a missile-defense shield. **A8**

◆ **The Senate confirmed** Acosta as labor secretary, giving Trump his full complement of cabinet members. **A7**

◆ **A Senate panel** voted to back the confirmation of Gottlieb to lead the Food and Drug Administration. **A7**

◆ **Merkel said** the U.K. is risking "wasted time" due to illusions over how well it could fare in Brexit talks. **A9**

◆ **A blast shook** Damascus in what Syrian state media said was an Israeli missile strike on a military installation. **A10**

◆ **Two U.S. soldiers** were killed and a third wounded during an Afghanistan operation, the Pentagon said. **A10**

◆ **A GOP lawmaker** said the government should weigh criminal charges against the CEO of a firm that managed Clinton's email server. **A7**

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An Explosion in Damascus Sets the Morning Sky Alight

SAMEER AL-DOUMY/AGENCE FRANCE-PRESSE/GETTY IMAGES

AGLOW: The view from afar after what state media said was an Israeli strike near the Syrian capital's international airport on Thursday. **A10**

NEXT TAX BATTLE: AXING A BLUE-STATE FAVORITE

Trump proposal would kill deduction for state and local taxes; bipartisan backlash in New York

By Richard Rubin

WASHINGTON—A big tax break skewed toward Democratic-controlled blue states is the next major battleground as President Donald Trump and congressional Republicans attempt to rewrite the tax code.

The tax policy outline Mr. Trump unveiled Wednesday proposes repealing the deduction for state and local taxes, which lets individuals subtract their home-state levies from their federal taxable income. That move was a major shift for Mr. Trump, who previously had called for capping deductions but not killing the break.

What makes the latest proposal politically divisive—and could lead to a split inside the Republican Party—is that it would shift the tax burden from low-tax states such as Texas and Florida to high-tax states such as New York and New Jersey. Blue-state Democrats criticized the proposal, as expected, but Republicans from those states don't like it either.

Congressman Peter King (R., N.Y.), who represents part of Long Island, says he is on board with the GOP's philosophy of eliminating tax breaks and cutting rates, right up to the point where it thwacks his constituents and their ability to subtract $12,000 annual property-tax bills from their federal income.

"I am a Jack Kemp Republican," he said in a recent interview. "I believe in supply-side economics. I'm all for that. But again, this has a unique hit on Long Island."

In the weeks leading up to the White House's announcement, Mr. King, New York Democrats and business groups had been urging Republican leaders in Congress to back off their proposal to repeal the deduction. Instead, the administration—in which the president and his two top economic advisers are

Please see TAX page A11

Pentagon Probes Payments to Flynn

By Byron Tau

WASHINGTON—The Pentagon's internal watchdog opened an investigation into whether former national security adviser Mike Flynn violated the law by taking payments linked to foreign governments without permission after leaving the military, despite being warned against the practice, according to new documents released Thursday by congressional Democrats.

A letter released by Democrats on the House Oversight Committee showed the Pentagon—in response Mr. Flynn's request for a written opinion—had explicitly told him in 2014 not to take any foreign payments without advance approval from military officials. The Pentagon has said it has no records of Mr. Flynn receiving such permission.

The inspector general for the Defense Department told members of Congress earlier this month that the office had opened a probe into whether Mr. Flynn violated the emoluments clause of the Constitution, as well as military regulations, by failing to obtain permission for payments from entities linked to Russia and Turkey, according to a letter the House Democrats released Thursday. The emoluments clause prohibits retired military personnel from receiving pay from foreign governments without congressional authorization.

A spokesman for the inspec-

Please see FLYNN page A7

Big Tech Extends Earnings Boom

By Rolfe Winkler And Laura Stevens

Amazon.com Inc. and Google parent Alphabet Inc. reported booming quarterly sales and profits, showing that the tech giants continue to extend their dominance and fend off concerns that might have dampened growth.

Alphabet on Thursday said net profit in the latest period grew 29%, with no indications yet of an impact from a backlash that began late in the quarter from advertisers worried about their brands appearing near objectionable content.

Amazon, meanwhile, said first-quarter profit jumped 41%, marking its eighth straight quarter in the black, even as it continues to pour investment into new areas. Amazon's longest earnings streak since 2012 affirmed confidence among investors—who had already driven its shares up 53% in the past year—that Amazon has turned into a profit machine as well as a growth machine.

Strong results from Microsoft Corp. and Intel Corp. provided further evidence that technology's juggernauts have nurtured businesses they helped found, such as cloud computing, e-commerce and online advertising, into full industries.

Still, the industry is enter-

Please see TECH page A10

◆ Intel, Microsoft post stronger earnings B4
◆ Tax plan unclear on corporate cash held overseas B4
◆ Heard on the Street: Tech titans go from big to bigger B12

TOMORROW

WSJ. MAGAZINE

CUBA LESS TRAVELED

Summer Movie Season Loses Cool

Hollywood is creating more big-budget 'event' movies than ever. One result: Studios are veering away from the practice of packing the releases into the summer months—instead spreading them out over the year. **A12**

Note: 'Event' movies are big-budget animated and action-adventure films, most of which are sequels, spin-offs or comic-book adaptations.
Source: Box Office Mojo

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Uber Seeks Seasoned No. 2 to Mind Its CEO

By Greg Bensinger, Betsy Morris and Georgia Wells

SAN FRANCISCO—Uber Technologies Inc., in its search for a No. 2 to Chief Executive Travis Kalanick, is interviewing candidates with track records in large, established companies—a sign the ride-sharing titan is looking to temper Mr. Kalanick's idiosyncrasies in exchange for a corporate culture more typically in tune with its size and ambitions.

Mr. Kalanick built a defiantly competitive startup culture at Uber over which he reigned supreme, turning it into a global concern valued at $68 billion but also leading to a series of missteps that in February inspired him to publicly plead: "I need leadership help."

The search for that leadership help, in the form of Uber's first chief operating officer, gives hints as to the type of executive the company seeks. Mr. Kalanick and at least two Uber directors in recent weeks have interviewed candidates such as Thomas Staggs, the former Walt Disney Co. COO, Karenann Terrell, former chief information officer of Wal-Mart Stores Inc., and Helena Foulkes, executive vice president of CVS Health Corp., said people familiar with the candidates.

Uber is also seeking prospects with experience in fields with complicated labor and operational structures, such as airlines, said people briefed on the search. Ms. Foulkes and Mr. Staggs are no longer in discussions with Uber, said people familiar with the talks.

This is Uber's first executive search directly involving the board, said one of the people familiar with the search. Uber declined to make Mr. Kalanick available for an interview.

Uber is describing the new COO to candidates as a partner to the 40-year-old Mr. Kalanick, not merely a deputy such as he has had in the past, these people said. Mr. Kalanick last month said he is looking for "a peer who can partner with me."

Mr. Kalanick wooed a No. 2 before, retail veteran Jeff

Please see UBER page A2

A Miracle at the World's Largest Church: Visitors

* * *

Ivory Coast basilica holds 18,000, but strife deterred tourists

Our Lady of Peace

By Joe Parkinson

YAMOUSSOUKRO, Ivory Coast—There's nothing on earth quite like the Basilica of Our Lady of Peace.

It is one of the tallest churches anywhere, with a 518-foot-high basilica that tops the Vatican's St. Peter's. Guinness World Records calls it the largest church in the world.

Rising like a mirage through the haze of the Ivorian jungle, it is graced with Italian marble of many colors, outfitted with French glass of 5,000 shades and flanked by a grand 272-column colonnade. The price tag on the basilica, consecrated in 1990, was

Please see CHURCH page A10

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U.S. NEWS

More Choose to Own Homes Than to Rent

By Laura Kusisto

For the first time in a decade, more new U.S. households have chosen to buy homes rather than rent, suggesting a long-term decline in homeownership rates might be coming to an end.

Some 854,000 new-owner households were formed in the first quarter, more than double the 365,000 new-renter households, the Census Bureau said Thursday.

The development marked the first time since the third quarter of 2006 that the number of new homeowners outstripped new renters, according to Ralph McLaughlin, chief economist at the real-estate website Trulia.

The overall homeownership rate ticked down to 63.6% in the first quarter from 63.7% in the fourth quarter, but economists were encouraged by the increase in new households joining the ownership ranks.

Hitting Bottom?

U.S. homeownership rate

Source: U.S. Census Bureau

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Household formation is a driver of the market, both for home purchases and rental units. The fact that more new households in the first quarter chose to own rather than rent could signal the beginning of a reversal of a long-term decline in overall homeownership.

"The fact that many new owner-occupied households are forming is really our first sign that the homeownership rate is on the rise," Mr. McLaughlin said.

The homeownership rate peaked at just over 69% in the mid-2000s before hitting a 50-year low of 62.9% in the second quarter of 2016. It has hovered at about 63.5% for the past couple of quarters, below the long-term average of roughly 65%.

Any lasting increase could be good for the overall U.S. economy. Buying a home contributes more to the economy than renting. More workers are required to build a single-family home than a rental unit, and homeowners spend more on renovations than renters.

An analysis by the Rosen Consulting Group found that the home-building industry would have added more than $300 billion to the economy last year if construction returned to the long-term average. In 2016, total spending on housing clocked in at 15.6% of gross domestic product, compared with a 60-year average of almost 19%.

The creation of more new-owner households also indicates Americans are more confident in the economy.

"People are looking at housing as being a bit more attractive as memories of the financial crisis fade," said Joseph LaVorgna, chief U.S. economist with Deutsche Bank.

A handful of other recent signs suggest demand for homeownership is gaining strength. Sales of previously built homes reached their strongest sales pace in a decade in March, the National Association of Realtors said last week. U.S. new-home sales were up 5.8% in March, the third consecutive month of improvement.

Home builders say they have also been seeing increased interest from first-time buyers and are looking to build starter homes to accommodate them. First-time buyers made up 32% of the market in March, up from 30% a year earlier, according to the NAR.

Eric Thomas, a 28-year-old who works in the medical-device industry in Cleveland, said a recent promotion helped spur him to buy. Mr. Thomas said he looked at 30 houses and saw many of them go for $5,000 to $10,000 over the listing price. The home he recently purchased is 2,000 square feet with a finished basement, for which he paid $170,000.

"I was sick of throwing money away into rent," he said.

Some researchers predict the homeownership rate will resume its decline.

Susan Wachter, a professor at the Wharton School at the University of Pennsylvania, is among those who predict the homeownership rate could fall closer to 50% by 2050. "The order of magnitude to get us back to historic norms just is not in this data," she said.

U.S. WATCH

ECONOMY

Durable-Goods Orders Signal Slow Recovery

Demand for long-lasting factory goods improved modestly in March, a sign that manufacturing is healing slowly as business investment remains restrained.

Orders for durable goods—products designed to last at least three years, such as trucks and computers—increased 0.7% from the prior month, the Commerce Department said Thursday. The month marked the third straight in which orders increased, but March's gain was the weakest.

The manufacturing sector has found firmer footing since the middle part of last year, but businesses are only modestly increasing capital investments, a limiting factor for worker productivity and broader economic growth.

"The business-investment situation looks better today than it has for quite some time," said Stephen Stanley, chief economist at Amherst Pierpont Securities. "But the near-term outlook is still restrained, as many firms are waiting to see what happens with corporate tax reform, regulatory relief" and other policies.

—Eric Morath

MICHIGAN

Flint to Receive Funds For Water Problems

The Michigan Legislature is sending Flint $100 million in federal funding to address the city's water crisis.

Then-President Barack Obama and Congress approved the aid in December, and state lawmakers voted Thursday to officially pass the money along to Flint.

The federal money requires a $20 million state match, which will be provided from funding authorized last year.

The new money will be used to replace corroded pipes that leached lead and to update aging water mains and infrastructure. Water meters will be replaced, and an engineering study will be done. This week marked the three-year anniversary of the city's switch to using the Flint River for municipal water while under state management. Residents are still using filtered or bottled water.

—Associated Press

ALABAMA

Storms Hit State on Twister Anniversary

Storms moving through the Deep South on Thursday left damage in southeastern Alabama after flooding caused a death in North Carolina earlier in the week.

Trees were on top of houses and a man was trapped in his home by a fallen tree, Jeanna Barnes of the Pike County Emergency Management Agency said.

To the north, in Montgomery County, fallen trees blocked roads and caused minor structural damage. No serious were injuries were reported, but the National Weather Service issued at least a half-dozen warnings. Central Georgia was under a tornado watch.

The severe weather came on the anniversary of the day dozens of twisters plowed across the Southeast on April 27, 2011, killing more than 250 people in Alabama. In Montgomery, flags were lowered in memory of the victims.

—Associated Press

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A Replica From Columbus's Voyage Reaches South Carolina

MICHAEL PRONZATO/ASSOCIATED PRESS

THE NEW WORLD: A replica of the Pinta, used in Christopher Columbus's 1492 trip, arriving at Charleston Harbor on Thursday.

UBER

Continued from Page One

Jones, telling him Uber was ready for a strong second-in-command, said a person familiar with Mr. Jones's tenure. Mr. Jones, hired from Target Corp. to be president of ride-sharing, soon found Mr. Kalanick unwilling to be challenged, the person said. He left in March after six months.

Whoever becomes COO must help steer Uber out of the biggest turmoil in its history. In rapid succession, it has faced sexual-harassment allegations, a lawsuit over allegedly stolen technology, disclosure of an app to evade regulators, a falling-out with its headquarters city over a self-driving car test and an exodus of executives.

The blows have so far been mainly to Uber's image, but the incidents are exposing it to legal challenges, threatening to slow its push toward self-driving vehicles and complicating its prospect of an initial public offering.

The new COO will also face problems with Uber's business model, which requires subsidies—such as sign-up bonuses and cash rewards for reaching certain driving targets—to keep its contract drivers driving. Uber said it lost $2.8 billion last year on $6.5 billion revenue, not including its unprofitable China business, which it sold, and other items.

Mr. Kalanick has insisted on running Uber like a scrappy startup even though it is now a global company whose private valuation exceeds those of companies such as Ford Motor Co.

It operates in more than 70 countries with around 12,000 employees and 1.5 million contract drivers, yet it has no chief financial officer. Unlike smaller rival Lyft Inc., it has had no chief operating officer with companywide duties. Until lately, it had a spartan human-resources department, said current and former employees; it brought on its latest human-resources chief in January, six months after her predecessor left.

"There is a point when you go from an entrepreneurial fly-by-the-seat-of-your-pants startup to a professional organization that needs all the structure and bureaucracy that goes with it," said Michael Barnett, professor of management at Rutgers Business School, "and they are big enough in terms of most measures to need that."

Current and former employees describe a workplace that could resemble aspects of the startup world parodied in the television series "Silicon Valley." Mr. Kalanick, they said, established a culture that pressured staff to stay late to be present when strategic conversations happened and for fear they would get reprimanded for not having a strong work ethic.

A Kalanick hallmark has been night jam sessions—"seshes," in Uber parlance—that could last until 2 a.m. The CEO sometimes summoned employees with little warning, causing them to delay other projects and scramble to prepare for session topics such as how to capitalize on Uber's size. A topic might be debated each night for a week.

Mr. Kalanick played teams against each other, sometimes sowing resentment. Those elements went beyond fostering competitiveness, said some of the current and former employees, leading to disorganization and infighting.

Uber shareholders continue to support Mr. Kalanick, including Shawn Carolan, managing director at venture-capital firm Menlo Ventures. "Founders bring something else to the table," he said. "I do believe Travis believes in the mission to the core."

The board hasn't considered replacing Mr. Kalanick, director Arianna Huffington, the media mogul, told reporters last month, "because it hasn't come up and we don't expect it to."

Mr. Kalanick and two other early employees have majority voting control in the seven-member board. The other directors are private-equity billionaire David Bonderman, venture capitalist Bill Gurley and an official from a Saudi Arabian government investment fund.

In prior searches, the board generally left Mr. Kalanick and other executives to conduct personnel reviews, though directors have in the past recommended executives, said people familiar with the search. This time, directors Mr. Gurley and Ms. Huffington are helping interview candidates.

—Joann S. Lublin contributed to this article.

Executive Order: Clean Up Missteps

One of the chief operating officer's tasks will be to help Uber Technologies Inc. recover from recent troubles, which included its ignoring California regulator warnings by putting self-driving cars on San Francisco streets in December. Uber withdrew the cars, got permits, and brought some back to the city.

In February, a former engineer accused Uber of being permissive of sexual harassment. Uber Chief Executive Travis Kalanick condemned the behavior she described and ordered an investigation.

That month, Google parent Alphabet Inc. alleged Uber conspired to steal self-driving-vehicle technology, claims that Uber denied. Then a video of Mr. Kalanick yelling expletives at an Uber driver emerged, prompting him to pledge to "grow up."

In March, Uber acknowledged an initiative to elude regulators with a fake version of its app, meant to circumvent stings. It said it ended the practice.

—Greg Bensinger

CORRECTIONS & AMPLIFICATIONS

Historical data for price-to-earnings multiples for the Nasdaq Composite for an Equities article and graphic on Wednesday about the index were provided by Thomson Reuters Datastream. The article and graphic incorrectly said the source was Thomson Datastream.

The MacPhail Center for Music in Minneapolis has some 2,000 students 55 or older who are enrolled in the school's Music for Life division. An Encore report article on Monday about older adults learning to play music incorrectly said that 350 of the division's 2,000 students are 50 or older.

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

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DANIEL ACKER/BLOOMBERG NEWS

The Purdue University campus in West Lafayette, Ind. Purdue said on Thursday that it plans to acquire assets of Kaplan University.

Purdue Sets Sights Online

The Indiana school aims to expand reach, create new revenue stream in Kaplan deal

By Douglas Belkin And Melissa Korn

Purdue University, a flagship public institution in Indiana, is jumping into online education by buying for-profit Kaplan University with the aim of creating a new, public online university.

The highly unusual acquisition will extend Purdue's reach to more working adults while building an additional revenue stream at a time when state funding is uncertain.

Purdue President Mitch Daniels said the school wanted to stay true to its land grant mission of educating as many people as possible, but he recognized it couldn't build an online presence alone.

"We took a long build-or-buy analysis and came to the honest recognition that we would be very unlikely to succeed building it ourselves," said Mr. Daniels.

The venture highlights the shifting higher-education market as public funding declines, tuitions rise and college students grow older, busier and more indebted. These broad changes come as some sort of postsecondary education grows increasingly critical to earn a middle-class salary.

Purdue said Thursday that it plans to acquire Kaplan University's 32,000 students, 3,000 employees and 15 bricks-and-mortar campuses and learning centers from Graham Holdings Co., which will maintain Kaplan's international, professional and test-prep businesses.

Although Kaplan has struggled in recent years amid a wave of problems for for-profit schools, Purdue has built protections for itself into the deal and views the nonprofit online sector as a growth area.

The new university, as yet unnamed, will be a nonprofit, public-benefit corporation, according to a securities filing by Graham Holdings. It will have its own board of trustees, but members will be appointed by Purdue, and will maintain a separate accreditation from the main Purdue system.

If approved, Purdue will pay Kaplan $1 upfront for the transfer of its institutional assets to Purdue, and then Kaplan can earn up to 12.5% of the new school's revenue if certain conditions are met.

Graham Holdings shares closed Thursday off 0.6% at $609.90. Graham also owns seven television stations, the publishers of Slate and Foreign Policy magazines, a home health and hospice service and manufacturing companies.

Under a 30-year contract, Kaplan will continue to provide the new university with technical support, human resources for transferred employees, admissions and financial-aid assistance, marketing and other back-office functions. Purdue can opt out after six years.

The deal comes after a yearslong slide for Kaplan, as it and other for-profit colleges were battered by public scrutiny and new regulatory oversight designed to curb the number of students leaving those schools with debt they wouldn't be able to repay.

In early 2010, before that crackdown gained steam, Kaplan had nearly 120,000 students across its programs, including more than 70,000 at Kaplan University. It has fallen a long way since then, enrolling 32,000 at the online university segment being acquired by Purdue.

Kaplan University's 2016 revenue fell to $617 million from $1.01 billion two years earlier. Part of that decline was prompted by the 2015 sale of 38 campuses and closing of two others. The majority of Kaplan's classes are taught online but it retains 15 locations, mostly in the Midwest.

In recent months, shares of online colleges have climbed as President Donald Trump has talked of easing regulations proposed and implemented by President Barack Obama.

Web Giants

Online students of some major nonprofit and public universities

NONPROFIT PRIVATES
Liberty University: More than 90,000
Western Governors University: 81,000
Southern New Hampshire University: 80,000

PUBLICS
University of Maryland University College: 85,000
Purdue University's Kaplan assets: 32,000
UMassOnline: 29,000
Arizona State University Online: 25,000
Colorado State University-Global Campus: 18,000

Source: The schools (numbers are approximate)

Whale Deaths Trouble Scientists

Worrying Trend

Annual humpback whale strandings from Maine to North Carolina

Note: 2017 figure through April 24.
Source: National Oceanic and Atmospheric Administration
THE WALL STREET JOURNAL.

By Jon Kamp

U.S. authorities are launching an investigation into an unusually high number of dead humpback whales found along the Eastern seaboard from North Carolina to Maine.

The number of humpback deaths this year—15 to date—tops the annual average, according to the National Oceanic and Atmospheric Administration. And since the start of 2016, the NOAA has recorded 41 deaths among the huge mammals along that stretch of the Atlantic coast.

One early clue is a high number of fatal boat strikes. NOAA officials said 10 of 20 dead whales examined thus far had propeller wounds or evidence of blunt-force trauma.

As large as the animals are, "a vessel of any size can harm a whale," said Greg Silber, the coordinator of recovery activities for large whales with NOAA Fisheries' Office of Protected Resources.

Mr. Silber said he wasn't aware of a spike in boat traffic in the region but said whales may be getting into shipping traffic more as they chase their prey. The whales eat small fish and tiny crustaceans called krill by gulping huge amounts of water, then straining the water out through baleen plates in their mouths.

The new worry about humpback deaths comes less than a year after NOAA Fisheries decided to remove most humpback populations, including the whales that roam waters off the Eastern U.S., from the endangered-species list. The agency cited the animals' successful rebound from the days of commercial whaling.

Humpbacks, known for their charismatic breaching behavior when they launch themselves out of the water, are a popular draw for coastal whale-watching tours. NOAA officials said some other species of whales off the Eastern U.S. are dying at an expected pace, but the agency declared its first "unusual mortality event" for humpbacks in a decade.

By using that designation, NOAA officials can open a detailed probe into the reasons behind the whales' deaths.

Trump Breaks Precedent With NRA Speech

By Joe Palazzolo

Donald Trump's address to the National Rifle Association on Friday, the first by a sitting president since Ronald Reagan, represents a major victory for the organization and a symbol of its pull with the new administration.

But the NRA's political clout contrasts with its more modest success in courts, where judges have upheld gun regulations against Second Amendment challenges more than 90% of the time since 2008.

Gun-rights activists say that trend is about to change. Mr. Trump's speech at the organization's annual meeting in Atlanta comes amid a buildup of legal power on both sides of the gun debate, and just weeks after the confirmation of Justice Neil Gorsuch, the first of many pro-gun nominees activists hope Mr. Trump will tap to serve on the federal courts.

Emboldened by the 5-4 conservative majority on the Supreme Court, Second Amendment lawyers said they planned to file more lawsuits challenging gun regulation.

"Basically, for us, it's full-throttle ahead again," said Alan Gottlieb, founder of the Second Amendment Foundation, a Seattle-based group that challenges gun restrictions. "We think we have a green light to file more cases."

Last week, the NRA filed a lawsuit challenging California's ban on semiautomatic rifles patterned after military arms. Mr. Gottlieb's group is challenging state regulations that ban firearms in public housing and bar foster parents from keeping guns at home.

"The National Rifle Association will continue to be extremely active in the legal arena," said Chris Cox, executive director of the NRA Institute for Legislative Action.

A White House spokesman didn't respond to a request to comment.

On the other side of the debate, gun-control groups that have historically helped defend gun regulations are searching for suitable targets to sue.

Late last year, well-funded corporate law firms including Covington & Burling LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP announced a coalition with gun-control organizations including Americans for Responsible Solutions, which was founded by shooting victim Rep. Gabby Giffords, to challenge laws that expand gun rights.

NRA-backed legislation pending in Congress would allow people to carry concealed guns across state lines as long as they have approval from their home states. J. Adam Skaggs, litigation director for ARS and the Law Center to Prevent Gun Violence, said the coalition would challenge the legislation if it passes.

Everytown for Gun Safety, the largest U.S. gun-control group, recently hired a former federal prosecutor, Eric Tirschwell, to prepare legal challenges. "We see an agenda being pushed for guns pretty much everywhere, and I think those laws collide with other constitutional and statutory rights," he said.

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Report Card's Key Measure: Lessons Learned

CAPITAL JOURNAL
By Gerald F. Seib

As the Trump presidency's 100-day mark arrives Saturday, here's a little secret: That opening stretch often is a rocky one for new presidents.

Bill Clinton suffered through a botched economic-stimulus package, a controversy over gays in the military and a White House travel-office scandal. George H.W. Bush made what turned out to be a disastrous pick for defense secretary.

If you reach back further, John Kennedy made a historic blunder by approving the ill-fated Bay of Pigs invasion in Cuba, a failure that continued to haunt him.

President Donald Trump's journey through 100 days has been notably messy, of course. His most important legislative effort, on health care, collapsed at the hands of members of his own party, while a travel ban on select Muslim-majority countries stalled in the courts. His national-security adviser was fired in a controversy over contacts with Russian officials. He leveled an unsubstantiated accusation that his predecessor tapped his phones. He set a record for early job disapproval.

Yet he has been more effective on other fronts. With less notice, he has begun a broad rollback of regulations, in part through use of a long-dormant law that allows elimination of past regulatory directives, to the cheers of the business community. His team got a respected Supreme Court nominee through the Senate. Ditching campaign-season impulses, he launched a strike at Syria over its use of chemical weapons, and built what seems to be a solid relationship with China's president.

KEVIN LAMARQUE/REUTERS

History suggests President Trump's grades near the 100-day mark mean less than what he has learned about how to operate.

So the debate is on over what Mr. Trump has and hasn't done at the much-hyped 100-day milestone. But history suggests that the precise balance sheet at 100 days means less than what has been learned about how a new president operates—and what kinds of adjustments he makes based on those opening lessons.

Ronald Reagan used his opening 100 days to build an effective legislative coalition of fellow Republicans and conservative Democrats. That coalition implemented his broad agenda in his first year—and then was useful the following year when he needed to roll back some of his signature tax cuts to shrink the deficit. He also began learning that allowing multiple, competing power centers inside his White House wouldn't work.

Mr. Kennedy learned not to put unquestioned trust in military leaders and to put stock in his own instincts. That proved useful in guiding him through the Cuban missile crisis that came later.

Mr. Clinton learned he needed to impose more order on his personal and political world. He did, and ended up overseeing a prospering economy and largely successful presidency—although that lack of personal discipline returned to haunt him in the Monica Lewinsky affair.

Those early lessons are the ones that proved prescient in the past. So the important question at this point may be less what did or didn't happen in Mr. Trump's first 100 days, but what we know about the new presidency—and what lessons the president might walk away with himself.

We know that Mr. Trump is a restless activist who doesn't abide by the rules, for better and for worse. His presidency will never be quiet. The risk for him now is that the volume and looseness of his running commentary will undermine his ability to communicate effectively, at home and abroad, when it's urgent to do so.

Yet we also know he can curb his impulses, if he really wants to. He has gone stretches without indulging in his Twitter addiction. He can lean toward more of a conventional style when he wants to. He bashes the press yet also is open to it in a way few of his predecessors were.

Perhaps more important, he has allowed a cadre of more conventional advisers—Secretary of State Rex Tillerson, Defense Secretary Jim Mattis, economic adviser Gary Cohn, Treasury Secretary Steven Mnuchin—to accumulate increasing influence. Whether that continues is a key indicator for the next 100 days.

Perhaps most important, Mr. Trump is hitting the 100-day mark without a clear governing coalition. Republicans' control of the White House and both houses of Congress created an expectation that getting things done might be easy, but the early failure on the Obamacare repeal showed that he can't count on support from his party's most conservative wing.

At the same time, he hasn't managed to win meaningful Democratic support, outside of cheers for the Syria strike. The polarizing effect of his opening days has made that task tougher; Democratic National Chairman Tom Perez, in his own 100-days message, called on Democrats "to keep resisting for the next hundred, and the hundred after that, and on until Donald Trump is out of office for good."

The foremost presidential challenge for the next hundred days and beyond is to get Washington beyond the dangers of paralyzing polarization.

A New President Takes the Reins

Sources: Gallup (approval ratings); WSJ Market Data Group (Dow); staff reports (events) Note: Final data point based on April 24-26 daily average.

THE WALL STREET JOURNAL.

After Bumpy Start, Loyalists See a Course Correction

By Eli Stokols

For President Donald Trump, arriving at the first milestone of his young presidency, old habits have died hard.

Determined to bend the institution of the presidency to fit his own improvisational style, Mr. Trump's Oval Office routine isn't materially different from how he operated for years on the 26th floor of Trump Tower: He continues to work the phones and watch hours of television every day. He has also refused to give up tweeting for himself from his own cellphone, as his predecessor, Barack Obama, did.

But Mr. Trump's increasing focus on his first 100 days as an important measuring stick has compelled him to accept some of the intractable realities in Washington and the world. Administration officials close to the president say that in recent weeks he is correcting course after acknowledging he had been slow to transition from campaign mode.

These officials point to the institutionalization of his national security team, a diminished public role for campaign advisers Steve Bannon and Kellyanne Conway, and the emergence of a more pragmatic advisory team led by Jared Kushner, the president's son-in-law, and former Goldman Sachs Chief Gary Cohn.

At the same time, Mr. Trump has spent the days leading up to his 100th day in office racing to fulfill campaign promises, seeking to renegotiate the North American Free Trade Agreement, trying to coax Congress into a new health-care deal, and rolling out the broad outlines of what would be a massive tax-cut undertaking.

"He continued the war of 2016, and he's kind of blown up his own honeymoon," said Douglas Brinkley, a presidential historian at Rice University. "The basic checks and balances are being learned in real time, and he needs to be a faster learner than he's been in the first 100 days."

Many observers say the president has squandered valuable time, and his uneven early performance has taken a toll: Mr. Trump now ranks as the least popular president amid the last 12 occupants of the White House at this point in a first term, with a 40% approval rating, according to the latest Wall Street Journal/NBC News poll.

J. SCOTT APPLEWHITE/ASSOCIATED PRESS

Senate Majority Leader Mitch McConnell, shown in April, praised the president but lightly chided him for his tweeting habits.

"The proposition in the last couple of weeks shouldn't have been how to fix the first 100 days, but how to recover from them," said Steve Schmidt, a veteran of George W. Bush's White House.

Mr. Trump does have one unquestionable, lasting accomplishment: the nomination of new Supreme Court Justice Neil Gorsuch, a 49-year-old likely to maintain his place on the bench for several decades.

Senate Majority Leader Mitch McConnell (R., Ky.) praised the president overall, citing his efforts to cut regulations and foreign-policy moves while lightly chiding him for often creating distractions in 140-character bursts.

"As I've said repeatedly, I'm not a big fan of the president's tweeting habits, but if you focus on what he's actually doing, I think he's doing exactly the right thing," Mr. McConnell said this week.

The White House has said its executive actions on regulatory reform would save $18 billion annually by reducing costs for businesses. "To us, that's a huge achievement," said Marc Short, Mr. Trump's director of legislative affairs.

While he has largely followed through with early action on his signature issues of curtailing illegal immigration—deportations are up, border apprehensions are down—and withdrawing from an Asian trade deal, he has reversed his position on several other issues.

Needing China's help reining in North Korea, the president decided not to declare the Chinese government a currency manipulator. The North Atlantic Treaty Organization is no longer "obsolete." Mr. Trump now supports the Export-Import Bank, changing his mind after conversations with business leaders.

"There are some places you can see him learning," said Newt Gingrich, the former House speaker who was a top campaign surrogate and still speaks regularly with the president. "He's very existential in that he lives in this moment."

The White House has also backed off a threat to risk a government shutdown unless Congress approved partial funding for the president's proposed border wall. Additionally, the Trump administration has signaled in recent weeks it may not withdraw from the Paris agreement on climate change or the multinational nuclear deal with Iran.

Felipe Calderón, a former president of Mexico who is among the world leaders lobbying the administration not to withdraw from the Paris accord, is optimistic that Mr. Trump appears willing to listen and even modify previously avowed positions.

"When you are in office, you are often trapped by your own words," Mr. Calderón said. "But when you need to run an office, you need to be much more realistic."

—Peter Nicholas and Natalie Andrews contributed to this article.

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For Trump, A Difficult Courtship Tiptoes On

By Siobhan Hughes

He gave a well-reviewed speech to a joint session of Congress and guided his Supreme Court nominee to confirmation.

But President Donald Trump has also hit some rocky moments in his relationship with lawmakers, most notably in his inability, so far, to guide an overhaul of the Affordable Care Act through the House, despite lobbying for it personally.

Here are a few recommendations from veteran lawmakers and Congress watchers as the Republican president works with a GOP-controlled co-equal branch of government.

Take time to win buy-in

Lawmakers can be fired only by the voters, and they need to be persuaded that legislation is in the interests of their constituents.

That can take time, former lawmakers said, citing as recent examples the GOP's difficulty rallying behind the health-care bill and the bumpy, bipartisan negotiations over a government-spending bill, which hit a complication when the White House tried, over Democratic objections, to insert money for a Mexico border wall. Mr. Trump ultimately said he might ask for that money later in the year.

Former Senate Majority Leader Trent Lott (R., Miss.) said that it is important for a president to start early in making his case to lawmakers. "You can't wait until the last minute to weigh in. You have to be in on the takeoff if you want to be in on the landing," Mr. Lott said.

Things work better when you communicate

U.S. missile attacks on a Syrian air base earlier this month received widespread congressional support after Mr. Trump and members of his cabinet hit the phones in advance to explain their rationale.

By contrast, a January executive order restricting entry to the U.S. from seven Muslim-majority countries, based on the administration's national security concerns, was panned even by many Republicans, who weren't notified in advance and who complained that the policy stoked confusion.

Former Rep. Charles Boustany, a Louisiana Republican, said that Mr. Trump could strengthen communication by more fully staffing the executive departments.

"I hope that the president and his team understand that they have to get these agencies filled with deputies and assistant undersecretaries in order to work more closely with Congress," he said.

Campaigning is different from governing

The candidate who ran last year against "Lyin'" Ted Cruz and "Crooked" Hillary Clinton became a president who called Sen. Chuck Schumer of New York, the chamber's Democratic leader and a potential partner in passing legislation, the "head clown."

Soon afterward, Mr. Trump would appeal to Mr. Schumer and his party to negotiate on a health-care bill.

Mr. Trump later showed some adaptability by reaching out to critics such as Sen. John McCain (R., Ariz.), whom Mr. Trump called personally about airstrikes on Syria, and Mr. Cruz, a Republican senator from Texas, whom he had over for dinner.

"He's learning that you can't just personalize things in politics the way you could in business," said former Sen. Judd Gregg, a New Hampshire Republican. "The guy who votes against you days ago is the guy whose votes you are going to need tomorrow."

Some veterans of Congress urge Mr. Trump to slow down. In the last week alone, he has said that he wants to make progress on a government-spending bill, a health-care bill and a tax-overhaul bill all in the same week.

"You can't do too many things at one time because you're dealing with 535 people. You've got to have your priorities," Mr. Lott said.

Economic Gauges Rise—for Now

By Josh Zumbrun

Even before Donald Trump's inauguration, he had accomplished something that bedeviled his predecessor, President Barack Obama, for eight years: awakening the economy's "animal spirits."

A range of economic gauges climbed, from business and consumer confidence to the financial markets, as optimism surged, particularly among Republicans. The momentum was propelled by Mr. Trump's campaign promises, including repealing and replacing Mr. Obama's health care law, overhauling the tax code, rolling back regulations and jolting the economy with $1 trillion in infrastructure spending.

As his first 100 days in office draw to a close, that energy stands as Mr. Trump's main economic accomplishment. Though he has dialed back some regulations by executive order, many of the economic-policy pledges have yet to be fulfilled.

"In the meantime, the only engine for growth is going to be the private sector and its confidence in the new management team," said Bill Dunkelberg, chief economist at the National Federation of Independent Business. Going forward, "legislative progress is essential."

For over 40 years, the NFIB has surveyed small businesses to measure their economic optimism. The postelection surge propelled its optimism index to levels seen only twice before: for a stretch in 2004, after President George W. Bush enacted his second large tax cut package, and in 1983 and 1984, the era that President Ronald Reagan had proclaimed "Morning in America."

But those upswings came after major legislative victories. Scott Anderson, chief economist of the Bank of the West, describes today's sentiment surge as "blind hope that policy changes put forward by the new administration will shake up the unsatisfactory status quo."

The question many observers ask is whether the optimism marks the beginning of a new era for the economy, or whether it will prove a fleeting moment of false promise.

Mr. Trump had promised in his first 100 days to fight for the passage of 10 broad legislative measures, including the infrastructure package, middle-class tax relief and lower corporate tax rates. None of the 10 has passed Congress.

Mr. Trump proposed cutting the corporate tax rate to 15%, and lowering personal rates as well, while eliminating deductions for state and local taxes. The proposal faces a challenging road through Congress, where the plan likely would require at least some Democrats to back it.

The infrastructure plan faces hurdles, too—how much to increase deficits to fund the investments? And Mr. Trump's proposal to ramp up military spending needs funding.

"Clearly, President Trump is taking a page right out of President Reagan's playbook, talking about tax reform, less government regulation, military spending," said KC Mathews, the chief investment officer of UMB Bank in Kansas City. "But can you use the same policy in a different part of the [economic] cycle and expect the same efficacy?"

When Mr. Reagan took office, taxes were much higher, leaving more room to cut. The national debt was much lower, meaning there was perhaps more willingness from Congress to increase government borrowing. The nation was far less polarized, too, meaning it was easier for representatives and senators of different parties to come together in legislative majorities.

Mr. Reagan later presided over large declines in inflation, which positioned the Federal Reserve to begin highly stimulative interest rate cuts, further fueling growth. This time, inflation and interest rates are low from the get-go, meaning little prospect of added economic juice, and the Fed has embarked on gradually raising rates.

For now, the optimism largely remains. The Dow Jones Industrial Average sat below 18000 the week before the election. It soared after the vote, crossing the 19000 threshold before the end of November, and climbing above 20000 a few days after the inauguration.

On March 1, the index closed above 21000 for the first time and remains near that level today. U.S. household holds collectively owned corporate equities valued at around $25 trillion last year, so the 16% increase since the election amounts on paper to between $3 trillion and $4 trillion in new wealth. If it endures, it is a meaningful increase, regardless of what happens legislatively.

But many traditional economic indicators have yet to show much movement, though 100 days is a short window to expect major changes in hard economic data. The pace of job growth has been little different than under President Obama. Retail sales dipped in February and March. Economic growth for the first quarter is widely estimated to have been weak.

While the large accomplishments promised on the campaign trail have remained elusive, the president has taken smaller steps to chip away at regulations that many in the business community had found counterproductive.

"Already, we have seen the new administration make pro-business moves, particularly regarding regulations, that have helped to keep sentiment elevated," said Chad Moutray, chief economist at the National Association of Manufacturers.

Others say that just because major economic policy changes didn't arrive as promised, they could be around the corner. "The logic would dictate that Republicans want something to take to their voters in 2018," said Gus Faucher, chief economist of PNC Bank in Pittsburgh. "That argues for tax cuts and infrastructure in 2018."

Accentuate the Positive

Measures of consumer and small-business confidence are at some of the highest levels in the past 40 years.

Sources: National Federation of Independent Business (small business optimism); Conference Board (consumer confidence) THE WALL STREET JOURNAL.

CHIP SOMODEVILLA/GETTY IMAGES

Ivanka Trump, right, walking with her husband, Jared Kushner, at the White House in February.

Family Takes a Leading Role, Shaping President's Agenda

By Rebecca Ballhaus And Peter Nicholas

President Donald Trump has shattered many of the precedents set by past inhabitants of the Oval Office. Perhaps chief among them: his heavy reliance on members of his family to carry out his agenda. While ethics experts say the decision to appoint family members to official roles doesn't break antinepotism rules, they have raised questions about the qualifications of those appointees, who—like Mr. Trump—hold no government experience. Trump supporters' response: Americans didn't vote for experience.

Ivanka Trump

The president's daughter has had the highest profile of any of his children, recently taking on an unpaid post in the White House as assistant to the president. She has an office in the West Wing and a growing staff.

Ms. Trump sits in on many of her father's meetings, and moderated a recent summit with German Chancellor Angela Merkel and German business leaders. Her primary focus at the White House is on issues concerning women and children, including pushing for a deduction for child-care expenses as part of the administration's plan to overhaul the tax code.

Ms. Trump has drawn criticism from women's groups as her father has signed legislation aimed at cutting off federal funding to groups that provide abortions, including Planned Parenthood.

Jared Kushner

Ivanka Trump's husband has emerged as the most powerful person working in the White House not named Trump. The 36-year-old has an office in the West Wing and a portfolio that seemingly expands by the week.

Mr. Kushner has been a point of contact for foreign diplomats looking for insights into the new president's thinking. Mr. Trump has tasked him with ushering in a Middle East peace deal and put him at the helm of an effort to make the vast federal bureaucracy operate more efficiently.

Mr. Kushner, who comes to the job from the deal-making world of New York real estate, is often seen as a moderating influence in a White House peopled with its share of conservative ideologues. Mr. Kushner appears to have won a power struggle with Mr. Trump's chief strategist, Steve Bannon, administration officials say.

Eric Trump

Eric Trump, together with his brother Donald Jr., has taken the reins of the family business since his father's inauguration. As part of that role, the two have traveled internationally, including a trip to Dubai in February to open a Trump golf club there and to Vancouver to open a hotel the same month.

Eric, unlike Donald Jr., isn't a legal trustee of the trust into which the president placed his assets ahead of his inauguration, and instead serves as an adviser to the trust.

Donald Trump Jr.

Donald Jr. has taken to the campaign trail in recent weeks, most recently visiting Montana to campaign on behalf of Republican House candidate Greg Gianforte ahead of a special election in the state. He also spoke at a Republican fundraiser in Dallas last month, where he said he had "basically...zero contact" with his father.

Wary Investors Dial Back the 'Trump Trade'

By Aaron Kuriloff

Markets are signaling caution after investors greeted President Donald Trump's election with enthusiasm.

Bets on higher economic growth, inflation and interest rates—which became known as the "reflation trade"—have eased since the election. The yield on the 10-year Treasury note is lower than it was when Mr. Trump took office, including a decline Wednesday after the White House unveiled its tax proposal. The U.S. dollar has retreated from a 14-year high hit after the election.

Many popular postelection wagers took a hit last month after Republicans failed to repeal and replace the Affordable Care Act, highlighting the difficulties they could face advancing new legislation even while holding the White House and both houses of Congress.

As hopes for swift enactment of business-friendly tax cuts, regulatory rollbacks and infrastructure spending have waned, investors have dialed back on stocks that were expected to benefit from such shifts, like bank and industrial shares. They have poured money into companies that have generally served up better-than-average returns since the financial crisis, such as large technology companies.

Strong earnings reports from bellwether companies including McDonald's Corp. and Caterpillar Inc. helped stocks rally broadly this week, propelling the tech-heavy Nasdaq Composite past 6000 for the first time.

"People will ultimately look through that stuff and focus on reality, and the reality is we're on a pretty significant upswing when it comes to earnings data," said Nathan Thooft, co-head of global asset allocation at Manulife Asset Management. "On top of that, we have a very supportive economic backdrop."

Other moves have reversed course. The yield on the benchmark 10-year U.S. Treasury note remains above its Election Day level of 1.867%, yet has fallen to 2.298% Thursday from 2.461% the day before Mr. Trump was sworn in. The WSJ Dollar Index, which measures the U.S. currency against 16 others, is above where it was on Nov. 8 but has fallen more than 2% since Jan. 19.

Few money managers are ready to declare the so-called reflation trade dead. Data pointing to economic expansion in the U.S. and around the world persist. The reflation trade has tended to regain some steam on signs of progress on Mr. Trump's agenda, including in recent sessions as the White House was preparing to release general principles for tax legislation.

"I think the market's hopeful, but skeptical, and to the extent you get anything of substance, that's the icing on the cake," said Erik Davidson, chief investment officer at Wells Fargo Private Bank.

—Min Zeng and Ira Iosebashvili contributed to this article.

Mixed Feelings

Stocks are soaring but the yield on the 10-year Treasury note has fallen since the inauguration, signaling some investors' doubts about higher growth and inflation.

Sources: WSJ Market Data Group; Ryan ALM (yield) THE WALL STREET JOURNAL.

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Early Days, Past and Present

Compared with his five predecessors, President Donald Trump's first 100 days included more executive orders and bills signed into law, but lags behind in appointments filled.

*Through Thursday †Counts for presidential appointments where Senate confirmation is needed
Sources: Partnership for Public Service (positions); State Department (trips, leaders); American Presidency Project, U. of Calif. Santa Barbara (news conferences); GovTrack.us (EOs, laws); Mark Knoller, CBS News; WSJ/NBC News polls (approval); staff reports

Brian McGill/THE WALL STREET JOURNAL.

Global Approach Changes, at Least in Tone

By Carol E. Lee And Ben Kesling

WASHINGTON—President Donald Trump is reorienting U.S. foreign policy away from the approach that has shaped America's role in the world for nearly a decade, by elevating military power, sowing confrontations with allies and hoping personal relationships with former adversaries can help advance his agenda.

Three months into his presidency, the shift has been more in tone than substance, and Mr. Trump largely has signaled his approach via his dealings with world leaders.

He said he offered better trade terms to China in exchange for Beijing's help confronting North Korea. White House officials credit Mr. Trump's praise for Abdel Fattah Al Sisi, Egypt's authoritarian leader, with the country's subsequent release of an imprisoned U.S. aid worker.

The White House similarly hopes Mr. Trump's decision to congratulate President Recep Tayyip Erdogan of Turkey on winning a referendum to consolidate his power would pay dividends in the fight against Islamic State.

At the same time, Mr. Trump has taken a tough line with U.S. allies at the United Nations and North Atlantic Treaty Organization, saying they need to adopt reforms and increase their financial commitments. He has sparred with Mexico over his plans to build a wall along America's southern border, and with Australia over an agreement resettling refugees. On Monday, the Trump administration retaliated against Canada over a longtime trade dispute.

"It's easy to have a policy; it's hard to have a strategy, and the president hasn't shown a lot of determination to forge strategies," said Jon Alterman, a senior vice president at the Center for Strategic and International Studies and director of its Middle East program.

Mr. Trump's eagerness to flex U.S. military power and willingness to empower commanders on the ground also has set a new tone.

While his predecessor, former President Barack Obama, preferred diplomacy over conventional military force, Mr. Trump has launched air strikes against the Assad regime in Syria, proposed a budget that cuts State Department programs and increases military spending, and has escalated the fight against Islamic State.

He also has left most decision-making on the ground in the hand of his generals.

But the approach has had its drawbacks.

Weeks into his presidency, a U.S. special-operations forces raid in Yemen led to the death of a Navy SEAL, and while the White House said the raid gathered invaluable intelligence, little has been released to back up those claims.

The U.S. military dropped the largest nonnuclear bomb it has ever used in combat just weeks after a string of U.S.-led coalition strikes in Iraq and Syria led to accusations of civilian casualties. Investigations into the allegations are under way, but the American military, which lauds its precision airstrikes, has seen its reputation tarnished.

"The Trump administration is essentially doing shock and awe, what we saw in the first days of the Iraq War, and shock and awe plays very well in the U.S.," said Robert Pape, a political science professor at the University of Chicago focusing on air power and terrorism. "The problem is the effects can be fleeting."

A Pentagon official said that the change in operational tempo actually began under Mr. Obama as the fight against Islamic State edged closer to the cities of Raqqa in Syria and Mosul in Iraq. In fact, there is no single White House order or policy change that can be pointed to for the changes on the ground, the official said.

Mr. Trump promised a more aggressive military posture during the campaign. Yet some see the Trump approach to places like Iraq and Syria differing little from the Obama approach.

"The general assessment is not much has changed," said a European official, who called Mr. Trump's Iraq and Syria strategy "Obama-Plus."

Probes of Russian Meddling Take a Toll

The investigations into possible ties between President Donald Trump's associates and Russian interference in last year's presidential election are gaining traction and threatening to shadow his new administration for months, if not years.

At least five congressional committees are investigating matters stemming from Russian interference in the 2016 election, including questions about whether Trump campaign staff or administration officials had any contact with foreign agents. In addition, the Federal Bureau of Investigation has publicly acknowledged that it is probing whether anyone in Mr. Trump's campaign operation colluded with Russia.

A U.S. government intelligence assessment concluded in January that Russia ran a propaganda and hacking campaign aimed at boosting Mr. Trump at the expense of Democratic rival Hillary Clinton—something both Mr. Trump and the Russian government deny. The matter is now in the hands of the FBI, which is running a criminal investigation, and Congress, which aims to write authoritative reports on what occurred.

As a result, the probes have become a major story line in Washington, with a steady drumbeat of leaks, hearings and partisan bickering dominating the opening chapters of Mr. Trump's administration.

On Capitol Hill, the bulk of the work is being done by the House and Senate Intelligence Committees—though the House Oversight Committee, Senate Armed Services Committee and Senate Judiciary Committee are also looking into the matter.

"Once a story is out there, you have to move fast to contain it. If you don't get it over with quickly, each little tidbit that gets unearthed just becomes a story in itself that will take on a life of its own and dominate the headlines for another news cycle," said Andrew Ricci, a former Democratic House staffer who is now a vice president at the public relations firm Levick. "That's what's continuing to cause serious damage to President Trump."

—*Byron Tau*

Pro-Trump Areas Sense New Hope, But Also Unease

By Kris Maher, Dan Frosch And Valerie Bauerlein

As President Donald Trump approaches the 100-day mark in the White House, The Wall Street Journal revisited voters in six counties representing the economic underpinnings of his support. The Journal spoke to supporters, converts, abstainers and opponents to see how their economic situation is changing, and whether their expectations are being met. A sampling:

Westmoreland County, Pa.

Few, if any, expected a quick turnaround in Monessen, Pa., a former steel town south of Pittsburgh where hollow buildings line once-bustling streets.

"We're talking about 30 to 40 years of disinvestment, and you can't reverse that on a dime," said Jason Togyer, a spokesman for the Mon Valley Initiative, an economic-development nonprofit in the area.

Trump voter John Golomb, 65 years old, sids his patience has already worn thin.

He points to what he sees as the president's early stumbles and too little movement on the jobs front. After years of backing Democrats, he now doubts his decision to vote for Mr. Trump. "I voted for this gentleman, and now I don't know how to feel," he said.

Mr. Golomb's friend, Emory Terensky, a 66-year-old Republican and Air Force veteran, said Mr. Trump just needs more time to keep his pledge to bring back steel and other industrial jobs.

He blamed the courts and Democrats in Congress for thwarting some of Mr. Trump's efforts. "No matter what, Democrats stick together," he said. "They're trying to gang up on him."

Campbell County, Wyo.

In this mineral-rich swath of Wyoming, the Trump administration has stirred new hope, especially as it pertains to coal.

Campbell County's fortunes have long been tied to the energy industry. And Scott Cundy, 48, who works as heavy-equipment operator at a coal mine, said he approved of Mr. Trump's efforts to address health care, immigration and environmental regulations.

Mr. Cundy said mine employees aren't as fearful about losing their jobs as they were in recent years, when layoffs hit. "The guy really works hard," he said, "and he's taking on a lot of stuff."

For Rachel Kalenberg, 35, and Ariane Jimison, 38, the early days of the Trump administration have been difficult.

The two women, a married couple who supported Gary Johnson in 2016, had a table at their pizza restaurant vandalized in February with anti-gay graffiti. They said they had received support after the incident but also that they sensed fear and uncertainty among minorities and immigrants since Mr. Trump became president.

"Unfortunately, some of the things he did were way worse than what we thought it was going to be," Ms. Kalenberg said.

Richmond County, N.C.

A sense of cautious optimism is in the air in this county of 45,000 people in the sandy foothills of North Carolina. Sales tax collection is trending up, prompting county leaders to start thinking about park improvements and pay raises after many lean budget years.

MADELINE MARSHALL/THE WALL STREET JOURNAL; KRISTINA BARKER FOR THE WALL STREET JOURNAL (BELOW)

Robert Lee, who owns a gun shop in Richmond County, N.C., says Mr. Trump has inspired new hope in the former textile-making hub.

"Even though Trump might not get everything done he said he would do, he's still done one thing for the population and the people," said Robert Lee, 62. "He's given them hope. Whether that hope will bear fruit, none of us know at this point."

Many of the new president's supporters, in North Carolina and elsewhere, are frustrated Mr. Trump has been stymied by Democrats (on repealing the Affordable Care Act) and by the courts (on immigration issues). Some urged him to adopt a sharper focus on economic questions.

"What has taken place in the administration on health care, that's been a waste of time," Mr. Lee said. "If you would have taken the energy and put it into more jobs and the economy, the working man could've gone out there and bought his own insurance."

Some in Campbell County, Wyo., favor Mr. Trump's moves to dismantle some environmental rules.

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CEO Tied To Clinton Emails Is Criticized

By Byron Tau

WASHINGTON—The Republican chairman of the House Science Committee asked the Justice Department to consider criminal charges against the chief executive of a company that managed Hillary Clinton's private email server for alleged obstruction of a congressional investigation.

In a referral to the Justice Department stemming from the long-running controversy over Mrs. Clinton's use of a private email server while serving as secretary of state, Rep. Lamar Smith (R., Texas) alleged that Treve Suazo, chief executive of Platte River Networks, failed to produce documents, made false statements and obstructed a congressional investigation.

"Platte River Networks, a company hired by former Secretary Hillary Clinton, has deliberately withheld requested materials from the Committee and refused to comply with lawfully issued subpoenas," Mr. Smith said in a statement. "With a new administration in place, I am hopeful that the Department of Justice will appropriately respond to the referral. We cannot allow companies with valuable information to stonewall us in our oversight efforts."

An attorney for Platte River Networks said it has cooperated with the long-running government investigations surrounding Mrs. Clinton's private server and believed that the Justice Department would take no action on the matter.

A Justice spokesman said, "We have received and are reviewing the letter, but decline further comment."

Congress Moves to Avert Shutdown

Amid Democratic resistance, lawmakers prepare to approve one-week spending bill

By Kristina Peterson and Natalie Andrews

House Speaker Paul Ryan responding to questions about funding the government during a Capitol Hill news conference Thursday.

SHAWN THEW/EUROPEAN PRESSPHOTO AGENCY

WASHINGTON—Lawmakers prepared to vote Friday on a weeklong spending bill needed to avoid a government shutdown Saturday, but Democratic resistance added uncertainty and volatility to the day.

In a related development, Republicans signaled late Thursday that they were still short of the votes needed to revive and pass legislation to replace most of the Affordable Care Act.

House GOP leaders had been trying to corral GOP votes in hopes of passing the bill before President Donald Trump's 100th day in office on Saturday. But House Majority Leader Kevin McCarthy (R., Calif.) said Thursday night that the chamber wouldn't vote on the bill Friday or Saturday.

The developments showed the difficulty GOP leaders have faced in trying to come to terms with Democrats on a spending bill to keep the government open after Friday while also pressing forward on a health-care bill uniformly opposed by Democrats.

With the government's funding set to expire Saturday at 12:01 a.m., GOP leaders have prepared a weeklong stopgap measure that would give lawmakers more time to settle on a five-month spending bill to fund the government through the fiscal year, which ends Sept. 30.

The most contentious issues appear to have been resolved, but Democrats are still trying to block some GOP policy measures. House Democrats still have concerns about the five-month spending bill, aides said late Thursday.

Mr. McCarthy said that Republicans might have to pass the stop-gap bill without Democratic support. That could pose a risk to the bill's passage, given that Democratic votes have often been needed for government spending bills.

Some House Democrats had threatened to oppose the bill Friday if House GOP leaders also brought up their health-care bill for a vote this week. That bill would repeal much of the 2010 heath law, championed by Democrats, and replace it with conservative policy.

While GOP leaders have gotten closer to marshaling the votes needed to pass the health-care bill, a significant number of centrist Republicans remain opposed or undecided on the bill.

"If Republicans pursue this partisan path of forcing Americans to pay more for less and destabilizing our county's health-care system...Republicans should be prepared to pass a one-week continuing resolution on their own," House Minority Whip Steny Hoyer (D., Md.) said Thursday.

The Senate has also been expected to act before the Saturday deadline, but Sen. Chuck Schumer of New York, the chamber's Democratic leader, signaled Thursday evening that the Democrats weren't yet ready to sign off.

Negotiations on the five-month spending bill could nonetheless wrap up quickly, easing passage of the stopgap measure.

Lawmakers said they hoped to pass a spending bill next week for the rest of the fiscal year. Lawmakers from both parties said they are trying to avoid a government shutdown and that the one-week measure is needed because negotiators ran out of time to finish some narrow pieces of the five-month spending bill before the Saturday deadline.

"They were close, but not enough time to get it published, and so that's what necessitated the five-day" measure, said Rep. Steve Womack (R., Ark.), a member of the House Appropriations Committee.

The spending bill is expected to include an increase in funding for the military and border security, a measure both Republicans and Democrats have signaled they would support.

President Donald Trump placed the blame on Democrats for failing to get to a final deal, posting several tweets Thursday morning.

"I promise to rebuild our military and secure our border. Democrats want to shut down the government. Politics!" he wrote.

Acosta Is Confirmed as Labor Secretary

By Eric Morath

Alexander Acosta last month

TOM WILLIAMS/CONGRESSIONAL QUARTERLY/ZUMA PRESS

The Senate confirmed Alexander Acosta as labor secretary on Thursday, providing President Donald Trump with his full complement of cabinet secretaries before reaching his 100th day in office.

With Mr. Acosta in place, all major government departments are now led by the president's picks rather than holdovers from the Obama administration or career bureaucrats. The only remaining vacant cabinet-level position is U.S. trade representative.

Mr. Acosta's confirmation, on a 60-38 vote, allows the Labor Department to re-engage on several policies that have stalled since January. Those include rules governing certain financial advisers and an expansion of overtime eligibility for workers.

Mr. Acosta is expected to be sworn in Friday. While Mr. Acosta is the last cabinet secretary to be approved, his nomination wasn't particularly controversial. The dean of Florida International University's law school, Mr. Acosta held three Senate-confirmed positions during the George W. Bush administration.

That stands in contrast to Mr. Trump's first choice for the job, fast-food executive Andy Puzder. Personal controversies led Mr. Puzder to withdraw in February. His nomination was vehemently opposed by labor unions that saw it as a direct attack on efforts to raise the minimum wage and improve working conditions for low-wage workers.

Mr. Acosta won endorsement from a few unions and faced only modest opposition from others.

Mr. Puzder was a regular in Washington's industry circles and a favorite of the capital's business community. But Mr. Acosta also won over the powerful lobby.

"We need people at the Department of Labor who have a grasp of the needs of the private sector," said Randy Johnson, senior vice president for labor issues at the U.S. Chamber of Commerce. "Alex Acosta will bring an understanding of these issues to the department," he said.

Mr. Acosta takes a relatively moderate approach on certain issues. At his confirmation hearing, he said the threshold below which most workers are automatically eligible for overtime pay should be raised from the level set in 2004, and he said such dollar-value levels shouldn't go unchanged for a decade or more.

Under the Obama administration, the Labor Department completed a rule that would have raised the automatic time-and-half pay threshold for working extra hours to $47,476 from $23,660. The rule also would have adjusted the level every three years. Business groups opposed the rule, and last year a federal judge temporarily blocked it from being implemented after states and businesses sued.

The federal government recently won a delay in that case until June 30, buying time for Mr. Acosta and the president to set a new path.

Mr. Acosta pledged to thoroughly review pending regulations, following the direction the president has given to all department heads. That will include reviews of a measure governing exposure to silica dust on construction sites and of the so-called fiduciary rule, designed to protect retirement savers from conflicted advice that can crop up with commission-based compensation.

Mr. Acosta's promise to review Obama-era regulations angered some Democrats and unions, who hoped the labor secretary would challenge the president on those issues.

"Mr. Acosta's nomination was a major improvement over the previous nominee, based on his qualifications," said Richard Trumka, president of the AFL-CIO, the nation's largest labor coalition. "Yet he offered no indication that he would use those qualifications to stand up for workers."

Pick to Run FDA Clears Senate Panel

By Thomas M. Burton

A Senate committee voted Thursday to support the confirmation of Dr. Scott Gottlieb to lead the Food and Drug Administration.

The vote was 14-9, with all votes against the nomination coming from Democrats. Two Democrats voted for Dr. Gottlieb. Senators who voted against the nomination said they did so largely because of concerns about his ties, including financial ones, to medical firms.

"I have grown increasingly concerned about whether Dr. Gottlieb can lead the FDA in a nonbiased way," said Sen. Patty Murray (D., Wash.), the ranking Democrat on the Senate Committee on Health, Education, Labor and Pensions. "The extent of Dr. Gottlieb's entanglements with the industry he will be regulating is unprecedented."

Sen. Lamar Alexander (R., Tenn.) said Dr. Gottlieb was the right choice. "He's the kind of nominee that's easy to support," said Mr. Alexander, the committee chairman. He was referring to Dr. Gottlieb's history as a clinician, former deputy commissioner of the FDA and a cancer survivor.

Sens. Alexander and Orrin Hatch (R., Utah) lauded Dr. Gottlieb's dealings with industry as an advantage, not a drawback. A full Senate vote is expected in May.

Dr. Gottlieb has said he plans to divest himself of any interests that would pose conflicts and recuse himself from FDA decisions on more than 20 companies, including drug giants GlaxoSmithKline PLC and Bristol-Myers Squibb Inc. He has held positions and been paid for work as an adviser, executive, speaker or consultant to the companies. Much of his work has involved advising a venture-capital company, New Enterprise Associates.

Some of Dr. Gottlieb's views would seem aligned as much with Democrats as with Republicans. In one answer to Sen. Chris Murphy (D., Conn.), Dr. Gottlieb expressed a view that puts him strongly in favor of making more clinical-trial data public from the agency's evaluation of new drugs.

FLYNN

Continued from page A1

tor general confirmed an investigation was opened on April 4.

Mr. Flynn, a three-star army general who retired from the military in 2014, briefly served as President Donald Trump's national security adviser before resigning after it was revealed that he misled White House officials about his contact with the Russian ambassador.

The Federal Bureau of Investigation and several other congressional committees are investigating possible Russian interference in the 2016 election—probes in which Mr. Flynn's testimony may be sought as the investigation moves forward. The House Oversight Committee is probing the circumstances around Mr. Flynn's departure from the administration. Russia has denied any interference in the 2016 election.

Mr. Flynn has told congressional officials and federal investigators he is willing to be interviewed if granted immunity, although it isn't clear whether the payment questions were the reason for his request.

If found to have violated the law regarding foreign payments, Mr. Flynn would face a reduction in his retirement benefits equal to the payments.

At issue in the internal Pentagon probe is Mr. Flynn's post-military work, including a speech he gave at an event hosted by the Russian state-owned television network RT, for which he received more than $30,000. Mr. Flynn also registered as a lobbyist for Turkey after acknowledging that some of his work for a nonprofit could have been construed as benefiting the Ankara government.

Robert Kelner, an attorney for Mr. Flynn, said his client had repeatedly communicated with the military about his speech to RT. "Gen. Flynn provided two briefings to the [Defense] department—one before and one after the event. The department was fully aware of the trip," Mr. Kelner said, urging release of more information about Mr. Flynn's disclosures to the military.

Under U.S. law, approval for a retired Army officer to receive foreign-government payments must come from the secretaries of the Army and state. The partially redacted letter released Thursday indicates Mr. Flynn gave information about his speech to the Defense Intelligence Agency, which is part of the Defense Department but not in the U.S. Army's chain of command. Mr. Flynn was required to get permission from the Army.

Former national security adviser Mike Flynn, a three-star general, retired from the military in 2014.

CARLOS BARRIA/REUTERS

Mr. Flynn headed the Defense Intelligence Agency before he was removed from that job in 2014 and later retired from the military. He became a prominent supporter and adviser to Mr. Trump during the 2016 presidential campaign before being tapped as national security adviser, a top White House post.

The letter from 2014, released by congressional Democrats, showed that Mr. Flynn was explicitly warned about foreign government payments upon his retirement from the military. The letter states it was issued "in response to your request for a written opinion regarding ethics restrictions that apply to you after your retirement from the U.S. Army."

The inspector general operates as an independent watchdog within the Defense Department. Separate from the inspector general investigation, House Oversight Committee Chairman Jason Chaffetz (R., Utah) also on Thursday asked the secretary of the Army to make his own determination on whether Mr. Flynn broke the law and report back to Congress.

The White House has sought to distance itself from the controversy surrounding the foreign payments, saying those actions occurred before Mr. Flynn entered the Trump administration.

—Paul Sonne and Eli Stokols contributed to this article.

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WORLD NEWS

Trump Backs Off Threat to Nafta, for Now

President says he was prepared to end pact, but relented after calls from trade partners

President Donald Trump was prepared to end the North American Free Trade Agreement deal, which had governed trade relations for the past 23 years, with a dramatic announcement Saturday at a Pennsylvania political rally marking his 100th day in office.

*By **Peter Nicholas** in Washington, **Paul Vieira** in Ottawa and **José de Córdoba** in Mexico City*

As rumors spread of the possible action, Mexican President Enrique Peña Nieto called the president urging him not to pull out of the accord. "Let me think about it," Mr. Trump said. Within a half hour a call came in from Canadian Prime Minister Justin Trudeau with a similar request.

After the talks, Mr. Trump was convinced "they're serious about it and I will negotiate rather than terminate," the president said in an interview with The Wall Street Journal on Thursday.

Meanwhile, Sonny Perdue—the agriculture secretary who took office two days earlier—and Commerce Secretary Wilbur Ross met with Mr. Trump and showed him a map indicating the states where jobs would be lost if the pact collapsed, according to a person familiar with the matter. Many were farm and border states that voted heavily for Mr. Trump.

CHRISTINNE MUSCHI/REUTERS

A truck headed toward the U.S. border crossing in Lacolle, Quebec, on Wednesday.

Those conversations, along with a flood of calls to the White House from business executives, helped steer Mr. Trump away from an idea that some of his own advisers feared was a rash and unnecessary threat to two trading partners who fully expected to renegotiate the agreement anyway.

But Mr. Trump wanted to show dramatic action on key campaign promises before he hits his 100 days in office.

Mr. Trump insists the talks will take place amicably among allies he likes and respects—though he also reminded them that he was willing to entertain an extreme option in service of rewriting American trade policy, and insisted that he could put the option back on the table if talks don't proceed the way he would like.

At the same time, the gyrations risked weakening the U.S. position—by unifying Canada and Mexico in their strategies to counter the U.S., irking key lawmakers he needs to back him, and exposing his inability to overcome the strong domestic support for Nafta that he has helped rally.

"I expect the administration to closely consult with Congress before such major trade-policy decisions are made," said Utah Republican Sen. Orrin Hatch, chairman of the Senate Finance Committee, which oversees trade. "Withdrawing from Nafta would have significant effects on the America economy."

"It was a trial balloon, but it didn't work," said Mexican economist Luis de la Calle, a trade expert who had been a senior negotiator on the pact. "Next time, nobody will believe it. People start to figure things out."

But Mr. Trump said in the interview that he still holds his strongest card. "We'll terminate Nafta if we're unable to make a deal, but hopefully we won't have to do that."

The Trump administration jolted markets and stoked panic among business leaders as multiple aides sent signals that officials were considering issuing an order that would begin the six-month process of having the U.S. withdraw from the three-nation trade agreement.

Tilting the Balance

Trade deficits with Canada and Mexico have mostly grown since the North American Free Trade Agreement went into effect.

Source: U.S. Census Bureau THE WALL STREET JOURNAL.

But by 10:30 p.m. Wednesday, the White House issued a statement saying Mr. Trump had decided "not to terminate Nafta at this time."

Meanwhile, a lobbyist for one big business group said he urged member companies to "have your CEOs call the highest-ranking administration officials they can reach." Tom Donohue, the veteran president of the U.S. Chamber of Commerce, made at least three calls to the White House during the afternoon, a person familiar with the matter said.

Mexican and Canadian officials, who for months have been comparing notes on how to deal with the volatile new leader situated between them, reached out to each other throughout Wednesday to coordinate how to approach Washington, Mexican Foreign Minister Luis Videgaray told a Mexican news program early Thursday.

The confusion this week over Nafta highlights one of the questions surrounding Mr. Trump: whether the deal-making skills he employed in the business world translate to the presidency.

In his first 100 days, it isn't so clear that his methods have paid off. He and White House aides have at times sent conflicting messages about what they intend to do.

Mr. Trump dismissed talk about a split inside his White House between aides with a nationalist or globalist orientation. "Hey, I'm a nationalist and a globalist," he said. "I'm both. And I'm the only one who makes the decision, believe me."

Governor Breaks With Argentina's Past

By Santiago Pérez And Taos Turner

BUENOS AIRES—A 43-year-old governor has unexpectedly become the face of President Mauricio Macri's efforts to dismantle the legacy of Peronism, the movement that has dominated Argentine politics for the past seven decades.

María Eugenia Vidal, governor of Buenos Aires, Argentina's biggest and most populated province, has taken on Peronist public-sector unions and purged corrupt security agencies in her first year and a half in office. Along the way, polls show, she has become the country's most popular politician.

Ms. Vidal is a key ally of Mr. Macri, who met Thursday with President Donald Trump in Washington to discuss trade, investment and security issues. Mr. Macri, who hosted Barack Obama last year, is the first Argentine president to make an official visit to the White House in almost 15 years.

Messrs. Macri and Trump have known each other for decades, having first met while doing business together in New York. Both ran for office on claims that their private-sector success would help them govern their countries in a more businesslike way.

That is a very different tack than that of the Peronist movement named for Juan Perón, the nationalist who ruled post-World War II Argentina with a populist appeal to the working class. The movement he inspired has persisted as a potent force through subsequent Argentine regimes, whether led by military dictators or elected leaders.

Ms. Vidal, the first non-Peronist governor of the province since Argentina returned to democracy in 1983, scored a major victory recently when a militant teachers union agreed to return to classrooms despite a wage dispute.

JULIAN BONGIOVANNI/LA NACION/GDA/ZUMA PRESS

María Eugenia Vidal is an ally of President Mauricio Macri.

She has also taken on the province's notoriously corrupt prison service and fired more than 4,000 police officers, more than 400 of whom she had jailed on corruption charges after forcing them to disclose their assets. That initiative led to a string of death threats, prompting her to move with her three children to a nearby air force base for safety.

"All these macho men who governed the province for so many years never stood up for the fight," said Ms. Vidal in a recent interview, adding that state finances were so bleak when she took over that the province had to get an emergency loan from the federal government just to make payroll.

"If the province doesn't change, Argentina doesn't change," she said.

Many analysts are watching the showdown with teachers—the sides haven't yet agreed on a wage increase—as a test of whether politicians like Mr. Macri and Ms. Vidal can roll back growing public spending of the past decade without incurring the Peronists' wrath. No non-Peronist president has lasted a full term in decades, their rule cut short by mobs and economic turmoil.

At stake is the ability of Argentina's central and local governments to restore stable economic growth, said Riordan Roett, director of the Latin American Studies Program at the Johns Hopkins School of Advanced International Studies.

Mr. Macri's policies, including a drastic reduction in public-service subsidies and a currency devaluation that caused inflation to surge, have taken a toll on the poor. He and Ms. Vidal are trying to limit union efforts to raise wages, arguing that restraint will help contain double-digit inflation and attract investment.

U.S. Says Seoul Should Pay For Shield

By Jonathan Cheng

SEOUL—U.S. President Donald Trump said Thursday that he wanted to renegotiate a free-trade deal with South Korea and have it pay for an American missile-defense system intended to shield the country against any North Korean attack, casting fresh doubts on two pillars of bilateral ties.

Mr. Trump, in remarks to Reuters published late Thursday, said for the first time that South Korea should pay for the Terminal High-Altitude Air Defense, or Thaad, a missile-defense system that is a key campaign issue in the May 9 presidential election here. He also said that the nations' free-trade deal should either be renegotiated or abrogated.

The Thaad remarks also followed what appeared to be a shift in tone from the Trump administration over its posture toward North Korea. The administration said earlier Thursday that it wasn't seeking to overthrow North Korean leader Kim Jong Un over his nuclear- weapons program and would consider holding talks, if Pyongyang pursued "the right agenda."

However, the same day, Mr. Trump told Reuters that a "major, major conflict with North Korea" was possible if diplomacy failed.

The Lockheed Martin Corp.-built Thaad system, which costs about $1 billion for the one battery that will be installed, is set to be paid for and owned by the U.S., which this week began installing it.

A South Korean Defense Ministry spokesman declined Friday to comment on Mr. Trump's remarks. But he pointed out that South Korean was supplying the land and the basic infrastructure for the Thaad system.

The comments surprised South Korean officials after top Trump administration officials recently reiterated the administration's intent to deploy Thaad, which the two countries agreed to in July under the Obama administration.

"A lot of people here thought that the U.S. was deploying Thaad for the sake of the alliance, but if we have to pay for it, people will start doubting that," said Choi Jong-kun, an associate professor of political science at Yonsei University.

WORLD WATCH

RUSSIA

Reconnaissance Ship Sinks in Black Sea

A Russian military reconnaissance ship sank in the Black Sea after colliding with a Togo-registered cargo vessel.

All crew on board the ship—the Liman—were rescued before it sank. The Turkish military said that 78 Russian crew members had been on board.

"The crew of the Black Sea Fleet's reconnaissance ship Liman are all accounted for, alive, healthy and are currently preparing to leave a Turkish rescue ship for a Russian military ship," the Interfax news agency reported.

Turkey Prime Minister Binali Yildirim expressed his regret about the incident to his Russian counterpart, Dmitry Medvedev, Turkish state news agency Anadolu reported.

A Russian ship was set to take the crew back to a Black Sea fleet base. The cargo ship was able to continue sailing after the collision, Interfax reported. *—Thomas Grove*

TURKISH FORCES/ASSOCIATED PRESS

Russian sailors on the deck of a Turkish vessel, left, prepare to board a Turkish navy ship. They were taken off the Russian navy reconnaissance ship that sank in the Black Sea after colliding with the Togo-flagged freighter Youzarsif H on Thursday.

UNITED KINGDOM

Police Arrest Man Carrying Knives

Police arrested a man carrying knives near Britain's Parliament on suspicion of preparing and instigating acts of terrorism.

London's Metropolitan Police said no bystanders were injured and there were no known immediate threat.

The 27-year-old man was arrested as part of a continuing investigation and is in custody in a south London police station.

"He was arrested on suspicion of possession of an offensive weapon and on suspicion of the commission, preparation and instigation of acts of terrorism," police said. "Knives have been recovered from him."

Intelligence officials had been tracking the suspect, who was deemed to be a threat in connection with Islamist extremism, a U.K. security official said.

Photographs from the scene showed investigators inspecting at least three kitchen knives on the ground.

A police spokesman declined to go into detail about the knives. *—Jenny Gross*

PHILIPPINES

Duterte to Stay Mum On Arbitration Win

President Rodrigo Duterte said he wouldn't raise his country's arbitration victory against China's territorial claims in the South China Sea during a Southeast Asian summit he will host in Manila on Saturday.

He told reporters on Thursday that last year's arbitration ruling was an issue between China and the Philippines alone.

The international tribunal in The Hague ruled in 2016 that China's claims to historic and economic rights in most of the South China Sea had no legal basis. *—Associated Press*

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Merkel Warns Britain on EU Ties

By Anton Troianovski

BERLIN—German Chancellor Angela Merkel warned that the U.K. is risking "wasted time" because some people in the country suffer from illusions over how well Britain could fare in talks about the country's exit from the European Union.

"A third country—and that is what Great Britain will be—cannot and will not have the same rights, or perhaps even be better off, than a member of the European Union," Ms. Merkel said in a speech on Thursday to Germany's lower house of parliament outlining her position on Brexit.

"I must unfortunately say this so clearly here because I have the feeling that some in Great Britain still have illusions about this," she said, adding "But this would be wasted time."

The warning—two days before a meeting of EU leaders about Brexit negotiating strategy—represented some of Ms. Merkel's toughest language toward London in the 10 months since the U.K. voted to leave the EU.

Ms. Merkel emphasized that Berlin backed the Brexit positions of European Commission chief Jean-Claude Juncker. She said Brexit talks wouldn't begin in earnest until after the U.K. parliamentary election scheduled for June 8.

Ms. Merkel said her priority in the talks would be to protect German citizens directly affected by Brexit, including by securing clarity as quickly as possible about the future rights of an estimated 100,000 Germans living in the U.K.

But the chancellor said she would also seek to make sure that the remaining 27 EU countries stick together as the talks progress.

She echoed the stance of EU officials and other capitals that there would need to be an agreement in principle on the U.K. accepting its financial obligations to the bloc—the so-called divorce bill—before the EU could start discussing a future trade agreement with the U.K.

"We will only be able to reach an agreement about the future relationship with Great Britain when all exit questions are satisfactorily resolved," she said.

"It makes no sense to negotiate the details of the future relationship in parallel without progress on the many open questions surrounding the exit—including the financial questions," Ms. Merkel said.

ECB Stands Firm on Easy Money

By Tom Fairless

FRANKFURT—The European Central Bank gave no signs it is ready to wind down its monetary stimulus despite an economic rebound in the eurozone, opting on Thursday to soothe financial markets ahead of the second round of France's presidential election.

The ECB's decision to stand pat comes at a tense time for the currency union, which is navigating a series of major elections as well as uncertainty in its relations with its two biggest trading partners, the U.S. and U.K.

At a news conference, ECB President Mario Draghi welcomed evidence of economic recovery but said policy makers hadn't discussed reducing their stimulus, which includes subzero interest rates and a €60 billion-a-month ($65.34 billion) bond-purchase program.

Mr. Draghi also hit back at recent criticism of the ECB from Germany's finance minister, Wolfgang Schäuble, who urged the central bank last week to start exiting easy-money policy.

"It's pretty ironic to hear these comments from people who supported the independence of central banks," Mr. Draghi said.

Investors were left trying to "square the circle" between the ECB's cautious stance and mounting optimism about the area's economy, said Lena Komileva, chief economist with G+ Economics in London.

The euro jumped almost half a cent against the dollar following Mr. Draghi's positive assessment of the economy, but later pared its gains as the ECB chief indicated policy would remain unchanged for now.

Echoing the ECB's caution, Sweden's Riksbank surprised investors earlier Thursday by extending its bond-purchase program by six months through year-end, albeit at a reduced level, despite strong growth.

As the eurozone economy strengthens, pressure has been building on the ECB to consider a change of direction, especially in the area's largest economy, Germany. Within the ECB, policy makers are divided over how quickly to start winding down their €2.3 trillion bond-purchase program, known as quantitative easing, which is scheduled to run at least through year-end.

But Mr. Draghi highlighted a number of potential economic threats, from the details of Brexit and President Donald Trump's economic policies to tensions in North Korea. "We shouldn't think that it's over," Mr. Draghi said of the economic fallout of Brexit. "It's quite clear that even now this uncertainty about the length and the shape [of Brexit] is producing economic consequences."

Despite the lack of action, analysts suggested that the ECB would use its next meeting, on June 8, to shift its assessment of the economy in a more positive direction.

Thursday's meeting was a "baby step" toward the end of the ECB's stimulus, said Mike Bell, global market strategist at J.P. Morgan Asset Management in London.

Onward and Upward

The ECB's bond purchases have swelled its balance sheet beyond that of the Fed, but eurozone inflation is still falling short

*Change from a year earlier in the price index for personal-consumption expenditures (U.S.) and consumer-price indexes (eurozone)
Sources: U.S. Federal Reserve; Eurostat (eurozone inflation)
THE WALL STREET JOURNAL.

Europe Confidence Indicator Gains

Eurozone businesses and consumers grew more upbeat in April, as a measure of confidence rose to its highest level since a year before the global financial crisis in 2008.

The pickup is consistent with other data, which suggest the economic recovery has gained momentum. The European Commission's Economic Sentiment Indicator, which aggregates business and consumer confidence, rose to 109.6 in April from 108.0 in March.

—Paul Hannon

Brexit Fight Looms Over Role of EU Courts

By Laurence Norman

When leaders of 27 European Union states meet Saturday to settle guidelines on how to negotiate Brexit, they will show their determination to give EU courts a major role over U.K.-EU affairs.

To the surprise of some European officials, determining the role of the bloc's courts looms as a central battle in the divorce talks.

ANALYSIS

Many expected British concerns about immigration and EU rules guaranteeing freedom of movement to the bloc's citizens to dominate the negotiations. And they anticipated a major clash over the EU's insistence that Britain agree to payments to settle past spending pledges.

Yet Theresa May, from her first major speech on Brexit as prime minister at October's Conservative Party conference, has made British freedom from EU courts a firm red line.

"We are not leaving the European Union only to give up control of immigration again. And we are not leaving only to return to the jurisdiction of the European Court of Justice," Mrs. May said.

"Our laws will be made not in Brussels but in Westminster. The judges interpreting those laws will sit not in Luxembourg but in courts in this country. The authority of EU law in Britain will end," she said.

ANDY RAIN/EUROPEAN PRESSPHOTO AGENCY

Prime Minister Theresa May welcomed European Commission President Jean-Claude Juncker Wednesday.

The implication was clear: Mrs. May had decided the U.K. should leave the EU's single market, a common zone of laws and rules to ensure that products lawfully sold in one EU country can be sold in the rest of the bloc.

EU courts, in particular the Luxembourg-based European Court of Justice, are the ultimate authority in deciding when national laws breach EU rules, when EU legislation breaches the bloc's treaties and how EU rules should be interpreted across the bloc.

If the U.K. rejects the authority that polices the single market, it can't be part of the single market. This could conflict with two of Mrs. May's other key objectives: to limit economic disruption after leaving the bloc, and to secure the closest possible economic ties between the EU and the U.K. in the medium term.

Mrs. May has conceded that some ECJ rulings will apply to British exporters. Moreover, to avoid a legal vacuum post-Brexit, the U.K. is pasting the body of EU law onto its own books through its so-called Great Repeal Bill. Until the British courts decide differently or U.K. law is changed, the ECJ's interpretation of EU law is the only one U.K. courts will have to rely on.

But Britain's EU partners also say that if Mrs. May wants to avoid a cliff-edge exit from the bloc she will have to accept that EU courts will continue to have a role in Britain.

Draft negotiating guidelines to be discussed at Saturday's summit say the ECJ should continue to adjudicate on cases pending at the court when Britain leaves. These could involve anything from antitrust rulings against British firms to penalties against the U.K. government if it breaches EU law.

The draft guidelines say EU institutions should have the right to start new cases post-Brexit "for facts that have occurred before the withdrawal date." They also set out the need for dispute mechanisms to enforce and interpret the divorce agreement and to adopt measures to respond to situations not foreseen in the pact.

While that would open the way to EU-U.K. tribunals on issues such as the rights of EU citizens in the U.K., the guidelines say these dispute mechanisms must be arranged to protect the EU's legal order, including the role of the ECJ.

In other words, while future tribunals can make autonomous decisions, they will have to factor in the decisions and case law of the ECJ.

—Stephen Fidler contributed to this article.

Bank of Japan Fights Rate-Rise Speculation

By Takashi Nakamichi And Megumi Fujikawa

TOKYO—The Bank of Japan pushed back against speculation about an early interest-rate increase by mixing an upbeat assessment of the economy with a further lowering of its inflation forecast and a rejection of the need to unwind its ultraeasy policy.

The BOJ's decision to leave interest rates unchanged and to adjust its forecasts follows a campaign by officials at the central bank to highlight weakness in inflation, a departure from an earlier strategy of making mainly positive comments about prices to inspire optimism.

The moves indicate how uncomfortable officials have become about speculation among economists and market participants over when the central bank will tighten policy, despite Japan's inflation rate still hovering near zero.

The BOJ's concern over speculation that it might tighten policy underscores the change of tide in global central banking since the second half of last year, when market participants were still trying to guess how policy in Japan could be eased further.

Since then the Federal Reserve has raised interest rates twice and the global economy has shown signs of recovery, helped in part by a rally in markets following the election victory of President Donald Trump.

At a news conference following the latest policy meeting, Gov. Haruhiko Kuroda received a barrage of questions from reporters about when and how the bank will undo its aggressive easing policy. But Mr. Kuroda reiterated that the time isn't ripe to start talking about a policy reversal. He pointed to the distance of the current inflation rate, 0.2% in February, to his 2% target.

"I think debate over exit strategies will start when our price stability target of 2% is achieved," Mr. Kuroda said.

Officials at the BOJ are concerned that if investors start to act on speculation that the bank will raise rates, market participants might drive up the value of the yen, a development that could endanger fragile momentum in Japan's mainly export-driven economy.

In a quarterly outlook, the BOJ cut its inflation projection to 1.4% from 1.5% for the year ending March. The bank said inflation momentum "is not yet sufficiently firm, and thus developments in prices continue to warrant careful attention." The BOJ raised its assessment of the economy, saying, "Japan's economy has been turning toward a moderate expansion."

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Israel's New Neighbor: ISIS

MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

YAROSLAV TROFIMOV/THE WALL STREET JOURNAL

Yitzhak Ribak looks at Syrian villages held by Islamic State near his vineyards in the Golan Heights.

ELIAD, Golan Heights—On one side of a fence that snakes through eucalyptus-covered ridges is a swath of Syrian villages held by Islamic State. On the other, Yitzhak Ribak grows his Merlots, Cabernet Sauvignons and Syrahs.

"My grapes are just 10 meters from the border fence. Sometimes I hear the booms on the other side. Sometimes I see people on the other side. They look like shepherds, but who knows," said the Israeli winemaker. "It's crazy."

So far, Islamic State hasn't bothered his vineyard. "I am here all alone on my tractor at night and I am not afraid."

While most attention has focused on Islamic State's shrinking but still vast territory in eastern Syria and northwestern Iraq, the extremist group has also proved resilient in the pocket of land it controls at the confluence of Syria, Jordan and the Israeli-annexed Golan Heights.

Known as the Khalid bin Walid Army, the Islamic State affiliate has rebuffed repeated offensives by the Western-backed Free Syrian Army and other moderate rebels. The porous nature of Syria's front lines and corruption within FSA ranks have allowed Islamic State personnel and weapons to infiltrate the area known as the Yarmouk Basin, said Aymenn Jawad al-Tamimi, a security analyst who follows the group.

The presence of Islamic State so close to Israeli-populated towns and villages along the demarcation line in the Golan Heights poses an obvious threat—albeit one that so far hasn't materialized into cross-border attacks.

"The Golan is still the quietest place in the whole country," said Yoni Hirsch, chairman of the municipal council of Nov, a community of some 800 people about 2 miles from Islamic State-held areas. But, he said, "we know that in one day with the decision of one person on the other side, our lives can change."

The Israeli government is taking no chances. Over the past three years, it has replaced the old security fence in the Golan Heights, a plateau seized from Syria in the 1967 Middle East war, with a new structure some 20 feet high and equipped with modern sensors. It is also erecting a new fence further south along the border with Jordan.

Islamic State has pledged to eliminate Israel as part of its plan to build a worldwide Islamic caliphate. But it also has priorities and in southern Syria, the militants have focused on fighting more moderate rebels.

Source: Institute for the Study of War (Islamic State control)
THE WALL STREET JOURNAL.

Such an unexpectedly peaceful coexistence with Islamic State next door helps explain Israeli perceptions of the Syrian conflict. The U.S. and European allies view Islamic State, which has carried out terrorist attacks in the West, as the principal threat.

Israeli officials, by contrast, are far more alarmed by Iran and the Lebanese Hezbollah militia. Preventing Iranian proxies from getting close to the Golan has emerged as a key Israeli priority in the Syrian conflict.

Islamic State, also known by its Arabic acronym Daesh, "is not powerful enough to make us fear," said Ayoob Kara, the only Arab minister in the Israeli government who says he is in regular contact with Syrian factions.

"Daesh is going to lose," he added. "There is no way it is going to be successful and by the end of the year, we won't see it in any state around here. The problem of the Middle East is the capital of extremism that is Iran."

For Mr. Ribak, who moved to Eliad in 1973 a few months before Syrian tanks attempting to recapture the Golan were stopped outside the village, the growth of Islamic State across the fence carries a clear message. Israel was lucky, he said, that its lengthy attempts at peace talks with Syria, based on trading the Golan Heights for a peace treaty, finally collapsed in 2010.

"If we had given the Golan to Syria then, it would have all become ISIS-land," Mr. Ribak said.

Blast Hits Syrian Military Facility

A huge explosion shook Damascus in what state media said was an Israeli missile strike on a military installation near the Syrian capital's international airport.

*By **Rory Jones** in Tel Aviv and **Noam Raydan** in Beirut*

Israel neither confirmed nor denied it was behind Thursday's blast, in keeping with official government policy of not commenting on some national security issues.

But Israel's transport and intelligence minister Yisrael Katz told Israel's Army Radio that the incident in Damascus was "entirely consistent with our policy of preventing smuggling of weapons to Hezbollah."

The explosion occurred amid escalating tensions between Israel and Iran, which together with Hezbollah, the Lebanese militia and political group, provides crucial support to Syrian President Bashar al-Assad and his regime's efforts to defeat an array of opposition rebels and militant groups, including Islamic State.

Later Thursday, Israel's military said its missile defense system struck a drone that had entered Israeli airspace from Syria over the Golan Heights.

Israeli Prime Minister Benjamin Netanyahu recently raised the alarm with Washington and other Western governments over what his government says is deepening Iranian involvement in Syria.

Israeli Defense Minister Avigdor Lieberman told a security conference in Moscow this week that Israel wouldn't permit concentrations of Iranian and Hezbollah forces in the Golan Heights, along Israel's disputed border with Syria.

Thursday's blast, which hit at 3:25 a.m., reverberated across Damascus and its suburbs, the U.K.-based opposition monitoring group Syrian Observatory for Human Rights said.

Syria's state news agency, SANA, said "multiple rockets were launched from inside the occupied territories causing explosions and some material damage" to a "military position southwest of the airport." There were no immediate reports of casualties.

The explosion took place several hours after at least two cargo planes originating in Tehran landed at the airport, according to the tracking site Flightradar24.com.

—Robert Wall contributed to this article.

Two U.S. Soldiers Killed

By Jessica Donati And Ben Kesling

Two U.S. Army service members were killed and a third wounded during a late-night operation in Afghanistan, the Pentagon said Thursday, following the death of an American soldier there this month.

The U.S. military has escalated its engagement in the country since the Trump administration took office in January, increasing airstrikes against the Taliban and Islamic State and more frequently sending out soldiers on operations with their Afghan counterparts.

An official with the international military coalition in the country said the soldiers were Army Rangers. The two were killed during an operation against ISIS Khorasan, Pentagon spokesman Capt. Jeff Davis said, referring to Islamic State's affiliate in the country.

The latest deaths come as the White House debates the military's request for more troops to fight resurgent Taliban and Islamic State threats in Afghanistan.

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TECH

Continued from Page One

ing a time of heavier investments as autonomous vehicles, drones and robots take off, which analysts warn could consume more capital resources. And the increasingly prominent position the tech giants occupy in society as well as in business exposes them to new kinds of risks, such as the broadcasting of violent episodes on Facebook Inc.'s live video tool.

A fuller picture of the tech industry's health will come next week when Apple Inc. and Facebook report quarterly results.

Amazon and Alphabet's stocks hit new highs in after-hours trading. The boost to Alphabet's market cap was about $25 billion—equivalent to the value of Snap Inc., the parent company of Snapchat, the mobile messaging service that went public last month.

Alphabet Chief Financial Officer Ruth Porat said success in its core operations is helping it expand in other areas. "The strong performance in our advertising business allows us to take bigger bets within Google to fuel the growth of additional revenue streams," she said.

"They're becoming bigger and bigger and their growth rates are unchanged," said RBC Capital Markets analyst Mark Mahaney, noting that Alphabet has increased revenue in its core segment by at least 20% every quarter for seven straight years and Amazon has done the same for over four years.

Google credited its growth to the strength of its advertising business on mobile phones and on its YouTube video site. It seemed to avert a crisis when advertisers discovered in recent weeks that their brands appeared alongside offensive content on YouTube.

Major companies including Coca-Cola Co. and Wal-Mart Stores Inc. pulled their ad spending from Google except for targeted search ads. That boycott didn't dent Google's growth: Ad revenue rose 19% in the first quarter to $21.4 billion.

Sundar Pichai, chief executive of Google, said the company had done "thousands and thousands of calls" with advertisers to address the issue, pointing to new "safeguards" to address their concerns. The impact of the protest could be felt more in the second quarter, if it picks up steam.

*Other Google revenue includes hardware, cloud and app-store sales
Source: the companies
THE WALL STREET JOURNAL.

In recent years, Google's growth engine has shifted from its traditional search advertising on desktop computers to mobile advertising, YouTube and automated ad-buying systems. The number of paid clicks on Google's ads soared 44% in the first quarter compared with the year-ago period.

Google has come to dominate the online advertising market along with Facebook. The digital giants accounted for an estimated 77% of the U.S. online advertising market in 2016, up from 72% the year before, said Pivotal Research analyst Brian Wieser, analyzing data published by the Interactive Advertising Bureau.

The question plaguing Amazon was whether the online retail giant could sustain its growth despite substantial spending on everything from international expansion to video content. Amazon has long plowed most of its revenue back into product development and operations, including massive warehouses to speed products to customers. In recent periods Amazon has shown some spending discipline while it expands its operations overseas, bolsters its shipping infrastructure and broadens its library of movies and shows.

Analysts expect the phase to last at least through mid-2018, in part due to Amazon's promise to hire 130,000 U.S. workers during that time frame.

A big piece of that spending is coming in international markets like Mexico and India, where the company is building out its Prime offerings and competing against heavily entrenched incumbents. The international business has been stuck in the red in recent quarters. That remained the case in the first quarter, as the division reported an operating loss of $481 million. Sales increased 15.6% to $11.06 billion.

Amazon's financial chief, Brian Olsavsky, said the company is boosting investments in a number of areas, including in video content, its Echo personal-assistant speakers and its Prime subscription program. Amazon is also investing heavily in warehouses due to strong growth for its business fulfilling orders for sellers on its site.

Analysts flagged one concern for Amazon in the quarter: Growth in the company's all-important Amazon Web Services division continued to shrink. The decade-old cloud-services operation, which rents computing power, has become a major factor in Amazon's streak of profitability.

The division is facing tougher competition from Microsoft and Google.

—Jay Greene and Ted Greenwald contributed to this article.

CHURCH

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never disclosed. Local estimates range from $200 million to $600 million.

There was just one thing the great edifice, which can accommodate 18,000 people, lacked: great flocks of visitors.

For many years, this brash imitation of the Vatican basilica in the country's remote capital did well to see a few dozen congregants on Sunday.

Cleaners and choristers regularly outnumbered the faithful, church officials and workers said. Palms and shrubs began recolonizing surrounding roads. Security guards played soccer under the colonnade. "I used to call it my house because I had it all to myself," said David N'Guessan, a guard who once spent days playing on his cellphone. "To be honest, we felt a bit sorry for the father."

"Let's just say we had a lot of time for prayer," said Father Stanislaw Skuza, a Polish priest who arrived in 1993 and is among those who administer the church.

A series of civil conflicts here ended in 2011, sparking an economic comeback powered by foreign investment and the high price of cocoa, of which Ivory Coast is the world's top producer. As word spread that one could visit the gigantic jungle basilica in peace, pilgrim buses began arriving from Ghana and Burkina Faso. Tourists now come from China and India, and in greater numbers from former colonial ruler France. Visitors numbered 320,000 last year, church officials said, threefold the numbers of five years ago.

"We heard about this strange place," said Chi Tsui, here from China on business with two colleagues. "It is indeed strange."

The new masses have been a jolt for church denizens accustomed to an ample supply of quiet contemplation. Priests can't preach unamplified anymore. They fire up an imported speaker system connected to cordless mics. Once-dormant Italian air coolers next to each of 7,000 seats are regularly switched on.

Mr. N'Guessan was an altar boy when Pope John Paul II consecrated the church 27 years ago. It was the capstone of then-President Félix Houphouët-Boigny's project to move the capital from the coastal trade hub of Abidjan to Yamoussoukro, his ancestral village. A stained-glass window portrays the former president kneeling at Jesus' feet.

The church bustled with foreigners during construction, church officials said. About 1,500 artisans, led by French and Israeli contractors, worked day and night on an edifice stretching about one-third mile from the last Doric column of the elliptical esplanade to the outermost column behind the nave.

After Mr. Houphouët-Boigny's death, tourist visits fell as civil conflict roiled Ivory Coast. "I used to walk around practicing English alone because there was no one here," said tour guide Yann Loa as Indian visitors snapped selfies next to a stained-glass window. "Now I make in a month what I used to make in six." Catholics make up a little less than 20% the country's population of 23.7 million, according to a U.S. Central Intelligence Agency fact book.

SIA KAMBOU/AGENCE FRANCE-PRESSE/GETTY IMAGES

Visitors gathered outside Our Lady of Peace basilica in 2016.

During a recent Sunday Mass, the church welcomed around 1,000 worshipers inside. Other visitors sat along the roughly 3,000-foot marble walkway listening to prayer readings and singing hymns. Visitors to the roughly 300,000 square-foot complex are a fraction of the 55,000 the Vatican's basilica accommodates on peak days, according St. Peter's Archpriest, Cardinal Angelo Comastri. "None of us expect the queues to be like the Vatican," said Bintou Dosso, a trader whose stall overlooks the basilica's giant dome, "but thank God at least some people are coming now."

And unholy controversies remain over the church's construction. Pope John Paul II, whom Ivory Coast petitioned to consecrate the basilica because of its imitation of the Vatican's holiest shrine, agreed on the condition that a hospital be built alongside and that the cupola be slightly lower than the Roman dome, Ivorian church officials said. The Vatican declined to comment.

Mr. Houphouët-Boigny complied, but the church later topped the basilica with a giant golden cross, church officials said, making it taller than the Vatican's. The hospital was eventually built. And a controversy over the church's cost was never settled, with the president's critics charging he used state money the Ivory Coast couldn't afford. Without revealing the final tab, Mr. Houphouët-Boigny repeatedly said the basilica was being built on his own land, financed with his own money and, upon completion, would be given to the Vatican.

Despite all its grandeur, it's no St. Peter's, said Steven Sacco, an American professor now living in Ivory Coast.

"We like the church, but it's not quite right to make comparisons to the Vatican," he said. "It's Disneyland Paris versus Disneyland."

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IN DEPTH

Trump, GOP Face Big Questions on Taxes

Is it just a rate cut or a revamp of the code? Will the changes be permanent or not?

By Nick Timiraos And Richard Rubin

President Donald Trump and Republicans, hoping to advance a major tax overhaul through Congress, are laboring to answer two elementary questions: Are they seeking simple cuts in corporate and individual rates, or a sweeping revamp of the entire tax code? And should any changes be temporary or permanent?

Policy goals and procedural hurdles will shape the answers, and history offers different guideposts. President Ronald Reagan secured permanent cuts in 1981 and a broader overhaul in 1986, while President George W. Bush delivered temporary tax cuts—most of which were later made permanent—in 2001 and 2003. Nearly 100 days into Mr. Trump's presidency, it isn't clear which, if any, is Mr. Trump's model.

What he and Republicans deliver will have important implications for household income, corporate profits, budget deficits and economic growth. Some analysts worry the process will be muddied because the broader goals haven't been clearly defined.

"How do you write a tax bill when these basic questions are unanswered? It's not possible," said Andy Laperriere, an analyst at research firm Cornerstone Macro LP. It is easy for Republicans to agree on tax cuts, he said, but much harder to figure out "how to make the numbers add up."

Treasury Secretary Steven Mnuchin said this week the White House would seek both the largest cuts ever and the most comprehensive reordering of the tax code but provided few specifics.

Administration officials also have tried to frame the effort as a big reduction in middle-class taxes. Still, they struggled Thursday to answer basic questions, including how much in taxes a family of four earning $70,000 would pay.

If tax-code changes are to be permanent, the Trump administration needs enough Democratic support in the Senate, where Republicans control 52 seats, to overcome the filibuster rule, which requires 60 votes. Alternately, it could advance a tax bill using a procedural tool that isn't subject to a filibuster, called reconciliation, but it can be used only if legislation doesn't add to deficits beyond a window that is typically 10 years.

On Wednesday, Mr. Mnuchin said the administration would prefer any changes to be permanent. But in a nod to the political challenges that loom, he added, "if we have them for 10 years, that's better than nothing."

Under that path, the changes could look more like the Bush cuts, which were set to expire after 2010. Congress ultimately made many provisions permanent, but a 35% tax rate on top earners lapsed after 2012 and rose to 39.6%.

The comparison with the Bush tax cuts isn't perfect because the Trump administration is focused heavily on cutting corporate tax rates and not just individual rates. Officials say reducing the corporate tax rate from its current level of 35% will make U.S. businesses more competitive internationally and therefore more likely to boost investment and hiring.

To make corporate tax cuts permanent without Democrats supporting them, Republicans will need to make some difficult trade-offs to pay for them.

Top economic officials in the Trump administration concede temporary tax changes for businesses might be less desirable because they won't do much to alter investment patterns, a key prong of the administration's calculus that it can deliver sustained 3% economic growth.

"If it's a temporary proposal, will businesses and even individuals change their behavior in order to get you the economic growth?" asked White House budget chief Mick Mulvaney last week.

—Janet Hook contributed to this article.

TAX

Continued from Page One

high-income residents of blue states—chose repeal.

"I never thought I could leave New York and go to a state that had higher taxes, but I did when I moved to California," Treasury Secretary Steven Mnuchin said at a Wednesday morning briefing before justifying an end to a major break for New Yorkers and Californians. "We want to get the federal government out of the business of what's the states' business."

Republicans focused on lowering marginal tax rates have been targeting the deduction unsuccessfully for decades. They contend that it props up bloated state and local governments with support from federal taxpayers. Repealing it, they argue, could put pressure on states to limit or reduce spending and taxes.

Removing the deduction could raise more than $1 trillion over a decade, according to independent estimates, which would help offset the cost of GOP rate cuts.

The deduction, one of the largest breaks for individuals, saves taxpayers about $103 billion this year, according to the congressional Joint Committee on Taxation. That is $38 billion more than the mortgage-interest deduction and $46 billion more than the deduction for charitable contributions.

Without repealing the deduction, Republicans would have to settle for smaller tax-rate cuts, higher budget deficits or temporary tax policies. They will be constrained by congressional rules that prevent them from passing a tax plan on a party-line vote in the Senate unless they refrain from increasing budget deficits beyond a decade.

Winners and Losers

Estimated effect on taxpayers, by state, of repealing the state and local tax deduction, before taking into account proposed lower tax rates and repeal of the alternative minimum tax.

Sources: Tax Policy Center (tax burden); Cook Political Report (2008-2012 Partisan Voter Index) THE WALL STREET JOURNAL.

ANDREW HARRER/BLOOMBERG NEWS

Sen. Charles Schumer (D., N.Y.) says killing the tax break would devastate middle-class families.

Five of the Biggest Tax Breaks

Total projected cost of select tax provisions for individuals, 2017–26

Source: Treasury THE WALL STREET JOURNAL.

Awkward position

Democrats mobilizing to defend the deduction are in the awkward position of standing up for a tax measure that helps some of the highest-income Americans—the same people they typically say don't pay enough in taxes. To win, they will need to transcend party politics by appealing to hometown interests. During the 1986 tax-code overhaul, a coalition of business groups, state officials and blue-state Republicans protected the same tax break.

Administration officials argued this week that it isn't the federal government's job to be subsidizing states, though the federal government does redistribute money from high-income states to low-income states.

"We also think about being fair. We're being fair," Gary Cohn, the director of Mr. Trump's National Economic Council, said at the briefing with Mr. Mnuchin. "And there are those that argue that allowing state and local taxes to be deductible is not fair because certain states are subsidizing other states, and this is a field-leveler."

At the center of the fight is New York, home of Mr. Trump, Mr. Cohn and Senate Democratic Leader Charles Schumer, who says killing or scaling back the break would be "devastating for middle-class families in New York and elsewhere."

In New York, the deduction equals 9.1% of adjusted gross income, the highest in the nation, according to an analysis of government data by the Tax Foundation, a Washington group that favors a simpler, flatter tax system. New York residents thus face a particularly heavy state tax burden, which gets mitigated by the deduction.

The Republican tax plan is "very anti-New York in many ways," says Rep. Joseph Crowley, a Democrat from Queens. "It's going to cost more for New Yorkers. It's going to be more federal taxes for them. And that simply isn't right."

Repealing the deduction, before taking into account other changes in the GOP plan, would raise taxes on about 27% of New York households, increasing their federal bills by an average of $4,250, says the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. In New Jersey, 32.9% of households would see their federal taxes go up if the deduction were repealed, with an average increase of $3,522. Similar increases would happen in Maryland, Connecticut, California and Massachusetts.

The proposed reduction of individual tax rates and repeal of the alternative minimum tax would temper those hits. High-income households subject to the alternative tax already can't take the state tax deduction. Overall, the Trump plan would mean big tax cuts for many high-income Americans, but some households might still see tax increases. Congress and the White House haven't released enough details to make full calculations.

Rep. Kevin Brady, the Republican chairman of the House Ways and Means Committee, contends that repealing the break leads to equal treatment of residents of high-tax states and low-tax states. He hails from Texas, which doesn't have a state income tax and where individual deductions for property and sales taxes make up just 2.5% of income, near the bottom of the pack.

"It is a sort of a fresh approach to moving away from having deductions for some, usually wealthy, or those in high-tax states," he says. The goal, he says, is to make sure that "Washington doesn't reward or punish you based on where you live or choose to live."

Defenders of the deduction have a different view. Though blue states benefit from the deduction, they contend that red states get a disproportionate share of federal spending on the military and government benefits for elderly and poor households.

Kathryn Wylde, chief executive officer of the Partnership for New York City, a group that represents the city's biggest businesses, says the tax break helps the broader economy by supporting an agglomeration of media, finance, accounting and professional-services jobs. She worries about a populist backlash against "clusters of very high earners in the nation's economic centers."

The state and local tax deduction is one of the oldest breaks in the U.S. income tax, dating back to an 1862 tax on incomes imposed by the federal government to finance the Civil War. It has proven resilient, reappearing with the 1913 imposition of a federal income tax and surviving the last tax-code shake-up in 1986, when President Ronald Reagan tried to repeal it.

Democrats controlled the House in 1986, and Ways and Means Chairman Dan Rostenkowski of Illinois forged an alliance with New York Republicans.

James Baker, who was Mr. Reagan's chief of staff and then Treasury secretary, said the deduction was the only subject that caused Mr. Rostenkowski to hang up on him.

"We had a little shouting match, and it was just one of the deductions that they were damn well determined to protect," Mr. Baker said in a recent interview. "We ended up having to let it go."

The break is an itemized deduction. That means most households don't use it. To claim an itemized deduction, total deductions—largely for mortgage interest, charity and state and local taxes—must exceed the standard deduction of $6,350 for individuals and $12,700 for married couples. Mr. Trump wants to double the standard deduction, so many middle-income households might not feel the pinch of the lost break because it would be covered by the bigger standard deduction.

Just 30% of U.S. households itemize their deductions. Those who do—people who benefit from the state and local tax break—are concentrated in high-income, high-tax states. More than 90% of filers with incomes over $200,000 claim the deduction, according to the Tax Policy Center. Overall, 38% of the deduction's value goes to California, New York and New Jersey, which have 21% of U.S. households, the center says.

The top nine states for the deduction, measured as a percentage of income, all voted for Hillary Clinton, and they have 18 senators, all Democrats. In the House, those same states have 33 Republicans, a number that exceeds the party's overall governing margin. That means they have the numbers to protect the break—if they all agree on the policy and use their leverage.

New York and New Jersey Republicans already resisted the GOP leadership's health-care bill in March. Rep. Dan Donovan of Staten Island, N.Y., says losing the deduction would "crush" his constituents, and Rep. John Faso of Kinderhook, N.Y., says it would be "double taxation." Rep. Tom Reed of Corning, the lone New York Republican on the tax-writing Ways and Means Committee, says he intends to fight to protect the break.

Mr. King of Long Island says he spoke out against repeal during House Republicans' January retreat in Philadelphia. His district, he says, is full of police officers and firefighters whose biggest asset is their house, and losing the ability to deduct property taxes could hurt home values.

'Blood and guts'

"This is really bread and butter. This is blood and guts," he says. "The Democrats will run wild with it."

New York, in a 2013 report by Democratic Gov. Andrew Cuomo on the "tax threat" to the state, called repeal of the deduction and other potential federal changes an "unfair double taxation scheme" that would adversely affect New York. State residents who are used to taking the tax break would have to pay the full New York tax—with a top rate of 12.7% in New York City and 8.82% for the state outside the city—on top of their federal income taxes.

For the very highest-income New York households—think Wall Street bonuses—loss of the deduction would make the full cost of being a state resident more apparent than ever. That could increase the incentive for individuals to move away and for businesses to pick another state.

"If you talk to the very wealthy and hear them talk about their tax burdens, they're conscious of the difference between being here and being there," says E.J. McMahon, research director of the Empire Center for Public Policy, a conservative policy think tank in Albany.

There isn't much evidence that high-income households move because of state taxes on individuals, says Kim Rueben of the Tax Policy Center. The exceptions are retirees who don't need access to high-paying jobs in states like New York and may be looking to move to a state without an estate tax.

The lawmakers to watch in coming weeks are the blue-state Republicans in the House, including Rep. Chris Collins of New York, an early supporter of Mr. Trump. He said Wednesday that repeal is a "big concern" for GOP lawmakers from New York, New Jersey and California.

"Ever since our proposal first came out in January, I said I will fight to keep those deductions," he said.

—Janet Hook contributed to this article.

Plan Will Preserve 401(k) Tax Breaks

The Trump administration's tax plan will preserve existing breaks for retirement plans such as 401(k)s, a White House official said Thursday, clearing up temporary uncertainty over the fate of the accounts.

Press secretary Sean Spicer cast doubt on the future of 401(k)s during a White House briefing earlier in the day. When asked about tax incentives for retirement, Mr. Spicer said the only deductions protected from repeal in a tax-code overhaul were those for mortgage interest and charitable contributions.

"That's it," he said of the protected deductions, adding that the tax plan "will continue to flesh out."

The administration clarified Mr. Spicer's comments after the briefing, making clear no changes to 401(k)s and similar retirement accounts were proposed as part of Wednesday's announcement. The breaks for 401(k)s aren't technically deductions; contributions are excluded from the income-tax base.

The White House on Wednesday released an outline of President Donald Trump's tax principles that was light on details. Gary Cohn, director of Mr. Trump's National Economic Council, said the plan for rate cuts would protect retirement-savings tax breaks.

Over the past few decades, 401(k) plans have become a popular and widespread method for retirement savings, often displacing traditional defined-benefit pension plans. Pretax contributions and employer matching contributions go into the accounts, and individuals must pay income taxes when they take the money out during retirement.

Defined-contribution plans are projected to reduce federal revenue by $102 billion in 2017, according to the nonpartisan congressional Joint Committee on Taxation.

Americans have saved about $7 trillion in those accounts, plus an additional $7.9 trillion in individual retirement accounts, according to the Investment Company Institute, a trade group for mutual funds.

—Richard Rubin and Eli Stokols

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GREATER NEW YORK

Amtrak Warns of Big Disruptions as Repairs Ramp Up

Riders face summer of pain as work at Penn slated to take years is crammed into months

By Melanie Grayce West And Ted Mann

Amtrak will push forward with "major renewal work" at New York Penn Station this summer that will significantly hamper weekday service, disrupting the daily commutes of thousands, railroad officials said Thursday.

The overhaul will cost the railroad tens of millions of dollars, Amtrak Chief Executive Charles "Wick" Moorman said during a conference call with reporters Thursday.

PETER FOLEY FOR THE WALL STREET JOURNAL

A crowd of NJ Transit commuters waited for their trains at Penn Station in New York on Thursday.

The railroad is accelerating a program to upgrade and replace equipment in the Penn Station complex, he said, hastening a construction timeline that had been slated to take two or three years, to a few months. The work includes removing several tracks from service during some weekdays this summer.

Mr. Moorman declined to say how many of Penn Station's 21 tracks would be idled at any one time, though the goal is to minimize the impact. NJ Transit, Long Island Rail Road and Amtrak will experience reduced service, he said.

Amtrak takes its responsibilities as owner and operator of Penn Station seriously, Mr. Moorman said, noting that the station is "the single most complex track environment in North America."

"Rather than continue to patch and repair," he said, "the best course of action...is to get this work done."

The expected disruptions will further exacerbate what is already a tense environment for LIRR and NJ Transit riders. Service outages in recent weeks—some related to minor derailments—have resulted in delayed trains, track closures, confusion and finger-pointing among the three rail agencies.

Earlier this month, New York Gov. Andrew Cuomo and New Jersey Gov. Chris Christie called for a review of Amtrak's infrastructure. Mr. Christie threatened to withhold rent payments to Amtrak.

Some 1,300 trains move in and out of Penn Station daily, more than twice the number the station handled in 1976, several years after Amtrak's creation, according to Amtrak officials. The station is working at a level for which it was never designed, Mr. Moorman said. Amtrak, he said, has done a "good job" of managing Penn Station despite the increased capacity and cuts in funding.

Next week, Amtrak will begin work on an outage plan with LIRR and NJ Transit. A NJ Transit spokeswoman said the agency has been assured that when Amtrak formalizes its plan, NJ Transit will be part of the dialogue. A spokesman for LIRR didn't immediately respond to requests for comment.

Rich Barone, vice president for transportation for the Regional Plan Association, a policy and advocacy group, said that with reduced capacity at Penn Station, some LIRR riders may have to commute using the Atlantic Terminal in Brooklyn. Some NJ Transit riders might have to take the PATH into Manhattan, or terminate service at Newark Penn Station.

"No one wants to lose service," Mr. Barone said. "But the public needs to be open to that."

Amtrak's project primarily will affect the "western throat" of the station—one of the most difficult areas in which to work. The project includes a full renewal of all the components: Timber, steel, connecting mechanisms, switches and more, some of which date to the 1970s. Part of that work has been planned for years and, up until now, was expected to occur on weekends.

Repair costs will be covered by Amtrak funds that will be redirected from other purposes, including postponing software upgrades that aren't immediately necessary, Mr. Moorman said.

In announcing its plans to accelerate station repairs, Amtrak joins other major regional transit agencies in overhauling the way they maintain critical infrastructure.

For generations, transit agencies such as the MTA and Amtrak have scheduled most repairs and replacement operations for nights and weekends. In recent years, however, transit ridership has exploded, even as some of the most critical infrastructure in the region's railroads and in New York City has slid up to and beyond the end of its useful life.

During the Penn Station work, Mr. Moorman said, former MTA Chairman Thomas Prendergast will be brought in to oversee passenger-level services.

Rail Commuters Vent, Ponder Their Options

By Sonja Sharp

Some shrugged in resignation, while others seemed bemused. But most travelers at New York Penn Station on Thursday had the same basic reaction to the news that Amtrak will pack years of badly needed track work into this summer.

"It's gonna suck," said Frank Kida, 61 years old, of Morris Plains, N.J. He estimates the predicted weekday track closures will add at least half an hour to his commute, assuming there are no broken elevators in his path.

"In Penn Station, you have to try three different elevators before you find one that works," said the construction superintendent, who speeds through the warren-like transit hub in an ultralight titanium wheelchair, his black leather briefcase strapped to his shins. And then there are the detours. "You just gotta deal with it," he said.

Others said they were fed up and searching for ways to cut the station and its three major train lines out of their lives for good.

NJ Transit commuter Aparna Mekala said the chaos caused by delays, derailments and cancellations has already made her long daily trek to and from Morristown even longer.

"When you have time sitting in the tunnel, you start thinking about all the alternatives," she said, like possibly working from home or driving 20 miles to the PATH train in Newark. "It's toying with so many people's lives."

Manhattanite Michael Valenti contemplated similar extremes as he and his miniature schnauzer, Pip, waited for the Long Island Rail Road to Babylon. It is a voyage they make regularly for long weekends on Fire Island.

"You don't want it to take four hours to get there when you're only going for the weekend," he said, adding that if delays get any worse, "I'll just hire a car and drive the whole way to the boat, which is going to cost like $1,800" for the season.

"It's all you're thinking about, all day long," said Saul Palomo, 45, of Millburn, N.J.

Luckily for him, his company moved from Manhattan to Hoboken earlier this month, slashing his commute and sparing him the indignity of this summer's scheduled chaos.

One of City's Bravest Is Laid to Rest

SETH WENIG/ASSOCIATED PRESS

UNITED IN GRIEF: Thousands gathered in Bethpage, Long Island, on Thursday for the funeral of New York City firefighter William Tolley, who died last week in a fall from the roof of a burning building in Queens. His 8-year-old daughter, Isabella, holding a blanket with a picture of her father, his wife, Marie Tolley, and other family and friends stood by as his casket was loaded onto a truck during the funeral. In a eulogy, Mayor Bill de Blasio commended Mr. Tolley, 42 years old, for living 'the way we should all live.'

Surveillance Watchdog Steps Into the Breach

By Zolan Kanno-Youngs

The former federal judge who will monitor the New York Police Department's surveillance practices has held jobs investigating two terrorism attacks, while occasionally hunting foreign spies.

But Stephen Robinson said his next gig—as New York Mayor Bill de Blasio's appointed watchdog of the police department's surveillance—will be one of his more precarious positions.

As a civilian representative, Mr. Robinson will attend monthly meetings of an 11-member committee made up of legal and counterterrorism officials responsible for making sure the department's surveillance operations abide by the so-called Handschu guidelines. The guidelines were established to ensure First Amendment rights aren't violated during police investigations.

In his new role, Mr. Robinson can flag violations to the police department and, if he isn't satisfied by the response, take his concerns directly to a federal judge.

Mr. Robinson, who is 60 years old and a partner at the law firm of Skadden, Arps, Slate, Meagher & Flom in New York, knows he will be in the hot seat. Stopping surveillance at the wrong time could endanger lives, but permitting the wrong sort of operation could jeopardize civil rights.

"I was just talking to a friend of mine about the fact that I would be doing this and what he said to me is, if anything goes wrong, I would likely be the person shot at," Mr. Robinson said.

The Handschu guidelines were established more than 30 years ago as a result of a settlement of a 1971 case involving a group of Communist radicals who claimed the NYPD spied on them. Barbara Handschu was a plaintiff in that case. After the Sept. 11, 2001, terror attacks, the regulations were loosened and the civilian oversight was eliminated.

The NYPD agreed last year to reinstate a civilian to oversee its surveillance practices as a result of a settlement of two civil-rights lawsuits that alleged the department illegally investigated Muslim communities after 9/11. The NYPD didn't admit wrongdoing as a part of the agreement.

Mr. Robinson is accustomed to providing legal counsel when the stakes are high. In 1993, as a member of the Federal Bureau of Investigation, he helped gather evidence in the World Trade Center bombing. He has also worked to exposed moles and spies in the U.S.

Some civil-rights lawyers have criticized the city for not consulting the Muslim community before choosing Mr. Robinson as the civilian representative, and are wary of the former judge's career as a prosecutor.

"I would've preferred that we saw a civilian representative with an established track record of working with those wrongly surveilled or wrongly abused rather than working on the side of police and intelligence officials," said Albert Cahn, legal director of the New York chapter of the Council on American-Islamic Relations. "There's been widespread consternation throughout the Muslim community."

Mr. Robinson said he recently met with more than a dozen members of the city's Muslim community, and he understands their concerns about the NYPD's previous surveillance practices.

Everyone, including the police department, can expect Mr. Robinson to voice his concerns, he said. "There are a lot of things I think about myself that other people might not agree with," he said. "I probably think I'm smarter than other people do. I certainly think I'm handsomer and funnier than other people do," Mr. Robinson said. "I don't think you'll find anyone that will find I'm not a truthful guy."

STEPHEN ROBINSON

- Born in 1957 in Brooklyn's Bedford-Stuyvesant section.
- Widowed, and the father of a 27-year-old daughter.
- Graduated from Cornell University and Cornell Law School.
- Appointed U.S. attorney for the district of Connecticut by President Bill Clinton in 1998.
- Selected in 2003 by President George W. Bush to be a federal judge for the U.S. District Court of the Southern District of New York.

MARK KAUZLARICH FOR THE WALL STREET JOURNAL

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FROM LEFT: NICK SOLARES; PETER FOLEY FOR THE WALL STREET JOURNAL

Cones are topped with raspberry chocolate chunk before eager customers at the Brooklyn Ice Cream Factory. Left, foie gras ice cream served with fried apple pie at the Beatrice Inn in Manhattan.

Latest Scoop? A Meaty Dollop Of Foie Gras

By Charles Passy

Would you like sprinkles on that scoop of foie gras?

Though summer may be weeks away, New York City is already gearing up for a busy season of devouring that quintessential warm-weather treat—ice cream.

And these days it is coming in every conceivable flavor, from plain ol' vanilla to toasted hay to, yes, foie gras.

Two major events that celebrate the frozen favorite in all its varieties are planned for the coming months.

At Manhattan's Bryant Park June 1-3, the Scooper Bowl will give patrons the opportunity to taste unlimited samples from more than a dozen brands. Flavor offerings at the festival will range from Toffee Wife, a peanut-butter-and-toffee concoction, to a dairy-free red-bean ice cream.

FOOD & CULTURE

The $20-a-ticket event, which benefits the Dana-Farber Cancer Institute and Boston's Spaulding Rehabilitation Hospital, is modeled after a festival held in Boston for the past 34 years and draws 50,000 attendees annually.

In October, the New York City Wine & Food Festival is planning its own ice cream extravaganza as part of the event's slate of culinary offerings. Celebrity chef Mario Batali will helm the ice cream affair, which is expected to feature a number of prominent producers offering all kinds of flavors.

Beyond the events, established ice cream shops and purveyors in the city are looking to expand their brands—and product lineups. OddFellows Ice Cream Co., a cutting-edge brand that has shops in Manhattan and Brooklyn, is rolling out a new Garden Party collection of flavors, including strawberry with kale and basil swirl, and pineapple-ginger lemonade sorbet.

After about a year's hiatus, MilkMade, a New York company that offers a subscription service that delivers pints of ice cream to residences and offices, is set to relaunch in June. Among the company's most notable flavors: Chinatown Chocolate (dark chocolate ice cream with Chinese spices), and Two Snaps and a Hay (toasted-hay ice cream with ginger snaps).

Restaurants also are getting into the ice cream game with their own flavor innovations. Brushstroke, a high-end Japanese restaurant in Manhattan's Tribeca, occasionally offers a soy-sauce ice cream. The Beatrice Inn, a chophouse in Greenwich Village, features a decadent pairing of fried apple pie with foie gras ice cream—topped with cracked black pepper, no less.

Beatrice Inn chef Angie Mar says diners talk up the foie gras ice cream constantly. "It's got that unctuous, meaty flavor," she noted.

Ice cream sales have grown modestly in the past half-decade, according to Mintel, a market researcher. In 2016, the category increased by 3.6% to $12.8 billion.

But the numbers don't tell the full story, say industry insiders and experts. They say brands that push the flavor envelope and emphasize an artisanal approach are seeing greater success than ever before.

"I feel like it's never been a better time for ice cream," said Natasha Case, co-founder of Coolhaus, a national brand that is participating at the Scooper Bowl in New York. Her latest flavor innovation? Milkshake and Fries ice cream that indeed incorporates french fries.

Still, it is worth noting that in most surveys of ice cream preferences, traditional flavors, such as chocolate and cookies and cream, come out on top. That is no surprise to Mark Thompson, co-owner of the Brooklyn Ice Cream Factory, a shop that will be participating in the Scooper Bowl.

At his establishments, "vanilla outsells everything," he said.

GOP Leaders Weigh Letting Mayoral Candidate Dietl Run as Republican

By Mike Vilensky And Mara Gay

New York City's five Republican borough leaders are deliberating whether to grant their party line to independent mayoral candidate Bo Dietl, a conservative TV and radio pundit and onetime NYPD detective who has drawn comparisons to President Donald Trump.

Due to a series of registration mishaps, Mr. Dietl will need a special waiver to get on the ballot in the September Republican primary. A waiver is granted if three of the five GOP chairmen representing the city's boroughs agree.

Letting Mr. Dietl have the line would be a tacit acceptance of his candidacy, which has been buffeted by a series of comments he has made that have drawn a backlash. Rejecting Mr. Dietl would mean refusing someone who has the backing of some of the president's allies and advisers and has provec skilled at grabbing attention and raising money.

Queens GOP Chairman Robert Turner said in an interview Thursday he is "not inclined" to grant Mr. Dietl a waiver. "I am looking for a candidate who can win, and to win we must appeal to a significant number of Democrats, leaning Democrats or Independents," he said.

Acting Staten Island GOP Chairman Bill D'Ambrosio said party officials in the borough wouldn't make a decision until after electing their permanent chairman. But Mr. D'Ambrosio said it was hard to imagine party leaders backing anyone other than Staten Island Assemblywoman Nicole Malliotakis, a Republican who also is seeking the nomination.

The Manhattan chairwoman, Adele Malpass, said she is undecided but that Mr. Dietl and the other Republican hopefuls would be an improvement over the current Democratic mayor. The Bronx chairman didn't respond to an inquiry.

Brooklyn GOP Chairman Ted Ghorra said party leaders there hadn't decided whether to support a waiver for Mr. Dietl. He said they should be used sparingly.

Bo Dietl is currently running for mayor of New York as an independent.

On Thursday, Republican candidate Paul Massey suggested the city's GOP keep Mr. Dietl out of the party after Mr. Dietl drew criticism for racially insensitive remarks. Describing a black Manhattan Supreme Court judge who denied him the ability to run on the Democratic line, Mr. Dietl said at a mayoral forum Wednesday: "The judge looked like Charlene de Blasio, and I knew I had a problem."

Mr. de Blasio's wife is black. Her name is Chirlane McCray. The mayor's re-election campaign called the remarks shameful. In a WNYC interview Thursday, Mr. Dietl said he was sorry for anyone he offended and that he isn't a racist.

GREATER NEW YORK WATCH

MANHATTAN

Escalator Mishap Injures Two at WTC

Several stair treads on an escalator at the World Trade Center's Oculus transportation hub buckled Thursday morning, injuring two men, officials said.

The men were able to walk to a waiting ambulance and they were taken to a hospital for evaluation, said Port Authority spokesman Steve Coleman.

He said it was the same escalator that was involved in a fatal fall in February, though the earlier incident didn't involve an escalator malfunction.

In the February accident, a New Jersey woman plunged about 30 feet to her death. Officials said she stretched over the railing too far and fell while trying to retrieve a dropped hat.

—Associated Press

CONNECTICUT

Man Dies After Being Hit by Train

A Madison man struck by an Acela Amtrak train has died.

An Amtrak spokesman said 52-year-old Glenn Cuban died at Yale New Haven Hospital after he was struck by a high-speed Boston-to-New York train in Madison just after 7 p.m. Wednesday.

There were 251 people aboard the train. No passengers or crew were hurt.

—Associated Press

NEW JERSEY

Whale's Cause Of Death a Mystery

A 43-foot-long whale that washed up on a Toms River beach was too badly decomposed for it to be determined how it died, a marine mammal rescue group said.

The director of the Marine Mammal Stranding Center said the whale, which appeared on the beach Wednesday, had been dead for days and chewed on by sharks. The animal might have been a Sei whale, but its condition made even that determination difficult.

—Associated Press

New Honor for a Baseball Great

MARY ALTAFFER/ASSOCIATED PRESS

STAR POWER: An image of Jackie Robinson at the groundbreaking for his namesake museum in lower Manhattan on Thursday.

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LIFE & ARTS

THE 365 DAYS OF SUMMER

To avoid overcrowding, studios are releasing their big-budget movies all year long, making summer open season

Clockwise from top left, images from 'War for the Planet of the Apes,' 'Spider-Man: Homecoming,' 'Wonder Woman,' 'Guardians Of The Galaxy Vol. 2,' 'Despicable Me 3' and 'Transformers: The Last Knight.'

20TH CENTURY FOX; COLUMBIA PICTURES (2); ILLUMINATION ENTERTAINMENT/UNIVERSAL PICTURES (2); MARVEL STUDIOS (2); PARAMOUNT PICTURES (2); WARNER BROS (2)

BY BEN FRITZ

AS SUMMER MOVIE SEASON kicks off next week, it's also coming to an end.

Ever since "Jaws" created the "tentpole" movie in 1975, summer has always been the time of year when studios release most of their costliest, visual effects-packed films that are meant to draw huge audiences. For 40 years, Hollywood released more such films during the summer than the entire rest of the year, even as the industry stretched its definition of the season beyond June, July and August to include May as well.

Hollywood is creating more so-called "event" movies than ever: The huge films, with production budgets that can exceed $250 million and marketing budgets of $100 million or more, can create hundreds of millions in profits and spawn sequels, spin-offs, and consumer products tie-ins when they are global hits. This year, studios are releasing about 35 event movies, up from 27 in 2012, and 41 are planned for 2018.

But that rapid increase, along with stronger competition from television and digital services and the decline of DVD sales, have caused studios to stop concentrating their release in the summer.

This year, for the first time, there are just as many sequels, reboots and comic-book adaptations being released during the summer as any other time of year. About a dozen such films will be released between January and April, May and August, and September through December. The same is true on the 2018 schedule.

"There's no question it's a 12-month calendar now," said Jeff Goldstein, president of domestic distribution for Time Warner Inc.'s Warner Bros. "As we're all making more tentpole films, you need to find an area where you can win on your own."

The change has been welcomed throughout Hollywood and the cinema business, as it gives more movies room to succeed without directly competing and helps to even out revenue during the year.

Summer initially developed its position as the most important time of the year, along with the Christmas holidays, because children were out of school and able to go to cinemas during the week.

The summer season still generates more box-office revenue than any other period. That's largely because average weekday ticket sales in summer are 70% higher than the rest of the year, said Elizabeth Frank, chief content and programming officer for AMC Entertainment Holdings Inc., the largest cinema chain in the U.S.

But the difference with other seasons is shrinking. Last year, May through August accounted for 39% of ticket sales in the U.S. and Canada, down from 44% in 2013, according to Comscore.

Another key advantage of the summer season was that movies typically become available on DVD three-to-five months after their theatrical debut. So releasing big tentpoles in summer ensured they'd be available for the crucial holiday shopping period.

Recently, however, summer has become less attractive to studios. Too many event movies were piled on top of each other between May and early August, cannibalizing audiences and causing movies to flop because of overcrowded weekends.

The "golden age" of television has only exacerbated the problem, as the hurdle for any one movie to get people out of their homes has risen, let alone two big-budget movies trying to do it around the same time.

Meanwhile, the impetus to get DVDs out in time for the holidays has waned dramatically now that more people choose to stream movies, a less profitable transaction for studios than disc sales, or abandon films entirely in favor of TV or videogames. U.S. home entertainment revenue is down nearly 50% from its peak in 2004.

Today, studios care more about picking the best dates to maximize theatrical revenue, particularly from foreign markets like China that have grown in importance. In some countries, summer breaks don't correspond to those of the U.S. or can feature events that distract from movies, like the World Cup.

The result has been increasing experimentation with dates once considered risky or, even dumping grounds for films nobody wanted to see. The first "Harry Potter" movie proved Thanksgiving could be highly lucrative as far back as 2001, while 2010's "Alice in Wonderland" and 2012's "The Hunger Games" showed the possibilities of March, when many students are on spring break.

More recently, studios found audiences would turn out for the right movies even when there isn't a holiday or school break. "Gravity," in 2014, proved October's potential, as did "The Lego Movie" for February in 2015. Already this year there have been four movies that grossed more than $500 million worldwide. March's "Beauty and the Beast" crossed the $1 billion mark and this month's "Fate of the Furious" will likely soon join it.

Coming off the biggest first quarter ever at the box office, with $2.366 billion in domestic box office between January and March according to Box Office Mojo, summer's pre-eminence could shrink further this year. It kicks off next week with the likely hit "Guardians of the Galaxy Vol. 2" and will see other highly anticipated event movies like "Transformers: The Last Knight," "Despicable Me 3," and "Spider-Man: Homecoming."

But the final four months will also bring potential blockbusters like a sequel to "Blade Runner," "Justice League," and "Star Wars: The Last Jedi."

Studios with the most consistently successful franchises can still claim dates in the summer that are typically among the most lucrative. Walt Disney Co.'s Marvel Studios always releases a movie the first weekend of May, while "Transformers" sequels from Viacom Inc.'s Paramount Pictures have always come out just before the July 4 holiday.

Studios that don't have as many big franchises in their arsenal have to be more creative. Sony Pictures Entertainment, which is in turnaround mode, will release a "Spider-Man" spin-off and sequels to "The Girl with the Dragon Tattoo" and "Bad Boys" all in October and early November of 2018. The studio has only one major summer release, the animated "Hotel Transylvania 3," that year.

The only remaining time periods when theaters are still short on event movies, said Ms. Frank, is late August through mid-September and early December, both of which have long been considered "dead periods" when audiences are distracted by the beginning of school and holiday preparations.

FEMALE COMEDIANS LEAN IN

A string of female buddy comedies that started with 'Bridesmaids' in 2011 has become an entire genre

Female comedies this summer include 'Snatched,' with Amy Schumer and Goldie Hawn, left and 'Rough Night,' above, starring Scarlett Johansson, front.

FROM TOP: COLUMBIA PICTURES; 20TH CENTURY FOX

BY ELLEN GAMERMAN

THE NEW HOLLYWOOD bromance does not involve a bro.

Female buddy comedies are filling the movie slate this summer. A string of films that started with "Bridesmaids" in 2011 has morphed into an entire genre about funny women. "Bridesmaids" alerted Hollywood executives to the untapped audience for comedies starring female ensemble casts. "Trainwreck" in 2015 delivered a flawed heroine in a style usually reserved for men. "Pitch Perfect" in 2012 and last year's "Bad Moms" established new franchises driven by women, with "Pitch Perfect 3" and "Bad Moms Christmas" set for release later this year.

"We're seeing a little bit of a boom right now in studio comedies with female ensembles, which I think is super exciting and fun and long overdue," said Lucia Aniello, cowriter and director of "Rough Night," a movie about a bachelorette party gone bad starring Scarlett Johansson that opens in June.

Yes, there's still the brotherhood of the red bathing suits ("Baywatch," arriving May 25) and male friendship forged in the fire of chafing leather outfits ("CHIPS," out last month).

But movies about female bonding are piling up, too, and some feature overlapping themes: A naked man, a bunch of drugs and a dead body show up more than once, and there are multiple images of women in old photos from their younger days, women dancing at the club and ladies sticking out their tongues with wild abandon. Here, a sampling of screen offerings:

Snatched (May 12)
The mother-daughter action movie attempts to meld the sweetness of Goldie Hawn with the saltiness of Amy Schumer. Ms. Schumer's character is taking a vacation in Ecuador with her mom when the two are kidnapped and must plot their escape. At one point, Ms. Schumer's character tells a bad guy he "messed with the wrong bitches," points a gun at him and warns she will count down to one and kill him. She starts at 100. "When we're exploring the relationship between a

Please see FEMALE page A15

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DWAYNE JOHNSON ROCKS THE NEW HOLLYWOOD

BY ERICH SCHWARTZEL

Los Angeles

AMONG HOLLYWOOD'S franchise obsessions this year: outlaw cars, barely dressed lifeguards and board games brought to life.

The common denominator? Dwayne Johnson.

These days, if there's an action, comedy or family formula with the potential to make high nine figures world-wide, studios are saving a seat for the former pro wrestler.

These movies may rely on old ideas, inspired by previous movies, TV shows or even toys. Mr. Johnson has become the movie star of the moment—and the highest-paid actor in Hollywood in 2016 with $64.5 million in earnings, according to Forbes—by giving such films his personal nitro boost.

His 2017 movies, "The Fate of the Furious," "Baywatch" and "Jumanji: Welcome to the Jungle," help explain why.

Since leaving **WWE**, Mr. Johnson has structured a career that's become the most successful athlete-to-movie-star transition since bodybuilder Arnold Schwarzenegger was tapped to play the title role in "Conan the Barbarian." Like stars Will Smith and Tom Cruise in their heydays, Mr. Johnson has cultivated a malleable persona that easily hops between genres, whether as the brawny action star ("San Andreas"), comic foil ("Central Intelligence") or parent-approved cartoon voice ("Moana").

But Mr. Johnson's career really took off when he joined several franchises, which have become top priority for Hollywood studios increasingly focused on overseas grosses and outside revenue sources like merchandise. Industry executives say Mr. Johnson's varied roles have introduced him to several different kinds of mass audiences, which are important to attract when a monster franchise budget is on the line.

His early days in entertainment didn't exactly show a wide acting range. As a **World Wrestling Federation** superstar called The Rock, Mr. Johnson would flex, snarl and growl his catchphrase: "If you smell what The Rock is cooking..." Early roles riffed on that persona, but Mr. Johnson has left the ring far behind.

This year, the 44-year-old Mr. Johnson already has headlined the action-packed "The Fate of the Furious," which made its debut in April and is the second-highest grossing movie at the world-wide box office this year, at more than $910 million. On May 25, he'll star as a trash-talking lifeguard in "Baywatch," an R-rated, raunchy comic take on the beach drama.

He'll flip from adults-only to family-friendly in "Jumanji: Welcome to the Jungle," a December reboot of the board-game franchise that last hit screens in 1995 with Robin Williams in the lead role. Mr. Johnson plays a teenage nerd trapped in the actor's body.

"Baywatch" and "Jumanji" will test Mr. Johnson's ability to reboot well-known properties, rather than join them after they've taken off. Mr. Johnson joined the "Fast & Furious" franchise in its fifth installment, and took roles in sequels in the "G.I. Joe" and "Journey to the Center of the Earth" franchises.

His stand-alone efforts, like 2014's "Hercules," haven't fared as well, though a sequel to his 2015 hit earthquake epic "San Andreas" is in development. Mr. Johnson declined to comment for this article.

Mr. Johnson's rise in Hollywood began in 2001, when he was cast in "The Mummy Returns" as The Scorpion King, an evil ancient power terrorizing Egyptologists in the 1930s.

"While we were reaching out of the traditional acting community, we saw him filling this role because of a unique set of demands," says Sean Daniel, who produces the "Mummy" franchise. The Scorpion King should be "powerful and ancient but totally contemporary, charismatic but intimidating," he says. "He had to be a lot of things up on the screen."

Early reviews of Mr. Johnson's second career were less enthusiastic. "I continue to believe the Rock has an acting career ahead of him, and after seeing this movie I believe it is still ahead of him," Roger Ebert wrote.

But the studio executives watching daily footage of Mr. Johnson were impressed, says Mr. Daniel, and gave him the starring role in a "Scorpion King" spinoff released in 2002. ("I expect him to become a durable action star," Mr. Ebert wrote in his review of the stand-alone film.)

Mr. Daniel is not surprised that his onetime discovery has become such formidable box-office competition. "He's totally a 21st-century movie star," Mr. Daniel says.

Dwayne Johnson in the raunchy comedy 'Baywatch.'

Mr. Johnson in the upcoming 'Jumanji: Welcome to the Jungle,' where he co-stars with Kevin Hart, Karen Gillan and Jack Black.

Evolution to The A-List

▲ **The Mummy Returns** (2001): **$433 million**
Mr. Johnson leaves the wrestling ring for his first starring role

The Scorpion King (2002): **$165 million**
After just one movie, Mr. Johnson gets his own spinoff

Doom (2005): **$56 million**
The videogame adaptation is an early miss but shows Mr. Johnson's action-hero chops

The Game Plan (2007): **$148 million**
Mr. Johnson's role as a former NFL quarterback who discovers he is a father reveals a family-friendly side

Tooth Fairy (2010): **$112 million**
The wrestling ring is in the rearview mirror by the time this comedy, in which Mr. Johnson plays the tooth fairy, comes out

Fast Five (2011): **$626 million**
Mr. Johnson joins the "Fast & Furious" juggernaut, a franchise that continues to rev up his career

Hercules (2014): **$244 million**
Mr. Johnson's stand-alone star power is tested, and doesn't pass with flying colors, in this Greek hero adaptation

San Andreas (2015): **$474 million**
Channeling Bruce Willis in "Die Hard," Mr. Johnson saves the day when a massive earthquake hits

Central Intelligence (2016): **$217 million**
Mr. Johnson goes toe-to-toe with Kevin Hart, earning praise for his comic timing

Moana (2016): **$640 million**
Mr. Johnson gets the animated treatment in the Disney movie, and even expands his range further by singing on the movie's hit soundtrack

Source: Box Office Mojo

FROM LEFT: SONY PICTURES; PARAMOUNT PICTURES; EVERETT COLLECTION

MINING HORROR FOR NEW HITS

Coming film adaptations of works by Stephen King, above, include 'The Dark Tower,' left, and 'It,' below.

CLOCKWISE FROM LEFT: COLUMBIA PICTURES; WARNER BROS.; JEFF MALET/NEWSCOM/ZUMA PRESS

BY ERICH SCHWARTZEL

TWO OF STEPHEN KING'S most beloved creations, the eight-volume series "The Dark Tower" and the doorstop "It," have bedeviled Hollywood for years. Together, the works run about 6,000 pages—unwieldy fodder for standard-length feature films.

But movies based on both tales will hit screens within a month of each other this summer, a throwback to the 1990s heyday of King adaptations. In each case, the filmmaking teams are biting off a piece of the story to adapt—and hoping for hits that justify sequels.

A trailer for "It," about an evil clown named Pennywise who terrorizes a group of young friends, set traffic records when it was released in March, with 197 million views in its first 24 hours.

Bill Skarsgård, the 26-year-old actor playing Pennywise, has taken on a role made famous by Tim Curry, who played the clown in a 1990 television adaptation that ran on ABC and became a cult classic on home video.

The movie, due out Sept. 8, is darker than the television version, said Richard Brener, the co-head of Warner Bros.'s New Line Cinema, which is releasing the film. It covers the first half of the book, called "The Losers' Club" for the group of students whose individual fears are targeted by Pennywise. Mr. King's "It" took place in the 1950s but the new movie is set in the 1980s, lending the early footage a tone similar to that of the Netflix hit series "Stranger Things." Like the Netflix show, "It" turns young outcasts into a band of heroes fighting a supernatural evil.

"It was very important for us to be King-like in the telling of the kids, who were always very grounded and real," Mr. Brener said, because that approach makes the characters matter to audiences. "It was different than something like Freddy Krueger"—the murderous villain of the "Nightmare on Elm Street" slasher-film franchise, he said. In those films, he added, viewers "tended not to care about the people because you knew you were going to pick them off one by one."

Nikolaj Arcel, director of "The Dark Tower," is overseeing an adaptation of the eight-book epic that was first published in 1982 and borrows elements from various genres while pitting good against evil.

Mr. Arcel didn't specify which books are included in his movie. The film reflects parts of the entire series, he said, so it feels like a stand-alone story and not just a cliffhanger that makes sense only after later installments.

"The Dark Tower," scheduled for release on Aug. 4 by Sony Pictures Entertainment, stars Idris Elba as the Gunslinger, a mysterious hero trying to protect an alternate world from a force of pure evil known as the Man in Black (Matthew McConaughey). Early "Dark Tower" footage shown to movie-theater executives last month featured elements of science-fiction adventure melding with old-school Western tropes. In one scene, the Gunslinger shoots a kidnapper from yards away simply by listening to his footsteps on the wind.

Mr. Arcel, like Mr. Brener, said he wanted to ground the movie in some reality despite all the fantastical elements. "The tone is basically trying to do the same thing Stephen King does in his books: Marry the weird with the normal," he said.

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MOVIES FOR GROWN-UPS

Blockbusters and superhero sequels aren't the only summer fare; A look at coming dramas, comedies, period pieces and other films

The Lovers (May 5)
Spouses who usually sleep with their backs turned to each other are shocked to wake face to face one morning and in mid-kiss. The long-married pair, Mary and Michael, played by Debra Winger and Tracy Letts, won't even dress when the other is in the room. Neglectful and unfaithful, they have become adept at managing their affairs—Michael's mistress comes up as "WORK" on his cellphone—but they find that secret relationships can get messy, too. Soon, they are exchanging playful texts and cheating on their lovers with each other.
—Ellen Gamerman

The Big Sick (June 23)
Writers Kumail Nanjiani and Emily V. Gordon based this comedy on their stranger-than-fiction courtship. The Pakistan-born Mr. Nanjiani, who plays Dinesh on HBO's "Silicon Valley," stars as Kumail, a stand-up comic whose Muslim parents expect him to enter an arranged marriage. Instead he falls for Emily, played by Zoe Kazan, after she heckles him at a show. In short order, Emily suffers a grave illness that lands her in a medically induced coma, leaving Kumail to navigate the crisis alone with her parents. Director Michael Showalter said though he and Mr. Nanjiani are old friends, he never knew about this experience until he read the script. "The things about the story that are not true are the less crazy parts," he said. Judd Apatow and Barry Mendel produced the film, which sparked a bidding war after its debut at Sundance.
—Ellen Gamerman

Baby Driver (June 28)
In one way an old-fashioned heist movie about a criminal looking to run away with his girlfriend after one last job and in another a cutting-edge melding of music and movie, "Baby Driver" may be the most daring film of the summer. Ansel Elgort never removes his earbuds and the music he listens to provides the soundtrack of the picture and the tempo of his frenetic car chases. Co-starring Jamie Foxx and Kevin Spacey, it's yet another mixture of commercial tropes and alternative comedy from cult favorite director Edgar Wright ("Shaun of the Dead" and "Hot Fuzz").
—Ben Fritz

The Beguiled (June 30)
Sofia Coppola's first film since "The Bling Ring" follows the civil war that breaks out when a wounded Union soldier (Colin Farrell) is taken in by a 19th-century girls' school in Virginia. Nicole Kidman, Elle Fanning and longtime Coppola muse Kirsten Dunst star as the women whose insulated lives are riven by his arrival and the seduction he brings to the estate. Ms. Kidman, who starred in the spring hit "Big Little Lies" on HBO, appears to continue her streak of intense turns here. A recent "Beguiled" trailer features her blood-soaked and asking for a saw.
—Erich Schwartzel

The House (June 30)
It's been 10 years since "Blades of Glory" brought Amy Poehler and Will Ferrell together on the big screen. Now the former "Saturday Night Live" cast members reunite for this comedy inspired by gangster movies, playing Scott and Kate Johansen, parents who realize they never started a college fund and now can't afford to pay for their daughter's dream school. Their bank account mystifies them. "It says right here we have $401,000," Scott tells their financial planner. "That says you have a 401k account," she replies. To make money, the couple opens an illicit casino in the suburban home of their best friend, played by a scene-stealing Jason Mantzoukas. "It's always fun to drive by houses in the suburbs and go, 'I wonder what goes on in there,'" said director Andrew Jay Cohen. "Ripping off the mask is always fun."
—Ellen Gamerman

A Ghost Story (July 7)
Casey Affleck, fresh off his Oscar win for "Manchester by the Sea," stars in another meditative drama about family loss with "A Ghost Story," about a young husband who is killed in a car accident and returns from the afterlife to visit his wife (Rooney Mara). The movie, from "Moonlight" distributor A24, received solid reviews after its premiere at the Sundance Film Festival in January, with critics praising its artistry and tackling of big ideas through a small story. —Erich Schwartzel

Patti Cake$ (July 7)
The film is set in a New Jersey town that commuter trains speed through on their way to someplace better. White, overweight rapper Patricia "Killa P" Dombrowski, played to critical acclaim by newcomer Danielle Macdonald, would like to tear out of there, too. Stuck working in a karaoke bar where her mom gets drunk for free, making up dirty "limmies" (limericks) to entertain her wheelchair-bound grandma, she finds her salvation in an eternally optimistic rap partner and an outcast who calls himself the antichrist. The movie left the Sundance Film Festival this year with strong buzz and a distribution deal with Fox Searchlight. —Ellen Gamerman

Dunkirk (July 21)
Christopher Nolan is one of the only directors in Hollywood who can make an "event" out of movies without a superhero, robot or monster. "Dunkirk" is his boldest effort yet. It is a retelling of a World War II battle in which Allied forces, many of them British, tried to escape from the French coast. Shot entirely on large-format Imax film with scenes that put viewers in a plane, on a boat, or stranded at the edge of the beach, "Dunkirk" has been described by Mr. Nolan as the "ultimate suspense story."
—Ben Fritz

An Inconvenient Sequel (July 28)
More than 10 years after his documentary on climate change won an Oscar, former Vice President Al Gore returns to the cinematic lectern with a sequel that further examines the consequences of global warming. The movie will debut with a wide theatrical release that is rare for a documentary. Mr. Gore already is using the film to speak out against President Donald Trump's climate policies.
—Erich Schwartzel

Detroit (Aug. 4)
The film again pairs Oscar-winning director Kathryn Bigelow and writer Mark Boal, whose collaborations include "The Hurt Locker" and "Zero Dark Thirty." This time the result is a historical thriller about the racially charged 1967 riot in Detroit that brought the state police and National Guard into the city. John Boyega—Finn from "Star Wars: The Force Awakens"—plays a security guard caught in the middle of the crisis. The trailer focuses on the police clash with civilians at the Algiers Motel, which resulted in the murders of three black men and the brutal beatings of several others. The film chronicling one of the worst incidents of civil unrest in the country's history over five days in July lands just after the 50th anniversary of the riot. —Ellen Gamerman

The Only Living Boy in New York (August 11)
Woody Allen won't be in theaters this summer but this film from Marc Webb, the "500 Days of Summer" director returning from his time making two "Spider-Man" sequels, feels like the closest thing to his work. Callum Turner stars as a young college graduate dealing with the revelation that his father is having an affair. In one scene, Jeff Bridges talks his young costar into admitting he is attracted to his father's mistress, played by Kate Beckinsale, and admonishes him to "stop grounding yourself in what you think is moral." —Ben Fritz

A24 (2); WARNER BROS. (2); PARAMOUNT PICTURES; 20TH CENTURY FOX; LIONSGATE; COLUMBIA PICTURES; FOCUS FEATURES; ANNAPURNA PICTURES; AMAZON STUDIOS/ROADSIDE ATTRACTIONS

The WSJ Daily Crossword | Edited by Mike Shenk

PUZZLE CONTEST

Across
1 Parting word
6 Gasol of the Grizzlies
10 "Dirty Harry" org.
14 Capital on the Mediterranean
15 Vicinity
16 Columbian city
17 *Restaurant selection
19 Cameo stone
20 TV stations, e.g.
21 Benjamin
23 Letters for a booming business?
24 *Paint the town red
29 Doesn't bring a date
31 Adage
32 *Permission to turn
35 "Don't look ___!"
36 "Absolutely!"
37 Iowa or Delaware
38 Connections
39 *Whistle-blower of a sort
44 Part of Q&A
45 Oxford charges
46 *Diner table stain
48 Jr.'s jr.
51 Cowboy event
52 Overturns
55 Make fast
57 *Future hyacinth, e.g.
60 Grandpa's daughter, sometimes
61 It runs elbow to wrist
62 By land ___
63 Washington, Madison or Lincoln
64 Exam that measures reasoning ability, for short
65 You'll need a famous one of these to figure out the contest

Down
1 Plate chance
2 Scheduled to arrive
3 Like argon
4 Cymru : Wales :: ___ : Ireland
5 Estonia used to be pt. of it
6 Fellow
7 Auction pieces, often
8 Be visibly affected by
9 Jessica of "Grey's Anatomy"
10 Shaggy's canine pal, for short
11 Better than good
12 Layer
13 Ten, in Toulouse
18 Milo of "The Verdict"
22 Identify
25 Neighbor of Syr.
26 Dungeons & Dragons co.
27 Sly soldier
28 Win every game
29 Eff followers
30 Switch settings
32 Scored 75, say
33 Herbivorous megafauna, for short
34 Drill sergeant's command
35 Up-and-down paths
37 Hillary's running mate
39 Amount of squirrels or monkeys
40 Backgammon do-overs
41 "Who ___ kidding?"
42 Flounder flipper
43 Bach specialty
45 Walker, on street signs
47 Two score
48 "Made ___" (tag label)
49 Worker who's a shirker
50 "That news ___ indeed": "Richard III"
53 "No ___!"
54 Longest river wholly in Spain
55 Buddy
56 Arles affirmative
58 ___ whim
59 Angkor ___

Previous Puzzle's Solution

WHAT'S THE RIGHT MOVE? | By Matt Gaffney

The answer to this week's contest crossword is **one way to move.**

▶ Email your answer—in the subject line—to **crosswordcontest@wsj.com** by 11:59 p.m. Eastern Time Sunday, April 30. A solver selected at random will win a WSJ mug. Last week's winner: Greg Wert, Wixom, MI. Complete contest rules at **WSJ.com/Puzzles**. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

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FROM LEFT: FOCUS FEATURES; LIONSGATE; PARAMOUNT PICTURES

Big-budget R-rated movies this summer include 'Atomic Blonde' starring Charlize Theron, left, 'Baywatch,' above, and 'Hitman's Bodyguard,' below.

WHY MORE SUMMER MOVIES WILL BE RATED R

BY BEN FRITZ

HOLLYWOOD IS LEARNING to love the letter R.

Studios used to insist on PG-13 ratings for their big summer movies, in an effort to appeal to the widest audiences possible for their tentpole films.

But this summer, three movies getting big pushes aren't just R-rated, but "hard R's," with copious cursing, sexual humor and over-the-top violence meant to stand out from blander PG-13 fare.

"Baywatch," a long-in-the works big-screen version of the 1990s television show, is getting a prime release on Memorial Day weekend.

In July comes "Atomic Blonde," a hard-core action film that turns Charlize Theron into a gun-toting martial-arts heroine.

August brings the R-rated action-comedy "The Hitman's Bodyguard," starring Ryan Reynolds and Samuel L. Jackson.

Sizable expectations for all three come in the wake of similar recent R-rated releases that were surprise hits: "21 Jump Street," another edgy adaptation of a fondly remembered TV show, and "John Wick," the martial-arts action film series starring Keanu Reeves.

The movie that fired up Hollywood the most for the R-rating is 2015's "Deadpool." Twentieth Century Fox made the raunchy, ultra-violent "X-Men" spinoff on a low budget because it doubted whether it could draw a large audience. It grossed an astounding $783 million worldwide and proved that R ratings could work for franchise films, not just one-off dramas like "American Sniper."

As a result, "Baywatch," "Atomic Blonde" and 'Hitman's Bodyguard' have bigger commercial ambitions than typical R-rated summer movies which are generally aimed at niche audiences that skip blockbusters.

"From the very initial impression we want to make sure you know unmistakably what it is so that it stands out," said Universal's marketing co-president, Michael Moses. As movies struggle to differentiate themselves from edgy television programs, he added, it's critical those with an R-rating demonstrate how far they go.

Whatever they lose in teenage audiences who can't see the film without a parent, studio executives figure they can more than make up for with people 17 and older who are more attracted by the bloodier or funnier material an R-rating allows.

"We used to have a more focused conversation about getting the rating for the audience we wanted to reach, but now it's more about what is the authentic voice for the material," said Megan Colligan, president of marketing and distribution for Paramount Pictures, which is releasing "Baywatch."

Rather than playing down the extreme nature of "Atomic Blonde," early marketing materials have highlighted how much it pushes the limits for typical action movies. "Baywatch" advertising has done the same with its comedy.

Early versions of the "Baywatch" script envisioned turning the David Hasselhoff series about scantily-clad lifeguards into a big-budget action movie, but the filmmakers and star Dwayne Johnson eventually agreed on a tone that "celebrates the characters, celebrates the beach and pushes the limits," said producer Beau Flynn.

A six-minute preview shown to cinema managers at a March convention featured a raft of sexually explicit jokes, nearly nonstop cursing, and a scene in which co-star Zac Efron is fooled into searching for evidence in the most intimate regions of a corpse.

"Atomic Blonde" was also highlighted at the Cinema-Con trade show amid much bigger-budget fare, highlighting the commercial ambitions Universal Pictures has for the movie. The previewed scenes portrayed Ms. Theron as a killing machine in one dramatic martial arts or gun battle after another.

"Hitman's Bodyguard" was shown at Cinema-Con in its entirety and on top of extensive violence, it featured use of a trademark curse word by Mr. Jackson, deployed in this case for comedic effect.

Lower-budget R-rated comedies and horror films have long been a staple of Hollywood and this summer will see a number of them.

But now studios are more aggressively seeking R-rated movies across a range of budgets and genres that can stand out in a market already filled with PG-13 action-adventure films.

"Studios are certainly more willing to take the bet that an R-rating on the right project is going to help increase an audience's desire to see it, rather than decrease it," said Jason Constantine, president of acquisitions and co-productions for "John Wick" studio Lionsgate.

FROM TOP: UNIVERSAL STUDIOS; MOMENTUM PICTURES

'Girls Trip,' above, stars Regina Hall, TIffany Haddish, Jada Pinkett Smith and Queen Latifah. 'Fun Mom Dinner,' below, stars Toni Collette, Molly Shannon, Katie Aselton and Bridget Everett.

FEMALE

Continued from page A12

mother and a daughter, we don't necessarily get to see it in a big, funny context," director Jonathan Levine said of previous on-screen depictions of that relationship.

'Rough Night' (June 16)

Four best friends from college reunite 10 years later to celebrate bride-to-be Jess, played by Ms. Johansson, but their equilibrium is disrupted by a pal from Jess's semester abroad, Pippa, played by Kate McKinnon sporting a zany accent. During their Miami weekend, a male stripper ends up dead. The women eat a pizza to deal with their stress before attempting to dispose of the body. Ms. Aniello and co-writer Paul W. Downs looked at how bonds between women shift through life. "We wanted to really examine the way female friendships in particular evolve and change over time," Ms. Aniello said.

'Girls Trip' (July 21)

Four old friends gather in New Orleans—the maternal one (Jada Pinkett Smith), the brazen one (Tiffany Haddish), the driven one (Regina Hall) and the lost one (Queen Latifah). Ms. Hall's character is a successful relationship expert invited to speak at the Essence Festival, ground zero for the posse's shenanigans. The movie features a zip-line bathroom gag, an ill-fated round of absinthe, a dance-off and a bar fight. The film was shot partly at last year's Essence Festival. "Without a doubt, we made sure that we set it in a place that celebrates black women," said director Malcolm D. Lee. Still, the location posed challenges: "It was not easy to clandestinely move Queen Latifah and the rest of the cast through 65,000 people at the Superdome."

'Fun Mom Dinner' (Aug. 4)

Four mothers of preschoolers go to dinner with preconceived notions of each other, but soon they're smoking pot and making trouble. The movie, starring Toni Collette and Molly Shannon, includes a dad who calls watching his children "babysitting." The film is written by Julie Rudd with Naomi Scott as a producer and features their actor husbands, Paul Rudd and Adam Scott. Ms. Rudd said the women in the movie are inspired by moms she met in her 40s who became her close friends: "Once they meet each other and have the safety of this group of female friends," she said, "they feel more fearless and more understood."

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Brushstroke Head I, 1987
painted and patinated bronze
This work is number five from an edition of six, plus one artist's proof.
$700,000 - 900,000
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SPORTS

HEARD ON THE FIELD

A Flurry of Trades for QBs After Garrett Goes No. 1

The 2017 NFL Draft began like most experts predicted: the Cleveland Browns selected Texas A&M defensive lineman Myles Garrett with the No. 1 pick. Then it completely defied expectations with a set of decisions that could change the landscape of the league for the foreseeable future.

The Chicago Bears traded up for the No. 2 overall pick, giving the San Francisco 49ers the No. 3 pick and a bevy of draft choices, to select North Carolina quarterback Mitchell Trubisky.

Even at a time when the quarterback position has never been more important in the NFL, there was no certainty a signal caller would go off the board this early. Evaluators had raised questions about this year's crop, and the quarterback-needy Browns passed on Trubisky at No. 1.

That Trubisky would be the first quarterback taken was no sure thing. Clemson's Deshaun Watson, the college star who won the title game against Alabama, was also a possibility. So was Texas Tech's Patrick Mahomes.

But Chicago decided to put the future of their franchise in the hands of Trubisky, even after signing quarterback Mike Glennon to a pricey deal in free agency. Trubisky impressed with the Tar Heels last season, throwing 30 touchdowns and only six interceptions, but only started one year in college.

At No. 3, the 49ers got who they likely wanted anyway: Stanford defensive lineman Solomon Thomas. Except the Bears didn't necessarily trade up for the purpose of getting ahead of San Francisco. They did it to get their choice of quarterback in a league filled with quarterback-starved teams. The Kansas City Chiefs also traded up to get a quarterback, moving up to No. 10 to take Mahomes, while the Texans took Watson at No. 12.

Not every team was quarterback focused, though. LSU running back Leonard Fournette, an old-school rusher with a tantalizing combination of power and agility, went fourth to the Jacksonville Jaguars, despite questions about how players of his mold fit into the passing-dominated NFL. And the New York Jets, with a gaping hole at quarterback, bypassed Mahomes and Watson to select LSU safety Jamal Adams sixth. At No. 5, the Tennessee Titans didn't need a quarterback—they already have Marcus Mariota. So they gave him a new potential weapon in wide receiver Corey Davis, from Western Michigan. The Carolina Panthers, looking to give quarterback Cam Newton another offensive weapon, took Stanford running back Christian McCaffrey at No. 8.

—Andrew Beaton

SCOTT HEAVEY/GETTY IMAGES

Anthony Joshua of the U.K. celebrates at Wembley Stadium in 2014. Joshua fights Wladimir Klitschko on Saturday, with an expected crowd of 90,000.

BOXING

Boxing's British Renaissance

BY ALEX RASKIN

BOXERS Deontay Wilder and Anthony Joshua are heavyweight champions with similar resumes: The two former Olympic medalists are both undefeated as professionals, although neither can truly claim any signature victory.

But while Wilder last defended his WBC title in front of 12,346 fans in his home state of Alabama, Joshua will put his IBF crown on the line this Saturday against Wladimir Klitschko at London's sold-out Wembley Stadium, where an additional 10,000 seats were added to accommodate the post-war record crowd of 90,000 spectators.

The difference, as Wilder is all too aware, is that Joshua has the good fortune of being British at a time when the United Kingdom is enjoying a boxing renaissance.

"I probably get more recognized in England than America," Wilder said.

A thriving amateur program deserves some credit for the sport's resurgence in Great Britain, where documented prize fights occurred as early as 1681. British Olympians won 11 boxing medals over the last three summer Games, including Joshua's 2012 gold in London. And at the men's professional level, the U.K. currently has 10 major champions—down from 13 in December.

The Brits aren't better boxers than the Yanks; 13 American men currently hold at least one major title. They just have a fan-friendly business model—one that's born out of necessity.

"I think promoters in America have become lazy in the past," said Eddie Hearn, a British promoter and managing director of Matchroom Sport. "The TV rights are so vast—from Showtime, from HBO—you sometimes don't need to drive the gate. But in turn, that affects the atmosphere, the look and the feel of the show and the event."

Hearn estimates that a fight card in America generates about 80% of its revenue from television rights and just 20% from ticket sales. In the U.K., however, he says it's more "like 30% TV revenue and 70% gate."

To push ticket sales, British promoters like Hearn have emphasized their fighters' roots, often putting on shows in boxers' hometowns. For instance, Kell Brook will defend his IBF welterweight title on May 27 against American Errol Spence at Bramall Lane, the soccer stadium in Brook's native Sheffield.

Some American fighters have taken a similar approach. Super lightweight champion Terence Crawford has routinely fought in his native Omaha, Neb., and three of Wilder's title defenses occurred in his home state. But with hotels and casinos luring major fight cards to Las Vegas and Atlantic City with various financial incentives, often times too many tickets are simply given away to spectators who are unfamiliar with the athletes. And that tepid atmosphere can turn off television audiences.

"When you give away too many tickets, like you do in America," explained Hearn, "you don't get the atmosphere and that affects the television product."

The atmosphere at British fights is so colorful that American networks are beginning to take notice.

"The primary attraction is the environment," said Stephen Espinoza, the executive vice president and general manager of Showtime Sports, which will broadcast three cards in the U.K. over the next month.

That raucous, often patriotic atmosphere has caught on with British television networks. Matchroom has a contract with Sky Sports to do 20 shows a year through 2021, and promoter Frank Warren launched his 24-hour boxing network, BoxNation, back in 2011.

The publicity has created a more knowledgeable and demanding fight fan, so British promoters are under public pressure to create the best matches possible—even if it means sacrificing a fighter's perfect record.

Brook was undefeated when he moved up two weight classes to fight unified middleweight champion Gennady Golovkin in London last September. And even though he lasted only five rounds, by which point his eye socket was broken, Brook still received a lengthy ovation from the crowd.

The 27-year-old Joshua (18-0, 18 knockouts) is taking a similar risk by facing off against the 41-year-old Klitschko (64-4, 54 KOs), the winningest and most experienced heavyweight in the world.

"We could have easily walked away," said Hearn. "We could have said, 'We'll do two more [fights]. Make another $10 million. Then we'll gamble [against Klitschko].'"

Boxing faces more competition in America, where the NFL, NBA, and Major League Baseball dominate news cycles throughout their seasons and off-seasons. But boxing is beginning to make some inroads back to the American mainstream. ESPN recently signed a deal with Golden Boy Promotions to broadcast 42 fight cards, primarily on ESPN 2. And the television series PBC has had some success buying network air time.

Perhaps the sport's biggest opportunity in the U.S. will come this Saturday. According to Espinoza, the affable Joshua has marketable qualities that "television executives salivate over." And should he win, Joshua would earn the chance to headline a major fight card across the Atlantic, where the undefeated and untested Wilder (38-0, 37 KOs) will be waiting.

"America is the mecca of boxing," Joshua said. "If we can cross over into the states and keep the fan base in the U.K., I think we've cracked it."

BILL STREICHER/REUTERS

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.

U.S. Forecasts

s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	48	36	pc	51	34	pc
Atlanta	87	67	pc	85	69	t
Austin	92	75	pc	91	59	t
Baltimore	82	64	pc	88	67	pc
Boise	56	35	c	62	44	pc
Boston	74	58	pc	80	47	pc
Burlington	75	53	pc	68	39	pc
Charlotte	84	66	pc	89	67	t
Chicago	59	41	r	47	42	r
Cleveland	72	58	c	61	50	r
Dallas	87	74	c	84	52	t
Denver	50	27	sh	39	18	sn
Detroit	67	51	pc	58	41	r
Honolulu	83	70	pc	79	66	sh
Houston	91	76	pc	87	62	pc
Indianapolis	69	60	t	72	63	t
Kansas City	66	45	c	51	43	r
Las Vegas	72	55	s	76	56	s
Little Rock	81	69	t	80	67	t
Los Angeles	81	61	s	83	58	s
Miami	88	78	pc	86	78	pc
Milwaukee	55	39	c	47	39	r
Minneapolis	51	36	pc	56	39	c
Nashville	84	68	pc	88	69	pc
New Orleans	86	73	pc	86	72	pc
New York City	81	62	pc	82	58	pc
Oklahoma City	78	55	t	58	40	t
Omaha	47	38	r	47	37	r
Orlando	97	71	pc	93	70	pc
Philadelphia	84	64	pc	87	63	pc
Phoenix	88	59	s	83	60	s
Pittsburgh	74	61	pc	76	61	t
Portland, Maine	68	51	pc	73	41	c
Portland, Ore.	59	39	pc	63	47	pc
Sacramento	74	52	s	80	50	s
St. Louis	72	61	t	72	67	r
Salt Lake City	47	36	sh	54	38	pc
San Francisco	70	54	s	73	52	s
Santa Fe	50	29	sh	42	26	sn
Seattle	60	43	pc	57	46	sh
Sioux Falls	51	32	c	54	34	c
Wash., D.C.	84	68	pc	91	68	pc

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	52	39	c	54	40	pc
Athens	77	59	pc	76	59	pc
Baghdad	97	68	pc	99	69	s
Bangkok	93	79	pc	93	80	pc
Beijing	89	56	s	93	57	s
Berlin	55	36	pc	52	35	pc
Brussels	53	35	sh	55	41	pc
Buenos Aires	73	47	s	74	49	s
Dubai	99	83	s	102	83	s
Dublin	52	41	c	54	45	sh
Edinburgh	53	40	c	56	43	sh
Frankfurt	58	39	sh	56	38	pc
Geneva	50	31	sh	59	38	pc
Havana	90	72	s	91	70	s
Hong Kong	76	69	pc	79	73	pc
Istanbul	70	52	s	75	56	pc
Jakarta	89	74	c	89	75	pc
Jerusalem	74	49	s	76	54	s
Johannesburg	71	45	pc	70	45	s
London	57	43	pc	59	48	pc
Madrid	64	46	pc	62	42	t
Manila	96	80	pc	94	80	pc
Melbourne	64	56	c	63	52	pc
Mexico City	83	61	pc	84	53	pc
Milan	62	41	pc	66	45	pc
Moscow	48	43	r	67	51	pc
Mumbai	91	81	pc	91	80	s
Paris	58	37	sh	61	47	pc
Rio de Janeiro	75	67	r	75	68	r
Riyadh	101	79	c	98	76	pc
Rome	62	42	pc	67	43	pc
San Juan	86	77	sh	85	76	sh
Seoul	70	49	pc	74	50	s
Shanghai	78	58	s	84	61	s
Singapore	87	78	c	87	78	c
Sydney	68	55	pc	72	60	s
Taipei	74	59	pc	79	64	pc
Tokyo	66	54	pc	71	57	pc
Toronto	64	46	pc	58	40	c
Vancouver	56	42	pc	53	44	r
Warsaw	44	38	r	51	36	pc
Zurich	46	30	r	56	31	pc

PGA TOUR

GOLF'S EXPANSION PUSH STALLS IN CHINA

BY WAYNE MA

BEIJING—The PGA Tour China is caught in a sand trap.

The U.S.-based organization said it has been unable to get any Chinese tournaments approved for its upcoming season, which last year began May 9 and featured more than a dozen events.

"We're stuck moving forward," said Greg Gilligan, managing director of the PGA Tour China. "There's a lack of clarity over how to get approved."

The impasse comes after a falling-out between the PGA Tour and its Chinese partners, and amounts to another bogey for golf in China. The game was banned by Mao Zedong as a bourgeois pastime, and more recently nearly 200 golf courses have been closed amid President Xi Jinping's campaign against corruption by government officials and ostentatious displays of wealth.

The PGA Tour came to China with high hopes, seeking to expand the game's popularity. In 2013 it struck a deal with the quasi-governmental China Golf Association and promotion firm China Olympic Sports Industry Ltd. to stage tournaments.

Two years later, the PGA began questioning the business practices of the China Olympic Sports Industry, or COSI, and "the particulars of financial transactions," Gilligan said. He declined to give specific examples but said those concerns were raised with CGA and COSI executives.

"We weren't satisfied with how they explained them," Gilligan said.

A COSI representative said executives who worked on the partnership have left the company and declined to make anyone available for comment. The Wall Street Journal reached one of those former executives, who declined to comment. The China Golf Association also declined to comment. Separately, the CGA has said it is now working with COSI to stage its own tournaments.

ZHONG ZHI/GETTY IMAGES

Huiling Zhang during the Buick Open in 2016.

The PGA hasn't abandoned hopes for staging events this year, Gilligan said, possibly by getting a "higher authority" or provincial-level officials to approve the events.

China has nearly 1.4 billion people, but at most perhaps three million golfers, Gilligan said. New golf-course construction has technically been banned since 2004, and the country has less than 500 courses—compared with more than 14,000 in the U.S.

Liu Dongfeng, a professor and co-dean at the Shanghai University of Sport, said China continues to oversee golf and most other sports on a Soviet-inspired model, where the goal was to nurture athletes for Olympic glory. Seeing the potential for economic returns, China is now moving to make sports more of a commercial enterprise, he said.

"In terms of priority, golf is absolutely not on the agenda," Liu said. "The prospects for golf [aren't] very bright, unfortunately."

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OPINION

Trump's Finest Moment (So Far)

POTOMAC WATCH
By Kimberley A. Strassel

Here's how to know a Republican president has scored big on a proposed tax reform: Read the New York Times—and chuckle.

The newspaper's headline Wednesday lectured: "White House Proposes Slashing Tax Rates, Significantly Aiding Wealthy." The story said that Donald Trump had offered a "radical reordering of the tax code," though one that he "rushed" so as to "show progress before the 100-day mark of his presidency." The proposal was but a "skeletal outline" and "less a plan than a wish list." It contained "no explanation of how the plan would be financed." And, oh, it would "richly benefit Mr. Trump" personally. This was a news article, by the way, not an editorial.

The president's tax proposal—a big, swashbuckling vision for enacting pro-growth principles—offends many on the left by its very nature. Within a few minutes of its release, liberal economists, politicians and pundits were ripping it as a payoff to the wealthy, a deficit buster, regressive, unrealistic. That alone is proof Mr. Trump is getting the policy right.

Yet what Mr. Trump may be doing best is the *politics* of tax reform. The president's proposal marks not only a triumph of ideas, but a savvy acknowledgment of the Washington landscape. After a rocky first few months, Mr. Trump is playing to win.

Start with the fact that this proposal is substantive. It didn't have to be. In the wake of the health-care meltdown, Republicans on Capitol Hill began debating whether they ought to throw out messy, complicated tax "reform" in favor of easy, straightforward tax "cuts." That wasn't what they campaigned on; they had promised to slay the tax-code beast. Moreover, targeted rate cuts wouldn't deliver for the economy. But this crew argued to the White House that a slimmed-down approach would at least deliver a quick, symbolic legislative victory.

Mr. Trump's plan rejects that retreat. Instead of going weaker, it goes stronger, compiling into one document all the tax-reform ideas that most inspire conservative movers and shakers. Simplify the brackets? Check. Lower rates? Check. Harmonize rates between corporations and small businesses? Check. Move to a territorial corporate-tax system? Check. Kill off the estate tax, the alternative minimum tax, itemized deductions, and corporate loopholes? Check. This is the sort of stuff that think tanks, congressional reformers and business groups have been salivating over for years.

Good policy makes for good politics. The Trump proposal has galvanized all those groups that wield influence with Republicans. "Trump Plan Will Turbocharge the Economy," crowed Americans for Tax Reform. "This is What Pro-Growth Tax Reform Looks Like," declared the Club for Growth. It's also a proposal to inspire voters, since it offers relief to nearly every category of taxpayer. Congressional Republicans can move ahead knowing they have support, even as they feel pressure to get the job done.

Big is also smart. Mr. Trump chose not to start on the 50-yard line—a mistake too many administrations make. His call for a 15% tax on both corporations and pass-through entities is aggressive, but it leaves room for negotiation and increases the likelihood that even a compromise bill will still look like real tax reform.

His tax-reform plan is smart policy, but even better politics: It's a challenge to Congress.

Yes, the proposal was "bare bones"—but that's deliberate and designed to help get a win. The media will spend the coming weeks attempting to drag this debate into the minutiae, highlighting every GOP disagreement over every teensy provision. The Trump plan's broad principles are an attempt to keep everyone focused on the ultimate prize, as well as to set markers for what counts as achievement. Besides, it upsets feelings when a president micromanages Congress.

Right now the bad feelings are all emanating from Democrats, who whine that Mr. Trump's proposal contains no concessions for them, no reasons for them to support it. This, too, was smart politics. The White House had been under pressure to pursue a very different strategy—to enact only corporate tax reform and bring in Democrats with infrastructure spending. Yet there was no guarantee Democrats would play ball. That approach also would have robbed Republicans of the first opportunity in a generation for holistic tax reform. It risked fracturing GOP votes.

The Trump plan is instead a blunt acknowledgment that Democrats have no interest in working with him to harmonize, simplify and reduce rates for both corporations and individuals. It is instead pitched directly at Republicans, since it will take a united GOP conference to get it done.

That might be the smartest piece of all. The president has dramatically raised the stakes by laying out a giant challenge to his congressional allies. All eyes are on the Freedom Caucuses, the Tuesday Groups, the Ted Cruzes and Tom Cottons—all those who helped kill the health-care bill. If they fail to deliver this time, if they descend into bickering over deficits or state tax deductions, they *will* lose their majorities. It's as simple as that.

President Trump has made it all about them. There are no excuses this time.

Write to kim@wsj.com.

The Jews Who Saved Monticello

HOUSES OF WORSHIP
By Meir Soloveichik

Thomas Jefferson is buried at Monticello, his estate in Charlottesville, Va. The exact spot is marked by an obelisk bearing the date of his death: July 4, 1826—50 years to the day after the Second Continental Congress declared independence. Also close to the home lies a grave belonging to Rachel Phillips Levy. According to the inscription, she died on the 7 of Iyar, 5591, following a calendar used by traditional Jews.

How did a Jewish grave end up in Monticello? The answer lies in the history of a family whose own story is every bit as American as that of Jefferson himself.

In 1776 a Jewish patriot named Jonas Phillips fled to Philadelphia from New York with the arrival of the British fleet. A decade later, he was well-regarded in his new city, and his daughter Rachel was set to marry a Jewish gentleman named Levy.

Benjamin Rush—a famous physician, signatory of the Declaration of Independence, and friend to Jefferson—attended the wedding. That Phillips had invited a prominent gentile to a Jewish ceremony, an act unthinkable almost anywhere else at the time, is a sign of the extraordinary freedom Jews had found in this new land. Rush, for his part, was entranced by the ceremony. He later wrote, "I was carried back to the ancient world and was led to contemplate the Passovers, the sacrifices, the jubilees, and other ceremonies of the Jewish Church."

Rachel gave birth to a boy named Uriah Phillips Levy. Running away to sea as a child, Uriah returned home to mark his bar mitzvah, before soon setting sail again. Most of his life was devoted to the American Navy, in which he served with distinction and led an ultimately successful campaign against flogging. Though he faced anti-Semitism and assaults on his reputation throughout his career, Uriah's legacy is honored today: The Jewish Chapel at the Naval Academy in Annapolis bears his name.

Uriah's hero was Thomas Jefferson. His reverence for the Founding Father lay in the latter's dedication to molding "our Republic in a form in which a man's religion does not make him ineligible for political or governmental life." In 1834 Uriah united his own legacy with that of the man he admired by purchasing Monticello. Jefferson died deep in debt, and his home had fallen into ruin. Uriah devoted himself to Monticello's rehabilitation, restoring the house and purchasing land that had once been part of the estate.

Uriah also made Monticello the permanent home of his mother, Rachel. When she died in the spring of 1839—or 7 of Iyar, 5591—Uriah buried her on the property. Thus did the young Jewish woman whose wedding was attended by a man who signed the Declaration of Independence come to rest eternally at the estate of the man who had written it.

Uriah died in 1862, amid the chaos of the Civil War. Monticello fell into Confederate hands for a time but ultimately was returned to Jefferson Levy, Uriah's heir and eventually a congressman from New York. He restored Monticello once again, and ultimately arranged for the estate to be transferred to the American people. Monticello became a pilgrimage point for individuals all over America. Yet as Marc Leepson notes in his book "Saving Monticello," for decades the Levys' role in preserving Jefferson's home wasn't celebrated.

Thomas Jefferson's home lay in ruin until Uriah Phillips Levy stepped in to help.

That has changed. Today the Thomas Jefferson Foundation, which oversees Monticello, honors the role this Jewish family played. But few American Jews know the tale of the Phillips Levy family. In speaking to Jewish audiences, I often ask how many have visited Monticello. Many hands go up, but few remain raised when I ask who has visited Monticello's Jewish grave.

On May 7 I will lead a Jewish delegation to Monticello. Our group will comprise members of Congregation Shearith Israel in New York—the community where Jonas Phillips, Uriah Levy and Jefferson Levy were once members—and Yeshiva University students. We will lead a service at the grave of Rachel Phillips Levy, concluding with the traditional Jewish memorial prayer for the dead. It will mark one of the very few times the prayer has been recited at Monticello since her burial almost two centuries ago.

It's well-known that Jefferson demanded that no mention of his presidency appear on his grave: "Here was buried Thomas Jefferson / Author of the Declaration of American Independence / of the Statute of Virginia for Religious Freedom / and Father of the University of Virginia." Jefferson saw his fight for religious liberty, and the Declaration's assertion that "all men are created equal," as more important to his legacy than the power he had wielded in his life. Monticello's Jewish grave, as much as Jefferson's own, gives eternal testimony to the equality and freedom that diverse faiths found in the country Jefferson helped fashion. And on May 7 we will honor the extraordinary history of the Jewish people—and of America.

Mr. Soloveichik is the rabbi and minister of Congregation Shearith Israel in Manhattan and director of the Straus Center for Torah and Western Thought of Yeshiva University.

A Climate Hysteric's Fake Enemies List

By Steven J. Allen

In a widely cited 2014 study, the sociologist Robert Brulle purportedly exposed a network of nonprofit groups executing "a deliberate and organized effort to misdirect the public discussion and distort the public's understanding of climate change." He provided scant evidence of the public's ignorance but lots of numbers supposedly exposing its source: center-right groups that form a "climate change countermovement."

Mr. Brulle's smoking-gun statistic—call it the Brulle Number—was the combined annual income of 91 alleged conspirators. He calculated that from 2003 to 2010, these groups' revenues averaged "just over $900 million" annually. The media twisted that into an even more extreme claim: "Conservative groups spend $1bn a year to fight action on climate change," as a Guardian headline put it.

That's false twice over. Mr. Brulle didn't measure spending but income. Nor did he isolate the amount spent on climate issues, although most of the groups he studied had many policy interests.

Mr. Brulle's wide net snared groups like the Intermountain Rural Electric Association, which provides electricity to Coloradans. He counted every penny of the nonprofit's annual income as though it were a K Street powerhouse.

A new Capital Research Center study cuts Mr. Brulle's calculations down to size. He claimed that the 91 "conspirators" had a combined income of $1.51 billion in 2010. Simply by counting income rather than spending he inflated their efforts by $169 million.

By speaking to the organizations, examining itemized IRS filings, tallying media mentions and webpages, and reading annual reports, we found that no more than 6% of their 2010 spending engaged the public on climate science. That knocks $1.24 billion off the $1.51 billion Brulle Number for that year.

Once corrected, the 2010 Brulle Number shrinks by 93% to only $100 million. That's an imperfect estimate, but we've posted our data online at ClimateDollars.org. Unlike Mr. Brulle, we welcome debate.

Mr. Brulle lists our organization as a conspirator because Exxon and Koch-related philanthropies have supported us in the past. But Exxon stopped a decade ago, and donors interested in climate issues have never provided more than 10% of our annual revenues. Nor have we ever devoted more than 10% of our spending to climate science.

Ironically, Mr. Brulle once attacked the center-left researcher Matthew Nisbet for using the same methodology to study the income of environmentalist groups. Mr. Nisbet concluded that groups with alarmist views on climate change enjoyed $1.7 billion in revenues, versus $907 million for think tanks, advocacy groups, and industry associations on the other side.

Yet the nonprofit funding on both sides is dwarfed by federal programs that assume the dangers of climate change. The best estimate, based on Office of Management and Budget data, is that from 1993 to 2014, federal expenditures exceeded $166 billion in 2012 dollars.

Who really has the power?

Mr. Allen is vice president of the Capital Research Center in Washington.

BOOKSHELF | By John Tamny

From the Third World to the First

The New Koreans

By Michael Breen
(Thomas Dunne, 462 pages, $28.99)

Devastated by World War II and the Japanese occupation, South Korea seemed to face a bleak future. On Aug. 10, 1945, American officials had used a National Geographic map to arbitrarily divide Korea along the 38th parallel—without consulting experts or the Koreans themselves—and thus cleaved families and communities, sowed political chaos, and set the stage for decades of hostilities. In the years immediately after the war, South Korea's disastrous economic policies produced alarming inflation and food shortages. By 1948, per capita income was $86—a level of poverty that, according to the United Nations, placed the country's citizens on a par with the Sudanese.

Analyzing the situation, one U.S. official concluded that "Korea can never attain a high standard of living." The reason, he observed, was that "there are virtually no Koreans with the technical training and experience required to take advantage of Korea's resources and effect an improvement over its rice-economy status." Such bold predictions are made to be discredited.

Michael Breen's excellent "The New Koreans," an economic, political and social history, shows how South Korea went "from basket case to emerging market" in a period of 40 years. In the process of telling that story, Mr. Breen, a British-born journalist who lives in Seoul, explodes many of the excuses frequently used by economists and historians to rationalize the country's underperformance. "If the Koreans had remained poor, analysts could have blamed other countries, history, colonialism, absence of natural resources, lack of appropriate education, lack of work ethic, lack of democracy, too much democracy, racism, sexism, something in the kimchi, night soil in the rice," Mr. Breen writes, "because the Koreans in 1945 had all that and more."

Despite these challenges, South Korea now finds itself impressively prosperous. It is one of only two countries (along with Taiwan) to "have managed 5 percent growth for five decades," Mr. Breen reports, and South Korea's economy is the world's 13th largest. It is one of the biggest trading partners for both China and the United States and can claim some of the most prominent global consumer brands. South Korea's citizens enjoy "the fastest, most extensive mobile broadband networks and the highest penetration of smartphones in the world."

Mr. Breen describes the South's economy as one driven by exports, but as economists say, to "carry out" is to ultimately "carry in," and sure enough it's the world's ninth largest importer. Mr. Breen also suggests that the South's growth began with dictator Park Chung-hee's "guided capitalism" in the 1960s, but, as he later acknowledges, the companies supported by Park "almost all failed."

South Korea is one of only two countries to have managed 5% growth for five decades. Its economy is now the world's 13th largest.

South Korea's story is nevertheless, as Mr. Breen emphasizes, one of dramatic turnaround—made all the more remarkable in light of the decades-long threat posed by its neighbor to the north. Over the decades approximately 8,000 South Koreans have disappeared or been killed while on secret missions above the 38th parallel. The South's belligerent neighbor has kidnapped its citizens, forced into exile more than a million refugees and defectors, and imprisoned North Koreans deemed "hostile" because they have family in the South. While Mr. Breen concludes that reunification with its hostile foe is "inevitable," he notes that South Korean officials address the idea with a forked tongue. On the record, they express their desire for the partitioned peninsula to "become one again"; off the record, they're either against it or in no great hurry.

One reason for such reluctance may be that the South is in a better position relative to the North than many would believe. While the North Koreans have nuclear weapons, Mr. Breen observes, the South Koreans have the better military. Of greater importance—though unmentioned by Mr. Breen—is the likelihood that North Korea lacks the resources necessary to fund a war against what is today a military and economic power backed at least implicitly by the United States. Mr. Breen claims that the North was "economically stronger" than the South until the mid-1970s, but the source data should be met with greater skepticism. After all, similar statements were made by prominent economists about the prowess of the former Soviet Union, only for their models to collide with reality.

What the divide between North and South highlights is that past national trauma does not guarantee perpetual poverty and dysfunction. More than foreign-aid proponents would like to admit, economies are just people, and, like people, they gain strength from periods of weakness. In the 1950s, according to Mr. Breen, the Koreans were "angry, dislocated, and desperate." That condition has driven the South to excel. These days its success may be reflected most clearly in South Korea's growing cultural relevance. Pop star PSY's "Gangnam Style" was a global sensation in 2012, and last year Korean author Han Kang won the Man Booker International Prize. "Wealth and freedom brings artists to the fore," Mr. Breen concludes. Today surveys show that, in a country that was once so poor that mothers were forced to drown their babies, Korean daughters increasingly dream of acting stardom and "marriage to a chef." When chefs outpoll doctors and lawyers as ideal future mates, you know a country's transition to first-world status is complete.

Mr. Tamny, a senior fellow at the Reason Foundation, is the author of "Who Needs the Fed?"

Coming in BOOKS this weekend

In the woods and the water with Thoreau • The medical-industrial complex • Kipling and son • Berns v. Jaffa • Evolution at warp speed • Paula Hawkins returns • Martha's Vineyard • Churchill's spies • & more

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OPINION

REVIEW & OUTLOOK

Make the Net Neutral Again

Ajit Pai's FCC moves to roll back political control of the web.

One of President Trump's more ambitious appointees is Federal Communications Commission Chairman Ajit Pai, who on Wednesday unveiled an outline for rolling back Obama Administration rules that regulates the web like a 1890s railroad. Mr. Pai will be maligned by the left for undermining the "open internet," but his plan would restore freedom and innovation that the federal government disrupted.

Mr. Pai in a speech at Washington's Newseum sketched out a plan to untangle the 2015 "net neutrality" rules that classified the internet as a public utility under the Communications Act, a law carbon-dated to the 1930s. The rules give the FCC broad authority to dictate whether broadband practices are "reasonable." Liberal pressure groups like Public Knowledge and Free Press said that nefarious cable companies might someday, somewhere block websites or slow browsing. Years later, no one can drum up an example.

The Pai plan would revert to the bipartisan consensus that the internet should be "unfettered by Federal or State regulation," as Congress put it in a 1996 update to the Communications Act. Thus the agency will vote in May on a proposal to designate the internet as an information service, the status quo of two years ago. The Supreme Court upheld this "light touch" framework in 2005, and Mr. Pai explained in his speech that government nonintervention helped spur $1.5 trillion of private investment that built high-speed internet pipes.

But then came the regulatory uncertainty of a government takeover of the internet. Between 2014 and 2016, Mr. Pai notes, capital expenditures on broadband from America's 12 largest internet-service providers dropped 5.6%, or $3.6 billion, a decline he called "extremely unusual" in prepared remarks. This is "the first time that such investment has declined outside of a recession in the internet era."

Among the losers are rural areas where profit margins are low: For instance, a provider that serves about 475 customers in northern Illinois recently delayed plans to rev up network speeds to 20 Mbps from 3 Mbps. One irony is that net-neutrality advocates claimed Comcast and a handful of others wielded a broadband monopoly—and then enacted a policy that crushes small competitors.

As part of the return to normalcy, Mr. Pai proposes to eliminate a 2015 rule known as the internet conduct standard. This is an arbitrary directive that he says gave the agency "a roving mandate to micromanage the internet," sometimes going after wireless companies for the high sin of providing popular services. FCC launched a probe into plans that allow customers to stream unlimited videos or music. The commission closed the investigation after the election, but repeal will prevent future expeditions.

The commission will also ask for comments on how to move forward with "bright-line rules" from 2015 that include a ban on "fast lanes" for content or "paid prioritization." That ban forbids providers from charging more for carrying more content, which makes as much sense as telling FedEx that the company can offer two-day shipping but not overnight delivery.

By the way, these "fast-lanes" are hypothetical, and no broadband provider is interested in creating them, in part because they are impractical to engineer. Even so, the government walls off future innovation by stipulating that cat videos must be treated the same as telemedical X-rays or Amber alert notifications. The irony is that Google and Facebook already offer faster delivery for services like "instant articles" that appear at 10 times the normal speed.

A promise not to block or slow content could be stipulated in terms of service agreements. A violation could be punished by the Federal Trade Commission, which enjoys broad authority to police anticompetitive behavior. The FTC's enforcement power has long obviated the need for an FCC net-neutrality scheme.

Mr. Pai said he'll advance his proposal under a notice and comment procedure, instead of offloading the rules with a blunt agency tool known as a declaratory ruling. This is a welcome departure from his predecessor, Tom Wheeler, who ditched his own net-neutrality proposal after President Obama ordered the agency to invoke public-utility regulation. Mr. Wheeler's final 300-page order was rushed out to avoid public scrutiny, but Mr. Pai has promised to release his proposal to the public this week.

Mr. Pai's open process won't prevent a synaptic breakdown by the lobbyists who want political control of the internet and are calling him a shill for cable companies and a fascist who wants to squelch speech on the web. No matter that Mr. Pai wants to divest government and himself of discretionary power. Mr. Pai deserves particular credit for calling out Free Press as a "spectacularly misnamed" group that deployed net neutrality as a pretext for government control.

The Pai plan will take regulatory shape in stages over the next few months, and perhaps his actions will galvanize Congress to take the hint and codify his protections into law. Mr. Pai on Wednesday described the internet as "the greatest free-market success story in history," and with his help the web will continue to be a tremendous engine of innovation.

Nafta in Neverland

Does Trump know that Mexican tariffs on U.S. goods are close to zero?

The North American Free Trade Agreement among the United States, Canada and Mexico was on its way out Wednesday morning. Until it wasn't. Meet Donald Trump's trade policy.

Early Wednesday a leak from the White House said a Trump decision was imminent to pull the U.S. out of Nafta. The Mexican peso fell immediately, followed by you-cannot-be-serious howls of panic from *American* exporters of agricultural products and beef and by Members of Congress from Massachusetts to Arizona.

The leak that Nafta was about to die is known in some quarters as jumping the gun, and by day's end the White House had walked it back, adding that Mr. Trump had productive phone calls through the day with the leaders of Mexico and Canada.

On Thursday morning President Trump tweeted out his account of the goings-on. The two trading partners had asked for a negotiation instead of U.S. withdrawal. Mr. Trump said: "I agreed subject to the fact that if we do not reach a fair deal for all, we will then terminate Nafta. Relationships are good-deal very possible!"

Getting tough on trade, notably over Nafta, was central to the Trump presidential campaign. With the abstraction known as his first 100 days pending Saturday, Mr. Trump this week has begun trade actions against Canadian lumber, Nafta and foreign aluminum producers.

Mr. Trump may think this is all part of a negotiation to get a better "deal," but it isn't clear there's much better to get. Mexican tariffs on imports of U.S. agricultural products, and most other goods, are nearly zero. U.S. agriculture's three biggest export markets are China, Canada and Mexico.

Other U.S. exporters to our Nafta partners similarly benefit from nominal tariffs on their products. That is why an official of the National Cattlemen's Beef Association said Wednesday that terminating Nafta "is one of the most dangerous moves we can make at this time."

Mr. Trump has his reasons for disliking Nafta, none of which are good. And if he isn't careful, he could do great damage to much of the U.S. economy.

Trump's Monumental Task

A review of federal land grabs, especially in the West, is long overdue.

President Trump on Wednesday ordered a review of national monument designations to "end another egregious use of government power." Federal land grabs have hampered resource development, and Mr. Trump could advance his pro-growth agenda by unlocking millions of acres.

The executive order directs Interior Secretary Ryan Zinke to review all national monuments greater than 100,000 acres that his predecessors have made since 1996. The 1906 Antiquities Act empowers Presidents to preserve national treasures, but it specifies that national monuments shall be "the smallest area compatible with the proper care and management of the objects to be protected."

While many monuments merit their special status, Presidents Bill Clinton and Barack Obama abused the law by consecrating vast areas of land to block resource development, often in defiance of local citizens. They also used national monument designations to circumvent environmental review and public comment rules that are required in public land-use planning.

In 1996 President Clinton amid an outcry from ranchers established the 1.9-million Grand Staircase-Escalante monument in Utah, which is about the size of Delaware and Rhode Island combined. Last December President Obama thumbed his nose at Utah citizens when he walled off an additional 1.3 million acres in southeastern Utah for the Bears Ears monument. The region is rich in copper, uranium and vanadium (used in steel) as well as oil and gas.

Presidents may expand or reduce the size of national monuments. For instance, three have shrunk Mount Olympus, and in January Mr. Obama nearly doubled the size of Cascade-Siskiyou National Monument in southern Oregon to further restrict commercial timber harvesting. Land-use restrictions, especially on federal lands, are one reason for the U.S. lumber industry's hard times.

Reviewing national monuments after consulting from local stakeholders is in keeping with Mr. Trump's promise to return power to people outside of Washington and exploit the country's natural resources to promote a broader prosperity.

LETTERS TO THE EDITOR

A 'Snowflake' Blizzard Buries Free Thought

In "Those 'Snowflakes' Have Chilling Effects Even Beyond the Campus" (op-ed, April 22), Heather Mac Donald suggests the source of "snowflake" behavior among millennials on college campuses comes from a cultural orientation that is contra-Occidental and that students view themselves as victims of a Western, capitalist, racist, heterocentric, gender-insensitive society. I'm an educator who sees college students every week. "Snowflake" culture has been incubated in a primordial ooze much more toxic: a very Western, very capitalist cocktail of consumercentric messages.

Many students view themselves principally as customers. The campus environment is a thing to be purchased and, like a purchase on Amazon, should meet the customer's expectations or be sent away, instantly, with free return shipping and a full refund. We used to be participants and contributors; now we are customers and critics. This change of attitude is not unique to the university campus. It can also be seen in health care: "I paid for you, doctor, and I expect you to prescribe the opioids I seek. I'm not getting what I want out of this relationship. I'm the customer, I'm not paying you to be called an addict. I'm a victim. I'm in pain. What do you mean a referral? I'm leaving a bad review on Yelp!"

This kind of shallow, entitled, needlessly adversarial, accusatory exchange is not rooted in some anti-Western leftist hate campaign originating on college campuses. Instead it originates in the cheap postwar, one-liner bits of philosophy we've chanted together, phrases like "the customer is always right" and "the squeaky wheel gets the grease." If these are the big ideas in society, don't be surprised when the customers start squeaking.

KARL T. MUTH, PH.D.
Northwestern University
Chicago

It's worth noting that the very "human rights" that campus protesters clamor for derive from the writings of enlightenment thinkers such as John Stuart Mill, Edmund Burke, Immanuel Kant, Voltaire and many others, virtually all of whom were white males. Also worth mentioning is that the enlightenment philosopher who wrote the immortal words "all men are created equal" was himself a white male, albeit a slave owner. Prior to these white, male contributions, concepts such as human rights and equality played little, if any, role in human civilization.

MICHAEL STERN
San Antonio, Texas

How are these "snowflakes" going to get jobs after graduation? What business wants to hire a myopic thinker who is intolerant of others not like themselves and not willing to consider change? Maybe the professors all need to start preparing these snowflakes for their future jobs by teaching them the words: "Would you like fries with your order?"

RICHARD LARUE
Orlando, Fla.

White men need to recognize that the current campaign on campuses is a win-lose game in which their role is to lose, to be as Heather Mac Donald observes, "the targets of a pervasive discourse that portrays them as the root of all evil." Game theory teaches that win-lose games are unstable because sooner or later the designated loser stops playing the game.

JAMES G. RUSSELL
Midlothian, Va.

Poor critical thinking and an inability to understand history are at the root of this cultural temper tantrum. Try to find a tribe or nation in the last 5,000 years that has not at one time or another played the role of both oppressor and oppressed. The true tragedy here is the loss of a real history education and professors too poorly trained to provide one.

THOMAS O'HARE, PH.D.
Boston College School of Social Work
Boston

Qatar Fights Terrorism Along With the U.S.

The op-ed by Charles Wald and Michael Makovsky "The Two Faces of Qatar, a Dubious Mideast Ally" (April 25) alleges that Qatar supports terrorism and provides financial support to terrorist organizations. The opposite is the case. In fact, Qatar has been a leader in the fight against terrorism in the Middle East. Just last Saturday Defense Secretary Jim Mattis met with Qatar's Emir, His Highness Sheikh Tamim bin Hamad al-Thani, and reiterated "the value of Qatar's support to the counter-ISIS coalition as well as the country's role in maintaining regional stability and security." We take this role and responsibility seriously. Qatar is a founding member of the U.S.-led coalition to defeat ISIS, and we are proud to host the U.S. Combat Air Operations Center for the Middle East at al-Udeid Airbase.

We are working closely with the intelligence and security services of the U.S. and other nations to block any attempts by private citizens to provide financial support for terrorist organizations. We are enforcing laws that regulate fundraising by individuals and we have imposed rigorous oversight on charitable organizations that could serve as conduits for terrorist financing. The State of Qatar does not support terrorism in any form. We believe that terrorism is antithetical to our values, our principles and our faith, and we fully support American efforts to oppose and destroy radical extremists in the Middle East and around the world.

MESHAL BIN HAMAD AL-THANI
Ambassador
Embassy of the State of Qatar
Washington

Cry Me a River Over the BLS's Underfunding

Obama administration Bureau of Labor Statistics Commissioner Erica L. Groshen opposes the proposed BLS budget cut ("That Jobs Report Won't Generate Itself," op-ed, April 21) arguing that the $609 million BLS budget is insignificant and without the full funding supported by "Academics, think tanks, professional associations and state and local officials . . . Americans could experience the economic equivalent of flying blind." Business CEOs are admonished to "stand up, before it's too late . . . to sustain America's economic vitality."

What's to sustain? During the past eight years of economic stagnation the major focus was not how to revive dormant business investment but income inequality and labor exploitation. Those academicians, liberal think tanks and professional associations (e.g., unions) use the BLS data to support the progressive myths that business exploits labor, and the state and local officials use it to justify their lavish, unfunded pensions. What's needed is a deep surgical cut.

KEVIN VILLANI
La Jolla, Calif.

No, it isn't worth half a billion a year to me to find out how strong the job market is. I can see the signs posted at the grocery store and on telephone poles for free.

A. FRANCES WERNER
St. Louis

The BLS "hasn't been fully funded for the past decade." Has anyone noticed? Do these same business owners care? Ms. Groshen herself provides the answer: "Business leaders in particular have not spoken up for the BLS." Perhaps this is because they were periodically incapacitated by holding their breath.

Only in Washington, D.C., can an organization with an annual budget exceeding $600 million be considered modest. But the BLS is just one very small cog in a huge collection of cogs, all of whose leaders are convinced that the fate of the nation hangs on their cog. Is it any wonder that, although different administrations may come and go, the federal bureaucracy goes on and on, each agency with its champion who will fight to the end to ensure it continues in perpetuity? Do we really think that any administration is going to be able to reduce the size of the federal government?

GEORGE SCHMIDT
Willow Street, Pa.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"She's on a diet."

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OPINION

The U.S. Navy Must Be Everywhere at Once

By John Lehman

The aircraft carrier USS Carl Vinson was steaming toward North Korea, the Trump administration insisted two weeks ago. Except that it wasn't. A Navy press photo showed it thousands of miles away, near Indonesia, and heading south. The official explanation was that the Carl Vinson had to complete a scheduled joint exercise with Australia before turning back to deal with the imminent threat to world peace. The error was compounded by President Trump's statement that he would be sending submarines "far more powerful than an aircraft carrier"—which is of course absurd.

A recent mishap with the USS Carl Vinson is a case study for rebuilding the fleet to about 350 ships.

This episode is a small symptom of America's weakened Navy. Today, as in the 1920s and '30s, Washington has forgotten Teddy Roosevelt's advice to speak softly and carry a big stick. Instead the U.S. lashes out at adversaries with ultimatums, sanctions and embargoes while disarming. Although all branches of the military went through budget and personnel cuts under the Obama administration, the Navy fared the worst. Today the American fleet is less than half the size it was under President Reagan.

Two independent bipartisan commissions have called for the fleet to be increased from its roughly 270 ships to 350, a number President Trump has said he supports. The Navy's 2016 Force Structure Assessment calls for 355 ships. These proposals weigh budget constraints; otherwise the target would be higher.

During the 1960s the fleet numbered above 800. But after the Vietnam War, the U.S. sought a "peace dividend" and ordered the Navy to do more with less. Historically, a sailor's maximum deployment was six months away from family in any 18-month period. Today deployments stretch to nine months or longer. Skilled sailors are being worn out, and many of the best are leaving. We have too few ships on too many crucial missions. Without the funding to keep them in repair, they deploy without being combat-ready and are eventually forced into early retirement. Many of the Navy's combat aircraft are unable to fly without awaiting parts and repair.

Thankfully, Mr. Trump has promised to bolster America's defenses as Reagan did in the 1980s. Let us hope for a bipartisan defense recovery. The first priority must be for the White House to settle on a national strategy to replace the ad hoc decision-making of the past 20 years. Then the new Navy secretary and the chief of naval operations can create a comprehensive naval strategy to match. This process will provide a framework to prioritize Navy and Marine programs.

As in the Reagan years, there are opportunities to rebuild rapidly. At least eight Perry-class frigates could be reactivated, along with a similar number of Aegis cruisers and a half-dozen supply ships. These combat craft were retired early, some at only half their service life. Outfitting them with updated weapons could create immediate work at ports on all three coasts.

AGENCE FRANCE-PRESSE/GETTY IMAGES

The USS Bataan fires a missile during exercises in the Atlantic Ocean, Jan. 11.

The next step is to reform the overgrown defense bureaucracy and overhaul the Pentagon's dysfunctional procurement process. According to the Government Accountability Office, cost overruns have ballooned to more than $450 billion over the past two decades. The Navy needs to take authority back from the bureaucracy, end the culture of constant design changes and gold-plating, and bring back fixed-price competition.

Recall the development of the Polaris nuclear-missile system in the late 1950s. The whole package—a nuclear submarine, a solid-fuel missile, an underwater launch system, a nuclear warhead and a guidance system—went from the drawing board to deployment in four years (and using slide rules). Today, according to the Defense Business Board, the average development timeline for much less complex weapons is 22.5 years.

A case in point is the Ford-class aircraft carrier. The program is two years delayed and $2.4 billion over budget. The ship was designed to include 12 new technologies, such as electric instead of steam catapults that had not yet been developed. Many of these systems don't work after 10 years of trying, and the ship will be delivered to the Navy without fully functional radar and unable to launch or recover aircraft. Yet the defense firms involved still profit under cost-plus contracts.

The three stealthy Zumwalt-class destroyers—they are really heavy cruisers—are another example. The defense bureaucracy produced a seagoing camel costing three times its original estimate and delivered with questionable seaworthiness and without functional radar or a reliable propulsion system. The program should be terminated and the three contracted ships kept purely for special operations.

The Navy urgently needs to replace the Perry-class frigates, built in the 1980s and now all retired. Instead of designing a ship from scratch, the Navy could update the Perry plans to include modern sonar, radar and missiles. Or it could adapt one of two European frigates for American construction. The 26 small coastal LCS ships now under contract are enough. That design cannot be modified into a frigate, so the program should be terminated.

The Navy is also short on aircraft, with roughly half the number needed to maintain even the current force structure. The Pentagon should make the F-35 compete against the F-18 to establish the optimum—and lowest-cost—mix of both aircraft. In the future, drones will play an important role on carriers and may evolve into the dominant system. But that day is not yet here.

President Reagan showed that 90% of the benefits from restoring American command of the seas are reaped immediately. President Trump will learn the same. Russia, with its professional but small one-carrier navy, cannot challenge a rebuilt U.S. Navy. The Chinese are at least two decades away from matching American capabilities. With renewed commitment to naval and military superiority, American diplomacy will instantly regain credibility.

Mr. Lehman, secretary of the Navy under President Reagan, is the author of the forthcoming "Oceans Ventured, Oceans Gained" (W.W. Norton).

Macron Is Mightier Than Le Pen, but Will His Reforms Stick?

By Joseph C. Sternberg

Much that's going wrong in French politics happened at a Whirlpool factory in Amiens on Wednesday.

The factory, which is due for closure soon, has become emblematic of France's industrial decline. The jobs are moving to cheaper Poland. The area is the birthplace of Emmanuel Macron, the presidential front-runner and Hope of France. But it's the political turf of his far-right opponent, Marine Le Pen of the National Front.

Ms. Le Pen tells workers at the Whirlpool factory that the European Union is to blame for the loss of their jobs and the broader economic and social decay around them. Free trade with Europe allows Poland to steal French jobs, while the fiscal harpies in Brussels punish any French government that tries to respond with subsidies or welfare.

"I'm here exactly where I belong, among Whirlpool workers who are resisting wild globalization," Ms. Le Pen said Wednesday during a surprise visit to the plant. She promises a 35% tax on companies that relocate production out of France. That's economically illiterate but may sound good if you're about to be unemployed and desperate.

Mr. Macron tells those soon-to-be-unemployed people—well, roll the tape:

He had originally planned to meet only with a small delegation of union leaders miles away from the factory. When someone noticed Ms. Le Pen was campaigning at the factory, Mr. Macron—to his credit—went there himself. Once he arrived, he lectured the worker-voters on macroeconomic trade-offs: "After the closure of borders, what is there? The destruction of thousands of jobs that need them open."

Mr. Macron helpfully added later that if Ms. Le Pen is elected, another on-the-brink factory up the road will have to close, too. Which surely makes the Whirlpool workers feel better. That smoke you see in the background of the press photos of Mr. Macron in Amiens is coming from the tires they burned in the parking lot during their strike to try to save their jobs.

Optimistic pundits hope the impending victory of a fresh-faced reformer signals that France's economy at last can be fixed. But for at least the past decade, France's problem hasn't been a lack of understanding in the political class of what the French economy needs. Mr. Macron is not so much a radical change-agent as a photogenic tribune for a political class that is increasingly, albeit belatedly, uniting behind the need for economic overhauls.

There's an elite consensus for change. Like Thatcher and Reagan, he'll have to forge a popular one.

Formerly of the center left, he won Sunday's first round on a revitalization platform different more in degree than in kind from that of the main center-right candidate, François Fillon, on matters such as government spending cuts and labor-law reform. The global case of the vapors over Ms. Le Pen obscures how remarkable this pro-reform convergence is.

An implication is that Mr. Macron's biggest problem in office may not be the mechanical challenge of pushing reform legislation through the National Assembly despite his lack of a serious party apparatus. Parties matter, but Mr. Macron is swimming with the tide. He can probably legislate enough of his reform program to make a material difference to France's economy over the next few years—and Lord hasten the day.

Then there's Amiens. Mr. Macron's problem will be that results often aren't enough. The protectionist outsiders Ms. Le Pen and far-left Jean-Luc Mélenchon won some 49% of the first-round vote Sunday, despite economic growth that has inched upward toward 1.5%—that's good by French standards—and unemployment that's finally starting to tick down toward less than 10%. But voters quite reasonably like to think there's a strategy they can believe in, not merely a few lucky quarters of data.

Margaret Thatcher and Ronald Reagan understood this. They remade British and American politics for a generation not through the workings of their legislative programs but through their capacity to shape public opinion. They created a coalition of the optimistic whose new expectations for the political class tugged at both the left and the right.

If the Macron program is to stick, he'll have to do the same. He isn't off to an auspicious start. He won among the 49% of first-round voters who already know they support openness and are benefiting from it. But so far when he tries to persuade the other 49% he too often ends up in that parking lot in Amiens.

His message to those workers—"Take the hit for the good of the country"—lacks a certain Reagan-esque resonance. He has limited time left in this campaign, and perhaps in the early days of a new Macron administration, to do better.

Mr. Macron probably will still win the May 7 run-off thanks to the quirk that the National Front comes with a considerable ick factor. But for this to be the decisive turn France needs, Mr. Macron urgently needs to find a political road out of Amiens.

Mr. Sternberg is editorial page editor of The Wall Street Journal Europe.

The Truth About Muhammad Ali and the Draft

By Paul Beston

On April 28, 1967, Muhammad Ali—then still known to many by his birth name, Cassius Clay—reported to Local Board No. 61 in Houston for induction into the U.S. armed forces. The 25-year-old heavyweight champion spent the morning filling out forms and receiving a physical exam. In the afternoon, when his name was called, he did not step forward. He wrote down his reason: "I refuse to be inducted into the armed forces of the United States because I claim to be exempt as a minister of the religion of Islam." He meant the Nation of Islam, the black separatist organization headed by Elijah Muhammad, also known as the Messenger.

Ali was swiftly convicted of draft evasion, a felony. Remaining free while his lawyers pursued appeals, he became a generational flashpoint—a reliable gauge of political views on the Vietnam War.

For every athlete who wishes to "make a statement" today, and plenty do, no exemplar looms larger than Ali. He paid a steep price for his stand: Spurning due process, boxing commissions stripped him of his title and banned him from the sport for 3½ years. This meant losing millions of dollars in the prime of his career.

In 1971 the Supreme Court overturned his conviction. Since then he has become a venerated figure, thanks to his greatness in the ring, the magnetic force of his personality, the broadly accepted narrative about the folly of Vietnam, and the liberalization of American culture. His death last June prompted a weeklong commemoration, with funeral ceremonies befitting a head of state. Ali, we were told, had been right all along in his principled opposition to the war.

The truth, though hard to make out under the thick moss of mythology, is that Ali refused induction not out of principle but from fear of disobeying Elijah Muhammad, who had stipulated that the champ not serve in a "white man's war." (Muhammad had done jail time himself for resisting the draft during World War II.)

"You just don't buck Mr. Muhammad and get away with it," Ali said, and he saw what happened to people who tried. Malcolm X, who had been close to Ali, was assassinated in February 1965. After Ali's former press secretary told the FBI that he had information about Malcolm's killers, he too was found dead. Other dissidents simply disappeared.

Ali got the message. In March 1967, a month before his appearance at the draft board, Ali told his boxing idol, Sugar Ray Robinson, he couldn't join the army.

"Elijah Muhammad told me that I can't go," Ali said.

"You've got to go," Robinson replied.

"I'm afraid, Ray," Ali said. "I'm real afraid." He had tears in his eyes.

"If you ask me," Robinson said later, "he wasn't afraid of jail. He was afraid of being killed by the Muslims."

His refusal to serve wasn't motivated by conscience, but by fear of being killed by the Nation of Islam.

Nearly a decade later, Ali told reporter Dave Kindred: "I would have gotten out of [the Nation of Islam] a long time ago, but you saw what they did to Malcolm X. . . . I can't leave the Muslims. They'd shoot me, too."

It speaks volumes that Ali was more willing to face jail time than the Messenger's wrath, especially since, by his own admission, the government had offered him "all kinds of deals." Military brass neither wanted him in combat nor wished to see him become a draft resister. He would have served in a ceremonial capacity, as Joe Louis had in World War II, visiting and entertaining troops. The federal prosecutor who handled the case sensed that Ali was ready to sign up for a noncombat role, but that "some of his advisers wanted to make a martyr out of him." They succeeded.

It is not the only irony of Ali's life that his submission to Elijah Muhammad's authority somehow transformed him into a hero of freethinking and moral conscience. Yet he deserves credit for handling himself with magnanimity and élan. The fair-minded can sympathize with his quandary: searching for meaning in segregated America, he found the wrong answers, and discovered his mistake only when it was too late.

Had Ali chosen more wisely, he might have become a unifier, like Louis, whose entire career, especially his service in the Army, brought Americans together. By contrast, Ali's refusal to serve helped deepen America's racial and political divisions. He hurt himself and achieved no social good in doing so. His retroactive canonization doesn't change these stubborn realities.

Understanding the Ali story in this way, one feels less inclined to celebration than to sorrow. It is commonplace to see the tragedy of Muhammad Ali's life as coming in its second half, when he was stricken with Parkinson's. The defining tragedy came earlier. That the events in Houston are now so broadly acclaimed—and distorted—suggests that the tragedy is not his alone, but ours.

Mr. Beston is managing editor of City Journal. His book, "The Boxing Kings: When American Heavyweights Ruled the Ring," will be published in September.

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Notable & Quotable: Protests

From the Berkeley, Calif., Police Department website:

The Berkeley Police and City of Berkeley want to facilitate the safe expression of constitutionally protected speech. We want to work in partnership with you to hold a safe and peaceful event. The following items are things that we recommend you do to ensure a safe event.

Go to City of Berkeley Website

- Download and complete forms
- File them at the Recreation Department

Contact the Police Department and Provide:

- Purpose of protest
- Date(s) and time of event
- Location(s)
- Route of march, if planned
- Estimated attendance
- Organizing person or group
- Number of organizers
- How to identify and contact organizers/monitors at the event (hats, shirts, armbands)
- What will they be wearing?
- Will they have mobile phones?
- Do you want symbolic arrests?
- If so, where and when?

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TECHNOLOGY: NOKIA PLOTS COMEBACK WITH CONSUMER GADGETS B4

BUSINESS & FINANCE

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Bankers Cash Out on Trump Rally

Insiders at regional lenders net $1 billion from stock sales since U.S. election

By Rachel Louise Ensign And Tom McGinty

Investors rushed into regional and community-bank stocks after the U.S. election, encouraged by higher interest rates and potential regulatory relief. Top executives and directors at banks used the rally for a different reason: to cash out.

Insiders at publicly traded commercial banks with a market value greater than $1 billion, but excluding the largest national banks, sold about $1.4 billion in their company stock between the election and the end of March, up 65% from the 10-plus months in 2016 before the election, according to an analysis by The Wall Street Journal.

The sales netted executives and directors at banks such as **PNC Financial Services Group** Inc. and **U.S. Bancorp** $1 billion when taking into account the cost of exercising options.

The moves are in line with the behavior of insiders at the biggest U.S. banks, which was the subject of a Journal article in January.

Executives at some of the country's largest banks sold about $163.5 million of stock since the presidential election, more than in that same period in any year since before the financial crisis, according to an updated Journal review of securities filings.

At the nearly 100 community banks and regional players included in the Journal's latest review, net gains from selling since the election totaled about $7.2 million a day—nearly four times the 2016 pace before the election.

For years, bank stocks lagged behind the broader stock-market rally as low interest rates and a regulatory overhang from the financial crisis weighed on results. Last year started with the KBW Nasdaq Bank index falling as much as 23% by mid-February due to recession fears. During that time, insiders did very little selling, netting just $13 million on share sales in the first two months of 2016.

After Donald Trump's surprise election win, potential tax and regulatory relief from the new administration gave bank investors a rosier view. Interest rates also started to

Please see BANK page B2

SIMON DAWSON/BLOOMBERG NEWS

Daniel Loeb of Third Point

Honeywell Pressed to Spin Out Aerospace

By David Benoit And Thomas Gryta

Activist investor **Third Point** LLC is pressuring **Honeywell International** Inc. to spin off its aerospace division, seeking to break off the conglomerate's biggest business just a few weeks after Honeywell switched leaders.

Honeywell responded Thursday that it is open to shareholder ideas and "would take the time necessary to ensure a comprehensive, informed and objective review of the potential separation of the Aerospace business." The company is working with advisers to assess its options, people familiar with the matter said.

The aerospace unit has been a drag on the company's performance, and separating it "would result in a sustained increase in shareholder value in excess of $20 billion," Daniel Loeb's Third Point wrote in a letter to its investors.

The activist argued organic growth at the unit, which supplies parts for Airbus SE and Boeing Co. jets and engines for aircraft made by Bombardier Inc., Textron Inc. and others, has lagged behind its peers.

Mr. Loeb has been in discussions with Honeywell's management in recent weeks, and the discussions have so far been cordial, people familiar with the matter said.

The company, which has a market value of roughly $100 billion, makes everything from aircraft landing gear to home thermostats. The aerospace business accounts for about 37.5% of its $39.3 billion in annual sales. The segment's revenue dropped 3% in 2016 and 4.3% in the latest quarter.

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Jet-Setter Acquirer Sets Out From China

Chinese conglomerate is 'full of hormones' and working to add to its foreign holdings

By Kane Wu

As Chinese investment overseas surged last summer, one of the most aggressive of those investors, airlines-to-hotels conglomerate **HNA Group**, got an ultra-flashy private jet.

A 2,408-square-foot Boeing 787 Dreamliner that normally seats 300, the plane was tricked out with $100 million worth of features such as marble-laminated bathrooms, Hermès flatware and Baccarat crystal. HNA planned to charter it to rich clients as well as to its own executives, according to people familiar with the plane and promotional videos.

Since then, China's outbound fever has cooled. Most Chinese deal makers have reined in purchases abroad after the government—worried about capital outflows—took steps to curb them.

Yet HNA has still managed to keep up a steady flow of overseas purchases—albeit smaller in size than some of the multibillion-dollar deals it signed last year. And the Dream Jet has been busy ferrying executives and clients around the world: During the past few months, plane-tracking sites show it hopping from Shanghai to New York, Denver, San Francisco and Hawaii.

"The company is progressing restlessly," said Gao Jian, the group's chief operating officer, who says he flew on the plane last year. "Everyone is passionate, full of hormones, dying to achieve things."

Based in China's Hainan province, closely held HNA Group started out as a local airline operator—its holdings include Hainan Airlines—but now aims to become one of the globe's biggest international conglomerates. It has expanded into hotels, tourism, logistics, real estate and finance. Its total assets, at around $146 billion in 2016, grew more than four times since 2010, when the company first started acquiring overseas companies. Its roughly $90 billion revenue last year was also nearly 10 times the level in 2010. Some of HNA's most high-profile outbound acquisitions have been U.S.-based companies—a $6.5 billion purchase of a 25% stake in Hilton Worldwide Holdings Inc., a $6 billion deal to buy technology distributor Ingram Micro Inc. and a $4 billion purchase of CIT Group's leasing business.

HNA is continuing to expand overseas, even as many other ambitious compatriots stall. Among China's erstwhile highfliers, Dalian Wanda Group Co., a big acquirer of Hollywood companies, earlier this year canceled a $1 billion purchase of U.S. production company Dick Clark Productions Inc. after it couldn't get Chinese government approval to move the funds overseas.

HNA has borrowed heavily to acquire more assets, many of them overseas. Recently, it has been tapping cash from those global operations or using them to help raise funds for more purchases, letting HNA largely sidestep China's increasingly strict capital controls, bankers say.

HNA Group and its subsidiaries have around $9.7 billion in bonds outstanding, putting it among China's top 30 most indebted companies, according to Dealogic.

The heavy debt load has led at least one big Chinese bank to become more cautious about lending to HNA, said a senior corporate-finance offi-

Please see HNA page B2

Going Global

China's HNA Group has been actively acquiring overseas assets. It aims to become a global top 10 company by revenue in the next decade.

*Includes HNA Group, Bohai Leasing and Tianjin Tianhai †Through April 24
Sources: Dealogic, staff reports (data); Reuters (photo)

Largest outbound acquisitions

Announced	Company	Value, in billions
October 2016	Hilton Worldwide Holdings (stake: 25%)	$6.5
February 2016	Ingram Micro	6.0
October 2016	CIT Group's leasing unit	4.0
July 2015	Swissport International	2.8
April 2016	Gategroup Holding AG	1.5

THE WALL STREET JOURNAL.

People board an HNA Group plane in China.

STREETWISE | James Mackintosh

Investors Discount Hype Over Tax Plan

In the immediate aftermath of the November election, investors dared to hope that the U.S. had entered a new political era. The market reaction—or lack of it—to Donald Trump's sketchy plan for tax cuts on Wednesday is part of a recognition that Washington remains stuck with politics as usual.

On the face of it, the tax plan is exactly what investors put so much hope in back in November. It would cut the corporate-tax rate to 15%, from the current effective rate of 28%, putting many billions of dollars into shareholders' pockets every year. The plan isn't detailed enough to be precise about the effects on the budget, but it would boost debt by trillions of dollars over the next decade, presumably juicing the economy along the way. In a sweet move for Wall Street, hedge-fund managers would get a tax cut, not the tax rise that Mr. Trump threatened during the election campaign.

The hyped-up tax plan disappointed investors not because of what it contained, but because of the prospects of it being implemented. The White House seems to have made little effort to appeal to Democrats and none at all to make the plan acceptable to Republican deficit hawks. The plan will be weakened as Congress gets its teeth into it, and the tough negotiations remain in the future.

Yet the disappointment was contained. The S&P 500 dropped just 0.4% after the plan was revealed, a fall repeated in Europe on Thursday morning. Given that the S&P had been almost touching its record from the start of March, the fall is minor. The smaller-company Russell 2000 index—which should be a big beneficiary of any corporate-tax cut—fell by less, while typically in a falling market it drops faster. The dollar pulled back about 0.3% after the announcement against a basket of major de-

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INSIDE

FORD'S PROFIT FALLS 35% AS PACE COOLS
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United, Flier Reach Deal

By Andrew Tangel And Susan Carey

United Airlines has reached a settlement with David Dao, the Kentucky physician forcibly pulled off an April 9 flight from Chicago's O'Hare International Airport, in the latest step by the carrier to put the crisis behind it.

Terms of the deal weren't disclosed. The agreement comes more than two weeks after the incident, which sparked global outrage after it was shared on social media.

Since the incident, **United Continental Holdings** Inc. has come under mounting pressure to make changes to policies affecting customer service. Early Thursday, the carrier issued a report concluding that shortcomings in customer service, training and internal systems contributed to the incident, and it promised to address them this year.

Next Tuesday, Mr. Munoz is expected to testify at a congressional hearing on airline consumer affairs.

Tom Demetrio, an attorney for Dr. Dao, praised United for quickly taking "full responsibility" and added that he was releasing the City of Chicago and **Republic Airways Holdings** Inc., which operated the flight in question, from any liability for their roles in the incident.

TERESA CRAWFORD/ASSOCIATED PRESS

Dr. David Dao's attorney, Thomas Demetrio, on Thursday.

The city's Department of Aviation officers removed Dr. Dao from the plane, dragging him down the aisle on his back. Mr. Demetrio has said Dr. Dao suffered a concussion, broken nose and two lost teeth. The city placed three aviation officers involved in the incident on leave.

Dr. Dao remains in a "secluded location and he's healing," said Stephen Golan, another attorney for the physician. United said it was pleased to reach "an amicable resolution." A spokesman for Chicago Mayor Rahm Emanuel declined to comment on the settlement. A Republic spokesman declined to comment.

Mr. Demetrio, a high-profile personal-injury lawyer in Chicago, is known for pushing for settlements to be made public. He said he wasn't worried Dr. Dao's confidential settlement would fall short in deterring such incidents in the future. "Unless other airlines have been asleep for the last 18 days, I am confident that they have taken great heed."

—Shibani Mahtani contributed to this article.

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BUSINESS & FINANCE

Tracking DryShips' Voyage

Huge jump in stock appears to have made possible a flurry of financial maneuvers

By Spencer Jakab

When stocks rose after last year's U.S. presidential election, **DryShips** Inc. left the market far behind. The little-known Greek dry-bulk carrier's epic one-week rally pushed its shares up by 1,500% for no apparent reason.

The rally quickly unwound after the shares were briefly suspended by Nasdaq. But the run-up appears to have made possible a flurry of financial maneuvers that may earn the company's founder a huge windfall, according to calculations by The Wall Street Journal, while small investors suffered hundreds of millions of dollars in losses. Since they peaked, DryShips' shares are down 99.9%.

Registered in the Marshall Islands in the central Pacific but based in Athens, the company owns ships that carry bulk cargoes like coal and iron ore. The industry has been battered in recent years by weak commodity prices and an oversupply of ships. Immediately before the share-price surge, DryShips announced it was suspending principal and interest payments "to preserve cash liquidity."

George Economou, DryShips' chairman and chief executive, founded the company in 2004 and listed it on the Nasdaq in 2005.

Mr. Economou and the company didn't respond to repeated requests for comment on the stock or how Mr. Economou benefited from share sales. They haven't been accused of any wrongdoing and there is no evidence the company or its CEO engineered the stock rally. Shares in small companies, especially ones in financial distress like DryShips, are often highly volatile as investors try to profit from big moves.

The Story Behind a Mysterious Share Spike

DryShips's stock soared 1,500% in a week, allowing the company to sell shares while they fell. The CEO could earn tens of millions from the proceeds.

Source: WSJ Market Data Group THE WALL STREET JOURNAL.

The sequence of events that could yield Mr. Economou tens of millions in profits began last September. First, through a series of transactions involving the company's debt, Mr. Economou ensured voting control of DryShips without exposure to the common stock, according to securities filings. Filings indicate he owns just 0.01% of the company. Second, the stock price soared, attracting the attention of thousands of fast-trading individual investors. Third, as the rally peaked, the company began issuing stock, which would total more than $500 million, at ever-diminishing prices. Fourth, DryShips used the money to buy ships in deals that benefited Mr. Economou, who earns management fees on its vessels, according to securities filings.

The CEO cemented his control of DryShips two months before the shares took off by converting loans to the company that he owned into a new series of preferred stock that confer 100,000 votes apiece. That stock wasn't affected by the share price run-up or collapse.

The rally between Nov. 9 and Nov. 16 led the company's market value to surge from about $5 million to about $80 million.

A day after shares peaked, the company embarked on a series of stock sales totaling more than $500 million so far, according to securities filings. Those documents show the buyer was a British Virgin Islands company called **Kalani Investments**, but DryShips' shareholder records don't list Kalani or any other institution, meaning the firm in turn sold the shares to small investors. DryShips says Kalani is independent of the company. Contact information for Kalani couldn't be obtained to request comment.

The company's market value surged from about $5 million to about $80 million.

DryShips shares would ordinarily be worth pennies following the big decline. The company has avoided that through repeated reverse stock splits that reduce the number of shares outstanding without affecting the company's value. Despite issuing over $500 million in stock since November, DryShips' market value is less than $70 million.

The company has used the proceeds from the share sales to buy or acquire options on several hundred million dollars' worth of ships, likely at attractive prices because of a glutted market. This is one way Mr. Economou has profited.

He controls entities that manage the vessels for DryShips for fees that earn him several million dollars a year, according to company filings. He also consolidated over 90% of its debt with a further provision that gives another company controlled by Mr. Economou 30% of any gains earned by the company if certain vessels are later sold.

Individual investors remain obsessed with DryShips. Since the mysterious surge in its share price, there have been an average of more than 17,000 mostly bullish mentions a week of DryShips on social investing site StockTwits, a favorite of fast-trading small investors.

BANK

Continued from the prior page

rise, which helps bank profits.

While bank stocks have flagged a bit in recent months, the KBW index still rose by more than 22% between the election and the end of March, the period of increased insider selling.

Alex Lieblong, a director at Arkansas-based **Home BancShares** Inc., netted about $25 million in sales of the bank's stock after the election, compared with about $1 million before the election in 2016. The 66-year-old investor said his estate planners told him that he needed "a little diversification here in case you get hit by the proverbial bus."

$164M

Roughly how much stock some executives at big banks have sold.

Bank insiders still have vast holdings in their companies. Executives often are given shares through stock or options grants as part of compensation. Sometimes, they purchase shares on the open market or through their retirement plans. In 2016 before the election, 255 insiders at these lenders bought $42 million of stock. After the election through the end of March, the purchases amounted to $5 million from 55 insiders.

Private-equity investors with board seats also sold. Four of them accounted for more than $310 million of the sales, or about 22% of the total, since the election. These same investors sold $46 million in 2016 before the election.

While it is relatively unusual for private-equity investors to have stakes in banks due to regulatory restrictions, some got involved during or shortly after the crisis.

Oaktree Capital Management LP and Thomas H. Lee Partners LP, for instance, in 2011 invested more than $350 million in Puerto Rico-based **First BanCorp** as a part of a capital raise. The two private-equity investors, which declined to comment, sold about $257 million of First BanCorp stock in December and February. The stock is up 62% in the last 12 months through Wednesday.

Another recent seller: U.S. Bank CEO Richard Davis, who retired from that role earlier this month. In November and January, he sold $73 million of stock, netting $28 million after exercise costs.

The bank said the moves were an exercise of options from 2008 and declined to comment further on Mr. Davis's behalf.

PNC Chief Executive Officer William Demchak, meanwhile, sold $40 million, netting $21 million.

Both Messrs. Demchak and Davis remain significant shareholders in their banks. The stocks have both reached records in 2017 after steadily recovering since the financial crisis.

Given "the rise in PNC's stock price during this time frame, I viewed it as an opportune time to exercise" stock options that were set to expire in the next two years, Mr. Demchak noted.

Executive Actions

Net proceeds from bank insider share sales

Note: Commercial banks above $1 billion in market value, excluding largest national banks
Source: WSJ analysis of SEC filings THE WALL STREET JOURNAL.

DAVID PAUL MORRIS/BLOOMBERG NEWS

HNA Group has interests in several sectors, including real estate, logistics, airlines and hotels.

HNA

Continued from the prior page

cer at the bank. HNA executives say the group is trimming its debt level.

To be sure, HNA hasn't been completely untouched by the outbound deal slowdown. Earlier this month, the group said it had to delay a planned $322 million purchase of a stake in a Swedish hotel group because it hadn't yet gotten approval to move the money out of China.

Still, HNA and its affiliates have announced eight outbound deals valued at $4 billion since January, in countries from Poland to New Zealand, according to Dealogic.

The group is pushing hard in the U.S., where it has invested some $36 billion over the past six years, and has set up a unit of its finance arm, HNA Capital. The company has been making connections with U.S. financial and political power brokers, including **Blackstone Group** Chairman Stephen Schwarzman.

For deals, HNA is "the only game in town at the moment," said a senior M&A banker in Hong Kong, who has advised HNA on some of its purchases.

Some observers are speculating that HNA has gained an advantage through political ties. Chinese press attention has focused on the company's ownership and funding after Chinese real-estate-tycoon-in-exile Guo Wengui recently suggested, via Twitter and in an interview with Voice of America, that there are connections between HNA and a senior Chinese leader. The Dream Jet, he said, has been used as a venue for entertaining the leader's relatives. Mr. Guo didn't offer evidence for his claims. HNA declined to comment on Mr. Guo's claims.

HNA was co-founded in 1993 by former aviation bureaucrat Chen Feng on China's southernmost island province of Hainan. It currently has the company's employees and an HNA charitable foundation among its shareholders, according to HNA executives.

Initially formed with money from Hainan's local government to run its only airline, HNA's group holding company no longer has state ownership, HNA's Mr. Gao says. Its headquarters features an eclectic mix of Roman columns, Taoist sculptures, a red-and-yellow chandelier designed by American glass sculptor Dale Chihuly and six giant works by Liu Yuyi, a Chinese painter known for his depictions of Mao Zedong and Communist themes.

HNA executives and bankers say a big reason for the group's continued ability to invest outside China is a hefty supply of overseas funds. That lets the group purchase in dollars without worrying about getting money out of the mainland past China's tightened capital controls, they say.

"For the last few deals, we financed everything from cash flow offshore," said Guang Yang, New York-based chief investment officer of HNA Capital. "We don't have to move [yuan] offshore."

This year, HNA Capital has reached deals to buy stakes in U.S. hedge fund of funds SkyBridge Capital, German lender Deutsche Bank AG and U.K. insurer Old Mutual PLC's U.S. fund-management arm.

HNA asks banks to put financing in place if they want an advisory role on its deals, Mr. Yang said. It issues a lot of bonds: Last year, HNA's debt equaled a relatively high 60% of total assets and around 10 times its earnings before interest, taxes, depreciation and amortization, or Ebitda, according to executives and an analyst estimate.

Recently, HNA's fundraising has become more creative. It has issued more than $3 billion of offshore debt backed by letters of credit from Chinese banks onshore, according to bond documents, a practice Chinese authorities started clamping down on several months ago.

The group has created offshore companies that can tap funding abroad to conduct purchases. In April, HNA used a newly incorporated entity in Singapore to make a nearly $1 billion acquisition of Singaporean logistics firm CWT Ltd.

—Julie Steinberg and Anjani Trivedi contributed to this article.

STREET

Continued from the prior page

veloped currencies, well within the bounds of normal daily swings.

The tax plan fits the pattern of pronouncements during Mr. Trump's first 98 days: The president has forgotten Teddy Roosevelt's advice to speak softly and carry a big stick, and is doing precisely the opposite. Reality hasn't lived up to the hype in foreign policy, trade, health care, currency policy or, in part thanks to poor drafting and ornery judges, immigration.

None of this means Mr. Trump's policy agenda is dead, or that he will continue to overpromise and underdeliver. The problem is that trade and diplomacy are where Mr. Trump has the least constraints from Congress and the courts, and it is his promises on trade and diplomacy that scare investors the most.

Investors' concern about Mr. Trump using his executive powers was on show in Wednesday's trading. Leaks that the White House was preparing an executive order ditching the North American Free Trade Agreement knocked 1.7% off the value of the Mexican peso in minutes, hurt U.S. stocks and pushed down Treasury yields. The drop in the peso was particularly significant, although entirely reversed later in the day when Mr. Trump reassured Mexico and Canada that the U.S. wouldn't pull out.

Business as usual in Washington means drawn-out negotiations and compromises, and the policy reality rarely matches the political rhetoric. But it is still entirely reasonable to expect something to emerge, later and smaller than investors first hoped, but still significant.

For now, it looks as though markets have adjusted their expectations, and are discounting Mr. Trump's hype. The risk of investor disappointment in the months ahead has been reduced, just so long as something passes on tax and Mr. Trump resists the urge to act aggressively where he can.

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Ford's Pace Eases After Long, Hot Run

Demand for trucks remains solid, but U.S. auto market as a whole is downshifting

By Adrienne Roberts And Christina Rogers

Ford Motor Co.'s first-quarter profit fell 35% from a year earlier amid higher costs and weaker U.S. sales.

The No. 2 U.S. auto maker on Thursday reported profit of $1.6 billion, down from $2.5 billion in 2016's first period, when strong demand for a redesigned F-150 pickup truck helped Ford post its best quarterly operating profit in history.

Adjusted earnings per share were 39 cents in the latest quarter, beating analysts' consensus of 36 cents. Analysts cited stronger-than-expected earnings in North America and at financing arm Ford Credit.

"The results were solid, but it was a tough comparison" to last year's first quarter, Ford Chief Financial Officer Bob Shanks said on Thursday.

The Dearborn, Mich., auto maker faced headwinds at home and abroad with lower sales in China, an unfavorable exchange-rate impact in Europe because of Brexit and a tougher market in the U.S., where new-car demand is cooling after seven years of uninterrupted growth.

Mr. Shanks described the just-ended quarter as likely Ford's "toughest" for this year with results expected to be flat to better "in aggregate" over the remaining three quarters.

Revenue for the first quarter rose 4% to $39.1 billion, driven by a favorable mix of pickup trucks and sport-utility vehicles.

Ford is coming off one of its most profitable periods in history with its North American business benefiting from two years of record sales growth for the U.S. auto industry and surging demand for its highly lucrative trucks and SUVs amid low gasoline prices.

Ford earned $10.4 billion in operating profit last year, down slightly from 2015's record of $10.8 billion.

Company executives forecast a leaner profit this year, confirming on Thursday full-year guidance for $9 billion in operating profit.

Ford plans to cut $3 billion in costs this year and expects profit to rebound in 2018, driven by strength in the U.S. pickup-truck market, the rollout of two full-size SUVs and improving results at Ford Credit.

Ford's first-quarter adjusted pretax profit fell 42% to $2.2 billion, dinged by a $295 million recall expense disclosed in March covering nearly a half-million vehicles with fire risks and faulty door latches. This was the second time in less than a year that safety concerns hurt the bottom line.

Operating profit for Ford's North American business was $2 billion, down 35% from the same period a year earlier.

Margins slipped in the first quarter to 8.3% in the company's core North American business, from a lofty 12.9% a year earlier. While transaction prices were up $1,971 per vehicle on strong demand for Ford's heavy-duty trucks, U.S. sales fell 4% in the quarter and market share shrank.

Higher interest rates and a decline in used-car values are also hurting vehicle affordability among U.S. consumers and making it more difficult for auto makers to continue offering the cheap leases that helped drive U.S. sales.

In Europe, Ford posted a pretax profit of $176 million compared with $434 million a year earlier, with exchange-rate and Brexit headwinds offsetting higher sales volumes.

In Asia Pacific, Ford recorded a $124 million operating profit, down from $220 million, as it contended with cooling new-car demand and the expiration of a tax subsidy on small-engine vehicles last year.

Ford's operating losses in South America continued, with the auto maker reporting $244 million in red ink, compared with $256 million in last year's first quarter.

ANDREY RUDAKOV/BLOOMBERG

Ford executives forecast a leaner profit this year, confirming on Thursday full-year guidance for $9 billion in operating profit.

Low Gear

Ford's quarterly profit/loss

Sources: S&P Capital IQ; the company

THE WALL STREET JOURNAL.

Kia Plans to Invest $1 Billion in India

NEW DELHI—**Kia Motors** Corp. aims to invest more than $1 billion in India, hoping to capture customers in the growing market and mirror the success of its sister company **Hyundai Motor** Co.

The South Korean car maker said Thursday that it plans to invest about $1.1 billion to build a factory for its first foray into India.

Kia will start building the facility in the southern state of Andhra Pradesh by year-end. It expects to start production in the second half of 2019 with a capacity to build 300,000 vehicles a year.

"It will enable us to sell cars in the world's fifth-largest market, while providing greater flexibility for our global business," Han-Woo Park, president of Kia Motors, said in a statement. "This is our latest step towards becoming a leading global car manufacturer."

Kia is the latest automobile manufacturer to bet big on India—Hyundai Motor Co., **Ford Motor** Co., **General Motors** Co., **Toyota Motor** Corp. and **Honda Motor** Co. all are battling for a bigger share in the fast-growing market. Maruti Suzuki India Ltd., the Indian arm of **Suzuki Motor** Corp., dominates the market, which contributes almost half of Suzuki's global sales.

Kia is looking for new areas of growth. Sales of Kia and Hyundai have been lackluster in China, the U.S. and other key markets.

India continues to be one of the world's most promising markets as more families can afford cars as incomes rise. Passenger vehicle sales in India grew 9% to 2.79 million in the year ended March 31.

—Anant Vijay Kala

Media Moguls' Grand Plans Are Mired in Bitterness

By Nick Kostov And Manuela Mesco

Two of Europe's richest men want to remake the Continent's turmoil-wracked media business. First, they have to patch up their tattered relationship.

In January 2016, Silvio Berlusconi, the television mogul and flamboyant former Italian prime minister, sat down for lunch with a longtime friend and business partner—Frenchman Vincent Bolloré, whose media conglomerate **Vivendi SA** spans music, TV and videogames. The lunch, at Vivendi's Paris headquarters overlooking the Arc de Triomphe, eventually blossomed into a bold, joint ambition: to create the Netflix of Europe by stitching together local content and distribution across the Continent.

"We talked about where the world is going," said another person at the lunch. "The industrial desire to get married, to work together was on the table," this person said.

More than a year later, those efforts have unraveled into bitterness, pitting Mr. Bolloré's Vivendi against Mr. Berlusconi's **Mediaset** SpA. Over the summer, as Mr. Berlusconi was recovering from open-heart surgery, Vivendi backed out of a deal to buy Mediaset's premium pay-TV service, publicly questioning its performance.

Mediaset sued. Then in December, Vivendi started accumulating Mediaset shares on the open market, eventually spending €1.26 billion ($1.38 billion) for an almost 30% stake. Mediaset accused it of orchestrating a hostile takeover.

Both sides still want a friendly deal, according to people familiar with each camp. People familiar with Mr. Bolloré's thinking say he is counting on his large stake in Mediaset to force Mr. Berlusconi to the table.

"There are many reasons why it's a win-win situation for both companies to resolve this conflict," said Vivendi Chief Executive Arnaud de Puyfontaine.

People familiar with the view of Mr. Berlusconi and Fininvest SpA, the family holding company that controls Mediaset with a 40% stake, said he isn't rolling over and wants Mr. Bolloré to return to the original pay-TV deal.

Italian regulators strengthened Mr. Berlusconi's hand earlier this month, ruling Vivendi must sell either its Mediaset shares or its 24% stake in **Telecom Italia**, SpA, the telecom carrier that many executives see as more important to Mr. Bolloré's pan-European media ambitions. Vivendi said it would appeal.

A detente could reshape Europe's media landscape.

When the two companies were getting along, executives on both sides touted the idea of building a rival to Netflix Inc., the U.S. streaming service that is expanding across Europe. A particular strength of a Vivendi-Mediaset tie-up would be local-language content, which is currently in short supply at Netflix.

Other rivals are roiling the industry. Rupert Murdoch's **21st Century Fox Inc.** is seeking regulatory approval for a $15 billion deal to buy the 61% of British pay-TV giant **Sky** PLC it doesn't already own. That move would further bolster those two companies' content and reach across Europe. Mr. Murdoch and his family are major shareholders of both 21st Century Fox and **News Corp**, the owner of The Wall Street Journal.

Mr. Bolloré, 65 years old, has made a fortune by swooping in and seizing control of businesses—sometimes in quick takeovers, and other times through slow, steady stake-building. In less than two years, he built a 5% stake in Vivendi into a 20% controlling interest.

In September, Mr. Bolloré sent an email to Mr. Berlusconi on his 80th birthday, wishing him a speedy recovery from his heart surgery, according to a person familiar with the matter. Mr. Berlusconi responded almost immediately. He thanked him, saying "let's hope we can finally work together." Since then, though, the companies have had virtually no contact, people familiar with the situation say.

—Stu Woo contributed to this article.

Media Stalemate

Two of Europe's most powerful magnates have been maneuvering warily through on-off talks to cooperate on a pay-TV venture.

Silvio Berlusconi

Vincent Bolloré

Note: 1 Euro = $1.09

Photos: Berlusconi, Alessandra Benedetti (Corbis/Corbis via Getty Images); Fred Tanneau (AFP/Getty Images)

Sources: Factset; the companies

Owned by Vivendi: Canal Plus, Universal Music, Gameloft

THE WALL STREET JOURNAL.

BUSINESS WATCH

STARBUCKS

Same-Store Sales Fall Short of Pledge

Starbucks Corp. still hasn't made good on its pledge to return its critical U.S. business to 5% same-store sales growth.

The coffee giant missed sales expectations again in its home market and globally, with sales up 3% overall and in the U.S. in its fiscal second quarter. Analysts expected 3.7% growth globally and 3.5% in the Americas.

The coffee giant said same-stores rose 3% globally in its fiscal second quarter, with a 3% rise in both the U.S. and the overall Americas segment.

Starbucks earned $653 million, or 45 cents a share, up from $575 million, or 39 cents, the year before. Revenue rose 6% to $5.3 billion. Analysts surveyed by FactSet had forecast earnings of 45 cents a share on $5.4 billion in sales.

—Julie Jargon

COMCAST

Wireless Beckons As Landlines Sag

Comcast Corp.'s first-quarter results offered a glimpse into why the cable giant is jumping into the cutthroat wireless business: Consumers don't want a landline phone anymore, limiting the appeal of its lucrative "triple play" bundles.

The company lost 5,000 voice customers in the quarter, compared with an addition of 102,000 in the year-ago quarter. Among just residential voice customers, the decline was even more stark, with a loss of 27,000.

Overall, net income rose to $2.6 billion, or 53 cents a share, from about $2.1 billion, or 43 cents a share, a year ago. Revenue grew 8.9% to $20.5 billion.

Revenue and profit exceeded estimates from analysts, who projected earnings of 44 cents a share on $20.1 billion in revenue, according to Thomson Reuters.

—Shalini Ramachandran

INTESA SANPAOLO

SHAREHOLDERS' RESOLUTIONS
DISTRIBUTION OF DIVIDENDS AND RESERVES

The Shareholders of the Bank, at their meeting held in Turin on 27 April 2017, approved the Parent Company's 2016 financial statements, as well as the proposal of allocation of net income for the year and distribution to shareholders of the following dividend:

– 0.109 euro gross per savings share
– 0.098 euro gross per ordinary share

and of an additional

– 0.080 euro gross per savings share and ordinary share from the Share Premium Reserve.

Share Premium Reserve distribution will be subject to the same tax regime applied to dividend distribution.

The aforementioned unit amounts will be payable as of 24 May 2017 to the shares outstanding on 23 May 2017, with presentation of coupon no. 40 (for savings shares) and no. 39 (for ordinary shares) on 22 May 2017.

Payments will be made by all the intermediaries taking part in the centralised administration system of financial instruments (Monte Titoli S.p.A.).

The minutes of the Shareholders' Meeting will be made available to the public within the terms provided, in accordance with the regulations in force, at the Company's Registered Office, on the authorised storage system (www.emarketstorage.com) and on the website group.intesasanpaolo.com ("Governance"/"Shareholders' Meeting" section).

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Nokia Pegs Comeback to New Gadgets

Cellphone pioneer turns to VR cameras, $100 bathroom scales and other digital devices

By Stu Woo

SIMON DAWSON/BLOOMBERG

Nokia last year released a virtual-reality camera, the Ozo, for use by professional filmmakers.

Nokia Corp., once the world's undisputed cellphone superpower, is attempting a consumer-electronics comeback. Its strategy: sell $100 bathroom scales.

The company stopped selling personal devices in 2014, when it sold its slumping mobile-phone division to **Microsoft** Corp. Instead, it focused on making equipment for cellular towers and other infrastructure that enables modern communication.

Believing its consumer brand still carries cachet, however, Nokia is jumping back into the gadgets business. It makes a virtual-reality camera for professional filmmakers and has outsourced the production of Nokia-branded phones. Its biggest in-house focus, though, is internet-connected health devices, including scales, blood-pressure monitors and forehead thermometers. It bought a French startup last year that made the devices, and plans to stamp its all-caps Nokia logo on the products by this summer.

Nokia's consumer-electronics comeback, and its new bid to lead the budding market for personal digital health devices, relies on its name. It says its research shows more than 95% of consumers world-wide know its brand.

Skeptics abound. Relying on the Nokia name won't sell health devices in itself, said Annette Zimmermann, an analyst at research-firm **Gartner** Inc. Nokia is still well known throughout the developing world for its low-end phones. But it has lost its luster in the U.S. and wealthier countries.

Nokia expects digital-health-device sales to grow in 2017, but didn't disclose specifics. The Nokia division comprising health-care devices, virtual-camera business and its phone-licensing business brought in €1.1 billion ($1.2 billion) in 2016, or 4% of Nokia's total revenue. Telecom-equipment sales last year came in at €21.8 billion, or 91% of overall revenue.

The shift is the latest for the Finnish company. It began in 1865 as a wood-pulp business, drawing its name from the Nokianvirta River on which it operated a mill. Over the next century, Nokia expanded into electronics, rubber and defense. It made computers, gas masks and rain boots.

Nokia pioneered cellular technology for both phones and equipment in the 1980s. But after **Apple** Inc. and **Samsung Electronics** Co. emerged, dominating the new smartphone market, Nokia lost ground and eventually sold its mobile-phone business to Microsoft.

Chief Executive Rajeev Suri beefed up its already large telecommunications-equipment business through the 2016 acquisition of rival Alcatel-Lucent. That business is hitting headwinds. Wireless carriers largely have the infrastructure they need, and Nokia and Nordic rival Ericsson AB face Asian competitors such as China's **Huawei Technologies** Co.

Its foray into gadgets is relatively limited, but executives hope it may eventually provide diversification for the firm.

Nokia's approach is three-pronged. First is the Ozo, the $40,000 virtual-reality camera it released for professional filmmakers last year. Nokia plans to eventually release a cheaper model for hobbyists.

The second push is its outsourced mobile-phone business. Last year Microsoft, which floundered with the handset business it bought from Nokia, sold it to HMD Global Oy, which is run by former Nokia executives. Under license from Nokia, the company is selling branded smartphones and basic phones, like the well-received, soon-to-be-released revamp of the classic Nokia 3310 "candy-bar" phone.

Anchoring the third prong is Nokia's €170 million acquisition last year of Withings, a digital-health-device startup based in the Paris suburb of Issy-les-Moulineaux. Withings makes about a dozen devices, including a $180 fitness-tracking watch, a $100 body-temperature thermometer, a $200 air-quality monitor and $100 bathroom scale.

Signal Change

Nokia, once a consumer-gadgets giant, now mostly makes telecom equipment.

*Nokia agreed to sell its mobile device division to Microsoft †Acquired rival Alcatel-Lucent
Source: the company $1 = €0.92 THE WALL STREET JOURNAL.

Console's Sales Hearten Nintendo

By Takashi Mochizuki

OSAKA, Japan—**Nintendo** Co. offered a rosy outlook, forecasting that strong sales of its Switch console will lift annual earnings to a seven-year high.

After a successful launch of the Switch last month, Nintendo said Thursday that it expects to sell 10 million of the handheld-hybrid game console in the current fiscal year. The Switch's unpopular predecessor, the Wii U, tallied sales of 13.6 million units since its launch in 2012.

"We have done a lot of things to raise awareness about how the Switch experience can offer something new, and I am just relieved that consumers seem to have accepted it," Nintendo Chief Executive Tatsumi Kimishima said of the console designed for use both in the living room and on the go.

The Switch posted March sales of 2.74 million units, beating the company's initial sales estimate of two million units for the month.

For the 12-month period beginning this month, Nintendo said it expects operating profit of ¥65 billion ($585 million) on revenue of ¥750 billion. On Thursday, the company reported operating profit of ¥29.4 billion for the past year.

The projected ¥65 billion operating profit, if realized, would be the highest since the year ended March 2011. Profit has declined in recent years because of the weak performance of the Wii U console.

Compared with game-console rivals **Sony** Corp. and **Microsoft** Corp., Nintendo has far more in-house titles featuring famous character franchises that contribute directly to its profits. The company said it has sold 2.76 million copies of the new "Legend of Zelda" game for the Switch, creating the unusual situation of a single piece of software outselling the console.

For the past year, Nintendo's net profit was ¥102.6 billion, up from a year-earlier ¥16.5 billion. A major boost came from the sale of part of its stake in the Seattle Mariners operator.

RODRIGO REYES MARIN/AFLO/ZUMA PRESS

Switch game consoles at their launch in Tokyo last month.

yankees.com yankeesbeisbol.com ticketmaster

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Uptick in PCs Bolsters Intel

By Ted Greenwald

Intel Corp.'s quarterly earnings soared 45%, as strong sales of high-end processor chips outweighed high costs in what are normally its most profitable businesses.

Intel dominates its core markets of processor chips for PCs and servers. But its overwhelming market share leaves limited room to grow, and competition lately has emerged in both areas. A revitalized **Advanced Micro Devices** Inc. is building momentum in the PC market and has plans to sell server chips. Meanwhile, processors from **Nvidia** Corp. have found a place in data centers, while chips based on technology from **ARM Holdings** PLC are beginning to make headway.

Amid the overall strength, though, profit in the division that sells chips for the servers used in data centers was hurt by an earlier shift to a more advanced manufacturing process that can improve chip performance but initially costs more. Intel said operating profit in its data-center division narrowed by 16%, while revenue rose 5.8% to $4.23 billion.

The PC market has been in a persistent decline, but PC shipments in the first quarter were better than expected. Research by International Data Corp. showed a marginal uptick in the first quarter, year on year, compared with its forecast of a 1.8% decline.

Intel benefited from the PC lift, posting a first-quarter operating profit of $3.03 billion in that segment, up 61% from the year-earlier quarter, on sales of $7.98 billion, a rise of 5.7%.

Intel's data center division dimly reflected the cloud build-out, reporting an operating profit of $1.49 billion, down 16% from the year-earlier quarter, on revenue of $4.23 billion, up 5.8%.

—Anne Steele contributed to this article.

Trump Tax Plan Lacks Clarity on Cash Abroad

By Yoree Koh

President Donald Trump's tax-cut proposals could miss the mark for the tech industry.

The crucial issue for some of the biggest tech names—the one-time tax rate on stockpiles of cash stashed overseas—remained unresolved by the president's tax plan announced Wednesday. But Mr. Trump's plan to slash the corporate tax rate to 15% could be good news for startups.

Over the years, many of the tech giants have found ways to lower their tax rate to well below the statutory rate of 35%, often by booking profits in low-tax countries and leaving the money there.

For the tech giants, the cut to the corporate tax rate isn't "that big of a deal to them since they're not paying it anyway," said Lawrence A. Zelenak, a Duke University law professor who specializes in tax policy. "The biggest issue that kind of dwarfs everything else is how this affects the big piles of cash held offshore." Mr. Trump's plan didn't provide clarity on the repatriation of cash overseas.

U.S.-based companies can keep foreign earnings abroad, allowing them to avoid the 35% U.S. tax until they bring that money home. Under the new tax plan, U.S. companies would owe little or no tax on their future foreign profits.

Tim Cook

Apple Inc., which earns about two-thirds of its revenue outside the U.S., is holding more than $230 billion in cash overseas. **Microsoft** Corp. said in its most recent quarterly report that the bulk of its cash, about $116 billion out of a global total of $123 billion, is housed overseas and "would be subject to material repatriation tax effects."

The companies have indicated that they would like to bring that cash home. During a 2013 hearing on the U.S. tax code, Apple Chief Executive Tim Cook urged senators to adopt "a reasonable tax on foreign earnings" that would encourage companies to bring profits back to the U.S. He said such changes would boost the economy and create jobs.

—Tripp Mickle contributed to this article.

Microsoft Makes Gains On the Cloud

By Jay Greene

Microsoft Corp.'s cloud business surged in the fiscal third quarter, continuing the company's transition from legacy vendor of packaged software to a leader in the booming business of web-based, on-demand computing.

Microsoft's Azure business again posted torrid growth as corporate customers adopt the cloud service for larger pieces of their computing operations. And Office 365, the online version of Microsoft's productivity software, also posted huge gains.

The cloud gains are crucial as Microsoft battles **Amazon.com** Inc. and **Alphabet** Inc.'s Google for a piece of the cloud-infrastructure market.

Overall, Microsoft posted $4.8 billion in third-quarter net income, or 61 cents a share, compared with a profit of $3.76 billion, or 47 cents a share, a year ago.

Excluding the impact of revenue deferrals and other items, adjusted earnings rose to 73 cents a share. A year earlier, Microsoft reported adjusted earnings of 63 cents a share. Revenue gained 7.6% to $22.1 billion and was $23.56 billion on an adjusted basis.

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KKR Attracts Activist Investor

By Matt Jarzemsky And David Benoit

Private-equity firms long have complained that the public markets don't understand them. Now, an activist investor is taking up their cause.

At a conference in New York Thursday, **ValueAct Capital Management** LP President Mason Morfit disclosed a 4.9% stake in **KKR** & Co., saying he thinks the stock is undervalued. Mr. Morfit said fears that the private-equity giant won't survive after founders Henry Kravis and George Roberts are gone are far overblown.

"I appreciate what these guys have done and have a lot of confidence it will survive beyond generation one, beyond generation two, beyond generation three," he said. ValueAct thinks KKR shares, which closed up 5.4% at $18.73 Thursday, should be worth around $37 based on the growth of its assets under management and fee revenue.

Mr. Morfit's vote of confidence came the same day KKR posted a $259.3 million first-quarter profit, a big reversal from its year-earlier loss of $329.9 million.

Economic net income, which reflects unrealized investment gains, was 65 cents a share, topping the 51-cent average estimate of analysts polled by FactSet. KKR benefited from gains in its debt investments, a 4.7% appreciation in its private-equity portfolio and a quarterly record $121 million in revenue from its in-house capital-markets arm.

Assets under management rose to $137.6 billion, up from $129.6 billion at the end of 2016.

Though ValueAct sometimes agitates for changes at the companies in which it invests, it appears to be on friendly terms with KKR.

"We have had interactions with them and they've been great," Scott Nuttall, KKR's head of global capital and asset management, said on a conference call with analysts. "We think they understand and share the visions we have for the firm."

Private-equity executives for years have grumbled about their firms' stock prices, which at times have underperformed the broader market. Blackstone Group LP founder Stephen Schwarzman last week told analysts the firm's low valuation relative to other large companies "remains a mystery to me."

Southwest to End Overbooking

Airline asked almost 15,000 passengers to give up their seats involuntarily last year

By Doug Cameron

FREDERIC J. BROWN/AGENCE FRANCE-PRESSE/GETTY IMAGES

The airline will end overselling of seats by the end of June. The number of passengers failing to show up has fallen consistently.

Southwest Airlines Co. said Thursday that it would end overselling of seats on its flights by the end of June, accelerating the move in the wake of the furor surrounding efforts to remove a United Airlines flier earlier this month.

Chief Executive Gary Kelly said the move had been under consideration for some time, in part because the number of passengers who failed to show up for flights has fallen consistently over the past two decades.

Airlines typically sell more seats than an aircraft's capacity because of no-shows, though Southwest's focus on airport-to-airport flying means it is less exposed to delayed connecting passengers compared with carriers such as **United Continental Holdings** Inc. that operate big hubs.

Southwest follows **JetBlue Airways** Corp., which already avoids overselling. Other carriers continue to support the longtime practice on the basis that ensuring flights fly as full as possible helps to lower overall fares.

Mr. Kelly said Southwest typically oversells just one seat on a jet carrying 143 passengers, and expects a "fairly small" revenue impact that would be counteracted by a drop in costs from lower compensation payments.

But Southwest required almost 15,000 passengers to give up their seats involuntarily last year—more than the combined total of United, **American Airlines Group** Inc. and **Delta Air Lines** Inc. Some 80% of the Southwest total was caused by overselling, with the balance to make way for airline crew, said executives on a quarterly earnings' call Thursday.

"I never get complaints from our customers about overbooking," said Mr. Kelly, admitting it hadn't been on his list of priorities before the United Express incident on April 9.

"For quite some time we have been challenging ourselves to make the traveling experience better for our customers," he said. "That's one of the pain points we'd like to eliminate."

Separately, United said on Thursday that it would reduce overbooking on flights that historically haven't generated a lot of volunteers when oversold, as part of changes to policy following the incident on its regional flight this month.

Higher Costs Take Toll on Airlines

As sales are just beginning to fly again at America's largest airlines, costs are also making an ascent.

After rebounding from nearly two years of falling average passenger revenues across the industry, **American Airlines Group** Inc.'s operating expenses jumped 11% in its March quarter, largely on rising fuel costs. Similarly, expenses at **Southwest Airlines** Co. climbed 8.8% as sales rose 1.2%.

Expenses were widely expected to jump in the first quarter, largely on fuel and labor costs, but the growth should moderate later in the year, said Hunter Keay, senior analyst at Wolfe Research.

Shares of American, the nation's largest carrier by passenger volume, fell 5.2% to $43.98 in Thursday trading. Shares of Southwest fell 2.1% to $55.75.

American surprised investors late Wednesday with a pay raise for its pilots and flight attendants—mid-contract—to keep up with other airlines. The move will cost about $350 million a year over the next two years, said Chief Executive Doug Parker.

After signing a new labor pact with its pilots and flight attendants last year, Dallas-based Southwest said costs will increase 6% in the current quarter. However, the company said expense growth should ease significantly by year's end, due in part to efforts to phase out its fleet of older Boeing Co. 737s.

Over all for the first quarter, American Airlines' results topped analysts' views and Southwest's fell short of expectations.

American reported adjusted earnings of 61 cents a share in the latest quarter, down from $1.25 a year ago. Revenue rose to $9.62 billion. Analysts polled by Thomson Reuters had expected earnings of 57 cents a share on $9.61 billion in revenue.

Southwest, meanwhile, posted adjusted profit of 61 cents a share, down from 88 cents last year. Revenue rose to $4.88 billion. Analysts were looking for earnings of 63 cents a share on $4.92 billion in revenue.

—Imani Moise and Ezequiel Minaya

Verizon Gears Up In Self-Driving

Verizon Communications Inc. has invested in an autonomous-vehicle tech startup best known for turning a vintage DeLorean into a self-driving car.

The startup, **Renovo Auto**, said the investment from Verizon's venture arm is part of a new $10 million funding round led by **True Ventures**. (A Renovo prototype from 2015 is at right.)

Founded in 2010, Renovo is seeking to create ubiquitous autonomous-vehicle software similar to an operating system.

Verizon, the largest U.S. telecom carrier, sees a place for itself among the oceans of wireless data that could flow from computer-driven cars.

Last year, Verizon acquired fleet-tracking software companies Fleetmatics Group PLC and Telogis Inc. as part of a broader strategy to focus on connected cars.

—Tim Higgins

ETHAN MILLER/GETTY IMAGES

Deutsche Bank Wins Back Some Customers

By Jenny Strasburg

Deutsche Bank AG made progress winning back clients who fled over capital concerns as it recovered from a turbulent 2016, but first-quarter profit was muted by debt-trading revenue that lagged behind its peers.

The German lender, fresh off an $8.5 billion capital increase, more than doubled its first-quarter net income from a year earlier, to €575 million ($627 million), it said Thursday. That was broadly in line with analysts' expectations.

Deutsche Bank's big fixed-income trading business, a closely watched driver of profit, posted an 11% revenue increase from the same quarter last year. The lender said interest-rate and credit trading were especially strong. But its overall results from trading bonds and currencies lagged behind performances by big U.S. investment banks that benefited more from this year's fixed-income trading boost.

Deutsche Bank shares fell 4% Thursday but have rebounded from multiyear lows last fall.

Overall, Deutsche Bank showed it is stabilizing across its main businesses after a rocky 2016, when fears of big legal settlements and the lender's thin capital buffer spooked clients. The tumult last year also raised Deutsche Bank's costs to fund its trading and client-financing businesses, eating into profit. Those costs have since been coming down, according to executives.

The bank said that hedge-fund and corporate clients seeking deal advice and other customers are returning, after some pulled business late last year. Chief Executive John Cryan said in a statement Thursday that cost-cutting efforts—which have included closing bank branches, firing employees and axing bonuses—are paying off, and "asset flows are returning across the bank."

First-quarter revenue figure of €7.3 billion was roughly flat from a year earlier, excluding an accounting adjustment tied to the increased value of Deutsche Bank's own debt.

SPIN

Continued from page B1

In after-hours trading, shares of Honeywell jumped 4.7% to $135.94.

Third Point's approach comes a few weeks after Darius Adamczyk took over as Honeywell's chief executive from longtime leader David Cote, who remains the company's chairman.

Last year, the Morris Plains, N.J., company disappointed investors by cutting its sales projections for 2016 and then lowering its 2017 sales and profit targets. Last week, it reported higher quarterly profit despite a drop in revenue.

After taking charge, Mr. Adamczyk said Honeywell still had an appetite for more acquisitions. "We do want to be active and secure the right deals, but we also want to continue to be prudent buyers, not overspend," he told investors last week.

Third Point praised Honeywell's management, highlighting a 11.5% annualized return during Mr. Cote's recently ended tenure, compared with a 7% return from the S&P 500 over the same period. Despite that performance, it said "the stock trades at a substantial discount to its industrial peer group."

The activist, which has pushed for a split at Dow Chemical Co. and was once famous for scathing letters but has in recent years tempered its missives, said a breakup could increase management's focus on industrial businesses that it expects to grow with more automation and the expansion of the Internet of Things. At the same time, it would free up management in the aerospace business to improve its operations by tying management compensation to its specific needs and using its capital more efficiently.

Honeywell defended its conglomerate structure and recent financial performance. The company said it is "focused on effectively deploying capital to generate consistently outstanding returns. We have a strong portfolio of businesses with great positions in growing industries. Aerospace is no exception."

Third Point says the aerospace unit has been a drag on performance.

Mr. Cote revived the company's fortunes during his 15-year tenure, coming on board after Honeywell was reeling from a failed merger with General Electric Co. He expanded the business with a series of midsize acquisitions and then attempted a megadeal last year: a $90 billion bid for rival United Technologies Corp. He was rebuffed and dropped the deal, which would have merged two major aerospace suppliers.

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ALL YOU NEED TO KNOW CHINA WATCH

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GDP FIGURE WELCOMED
FORECASTS REVISED AFTER SURPRISING RESULT, P2

TRIED, TRUSTED, BOUGHT
FAVORITE BRANDS WITHSTAND THE TEST OF TIME, P4

President Xi Jinping and his wife, Peng Liyuan, listen as the grandchildren of U.S. President Donald Trump perform in Chinese at the Mar-a-Lago resort in Palm Beach, Florida, on April 6. Arabella Rose, standing beside her mother, Ivanka Trump, seems more at ease than her brother Joseph Frederick, who stands with his father, Jared Kushner. LAN HONGGUANG / XINHUA

As Strains Begin to Ease, Trade Outlook Brightens

Trump statement that Beijing does not manipulate its currency boosts ties, **An Baijie** reports

China is willing to push forward the development of more balanced economic and trade ties with the United States, the Foreign Ministry said in response to U.S. President Donald Trump's declaration that China is not a currency manipulator.

"We have no intention of stimulating exports by devaluing the currency, and there is no basis for a continuous devaluation of the renminbi," ministry spokesman Lu Kang said at a regular news conference.

At the first meeting of President Xi Jinping and Trump in Florida, the two leaders had a "long and deep discussion" on the economic and trade issue. They reached an important consensus on making joint efforts to expand collaboration in all areas and properly handle disagreements, Lu said.

"China, of course, is not a currency manipulator — that is an objective fact," Lu said, adding that China would continue to press ahead with reforms of the procedure used to determine the renminbi exchange rate.

In an interview with The Wall Street Journal, Trump said "his administration won't label China a currency manipulator."

> **"The meeting between Xi and Trump in Florida has mapped out the blueprint for Sino-U.S. relations, and the two countries will have more dialogues and collaborate more in the next step."**
>
> RUAN ZONGZE
> EXECUTIVE VICE-PRESIDENT OF THE CHINA INSTITUTE OF INTERNATIONAL STUDIES

During his election campaign, Trump had accused China of manipulating its currency to unfairly gain from exports, but many economists have argued that the renminbi has remained in equilibrium in recent years.

In 2015 the International Monetary Fund said the renminbi was not undervalued.

Huang Songping, spokesman for the General Administration of Customs, responded to Trump's remarks, saying that China and the U.S. had set a 100-day conversation process to discuss the bilateral trade issue.

The two countries have become each other's largest trade partner, which has benefited the people of both, he said, adding that trade between the two countries rose 21.3% in the first quarter of this year.

The enhanced communication between China and the U.S. is conducive to the healthy development of bilateral trade and investment, he said.

Ruan Zongze, executive vice-president of the China Institute of International Studies, said Trump's remarks on the currency issue are positive.

"The meeting between Xi and Trump in Florida has mapped out the blueprint for Sino-U.S. relations, and the two countries will have more dialogues and collaborate more in the next step."

Su Jian, an economics professor at Peking University, said Trump's remarks showed that China and the U.S. have reached consensus on the currency issue, given that China does not want the renminbi to devaluate, while the U.S. does not want a strong dollar.

The previous devaluation trend of the renminbi is ending, he said, adding that the renminbi exchange rate is likely to maintain stable in coming months.

Wang Yanfei contributed to this story.

Belt and Road Seen as Historic Juncture

By ANDREW MOODY

When 28 heads of state and government leaders as well as 1,200 delegates from countries across the world descend on Beijing on May 14 the stage will be set for a gathering that will have huge implications for the international economy for years to come.

Indeed, one Chinese expert said the Belt and Road Initiative at the center of the talks may prove to be as important as the creation of the European Union (then European Economic Community) in 1958.

"I think it could be that significant," said Wang Yiwei, director of the Institute of International Affairs and the Center for E.U. Studies at Renmin University of China in Beijing.

"There has never before been such ambition to achieve such global connectivity," he said, referring to the initiative, which was proposed by China's President Xi Jinping during a speech delivered in Kazakhstan in September 2013.

The Beijing event, the Belt and Road Forum for International Cooperation on May 14 and 15, "will be a landmark event for the initiative, which will enter its 2.0 phase," Wang said. "The mechanisms will be created to put forward a new type of globalization."

Since Xi unveiled the initiative — which consists of the Silk Road Economic Belt and the 21st Century Maritime Silk Road — more than 40 countries and international organizations have signed cooperation agreements with China; and the country has invested some $50 billion in mainly infrastructure projects.

One of the aims of the forum, however, will be to move the very concept from being just a China-led initiative involving bilateral agreements to a multilateral one that will help foster greater global connectivity.

Xi made clear his ambitions for the Belt and Road Initiative at the World Economic Forum in Davos in January when he defended globalization and called for countries to work together to tackle the many uncertainties in the world.

"We should join hands and rise to the challenge," he said. "History is created by the brave. Let us boost confidence, take actions and march arm-in-arm toward a bright future."

The main tangible elements of the initiative so far are the Silk Road Fund, for which the Chinese government pledged $40 billion in 2014 for investment in countries along the routes, and the Asian Infrastructure Investment Bank, whose founding members consist of many Western countries, including Britain, France and Germany as well as leading Asian countries such as India, Pakistan and Vietnam.

Hugh White, professor of strategic studies at the Australian National University and once an adviser to the former prime minister Bob Hawke, believes the forum will be about making clear the initiative is for everyone and not just China.

"For it to work, it has got to be something that has wider ownership and acceptance than just being a Beijing initiative," he said.

"It has the potential to be something very significant. The countries participating will be involved in creating a vision and framework for globalization for the next few decades. So it is of immense significance."

SEE "**FORUM**" ON P3

Inside

Special Coverage > P3

Strong Growth Cheers Business Group

By LI XIANG, ZHONG NAN and ZHENG YIRAN

The robust growth of the Chinese economy in the first quarter is a positive sign for the global economy, the head of a U.S. business lobbying group said on April 18, calling for further progress in bilateral trade and investment relations.

William Zarit, chairman of the American Chamber of Commerce in China, said members of his organization are optimistic about the Chinese economy.

He called for progress in trade and investment, and said he hoped the recent meeting between President Xi Jinping and his U.S. counterpart Donald Trump "will mark the start of tangible progress toward a healthier and more balanced relationship."

In its annual American Business in China White Paper, the U.S. business group acknowledged China's efforts to accelerate reforms and improve trade and investment facilitation through top-level policy designs and basic enforcement.

The chamber also warned about rising uncertainty in China-U.S. relations as both countries are experiencing an economic transition.

"We are experiencing a clear increase in uncertainty as the U.S.-China relationship enters a new era," Zarit said.

The chamber called for further reform in China to promote greater trade facilitation through adjusting policies and optimizing procedures designed to assist customs clearance, as well as enabling firms to play a role in reform.

China has set up 11 free trade zones that serve as platforms for opening investment and trade and boosting industrial upgrading.

The U.S. business group also called for greater transparency in Chinese regulations and greater openness to foreign companies and applauded China's commitment to pro-competitive and non-discriminatory policies.

China is the largest exporter of goods to the U.S. Trade in goods between the U.S. and China rose from $147 billion in 2002 to $579 billion in 2016, the chamber said.

Thomas Luedi, a partner of AT Kearney Greater China, a global management consulting firm, said China remains an important market for U.S. investment despite an economic slow-down.

"China has provided continuous high growth rates. To that end, American firms can benefit from the growth opportunity in China."

Many U.S. companies will be well positioned to capture investment opportunities in China in sectors related to sustainability such as technology, environmental protection and energy efficiency, Luedi said.

Sleepy Counties to Become Innovative Dynamo

By HOU LIQIANG and ZHANG YU

Xu Linghua, who runs an electrical cable manufacturing company, has never been so busy. He said he has received numerous calls since early April, and at times has even had to turn off his phone so he can get his work done.

The calls have been from private equity firms, current and potential partners, and investment companies wanting to talk about business deals. His schedule is now packed with meetings with Chinese and overseas visitors.

Tourists at Baiyangdian, the largest freshwater wetland in North China, in Hebei province's Anxin county. ZHAI YUJIA / CHINA NEWS SERVICE

"Previously, many of these same people would not meet me when I asked them for a meeting," said Xu, chairman of Taidou Cable Group, a company based in Xiongxian county, Hebei province, with sales of 560 million yuan ($81 million) last year.

The change came when it was announced on April 1 that China will establish the Xiongan New Area in Hebei.

SEE "**NEW AREA**" ON P2

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Zhongliu village in Anxin county uses checkpoints to deter speculation by controlling movement of materials used to build houses.
PHOTOS BY WANG ZHUANGFEI / CHINA DAILY

New area: For the Locals, Triangle Shapes up as Chance of A Lifetime

FROM PAGE 1

The area will hold the same national significance as the Shenzhen Special Economic Zone and the Shanghai Pudong New Area, a circular issued by the Communist Party of China Central Committee and the State Council said. The new area will span three counties — Xiongxian, Anxin and Rongcheng — at the center of a triangular area formed by Beijing, Tianjin and the capital of Hebei province, Shijiazhuang.

About a week after the news was announced, the project and its implications were still the talk of many in and around the three counties.

Xu described the plans as a "rocket" that will give the company great impetus and create a lot of opportunities.

"Previously, few people had even heard of Xiongxian, so I had to open a factory in Tianjin to gain credibility. Now, almost everyone in the country knows our small county."

Attracting top-quality workers to Xiongxian used to be hard, even though Taidou Cable offered decent salaries, he said.

"There's a shortage of workers who know about international trade, so we don't export much, but the new area will help attract a lot of talent and we plan to expand exports with their help. To upgrade our products, I'm also expecting to work with research institutes that set up centers here."

He Lifeng, minister of the National Development and Reform Commission, said the new area will be conducive to innovation, new science and technology.

Liu Dongchen, a wetland protection official in Anxin, was so excited he wrote a poem to celebrate. "Even if I were Chen Tuan, I would be too excited to fall asleep at night after hearing the news," he wrote. Chen, a Taoist sage during the Song Dynasty (960-1279), was a master at controlling his energies and, legend has it, was able to sleep for long periods.

Classmates called and sent messages nonstop on the WeChat service to congratulate Liu after news of the new area was announced, he said.

"One of my classmates has migrated to Singapore. He called and said there will be monumental changes in Anxin and that he will look for opportunities to come back."

The excitement also spread to schools. Gao Chunqing, principal of Zhangzhuang Primary School in Xiongxian, held an assembly about the new area for all 272 students and 16 teachers as soon as school resumed after the annual Tomb Sweeping Day holiday.

Calling the planned Xiongan a green, intelligent city and a "world-class starting point," he urged students to study hard to prepare for the many opportunities to come. He also warned them that they "will be weeded out as the new area develops" if they fail to equip themselves with enough knowledge.

"The focus on Xiongan is global," Gao said. "No matter where you go, people are cheering the news."

For some people, though, such as seniors, the excitement is also coupled with concerns. Zhang Baozeng, a farmer in Zhongliu village, Anxin, said he is worried about making a living after his land is used to build the new area.

"As farmers we didn't get much of an education. We're unable to compete with high-end talent. I'm 60 and don't have the skills that could help me find a job."

Many villagers were also worried they may have trouble adapting to city life or jobs with fixed office hours.

Some locals may have "growing pains," Xu said. Many who were able to go to college left, while most who remain did not go beyond junior or senior high school. They are likely to find that many jobs in low-end, polluting industries will disappear, he said.

Children practice roller-skating in Anxin county in Xiongan New Area.

> **Previously, few people had even heard of Xiongxian, so I had to open a factory in Tianjin to gain credibility. Now, almost everyone in the country knows our small county."**
>
> XU LINGHUA
> CHAIRMAN OF TAIDOU CABLE GROUP IN XIONGXIAN COUNTY

Solid Growth Puts Spring in Footsteps

Better than expected, GDP figure a positive sign for China and world, **Li Xiang** reports

China's stronger-than-expected economic growth in the first quarter has prompted economists to raise their full-year forecasts, lifting confidence about the resilience of the economy.

Several international financial institutions, including Deutsche Bank AG, JPMorgan Chase &Co. and Nomura Securities Co., have revised up their prediction about the performance of the economy this year, following the publication of positive economic data on April 17.

Zhang Zhiwei, chief China economist at Deutsche Bank, raised the forecast for China's full-year GDP growth rate to 6.7%, saying he did not see the immediate need for the government to begin a new round of fiscal stimulus.

China's growth beat analysts' expectations in the first quarter, expanding 6.9% year-on-year. Details of economic activity in March also pointed to the broad-based strength of the economy in various sectors.

"March industrial production, retail sales and fixed-asset investment all came in above expectations," said Zhu Haibin, chief China economist at JPMorgan, in a research note.

As the stronger-than-expected activity data pointed to resilient growth, Zhao Yang, chief China economist at Nomura Securities, raised his forecast for GDP growth by 0.2 percentage point to 6.7%.

"We believe the resilient growth in (the first quarter) was supported more by production and investment than other factors, as growth of industrial production and fixed-asset investment both accelerated in year-on-year terms in the first quarter."

China's economy has experienced a "stunningly long period of stability" by international standards, The New York Times reported, as the economy has grown between 6.7% and 7.2% for the past 11 quarters.

In addition to revising up their growth outlook on China, some economists also said the strong momentum is likely to extend into the second quarter.

"China's economy is currently expanding fairly close to the official rate," Agence France-Presse quoted Julian Evans-Pritchard, an economist at Capital Economics, as saying. The growth was likely to extend into the second quarter, he was quoted as saying.

The robust growth of private consumption has been driving the strong performance of the Chinese economy, Bloomberg reported, citing data from the e-commerce platform JD.com Inc.

> **March industrial production, retail sales and fixed-asset investment all came in above expectations."**
>
> ZHU HAIBIN
> CHIEF CHINA ECONOMIST AT JPMORGAN

China's quarterly GDP growth

(Year-on-year percent change)

Source: National Bureau of Statistics
CHINA DAILY

News Digest

New communications era

China launched its most advanced communications satellite, Shijian 13, on April 12, marking the start of the country's large-capacity communications network in space. The satellite, developed by the China Academy of Space Technology and based on its DFH-3B communications satellite platform, was deployed by a Long March 3B carrier rocket from the Xichang Satellite Launch Center in Sichuan province.

The satellite, which weighs 4.6 metric tons, is expected to stay for 15 years in a geostationary orbit about 22,500 miles above Earth, the academy said.

Work on first Antarctica airfield

Progress continues on China's first airfield in Antarctica, with site selection and a survey completed and plans set for construction to begin as early as the end of this year, according to a senior scientist.

The airfield, near China's Zhongshan Station, will be able to handle fixed-wing aircraft. Specialists from the nation's 33rd Antarctic expedition recently surveyed a 1.2-square-mile area selected for the airfield, said Sun Bo, deputy director of the Polar Research Institute of China, part of the State Oceanic Administration.

Sun was speaking at a news conference after the welcoming ceremony in Shanghai for the 33rd Antarctic expedition, which ended a 161-day mission and returned to its base in Shanghai on April 11.

Foreign exchange reserves stable

For the second consecutive month, China's foreign exchange reserves rose slightly in March to be steady above $3 trillion.

Analysts said the stockpile will remain at around this level at least in the short term as the economy stabilizes.

The reserves increased by $3.96 billion during March to reach $3.009 trillion, according to data from the People's Bank of China, the central bank. It marked the first time that the reserves had increased for two consecutive months since April 2016.

Guidelines for national health care

China will press to strengthen medical partnerships and arrange closer ties between top-tier hospitals and grass-roots medical services to provide better health management and care for urban and rural residents. A set of measures was approved during the State Council's executive meeting on April 2, presided over by Premier Li Keqiang.

People are demanding more and better health care, and the allocation of medical resources is seen as a tough balancing act.

Smartphone market to slow down

The overall growth of China's smartphone market will slow down this year compared with 2016, with product updates and replacements being a key driving force, said a report by the research firm GfK.

Snapshot of History
A boy uses a smartphone to capture images adorning the walls of Mei Lanfang Memorial Museum honoring the legacy of the Peking Opera master, in Taizhou, Jiangsu province, on April 6. SUN LIPING / FOR CHINA DAILY

GfK estimated that with the depreciation of the yuan and the rising cost of components, competition in the smartphone market would become more intense. The growth rate in sales revenue of smartphones is forecast to be higher than that of sales volume, with the average price of a smartphone rising this year.

The sales volume of smartphones is expected to reach 493 million units this year, up 4.8% year-on-year, and revenue will come in at 980 billion yuan ($142 billion), an increase of 11.4% compared with last year.

New fund to help recast steel sector

Four entities signed a framework agreement on April 7 to establish China's first steel industry restructuring fund. The fund will seek to push forward the restructuring and upgrading of the steel industry. Ma Guoqiang, Baowu Steel's chairman, said the fund will help the Chinese steel industry eliminate excess capacity, speed up restructuring, raise industry concentration and promote international collaboration.

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Editor's note: *On May 14 and 15 Beijing will host the Belt and Road Forum for International Cooperation, exploring ways to solve problems that face the global and regional economies. The Belt and Road Initiative refers to the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The initiative, proposed by Chinese President Xi Jinping in 2013, is aimed at reviving the ancient trade routes that span Asia, Africa and Europe. By April 18, 28 heads of state and government leaders have confirmed that they will attend the forum.*

Rebuilt Port Trumpets Success

Railways, highways, pipelines and cables are some of the raw materials helping shape a new economic corridor, **Chen Yingqun** reports

Workers transport goods at Gwadar port in Pakistan. The port is a crucial part of the China-Pakistan Economic Corridor. HUANG ZONGZHI / XINHUA

About four years ago the deep-water port of Gwadar in southwestern Pakistan was utterly rundown, with equipment that was in disrepair and thus unusable, oil tanks rusted and rubbish scattered here, there and everywhere.

It took Chinese companies a lot of work to bring the port up to scratch, with brand-new cargo containers and other equipment and new buildings. This contrast between old and new was set out in a recent report based on field research about the port.

The huge changes that China has wrought at Gwadar port are part of the China-Pakistan Economic Corridor, the report says.

The corridor concept was initiated by Premier Li Keqiang in May, 2013, during a visit to Pakistan. The aim is to strengthen connectivity and collaboration in areas such as transport, energy and maritime between the two countries. It is a flagship project of the Belt and Road Initiative.

When President Xi Jinping was in Pakistan in 2015 China and Pakistan agreed to form a "1+4" cooperation structure with the corridor at the center and Gwadar port, transport infrastructure, energy and industrial collaboration being the four key areas.

It is estimated that all projects involved will cost tens of billions of dollars, and that their construction will be completed before 2030.

Gwadar port is considered a strategic location, giving China and Central Asia access to the Gulf region and the Middle East. Gwadar port and Kashgar city in Xinjiang Uygur autonomous region of China are at opposite ends of this corridor. In late 2015 the port was leased to China for 43 years, until 2059.

The report on the China-Pakistan Economic Corridor was published by the Chongyang Institute for Financial Studies at Renmin University of China in Beijing.

In November the highway from Kashgar to Gwadar was put into service, with 60 trucks from Kashgar traveling about 1,900 miles for 15 days and arriving at Gwadar port on Nov. 12. The next day these goods were dispatched to markets including the Middle East and Africa.

This connectivity illustrates how the China-Pakistan Economic Corridor has become reality, China's embassy to Pakistan said.

> **"The (China-Pakistan) corridor will help reduce transport time for goods from Gwadar port to western China and central Asian regions by about 60 or 70%."**
>
> LIU YING
> RESEARCH FELLOW AT THE CHONGYANG INSTITUTE FOR FINANCIAL STUDIES AT RENMIN UNIVERSITY OF CHINA

Liu Ying, a research fellow at the Chongyang Institute and a principal writer of the report, said the corridor is connecting the Silk Road Economic Belt and the 21st Century Maritime Silk Road, which will benefit not only China and Pakistan, but all countries along the route.

The China-Pakistan Economic Corridor has invested in more than 30 projects, including railways, highways, pipeline networks and optical cables.

"The building of infrastructure will help develop Pakistan's economy," Liu said.

Moreover, Gwadar port will become the main sea gate for Central Asia. It will also become easier to send products from Xinjiang and central Asian countries to other regions.

"The corridor will help reduce transport time for goods from Gwadar port to western China and central Asian regions by about 60 or 70%," Liu said.

Muhammad Shehbaz Sharif, chief minister of Punjab province, Pakistan, said the Belt and Road Initiative showed that China is taking practical steps to set up a model of development that does not just benefit China but also builds profitable partnerships aimed at distributing the fruits of prosperity.

Projects worth $30 billion are under way, he said. Eight industrial zones to be set up across Pakistan will create investment and employment opportunities. It is estimated that with a major chunk of the China-Pakistan Economic Corridor investment, $34 billion, earmarked for energy sector projects, Pakistan's GDP will be strengthened by 2 percentage points on their completion.

The corridor project is also part of Pakistan's Vision 2025, which aims to unlock the immense potential within the country. Pakistani officials predict it will create more than 2.3 million jobs in the 15 years to 2030, and add 2 to 2.5 percentage points to the country's annual economic growth. Pakistan's Prime Minister, Nawaz Sharif, has described it as a game changer for the entire region.

Gwadar port's development is also essential to the local area and will bring more stability, security to the region and improve people's lives, Liu said.

Chinese companies are also in charge of the development of Gwadar Special Economic Zone, which is being built on a 923-hectare site adjacent to the port.

In the zone, construction of a pilot area covering 25 hectares close to the port is due to be completed by the end of 2020. About 70% of the project is already complete, the report said.

Respect Is Warm And Glowing

By CHEN YINGQUN

Eight elegant Pakistani-style clothes ensembles, called *shalwar kameez*, hang in Hu Xiuzhong's wardrobe.

Every Friday morning when many Pakistanis are attending to prayers and whenever he needs to visit local customers he puts one on.

"I want to show my respect to local people and their culture," said Hu, general manager of Changhong Ruba Trading Co. (Private) Ltd. in Lahore, Pakistan.

Changhong Ruba was coestablished by the home appliance manufacturer Sichuan Changhong Electronic Co. Ltd. of China and Ruba SEZ Group of Pakistan about six years ago. Its factories now employ about 220 workers.

Only about 3% of the company's employees are Chinese and the rest Pakistani, most of them Muslims, Hu said. Work breaks are arranged so they can say prayers during work time, he said. Moreover, the factory's annual operations are arranged to take account of employees' need to observe the holy month of Ramadan. "We need to learn about local culture and respect local customs."

Haier Group, another well-known Chinese brand that operates in Pakistan, said it has made changes to its products based on Pakistanis' particular demands. For example, Pakistani families tend to be big, and wearing gowns is de rigueur, so Haier developed a washing machine that can wash about 12 kilograms of clothes a time, and the machines are decorated with patterns to cater to Pakistani tastes.

Liu Ying, a research fellow at the Chongyang Institute in Beijing, said the China-Pakistan Economic Corridor is a flagship project of the Belt and Road Initiative in which more and more Chinese companies will invest, but the need to understand the importance of respecting different cultures and people should not be forgotten.

Old And New Pearls Revive the Silk Road

By REN QI

An artist at work in Bukhara, Uzbekistan. His shop is in a traditional dome building, a main market place in the era of the ancient Silk Road. REN QI / CHINA DAILY

The modern cities of Uzbekistan, a country steeped in history, sparkle like the bright sun-like pearls scattered along the Silk Road thousands of years ago.

Braving the sunshine and sandy winds, traders from China began arriving in the city of Bukhara during the Han Dynasty (206 BC-AD 220).

Known as the Shining Pearl of the Silk Road, the fifth-largest city in Uzbekistan is more than 2,500 years old.

According to records, the first caravans on the Silk Road appeared in 138 BC. The first Chinese to cross the Uzbek lands from north to south was Zhang Qian, an envoy of Emperor Wu of Han (156-87 BC). He and his companions wrote about prosperous kingdoms: Bukhara, Fergana and Samarkand, all now territories of Uzbekistan.

Two thousand years later the strong links with China endure.

In June, President Xi Jinping and his wife, Peng Liyuan, took a tour of the city, a UNESCO World Heritage Site, accompanied by Shavkat Mirziyoyev, then Uzbek prime minister and now the country's president.

Bukhara was the first stop of Xi's state visit to Uzbekistan. During his stay he visited the Ark fortress, once the residence of ancient rulers and now a culture museum housing many antiques, including a manuscript of the Koran, handicrafts and ancient coins and weaponry.

Xi said the tour would help China and Uzbekistan carry forward the ancient Silk Road spirit, boost the friendship between their nations' people, and promote the modern Belt and Road Initiative.

One highlight in the city's historic center, which features many mosques and madrassas, is the mausoleum of Ismail Samani, a powerful emir of the Samanids. The structure is one of the most recognized works of Central Asian architecture, unique for a style that combines Zoroastrian and Islamic motifs.

Xi, who visited the mausoleum during his visit, said the tour of Bukhara gave him a more profound understanding of the deep-rooted historical connection between China and Uzbekistan.

The countries' modern-day connections are epitomized by a plate glass manufacturing and deep processing project in the city of Jizzakh, about 235 miles east of Bukhara.

Construction of the plant, with investment from Mingyuansilu Corp. of China, started in the Pengsheng Industrial Park in Jizzakh last year and the first phase is expected to be completed in May, shortly after which manufacturing will begin.

Li Xiangchen, the company's president, said construction of the whole project, which contains five different kinds of glass manufacturing lines, is due to be completed in September 2019.

Forum: China Embraces New Form of Globalization

FROM PAGE 1

Tom Miller, senior Asia analyst at Gavekal Research and author of the new book *China's Asian Dream: Empire Building Along the New Silk Road*, agrees the aim will be to make clear the initiative is very much about joint development.

"The mistake you can make about the Belt and Road Initiative is to think it is purely a Chinese project," he said.

"It just can't be that because whatever it (China) is doing it is doing it with enterprises in other countries so it has to be about joint development."

Edward Tse, founder and chairman of management consultancy Gao Feng Advisory, believes the Belt and Road Initiative is still at the formative stage and the forum will also be about reviewing progress as well as providing a vision for the future.

"It is critical for the whole initiative. These leaders are coming together to discuss where to go next. Belt and Road started off as a concept but the concept changed very quickly into some very tangible ideas like the AIIB and the Silk Road Fund and some very real infrastructure projects.

"We don't have 100% clarity as to what it is or will evolve into, but on the other hand the participants have a lot of aligned interests and will want to be part of it."

Some critics of the initiative have seen it as China trying to use it as a means of exerting greater geopolitical influence.

Shen Dingli, professor of international relations and executive dean of the Institute of International Studies at Fudan University in Shanghai, rejects this.

"We have no geopolitical agenda. It is not a strategy. At first it was bilateral but it can also be China working with two or more countries and it can also include projects in which China is not involved at all.

> **"China is open to different ideas. It does not just want to put its own ideas forward but also wants to listen to others. It is about what countries can do in cooperation with each other, jointly, bilaterally and multilaterally."**
>
> SUN YONGFU
> FORMER DIRECTOR GENERAL OF THE EUROPEAN DEPARTMENT OF THE CHINESE MINISTRY OF COMMERCE

"If they want to be involved, Japan can also bid for projects and be part of it. It is a global interconnectivity initiative. China does not have to be involved at all but it is the country that initiated it. That is all."

Sun Yongfu, former director general of the European Department of the Chinese Ministry of Commerce, believes this will be one of the strongest messages from the forum.

"I believe the Chinese government would like to use this platform to send a strong message that China supports globalization," he said.

"China is open to different ideas. It does not just want to put its own ideas forward but also wants to listen to others. It is about what countries can do in cooperation with each other, jointly, bilaterally and multilaterally."

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A worker prepares cooking sauce for the traditional condiment maker Qingxiangyuan. PHOTOS PROVIDED TO CHINA DAILY

Guards of Honor

In many cases they have built their reputations over hundreds of years, and are now names that millions of Chinese love, respect and buy, **Yang Feiyue** reports

At least once a year Meng Wei visits several shops in Beijing that specialize in traditional goods, looking to buy something for his family in Xi'an.

"It's a routine I go through before I head home for big holidays such as Spring Festival," Meng said.

Among the perennials on his shopping list are Daoxiangcun pastries and Niulanshan *erguotou*, a 65 proof white spirit made in Beijing.

"My mother has a sweet tooth and she always has a craving for Daoxiangcun, and my uncles love the kick of *erguotou*," Meng said.

A trust in quality and a hankering for things of the past are among the reasons why many people buy these time-honored brands.

"Time-honored brands" refers to old products, techniques or services that are unique in a particular way and enjoy an excellent reputation and culture cachet, said Zheng Wen, head of the Ministry of Commerce's circulation development division.

However, with such brands one characteristic stands out above all else: Their popularity has endured for years, decades and in many cases centuries.

That popularity was evident in the attention the public gave to them in a survey of time-honored brands in Beijing last year, which drew more than 4 million respondents.

Yili, a century-old pastry brand, came out on top as the favorite. There are some old brands, too, that have been bywords for older generations, faded from view but then made spectacular comebacks.

One of these is Beibingyang (Arctic Ocean), a soft drink that was the first commercial beverage many Beijingers tasted. It disappeared from the market for 15 years but resurfaced in 2010. It again proved to be a hit, many people saying it took them back to the 1960s and 1970s, and was a natural reference point as older people started recounting childhood stories to their children.

"Such brands are the product of market competition and real quality," said Yin Jie, an official with a committee of experts charged with revitalizing Chinese time-honored brands.

These brands are 230 years old on average, and some were highly popular when the country enjoyed great prosperity hundreds of years ago, Yin said. "To this day what China contributes to these brands is certain rare natural ingredients, and that keeps them going."

Rose cakes of the time-honored Chinese pastry maker Daoxiangcun.

A guardian of one Chinese time-honored brand is Yin Zhiqiang. However, the day China Daily visited him on duty he looked more like a decontamination expert than a guard, wearing a face mask and dressed in a blue gown that covered most of his upper body. He was teaching apprentices about the process of making ink, and some of the methods he uses are as old as Yidege, the company he works for, which celebrated its 150th anniversary two years ago.

Despite the protection, Yin is not going to be spared the attention of the black ink he is making, because the carbon used in making it needs to be poured into a glue substance, and some particles inevitably will be carried through the air as this is being done, he said.

"However, we used to get really dirty — much dirtier than if you shake the egg-shaped briquette," Yin said.

For more than 30 years he did a lot of physically demanding work that has been eased thanks to modern technology, he said.

"Now at least we don't need to mix a huge mass of mortar by hand."

However, a lot still needs to be done manually, the old fashioned way, he said.

Every day, 21 bags of solid glue need to be lifted by hand and poured into a big vessel to be dissolved.

Another important step in production that even modern technology seems incapable of providing ready help for is heat control.

The ink glue is in an optimum state in a very short time frame after about four hours' heating, and removing it from the heat too soon or too late can ruin the glue, so the whole exercise demands a huge amount of experience, Yin said.

"You have to stand watch over the pot for the duration of the long process."

It is this devotion to ensuring everything is just right that has contributed to the ink brand's quality and enduring renown.

"Our ink is thick and shiny, and is highly water resistant," Yin said.

Xie Songdai of Hunan province created the first Yidege calligraphy ink in 1865. Until then, Chinese had used natural graphite for writing since the Yin-Shang Period (1600-1046 BC).

Just as Yidege ink has become a must-have for calligraphers, Juancheng Pixian Thick Broad-Bean Sauce has become a must-have ingredient for those who are preparing Sichuan food.

On the outskirts of Chengdu, Sichuan province, hundreds of giant dark brown porcelain pots lie next to one another in an open-air square at the Juancheng Pixian Thick Broad-Bean Sauce factory.

Broad beans with other ingredients are fermenting in the sun, and they will eventually turn into the Pixian thick broad-bean sauce that is a vital ingredient of many Sichuan dishes.

Zhang Anqiu, 56, takes the lid off a pot to check the fermentation.

This is a daily ritual, and all pots need constant attention, Zhang said.

Pixan was named a Chinese time-honored in 1988, 300 years after it was first made.

Zhang has worked as a local broad-bean sauce maker for 40 years and was named a non-tangible cultural heritage inheritor by Sichuan in 2009.

He developed a water-bath heat-preservation fermentation method that shortens production time to 60 days — it used to be as long as one year — and reduces the impact of seasonal changes.

As a result, the company now produces 24,800 metric tons of sauce a year. The sauce can be found on shop shelves in North America, Japan and Germany.

Appealing to a totally different taste is Daoxiangcun traditional bakery in Suzhou, Jiangsu province.

It was founded in 1773, and the emperor Qianlong of the Qing Dynasty (1644-1911) became a devotee when he took a trip in regions south of the Yangtze River.

The brand was still popular in the early Minguo period (1912-49), when cakes and sweetmeats, roasted nuts and preserved fruits were available, with moon cakes being the most well-known of all. Daoxiangcun then set up shop in dozens of northern cities.

In a Chinese brand value evaluation by the China Council for Brand Development last year, the brand was said to be worth more than 11.2 billion yuan ($1.61 billion), giving it seventh ranking.

Ancient Suds in Modern Mugs

By MIKE PETERS

It looks like a conventional kitchen. There are big square pans of mountain yams, ready for a 70-minute roasting. Thirty kilograms of broomcorn millet are in line for half an hour of steaming. A food processor growls like a chainsaw as it chops up Job's tears, the pearly dried kernels also known as coixseed.

Anybody's grandma would wonder what on earth we're cooking. The plan here at the popular craft brewery Jing-A in Beijing is to re-create what a recently published archaeology study suggests is a 5,000-year-old beer recipe used in China's Central Plain.

"It's definitely one of the most exciting beers we've ever made," said brewery cofounder Alex Acker. He and his business partner, Kristian Li, are toting roaster pans of beer-to-be after making a quick trip to Shaanxi to collect some key ingredients, meet some of the Chinese researchers, and see "the ancient stuff" that inspired the project.

In 2004, in two pits at the Mijaya site on a tributary of the Weihe River, archaeologists found the wide-mouthed pots, funnels, and narrow-mouthed jars with pointed bottoms. Many had yellow residues on the inside surfaces, and there was a primitive stove.

The clay vessels' shape and age dated them to the late Yangshao Neolithic period, between 3500 and 2900 BC. But when Stanford University professor Li Liu and doctoral student Jiajing Wang looked at a 2012 journal report on the findings, they saw a pattern in the artifacts: a pottery stove that could have been heated to break down carbohydrates to sugar, pots suitable for mashing and brewing, funnels for filtration, and storage vessels for the finished products.

Was this one of the world's first microbreweries?

The Stanford group teamed up with Shaanxi archaeologists for a new study. When their analysis of the starches, phytoliths and other residues in the vessels turned up both millet and barley, they were convinced their suspicion was right.

In her class titled Archaeology of Food: Production, Consumption and Ritual, Liu had students replicate the brew as a final project in a campus laboratory. Now professional craft brewers from Jing-A in Beijing and Moonzen in Hong Kong are eager to try making "ancient beer."

After arriving in Xi'an, our group's first stop is a warehouse labeled: "Storage of Archaeological Objects No. 03." Xing Fulai, the leader of the Mijaya dig, unlocks the big steel doors and pulls them apart with a loud clang. Each of us, our inner Indiana Jones primed for excitement, leans in to look.

> **It is possible that when barley was introduced from Western Eurasia into the Central Plain of China, it came with the knowledge that the crop was a good ingredient for beer brewing."**
>
> JIAJING WANG
> DOCTORAL STUDENT AT STANFORD UNIVERSITY

A few minutes later, the awed modern brewers are allowed to hold some of the clay vessels used by their ancient predecessors.

"These things are more than 10 times as old as America," said Aaron Berkovich, a photographer.

China has a long history of making alcohol. Evidence of rice-based fermented beverage has been found at the 9,000-year-old Jiahu site in what is now Hunan province, but barley-based brewing — our modern notion of beer — had not been recorded until much later.

"In China, the earliest written record of beer appears in oracle bone inscriptions from the late Shang Dynasty (c. 16th century-11th century BC)," the Stanford-Shaanxi researchers wrote in the U.S. National Academy of Sciences journal PNAS last June. "According to the inscriptions, the Shang people used malted grains, including millets and barley/wheat (barley and wheat are represented by the same Chinese character) as the main brewing ingredients."

While scholars had speculated that the beer-brewing tradition dated back to the Neolithic Yangshao period, there had been no direct evidence for alcohol production from Yangshao-era sites.

The new research provided evidence of both early alcohol production and a surprise: barley.

"Barley was one of the main ingredients for beer-brewing in other parts of the world, such as ancient Egypt," Wang told National Public Radio in the U.S. "It is possible that when barley was introduced from Western Eurasia into the Central Plain of China, it came with the knowledge that the crop was a good ingredient for beer brewing."

"The idea," said Acker of Jing-A, "is to pick up where they left off with their research and analysis, and to bring this ancient ale to life. To make our brewing re-creation as authentic as possible, we want to use locally sourced Shaanxi ingredients found in the recipe — broomcorn millet, Job's tears, tubers, etcetera — as well as local fermentation practices."

Archaeologist Xing Fulai (left) with craft brewers Kristian Li, Laszlo Raphael and Alex Acker. AARON BERKOVICH / FOR CHINA DAILY

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

20981.33 ▲6.24, or 0.03%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	20.91	18.82
P/E estimate *	17.60	17.15
Dividend yield	2.33	2.56
All-time high	21115.55, 03/01/17	

Current divisor 0.14602128057775

* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2388.77 ▲1.32, or 0.06%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.39	24.11
P/E estimate *	18.24	17.80
Dividend yield	1.98	2.17
All-time high:	2395.96, 03/01/17	

Nasdaq Composite Index

6048.94 ▲23.71, or 0.39%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	26.01	22.58
P/E estimate *	20.37	18.79
Dividend yield	1.11	1.26
All-time high:	6048.94, 04/27/17	

Major U.S. Stock-Market Indexes

	Latest High	Low	Close	Net chg	% chg	52-Week High	Low	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	21005.80	20935.80	**20981.33**	6.24	0.03	21115.55	17140.24	17.7	6.2	8.6
Transportation Avg	9227.86	9123.15	**9193.99**	26.25	0.29	9593.95	7093.40	15.4	1.7	6.6
Utility Average	711.47	704.99	**707.58**	2.41	0.34	720.45	625.44	8.7	7.3	8.7
Total Stock Market	24854.41	24754.39	**24817.86**	11.51	0.05	24868.78	20583.16	16.0	6.6	8.4
Barron's 400	645.17	641.58	**643.82**	1.01	0.16	643.82	491.89	22.6	7.0	8.2
Nasdaq Stock Market										
Nasdaq Composite	6050.70	6031.59	**6048.94**	23.71	0.39	6048.94	4594.44	25.9	12.4	14.1
Nasdaq 100	5573.26	5551.55	**5571.28**	30.20	0.54	5571.28	4201.05	27.7	14.6	16.4
Standard & Poor's										
500 Index	2392.10	2382.68	**2388.77**	1.32	0.06	2395.96	2000.54	15.1	6.7	8.6
MidCap 400	1754.50	1743.92	**1749.41**	1.05	0.06	1758.27	1416.66	19.0	5.3	9.1
SmallCap 600	866.03	859.21	**861.84**	-1.24	-0.14	863.08	670.90	23.4	2.8	9.9
Other Indexes										
Russell 2000	1423.52	1413.68	**1417.13**	-2.30	-0.16	1419.43	1089.65	24.3	4.4	8.1
NYSE Composite	11601.33	11545.85	**11578.52**	-14.39	-0.12	11661.22	9973.54	10.5	4.7	3.3
Value Line	529.38	526.15	**527.90**	-0.85	-0.16	529.13	435.06	13.8	4.3	3.0
NYSE Arca Biotech	3634.58	3595.99	**3617.79**	6.50	0.18	3642.30	2818.70	14.4	17.7	14.4
NYSE Arca Pharma	514.01	509.96	**512.16**	4.10	0.81	554.66	463.78	-0.5	6.4	0.5
KBW Bank	92.96	91.62	**92.21**	-0.64	-0.69	99.33	60.27	32.4	0.5	10.4
PHLX§ Gold/Silver	82.86	80.36	**81.08**	-2.23	-2.68	112.86	73.03	-6.7	2.8	-4.6
PHLX§ Oil Service	157.39	150.48	**154.07**	-4.98	-3.13	192.66	148.37	-13.8	-16.2	-19.5
PHLX§ Semiconductor	1024.61	1015.35	**1023.29**	14.14	1.40	1023.29	630.77	54.4	12.9	21.4
CBOE Volatility	11.08	10.33	**10.36**	-0.49	-4.52	25.76	10.36	-31.9	-26.2	-9.7

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 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 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	10,407.7	238.64	0.04	0.02	238.86	238.46
Waddell Reed Financial	WDR	8,970.4	17.85	...	unch.	17.89	17.83
VanEck Vectors Gold Miner	GDX	8,816.4	21.83	0.02	0.09	21.95	21.77
VanEck Vectors Jr Gold	GDXJ	4,900.5	31.73	0.04	0.13	31.79	31.66
PBF Energy	PBF	4,127.6	23.10	...	unch.	23.10	22.98
Starbucks	SBUX	3,988.5	58.58	-2.72	-4.44	61.60	57.70
iShares MSCI Emg Markets	EEM	3,660.6	40.01	0.01	0.01	40.01	39.97
Ford Motor	F	3,587.5	11.42	-0.05	-0.44	11.50	11.40

Percentage gainers...

Align Technology	ALGN	114.9	135.00	14.91	12.42	135.75	119.87
PTC Therapeutics	PTCT	20.2	13.47	1.46	12.16	13.47	11.97
Cogint	COGT	12.6	5.80	0.50	9.43	5.90	5.30
eHealth	EHTH	7.1	12.76	1.02	8.69	12.76	11.74
Wesco International	WCC	33.2	67.84	5.24	8.37	67.84	62.60

...And losers

athenahealth	ATHN	329.6	101.50	-19.95	-16.43	121.89	96.02
Cloud Peak Energy	CLD	52.3	3.10	-0.43	-12.18	3.53	2.90
PCM Inc.	PCMI	7.7	26.90	-3.26	-10.80	29.20	24.40
ELLIE MAE	ELLI	27.5	100.50	-10.22	-9.23	110.72	98.00
Accuray	ARAY	35.9	4.20	-0.40	-8.70	4.65	3.95

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE MKT
Total volume*	1,007,834,644	16,719,326
Adv. volume*	376,147,919	3,015,167
Decl. volume*	614,003,198	13,244,240
Issues traded	3,092	337
Advances	1,492	126
Declines	1,491	188
Unchanged	109	23
New highs	264	11
New lows	25	4
Closing tick	97	32
Closing Arms†	1.55	2.45
Block trades*	7,793	210

	Nasdaq	NYSE Arca
Total volume*	1,850,026,718	264,113,181
Adv. volume*	1,065,971,919	72,183,635
Decl. volume*	756,422,537	190,256,121
Issues traded	2,979	1,337
Advances	1,308	638
Declines	1,506	664
Unchanged	165	35
New highs	241	160
New lows	44	17
Closing tick	115	3
Closing Arms†	0.62	2.25
Block trades*	6,943	1,367

* Primary market NYSE, NYSE MKT NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	**The Global Dow**	**2733.18**	-6.10	-0.22	8.0
	The Global Dow Euro	**2368.34**	-3.10	-0.13	4.8
	DJ Global Index	**352.62**	-0.32	-0.09	8.1
World	**DJ Global ex U.S.**	**234.54**	-0.58	-0.24	9.6
Americas	**DJ Americas**	**575.10**	-0.29	-0.05	6.4
Brazil	**Sao Paulo Bovespa**	**64676.55**	-185.37	-0.29	7.4
Canada	**S&P/TSX Comp**	**15506.47**	-143.07	-0.91	1.4
Mexico	**IPC All-Share**	**49440.96**	-124.20	-0.25	8.3
Chile	**Santiago IPSA**	**3680.85**	-53.11	-1.42	14.2
Europe	**Stoxx Europe 600**	**387.79**	-0.94	-0.24	7.3
Euro zone	**Euro Stoxx**	**381.63**	-1.63	-0.43	9.0
Belgium	**Bel-20**	**3882.69**	-8.14	-0.21	7.7
France	**CAC 40**	**5271.70**	-16.18	-0.31	8.4
Germany	**DAX**	**12443.79**	-29.01	-0.23	8.4
Israel	**Tel Aviv**	**1405.45**	-5.30	-0.38	-4.4
Italy	**FTSE MIB**	**20597.34**	-239.17	-1.15	7.1
Netherlands	**AEX**	**521.89**	-2.57	-0.49	8.0
Spain	**IBEX 35**	**10683.90**	-79.50	-0.74	14.2
Sweden	**SX All Share**	**579.88**	-0.95	-0.16	8.5
Switzerland	**Swiss Market**	**8844.78**	14.49	0.16	7.6
U.K.	**FTSE 100**	**7237.17**	-51.55	-0.71	1.3
Asia-Pacific	**DJ Asia-Pacific TSM**	**1572.41**	1.24	0.08	10.5
Australia	**S&P/ASX 200**	**5921.50**	9.50	0.16	4.5
China	**Shanghai Composite**	**3152.19**	11.34	0.36	1.6
Hong Kong	**Hang Seng**	**24698.48**	120.05	0.49	12.3
India	**S&P BSE Sensex**	**30029.74**	-103.61	-0.34	12.8
Japan	**Nikkei Stock Avg**	**19251.87**	-37.56	-0.19	0.7
Singapore	**Straits Times**	**3171.36**	-2.40	-0.08	10.1
South Korea	**Kospi**	**2209.46**	1.62	0.07	9.0
Taiwan	**Weighted**	**9860.62**	4.17	0.04	6.6

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Floor Decor Cl A	FND	32.05	11.05	52.62	...	...	...
EXACT Sciences	EXAS	30.14	6.34	26.64	30.30	5.36	322.7
GrubHub	GRUB	42.92	7.90	22.56	44.58	21.41	63.4
OptimumBank Holdings	OPHC	2.80	0.49	21.35	6.45	2.11	-27.4
LeMaitre Vascular	LMAT	31.86	5.48	20.77	31.97	13.52	91.1
ChromaDex	CDXC	2.96	0.46	18.40	6.18	2.25	-32.7
Proteostasis Therapeutics	PTI	7.25	0.94	14.90	20.63	5.38	-19.9
AXT	AXTI	7.00	0.85	13.82	8.65	2.55	158.3
Cellect Biotechnology ADR	APOP	9.13	1.08	13.45	13.50	2.30	...
LendingTree	TREE	142.40	16.65	13.24	145.70	64.07	62.1
Silicom	SILC	54.00	6.29	13.18	54.46	25.48	95.7
Ultra Clean Holdings	UCTT	19.80	2.29	13.08	20.14	5.01	235.0
Real Industry	RELY	2.70	0.30	12.50	8.92	1.90	-69.3
Mechel ADR	MTL	5.76	0.60	11.63	6.83	1.46	189.4
CVR Energy	CVI	21.96	2.27	11.53	26.22	12.03	-11.3

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Synchronoss Technologies	SNCR	13.29	-11.33	-46.02	49.94	11.15	-57.1
Ocean Power Techs	OPTT	1.43	-0.60	-29.56	15.65	1.33	-27.4
American Superconductor	AMSC	5.61	-2.09	-27.14	12.50	4.83	-41.6
CARBO Ceramics	CRR	6.71	-2.40	-26.34	16.70	5.66	-51.6
Pacific Biosciences CA	PACB	4.06	-1.13	-21.72	10.66	3.75	-60.7
Wins Finance Holdings	WINS	47.02	-12.95	-21.59	465.00	10.34	304.0
Euro Tech Holdings	CLWT	3.13	-0.63	-16.67	4.50	1.46	-3.6
FTI Consulting	FCN	35.53	-6.54	-15.55	47.12	35.06	-11.1
MicroVision	MVIS	2.31	-0.42	-15.26	2.94	0.89	7.7
root9B Holdings	RTNB	4.16	-0.69	-14.23	18.75	3.94	-77.6
Isle of Capri Casinos	ISLE	23.12	-3.78	-14.05	27.04	14.30	55.1
Medigus ADR	MDGS	2.34	-0.38	-13.97	32.50	2.17	-87.5
Neff Cl A	NEFF	17.80	-2.80	-13.59	21.25	7.97	103.4
KapStone Paper Pkg	KS	20.81	-3.18	-13.26	24.98	12.14	33.1
Sapiens Intl	SPNS	11.67	-1.68	-12.58	15.98	10.86	-3.2

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Bank of America	BAC	76,940	-21.8	23.65	-1.00	25.80	12.05
Finl Select Sector SPDR	XLF	67,199	-9.5	23.76	-0.46	25.30	17.31
VanEck Vectors Gold Miner	GDX	63,123	0.5	21.81	-2.02	31.79	18.58
Nokia ADR	NOK	61,799	390.6	5.72	6.52	5.99	4.04
Sirius XM Holdings	SIRI	60,493	139.8	5.02	-1.76	5.53	3.74
Direxion Jr Gold Bull 3X	JNUG	54,049	-10.3	4.37	-4.59	33.29	3.77
Chesapeake Energy	CHK	52,944	34.8	5.29	-3.29	8.20	3.56
Cliffs Natural Resources	CLF	49,582	141.5	6.70	-6.82	12.37	2.77
US Steel	X	47,907	140.0	23.24	2.02	41.83	12.77
SPDR S&P 500	SPY	46,890	-41.1	238.60	0.08	240.32	198.65

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Synchronoss Technologies	SNCR	27,244	3339	13.29	-46.02	49.94	11.15
Sajan	SAJA	473	2848	5.72	0.26	6.51	3.08
Penn Virginia	PVAC	464	2762	39.95	-3.73	61.97	15.00
Ichor Holdings	ICHR	4,719	2314	19.39	-4.86	21.45	9.76
Southern First Bancshares	SFST	210	1772	33.00	-0.15	38.55	22.30
Brookline Bancorp	BRKL	4,548	1622	14.70	-7.84	17.45	10.40
Catasys	CATS	329	1377	5.15	-0.58	14.00	1.96
USANA Health Sciences	USNA	1,396	1176	56.50	1.07	75.00	52.55
Sprott Jr Gold Miners ETF	SGDJ	551	1148	31.54	-1.78	49.11	28.00
Energy Transfer Partners	ETP	31,542	1077	35.93	-1.26	43.50	31.64

* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

Selected rates

New car loan

Bankrate.com avg†:	**3.11%**
Think Mutual Bank	**1.89%**
Rochester, MN	800-288-3425
Lake Elmo Bank	**1.99%**
Lake Elmo, MN	651-777-8365
Hilltop National Bank	**2.24%**
Casper, WY	307-265-2740
TrustCo Bank	**2.24%**
Albany, NY	518-436-9043
UniBank for Savings	**2.24%**
Whitinsville, MA	800-578-4270

Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**0.75-1.00**	0.75-1.00	0.25	1.00	**0.75**
Prime rate*	**4.00**	4.00	3.50	4.00	**0.75**
Libor, 3-month	**1.17**	1.15	0.62	1.17	**0.94**
Money market, annual yield	**0.30**	0.32	0.22	0.34	**-0.11**
Five-year CD, annual yield	**1.30**	1.30	1.17	1.31	**-0.09**
30-year mortgage, fixed†	**4.06**	3.95	3.43	4.33	**-0.29**
15-year mortgage, fixed†	**3.27**	3.15	2.70	3.50	**-0.16**
Jumbo mortgages, $424,100-plus†	**4.62**	4.50	4.02	4.88	**-0.07**
Five-year adj mortgage (ARM)†	**3.32**	3.21	2.97	4.03	**-0.21**
New-car loan, 48-month	**3.11**	3.21	2.87	3.36	**0.22**
HELOC, $30,000	**4.93**	4.87	4.57	4.96	**0.18**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Treasury yield curve

Yield to maturity of current bills, notes and bonds

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners

Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury Ryan ALM	1444.985	**1.983**	1.926	2.237	1.141	**-0.925**	2.854
10-yr Treasury, Ryan ALM	1721.020	**2.298**	2.239	2.609	1.366	**1.513**	3.205
DJ Corporate	367.902	**3.088**	3.073	3.390	2.460	**1.733**	3.727
Aggregate, Barclays Capital	1906.110	**2.540**	2.500	2.790	1.820	**0.996**	2.669
High Yield 100, Merrill Lynch	2777.158	**5.251**	5.435	6.804	5.192	**11.085**	3.357
Fixed-Rate MBS, Barclays	1960.290	**2.860**	2.790	3.120	1.930	**0.753**	2.628
Muni Master, Merrill	509.515	**2.043**	1.989	2.516	1.297	**-0.031**	2.763
EMBI Global, J.P. Morgan	778.879	**5.557**	5.578	6.290	5.134	**8.317**	5.908

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CURRENCIES

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0649	15.4050	-2.9
Brazil real	.3140	3.1843	-2.2
Canada dollar	.7335	1.3634	1.4
Chile peso	.001508	663.00	-1.0
Colombia peso	.0003400	2940.75	-2.0
Ecuador US dollar	1	1	unch
Mexico peso	.0525	19.0305	-8.2
Peru new sol	.3081	3.245	-3.2
Uruguay peso	.03557	28.1100	-4.2
Venezuela b. fuerte	.100150	9.9851	-0.1
Asia-Pacific			
Australian dollar	.7465	1.3396	-3.5
China yuan	.1450	6.8961	-0.7
Hong Kong dollar	.1285	7.7812	0.3
India rupee	.01560	64.122	-5.6
Indonesia rupiah	.0000750	13329	-1.4
Japan yen	.008988	111.26	-4.9
Kazakhstan tenge	.003181	314.39	-5.8
Macau pataca	.1250	8.0019	1.1
Malaysia ringgit	.2300	4.3475	-3.1
New Zealand dollar	.6876	1.4543	0.7
Pakistan rupee	.00955	104.683	0.3
Philippines peso	.0200	50.042	0.9
Singapore dollar	.7157	1.3973	-3.5
South Korea won	.0008837	1131.65	-6.3
Sri Lanka rupee	.0065647	152.33	2.6
Taiwan dollar	.03315	30.163	-7.1
Thailand baht	.02890	34.600	-3.4
Vietnam dong	.00004400	22725	-0.2
Europe			
Czech Rep. koruna	.04022	24.862	-3.2
Denmark krone	.1462	6.8417	-3.2
Euro area euro	1.0874	.9197	-3.3
Hungary forint	.003488	286.67	-2.6
Iceland krona	.009376	106.65	-5.6
Norway krone	.1168	8.5651	-0.9
Poland zloty	.2575	3.8835	-7.2
Russia ruble	.01754	57.007	-7.0
Sweden krona	.1132	8.8344	-3.0
Switzerland franc	1.0058	.9942	-2.4
Turkey lira	.2808	3.5612	1.1
Ukraine hryvnia	.0377	26.5450	-2.0
UK pound	1.2905	.7749	-4.3
Middle East/Africa			
Bahrain dinar	2.6533	.3769	-0.1
Egypt pound	.0554	18.0570	-0.4
Israel shekel	.2754	3.6313	-5.6
Kuwait dinar	3.2860	.3043	-0.4
Oman sul rial	2.5972	.3850	0.02
Qatar rial	.2746	3.641	0.03
Saudi Arabia riyal	.2666	3.7506	...
South Africa rand	.0748	13.3612	-2.4

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.78	0.08	0.08	-3.39

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Thursday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**558.08**	-2.33	-0.42	589.81	498.06	8.26	-1.62
TR/CC CRB Index	**180.49**	-1.22	-0.67	195.82	177.04	-1.46	-6.24
Crude oil, $ per barrel	**48.97**	-0.65	-1.31	54.45	39.51	6.39	-8.84
Natural gas, $/MMBtu	**3.239**	-0.032	-0.98	3.93	1.96	55.87	-13.02
Gold, $ per troy oz.	**1263.70**	1.60	0.13	1364.90	1127.80	-0.14	9.89

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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
May	2.5905	2.5905		2.5535	**2.5800**	–0.0085	15,673
July	2.6015	2.6015		2.5655	**2.5930**	–0.0075	125,500
Gold (CMX)-100 troy oz.; $ per troy oz.							
May	1266.70	1267.20		1262.20	**1263.70**	1.60	560
June	1270.20	1271.10		1261.80	**1265.90**	1.70	338,765
Aug	1274.00	1274.10		1265.60	**1269.30**	1.70	51,566
Oct	1275.50	1275.50		1269.30	**1272.60**	1.70	7,688
Dec	1280.50	1280.50		1272.00	**1275.90**	1.70	52,668
Feb'18	1278.30	1281.50		1276.50	**1279.30**	1.70	7,766
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
May	812.80	812.80		812.80	**812.85**	7.85	1
June	807.70	815.80		800.20	**813.00**	7.85	31,001
Sept	808.60	815.70	▲	800.35	**812.85**	7.90	3,493
Dec	814.00	814.00	▲	811.30	**813.00**	7.85	153
Platinum (NYM)-50 troy oz.; $ per troy oz.							
May	949.80	949.80		947.50	**946.40**	0.30	46
July	952.30	954.50		942.50	**948.80**	0.30	59,346
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
May	17.460	17.470		17.205	**17.265**	–0.098	17,363
July	17.515	17.540		17.265	**17.334**	–0.097	152,059
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
June	49.22	49.43		48.20	**48.97**	–0.65	602,246
July	49.52	49.76		48.55	**49.31**	–0.65	236,775
Aug	49.81	50.00		48.80	**49.56**	–0.65	108,931
Sept	50.05	50.25		49.06	**49.80**	–0.65	189,206
Dec	50.68	50.78		49.63	**50.32**	–0.66	285,259
Dec'18	50.63	50.63		49.75	**50.16**	–0.67	136,070
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
May	1.5284	1.5330		1.4909	**1.5072**	–.0295	14,291
June	1.5317	1.5380		1.4954	**1.5116**	–.0301	127,926
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
May	1.5793	1.5819	▼	1.5390	**1.5500**	–.0403	13,822
June	1.5848	1.5873	▼	1.5428	**1.5543**	–.0401	139,740
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
June	3.255	3.266		3.207	**3.239**	–.032	271,632
July	3.336	3.345		3.290	**3.320**	–.030	212,072
Sept	3.352	3.363		3.311	**3.338**	–.031	125,837
Oct	3.368	3.376		3.328	**3.354**	–.031	156,954
Jan'18	3.619	3.625		3.585	**3.611**	–.026	100,089
April	2.979	2.979		2.953	**2.966**	–.021	92,196

Agriculture Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	358.75	364.00		358.50	**362.00**	3.00	84,628
July	366.50	371.25		366.00	**369.25**	2.50	742,047
Oats (CBT)-5,000 bu.; cents per bu.							
May	221.25	222.75		221.00	**223.00**	2.25	381
July	220.50	222.75		219.75	**222.50**	2.75	4,629
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	944.50	950.50		943.50	**945.75**	...	28,506
July	956.50	961.25		954.25	**957.25**	.75	360,494
Soybean Meal (CBT)-100 tons; $ per ton.							
May	309.60	311.80		308.90	**310.50**	.90	11,662
July	313.40	316.20		312.80	**314.80**	1.10	205,037
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	31.93	32.11		31.68	**31.70**	–.21	9,205
July	32.16	32.35		31.94	**31.96**	–.20	226,532
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
May	920.50	924.50	▼	913.00	**913.50**	–1.00	970
July	945.00	955.00		942.50	**943.00**	...	8,850
Wheat (CBT)-5,000 bu.; cents per bu.							
May	407.00	415.00		406.00	**413.50**	5.75	17,140
July	426.00	433.00		425.00	**431.25**	4.75	313,214
Wheat (KC)-5,000 bu.; cents per bu.							
May	412.50	423.00		411.00	**420.75**	8.50	9,289
July	425.50	436.25		423.75	**433.75**	8.50	165,978
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	536.50	545.00		536.50	**540.00**	2.25	3,024
July	550.75	558.00		550.00	**553.25**	2.50	30,942
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
April	140.100	140.850	▲	139.975	**140.850**	1.000	2,127
Aug	146.750	150.350	▲	145.550	**150.350**	4.500	31,385
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	132.700	137.000	▲	132.500	**135.600**	3.575	1,771
June	118.850	121.525	▲	118.275	**121.525**	3.000	182,964
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
May	65.250	67.625		65.250	**66.900**	2.225	2,011
June	71.400	73.650		71.300	**72.825**	2.075	82,309
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
May	378.80	380.80		377.20	**377.70**	.50	1,485
July	387.10	389.60		385.00	**386.00**	1.00	3,355
Milk (CME)-200,000 lbs., cents per lb.							
May	15.40	15.53		15.30	**15.50**	.18	4,924
June	15.38	15.67		15.35	**15.64**	.28	5,020
Cocoa (ICE-US)-10 metric tons; $ per ton.							
May	1,836	1,866		1,836	**1,876**	–7	38
July	1,879	1,884		1,842	**1,868**	–7	153,505
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
May	128.45	128.45		127.65	**127.10**	–1.05	85
July	130.75	131.40	▼	128.65	**129.50**	–1.20	107,818
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
May	15.45	15.69	▼	15.12	**15.18**	–.20	33,186
July	15.70	15.86	▼	15.35	**15.43**	–.14	371,377
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
July	28.35	28.35		28.35	**28.33**	.07	1,535
Sept	28.40	28.40		28.40	**28.40**	.05	1,566
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
May	79.91	79.91		79.23	**79.32**	–1.37	146
July	79.31	79.36		77.85	**77.96**	–1.43	136,829
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
May	160.45	161.20		155.10	**156.20**	–4.55	893
July	160.00	160.90		154.55	**155.95**	–3.80	7,544

Interest Rate Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
June	152-260	153-010		152-070	**152-230**	2.0	648,658
Sept	151-160	151-230		151-020	**151-170**	2.0	508
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	125-190	125-250		125-140	**125-205**	2.5	3,226,400
Sept	125-075	125-140		125-040	**125-100**	2.5	9,802
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	118-102	118-147		118-082	**118-125**	2.2	3,230,707
Sept	117-240	117-287		117-225	**117-265**	2.5	8,204
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
June	108-095	108-107		108-090	**108-105**	1.0	1,375,378
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
April	99.105	99.108	▼	99.105	**99.105**	...	403,504
May	99.095	99.095		99.095	**99.090**	–.005	248,898
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
June	92.266	92.641		92.266	**92.547**	.219	30,383
1 Month Libor (CME)-$3,000,000; pts of 100%							
May	98.9825	98.9825		98.9825	**98.9825**	...	3,055
Eurodollar (CME)-$1,000,000; pts of 100%							
May	98.7900	98.8025		98.7900	**98.7975**	.0100	154,282
June	98.7000	98.7250		98.6950	**98.7200**	.0200	1,529,815
Dec	98.5000	98.5250		98.4950	**98.5150**	.0200	1,598,307
Dec'18	98.1250	98.1650		98.1150	**98.1550**	.0350	1,479,863

Currency Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
May	.9000	.9010		.8967	**.8996**	.0011	314
June	.9016	.9023		.8977	**.9007**	.0011	197,964
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
May	.7333	.7390	▼	.7317	**.7345**	–.0001	439
June	.7346	.7396	▼	.7320	**.7348**	–.0001	167,863
British Pound (CME)-£62,500; $ per £							
May	1.2868	1.2923	▲	1.2868	**1.2912**	.0062	462
June	1.2859	1.2935	▲	1.2857	**1.2924**	.0062	260,374
Swiss Franc (CME)-CHF 125,000; $ per CHF							
June	1.0095	1.0109		1.0066	**1.0096**	.0004	45,236
Sept	1.0136	1.0169		1.0122	**1.0156**	.0004	215
Australian Dollar (CME)-AUD 100,000; $ per AUD							
May	.7476	.7489	▼	.7439	**.7469**	.0005	276
June	.7468	.7486		.7433	**.7464**	.0004	111,616
Sept	.7465	.7474		.7424	**.7454**	.0004	1,388
Dec	.7440	.7453		.7425	**.7446**	.0003	116
Mexican Peso (CME)-MXN 500,000; $ per MXN							
June	.05162	.05248		.05157	**.05209**	.00050	176,945
Euro (CME)-€125,000; $ per €							
May	1.0916	1.0940		1.0860	**1.0891**	–.0017	667
June	1.0931	1.0959		1.0877	**1.0909**	–.0017	403,164

Index Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
June	20900	20949		20871	**20898**	–7	132,459
Sept	20880	20896		20827	**20849**	–8	422
S&P 500 Index (CME)-$250 x index							
June	2381.60	2388.00	▲	2379.00	**2386.10**	3.90	63,811
Sept	...	2384.60	▲	2377.30	**2383.60**	3.80	42
Mini S&P 500 (CME)-$50 x index							
June	2381.50	2388.75	▲	2378.75	**2386.00**	3.75	2,938,058
Sept	2380.00	2386.00	▲	2376.50	**2383.50**	3.75	13,926
Mini S&P Midcap 400 (CME)-$100 x index							
June	1745.50	1753.80		1742.00	**1747.70**	.70	95,926
Mini Nasdaq 100 (CME)-$20 x index							
June	5535.3	5599.0	▲	5534.3	**5591.0**	54.8	270,872
Sept	5542.0	5602.5	▲	5540.5	**5596.8**	54.8	649
Mini Russell 2000 (ICE-US)-$100 x index							
June	1418.20	1426.00		1412.70	**1419.10**	1.60	589,429
Sept	1419.40	1419.40		1414.00	**1418.10**	1.60	233
Mini Russell 1000 (ICE-US)-$100 x index							
June	1322.70	1325.70		1320.40	**1324.30**	1.50	7,635
U.S. Dollar Index (ICE-US)-$1,000 x index							
June	98.86	99.21		98.69	**98.96**	.03	68,614
Sept	98.69	99.05		98.57	**98.80**	.03	1,244

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Thursday, April 27, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Thursday
Energy	
Propane,tet,Mont Belvieu-g	0.6255
Butane,normal,Mont Belvieu-g	0.7684
NaturalGas,HenryHub-i	3.070
NaturalGas,TranscoZone3-i	3.040
NaturalGas,TranscoZone6NY-i	2.530
NaturalGas,PanhandleEast-i	2.720
NaturalGas,Opal-i	2.710
NaturalGas,MarcellusNE PA-i	2.390
NaturalGas,HaynesvilleN.LA-i	2.920
Coal,C.Aplc,12500Btu,1.2SO2-r,w	52.450
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	11.750
Metals	
Gold, per troy oz	
Engelhard industrial	1268.30
Engelhard fabricated	1363.42
Handy & Harman base	1262.80
Handy & Harman fabricated	1401.70
LBMA Gold Price AM	*1264.95
LBMA Gold Price PM	*1261.85
Krugerrand,wholesale-e	1315.39
Maple Leaf-e	1328.04
American Eagle-e	1328.04
Mexican peso-e	1532.97
Austria crown-e	1242.76
Austria phil-e	1328.04
Silver, troy oz.	
Engelhard industrial	17.4000
Engelhard fabricated	20.8800
Handy & Harman base	17.3000
Handy & Harman fabricated	21.6250
LBMA spot price	£13.5349
(U.S.$ equivalent)	17.4600
Coins,wholesale $1,000 face-a	13213
Other metals	
LBMA Platinum Price PM	*949.0
Platinum,Engelhard industrial	946.0
Platinum,Engelhard fabricated	1046.0
Palladium,Engelhard industrial	814.0
Palladium,Engelhard fabricated	914.0
Aluminum, LME, $ per metric ton	*1957.5
Copper,Comex spot	2.5800
Iron Ore, 62% Fe CFR China-s	66.6
Shredded Scrap, US Midwest-s,w	301
Steel, HRC USA, FOB Midwest Mill-s	630
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5875
Cotton,11/16 std lw-mdMphs-u	0.7646
Cotlook 'A' Index-t	*88.80
Hides,hvy native steers piece fob-u	71.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	48
Corn,No. 2 yellow,Cent IL-bp,u	3.4200
Corn gluten feed,Midwest-u,w	76.4
Corn gluten meal,Midwest-u,w	496.5
Cottonseed meal-u,w	195
Hominy feed,Cent IL-u,w	n.a.
Meat-bonemeal,50% pro Mnpls-u,w	248
Oats,No.2 milling,Mnpls-u	2.8300
Rice, 5% Broken White, Thailand-l,w	365.00
Rice, Long Grain Milled, No. 2 AR-u,w	20.25
Sorghum,(Milo) No.2 Gulf-u	6.7775
SoybeanMeal,Cent IL,rail,ton48%-u	310.30
Soybeans,No.1 yllw IL-bp,u	9.1600
Wheat,Spring14%-pro Mnpls-u	6.7175
Wheat,No.2 soft red,St.Louis-bp,u	4.2200
Wheat - Hard - KC (USDA) $ per bu-u	3.8775
Wheat,No.1soft white,Portld,OR-u	4.6425
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	202.10
select 1-3,600-900 lbs.-u	189.53
Broilers,dressed 'A'-u	n.a.
Broilers, National comp wghtd-u,w	0.9644
Butter,AA Chicago	2.1200
Cheddar cheese,bbl,Chicago	142.00
Cheddar cheese,blk,Chicago	152.25
Milk,Nonfat dry,Chicago lb.	87.75
Cocoa,Ivory Coast-w	2113
Coffee,Brazilian,Comp	1.2954
Coffee,Colombian, NY	1.4815
Eggs,large white,Chicago-u	0.5450
Flour,hard winter KC	13.40
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	59.98
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.9116
Steers,Tex.-Okla. Choice-u	132.00
Steers,feeder,Okla. City-u,w	165.08
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	37.7500
Grease,choice white,Chicago-u	0.2800
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.2983
Tallow,bleach;Chicago-u	0.3200
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; I=Natural Gas Intelligence; L=livericeindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=The Steel Index; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted.
*Data as of 4/26

Source: WSJ Market Data Group

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1906.11	1.5	U.S. Aggregate	2.540	1.820	2.790
U.S. Corporate Indexes Bloomberg Barclays					
2686.31	2.2	U.S. Corporate	3.250	2.750	3.520
2569.43	1.9	Intermediate	2.720	2.190	3.010
3606.20	2.8	Long term	4.430	3.960	4.710
551.83	1.7	Double-A-rated	2.610	1.980	2.870
689.06	2.5	Triple-B-rated	3.560	3.180	3.870
High Yield Bonds Merrill Lynch					
403.03	3.7	High Yield Constrained	5.605	5.568	7.850
404.12	5.1	Triple-C-rated	9.964	9.584	16.884
2777.16	3.5	High Yield 100	5.251	5.192	6.804
365.83	3.9	Global High Yield Constrained	5.258	5.256	7.368
294.72	2.7	Europe High Yield Constrained	2.836	2.836	4.840
U.S Agency Bloomberg Barclays					
1624.25	1.2	U.S Agency	1.780	1.150	1.960
1458.24	0.8	10-20 years	1.580	0.960	1.750
3249.75	4.1	20-plus years	3.070	2.390	3.460
2396.50	2.3	Yankee	2.780	2.320	3.090
Mortgage-Backed Bloomberg Barclays					
1960.29	1.0	Mortgage-Backed	2.860	1.930	3.120
1930.51	0.6	Ginnie Mae (GNMA)	2.820	1.850	3.090
1148.61	1.2	Fannie mae (FNMA)	2.870	1.950	3.120
1769.01	1.2	Freddie Mac (FHLMC)	2.890	1.980	3.130
509.52	2.1	Muni Master	2.043	1.297	2.516
356.16	2.5	7-12 year	2.069	1.300	2.618
394.42	2.2	12-22 year	2.633	1.610	3.047
379.17	2.2	22-plus year	3.165	2.027	3.622
Global Government J.P. Morgan†					
539.54	0.5	Global Government	1.390	0.750	1.560
765.25	1.6	Canada	1.720	0.770	2.020
365.84	-0.8	EMU§	1.155	0.512	1.363
701.56	-0.7	France	0.910	0.270	1.210
511.72	-0.6	Germany	0.350	-0.100	0.490
288.08	-0.03	Japan	0.370	-0.120	0.460
563.01	-0.6	Netherlands	0.510	0.020	0.680
930.62	1.9	U.K.	1.420	0.960	2.010
778.88	5.4	Emerging Markets**	5.557	5.134	6.290

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds
** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Latest	Yield (%) Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
1.250	**U.S.** 2	1.262 ▼	1.274	1.257	0.821			
2.250	10	2.295 ▼	2.307	2.377	1.854			
5.250	**Australia** 2	1.690 ▼	1.696	1.732	1.950	42.9	42.2	112.9
4.750	10	2.621 ▼	2.639	2.713	2.625	32.6	33.2	77.1
0.000	**France** 2	-0.465 ▼	-0.431	-0.464	-0.446	-172.7	-170.5	-126.7
1.000	10	0.831 ▼	0.893	0.981	0.642	-146.4	-141.5	-121.2
0.000	**Germany** 2	-0.741 ▼	-0.692	-0.714	-0.488	-200.3	-196.5	-130.9
0.250	10	0.299 ▼	0.352	0.401	0.289	-199.6	-195.5	-156.5
0.300	**Italy** 2	-0.099 ▼	-0.086	-0.049	-0.006	-136.1	-136.0	-82.7
2.200	10	2.259 ▼	2.312	2.201	1.510	-3.6	0.4	-34.4
0.100	**Japan** 2	-0.187 ▲	-0.199	-0.258	-0.253	-144.9	-147.2	-107.4
0.100	10	0.020 ▲	0.019	0.061	-0.067	-227.5	-228.8	-192.1
2.750	**Spain** 2	-0.262 ▼	-0.221	-0.224	-0.024	-152.3	-149.4	-84.5
1.500	10	1.640 ▼	1.702	1.689	1.620	-65.5	-60.6	-23.4
1.750	**U.K.** 2	0.072 ▼	0.097	0.170	0.543	-119.0	-117.7	-27.8
4.250	10	1.065 ▼	1.084	1.169	1.629	-123.0	-122.4	-22.5

Source: Tullett Prebon

Corporate Debt

Price moves by a company's debt in the credit markets sometimes mirror and sometimes anticipate moves in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Axa S.A.	AXASA	6.463	Dec. 14, '49	266	–41	n.a.	...	...
Target	TGT	9.350	June 16, '20	67	–28	n.a.	56.09	0.20
JPMorgan Chase	JPM	3.625	Dec. 1, '27	134	–19	162	87.61	–0.93
BB&T	BBT	6.850	April 30, '19	68	–11	n.a.	43.58	–0.57
AmerisourceBergen	ABC	3.500	Nov. 15, '21	61	–10	n.a.	82.12	1.07
American Honda Finance	HNDA	1.200	July 12, '19	39	–10	51	...	...
Wells Fargo	WFC	2.500	March 4, '21	48	–10	n.a.	54.44	–0.18
Catholic Health Initiatives	CATMED	4.200	Aug. 1, '23	192	–7	n.a.	...	...

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Nabors Industries	NBR	4.625	Sept. 15, '21	253	27	n.a.	10.55	–10.14
Societe Generale	SOCGEN	7.375	Sept. 13, '49	305	23	416	...	...
BNP Paribas	BNP	6.750	March 14, '49	274	22	364	...	...
Morgan Stanley	MS	5.450	July 15, '49	139	21	147	43.54	–1.43
Wells Fargo	WFC	2.100	July 26, '21	59	17	63	54.44	–0.18
Seagate HDD Cayman*	STX	4.875	June 1, '27	310	12	319	...	...
Royal Bank Scotland	RBS	8.625	Aug. 15, '49	379	11	444	6.54	0.77
Credit Agricole	ACAFP	7.875	Jan. 23, '49	381	9	464	...	...

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
CenturyLink	CTL	5.800	March 15, '22	104.791	2.67	104.000	25.79	–0.31
Caesars Entertainment Operating	CZR	10.000	Dec. 15, '18	86.000	2.25	80.000	...	...
Toll Brothers Finance	TOL	4.875	Nov. 15, '25	104.750	1.75	102.563	...	...
Ipayment	IPMT	10.750	April 15, '24	108.500	1.38	105.500	...	...
Constellium	CSTM	6.625	March 1, '25	98.000	1.00	96.250	6.55	4.80
Sally Holdings	SBH	5.625	Dec. 1, '25	103.500	1.00	101.000	...	...
West	WSTC	5.375	July 15, '22	101.000	1.00	99.313	26.91	6.36
Embarq	EQ	7.995	June 1, '36	102.000	0.88	100.219	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Frontier Communications	FTR	11.000	Sept. 15, '25	96.625	–2.63	97.135	1.91	–0.52
Bombardier	BBDBCN	6.125	Jan. 15, '23	99.850	–2.28	n.a.	...	...
CF Industries	CF	5.150	March 15, '34	90.063	–2.19	91.750	27.43	0.62
Ep Energy	EPENEG	6.375	June 15, '23	75.500	–1.69	77.500	...	...
FirstEnergy Solutions	FE	6.800	Aug. 15, '39	39.500	–1.63	39.250	...	...
Calpine	CPN	5.750	Jan. 15, '25	94.750	–1.31	96.250	9.59	–3.33
California Resources	CRC	8.000	Dec. 15, '22	76.500	–1.25	79.625	11.89	–6.08
Kindred Healthcare	KND	6.375	April 15, '22	96.500	–1.25	96.500	9.35	0.54

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.
Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

April 27, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	March index level	Chg From (%) Feb. '17	March '16
U.S. consumer price index			
All items	243.801	0.08	2.4
Core	251.290	0.06	2.0

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	4.00	4.00	4.00	3.50
Canada	2.70	2.70	2.70	2.70
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.25	0.25	0.50	0.25
Australia	1.50	1.50	2.00	1.50

	Latest	Week ago	52-WEEK High	Low
Overnight repurchase				
U.S.	0.91	0.91	1.30	0.15

U.S. government rates

	Latest	Week ago	52-WEEK High	Low
Discount				
	1.50	1.50	1.50	1.00
Federal funds				
Effective rate	0.9300	0.9300	0.9400	0.3200
High	1.0625	1.0625	1.0625	0.5000
Low	0.9100	0.7500	0.9100	0.2000
Bid	0.9100	0.9100	0.9300	0.2000
Offer	0.9400	0.9400	1.0000	0.2600
Treasury bill auction				
4 weeks	0.735	0.750	0.770	0.160
13 weeks	0.

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BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.
The list comprises the 1,000 largest companies based on market capitalization.
Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
i-New 52-week high.
t-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, April 27, 2017

NYSE

Stock	Sym	Close	Net Chg
i ABB	ABB	24.53	0.30
AECOM	ACM	34.85	0.14
AES	AES	11.29	-0.04
Aflac	AFL	75.05	0.25
AT&T	T	39.91	-0.53
AXIS Capital	AXS	67.56	-0.52
AbbottLabs	ABT	43.65	-0.15
AbbVie	ABBV	66.07	1.03
Accenture	ACN	120.49	1.51
AcuityBrands	AYI	176.85	0.35
Adient	ADNT	72.34	2.13
AdvanceAuto	AAP	143.19	-2.59
AdvSemiEngg	ASX	6.31	-0.05
Aegon	AEG	5.11	-0.05
AerCap	AER	45.61	0.23
Aetna	AET	133.98	-0.01
AffiliatedMgrs	AMG	165.67	-0.26
i AgilentTechs	A	55.43	0.60
AgnicoEagle	AEM	43.48	-0.13
Agrium	AGU	95.00	2.12
AirProducts	APD	141.10	-0.48
AlaskaAir	ALK	84.93	-3.32
i Albemarle	ALB	108.18	-0.12
Alcoa	**AA**	**34.52**	**-1.93**
AlexandriaRealEst	ARE	112.96	-0.63
i Alibaba	BABA	115.43	0.46
Alleghany	Y	616.37	1.82
i Allegion	ALLE	80.62	0.90
Allergan	AGN	243.05	3.55
AllianceData	ADS	260.54	-1.79
AllianceBernstein	AB	22.80	0.05
AlliantEnergy	LNT	39.72	0.24
i AllisonTransm	ALSN	38.71	1.24
Allstate	ALL	81.98	0.18
AllyFinancial	ALLY	20.16	-0.89
Altria	MO	71.53	0.02
AlumofChina	ACH	12.41	-0.25
Ambev	ABEV	5.68	...
Ameren	AEE	55.03	-0.13
AmericaMovil	AMX	15.39	0.14
AmericaMovil A	AMOV	15.62	0.49
AmCampus	ACC	47.68	0.43
AEP	AEP	68.10	0.41
AmericanExpress	AXP	80.33	-0.19
AmericanFin	AFG	98.38	0.03
AmerHomes4Rent	AMH	23.33	0.27
AIG	AIG	61.15	0.99
i AmerTowerREIT	AMT	125.77	2.96
AmerWaterWorks	AWK	80.41	0.18
Amerigas	APU	45.30	-0.27
Ameriprise	AMP	128.46	-0.54
AmerisourceBrgn	ABC	82.12	0.87
i Ametek	AME	57.26	0.16
Amphenol	APH	72.78	1.05
AnadarkoPetrol	APC	57.12	-2.84
AB InBev	BUD	112.23	0.03
i AnnalyCap	NLY	11.99	0.24
AnteroMidstream	AM	33.74	-0.03
AnteroResources	AR	21.53	-0.42
i Anthem	ANTM	178.30	-0.73
Aon	AON	120.14	0.43
Apache	APA	48.32	-1.69
ApartmtInv	AIV	44.45	-0.39
i ApolloGlobalMgmt	APO	27.20	0.83
AquaAmerica	WTR	33.37	0.10
Aramark	ARMK	36.61	-0.04
ArcelorMittal	MT	7.75	-0.17
ArcherDaniels	ADM	45.78	0.51
Arconic	ARNC	27.22	-0.28
AristaNetworks	ANET	139.65	0.29
ArrowElec	ARW	72.24	-1.06
AshlandGlobal	ASH	123.69	-1.14
AstraZeneca	AZN	30.86	0.28
Athene	ATH	53.75	-0.47
i AtmosEnergy	ATO	81.40	0.13
Autoliv	ALV	106.75	1.93
AutoZone	AZO	703.90	-11.22
Avalonbay	AVB	188.23	-0.45
Avangrid	AGR	43.94	0.25
i AveryDennison	AVY	83.54	0.34
Avnet	**AVT**	**40.86**	**-3.72**
AxaltaCoating	AXTA	31.99	0.16
BB&T	BBT	43.58	-0.25
BCE	BCE	45.60	-0.65
BHPBilliton	BHP	35.01	-1.04
BHPBilliton	BBL	30.22	-1.04
BP	BP	34.40	-0.26
BRF	BRFS	12.29	-0.08
BT Group	BT	20.05	0.03
BakerHughes	BHI	59.65	0.19
Ball	BLL	77.35	2.18
BancoBilbaoViz	BBVA	8.04	-0.14
BancodeChile	BCH	73.32	-0.04
BcoSantChile	BSAC	23.59	-0.36
BancoSantander	SAN	6.45	-0.05
BanColombia	CIB	38.92	-0.63
BankofAmerica	BAC	23.65	-0.24
BankofMontreal	BMO	70.89	-1.75
BankNY Mellon	BK	47.22	0.07
BkNovaScotia	BNS	55.32	-1.55
Barclays	BCS	11.51	0.05
i Bard CR	BCR	305.58	2.13
BarrickGold	ABX	16.71	-0.25
i BaxterIntl	BAX	55.42	-0.17
BectonDickinson	BDX	182.55	2.74
Berkley	WRB	68.57	0.08
BerkHathway A	BRK/A	249950	-1401.00
BerkHathway B	BRK/B	166.55	-1.08
BerryGlobal	BERY	50.40	-0.20
i BestBuy	BBY	52.35	0.10
i Bio-RadLab A	BIO	217.78	2.86
BlackKnightFin	BKFS	41.90	0.40
BlackRock	BLK	390.71	1.84
BlackstoneGroup	BX	30.97	0.57
BoardwalkPipe	BWP	18.16	0.33
Boeing	BA	183.22	1.51
BoozAllen	BAH	36.18	-0.16
BorgWarner	BWA	42.14	1.08
BostonProperties	BXP	125.99	-1.36
i BostonScientific	BSX	26.18	0.21
Braskem	BAK	21.31	0.09
Bristol-Myers	BMY	55.67	1.90
i BrixmorProp	BRX	20.13	-0.21
BroadridgeFinl	BR	70.19	0.47
BrookfieldMgt	BAM	36.85	-0.06
BrookfieldInfr	BIP	39.11	-0.01
Brown&Brown	BRO	43.47	0.14
Brown-Forman A	BF/A	47.55	0.38
Brown-Forman B	BF/B	46.78	0.02
Brunswick	**BC**	**57.39**	**-3.13**
BuckeyePtrs	BPL	69.41	-0.13
Bunge	BG	78.49	0.13
BurlingtonStores	BURL	98.58	0.84
CBD Pao	CBD	20.49	0.29
CBRE Group	CBG	36.00	1.45
CBS A	CBS/A	67.10	-0.35
CBS B	CBS	66.34	-0.57
CF Industries	CF	27.43	0.17
CGI Group	GIB	47.49	-0.25
i CIT Group	CIT	45.99	0.63
CMS Energy	CMS	45.49	0.13
i CNA Fin	CNA	45.83	-0.07
CNOOC	CEO	114.50	-1.21
CPFLEnergia	CPL	16.24	-0.03
CRH	CRH	36.45	0.04
CVS Health	CVS	82.79	0.79
CabotOil	COG	24.12	-0.19
CAE	CAE	15.19	-0.16
CamdenProperty	CPT	82.71	-1.20
Cameco	CCJ	10.50	-0.39
CampbellSoup	CPB	57.11	-0.29
CIBC	CM	80.61	-0.92
CanNtlRlwy	CNI	72.31	-0.08
CanNaturalRes	CNQ	31.88	-1.24
CanPacRlwy	CP	153.73	1.09
i Canon	CAJ	33.36	1.31
CapitalOne	COF	82.31	-0.75
CardinalHealth	CAH	73.14	0.83
Carlisle	CSL	108.54	-0.67
CarMax	KMX	60.08	0.12
i Carnival	CCL	60.98	0.43
i Carnival	CUK	60.72	0.47
Caterpillar	CAT	102.68	-1.98
Celanese A	CE	87.91	-0.22
Cemex	CX	9.23	0.12
Cencosud	CNCO	8.58	-0.07
i CenovusEnergy	CVE	9.95	-0.34
Centene	CNC	72.95	0.15
i CenterPointEner	CNP	28.64	0.31
CentraisElBras	EBR	5.32	-0.03
CenturyLink	CTL	25.79	-0.08
Chemours	CC	40.17	-0.09
Chevron	CVX	105.47	-0.61
ChinaEastrnAir	CEA	26.82	-0.34
ChinaLifeIns	LFC	15.13	-0.09
ChinaMobile	CHL	53.40	-0.13
ChinaPetrol	SNP	81.50	-0.84
ChinaSoAirlines	ZNH	33.77	0.05
ChinaTelecom	CHA	49.25	0.06
ChinaUnicom	CHU	13.11	0.07
Chipotle	CMG	482.00	-0.99
Chubb	CB	138.42	-0.51
ChunghwaTelecom	CHT	33.88	-0.12
Church&Dwight	CHD	49.78	-0.01
Cigna	CI	156.21	-0.72
CimarexEnergy	XEC	116.64	-2.80
Citigroup	C	59.39	-0.55
CitizensFin	CFG	36.77	-0.03
Clorox	CLX	134.00	0.43
Coach	COH	39.82	0.40
Coca-Cola	KO	43.01	-0.23
Coca-Cola Euro	CCE	37.99	-0.25
Coca-Cola Femsa	KOF	72.88	0.67
Colgate-Palmolive	CL	73.30	-0.20
ColonyNorthStar	CLNS	13.14	0.12
Comerica	CMA	70.75	-0.83
SABESP	SBS	9.17	-0.24
ConagraBrands	CAG	38.81	-0.20
ConchoRscs	CXO	127.18	-2.06
ConocoPhillips	COP	47.86	-0.48
ConEd	ED	79.58	0.44
ConstBrands A	STZ	171.06	0.58
ContinentalRscs	CLR	42.50	-0.96
Cooper	COO	199.37	-0.62
i Corning	GLW	29.02	0.63
Coty	COTY	18.01	-0.11
Credicorp	BAP	151.96	-0.73
CreditSuisse	CS	15.36	-0.34
i CrescentPoint	CPG	9.68	0.08
CrestwoodEquity	CEQP	25.15	-0.20
CrownCastle	CCI	95.02	0.52
CrownHoldings	CCK	56.11	0.34
i Cullen/Frost	CFR	95.37	-1.58
Cummins	CMI	151.06	-1.01
DCP Midstream	DCP	38.39	-0.51
i DTE Energy	DTE	105.07	0.63
DXC Tech	DXC	75.88	-0.26
Danaher	DHR	82.91	-0.07
Darden	DRI	85.96	-0.09
DaVita	DVA	68.82	0.34
Deere	DE	111.18	-1.37
i DellTechnologies	DVMT	67.43	0.37
DelphiAutomotive	DLPH	79.96	0.71
DeltaAir	DAL	45.74	-0.63
DeutscheBank	DB	18.15	-0.69
DevonEnergy	DVN	39.35	-1.24
Diageo	DEO	117.47	0.66
Dick's	DKS	51.01	0.01
DigitalRealty	DLR	113.29	2.07
DiscoverFinSvcs	DFS	64.32	-0.91
i Disney	DIS	115.84	0.26
DollarGeneral	DG	73.22	0.62
DominionRscs	D	77.69	0.20
Domino's	DPZ	185.55	4.59
Donaldson	DCI	46.62	-0.10
DouglasEmmett	DEI	38.13	-0.12
Dover	DOV	79.64	-1.37
DowChemical	DOW	63.19	-1.14
DrPepperSnap	DPS	92.17	-0.81
DrReddy'sLab	RDY	40.70	0.26
DuPont	DD	80.13	-1.48
DukeEnergy	DUK	82.90	0.30
DukeRealty	DRE	27.96	0.53
ENI	E	31.24	-0.27
EOG Rscs	EOG	93.00	-1.31
EQT	**EQT**	**59.37**	**-4.52**
EQT Midstream	EQM	78.34	-0.53
EastmanChem	EMN	81.66	0.22
Eaton	ETN	76.49	-0.23
i Ecolab	ECL	129.37	0.57
Ecopetrol	EC	9.06	-0.27
EdisonIntl	EIX	80.35	0.16
EdwardsLife	EW	109.67	0.37
EmersonElectric	EMR	60.83	-0.39
EnbridgeEnPtrs	EEP	18.57	-0.08
Enbridge	ENB	41.46	-0.19
Encana	ECA	10.65	-0.17
EnelAmericas	ENIA	9.90	-0.16
EnelChile	ENIC	5.55	-0.05
EnelGenChile	EOCC	23.32	-0.09
EnergyTrfrEquity	ETE	18.62	-0.51
EnergyTrfrPtrs	ETP	35.93	-0.46
EnLinkMidPtrs	ENLK	18.54	-0.19
Entergy	ETR	76.68	0.69
EnterpriseProd	EPD	27.13	-0.17
EnvisionHlthcr	EVHC	55.39	0.06
Equifax	EFX	136.19	-2.55
EquityLife	ELS	81.16	0.46
EquityResdntl	EQR	64.53	-0.75
i EssexProp	ESS	241.44	0.41
EsteeLauder	EL	87.42	-0.39
EverestRe	RE	253.91	-3.00
EversourceEner	ES	59.77	0.03
Exelon	EXC	34.84	-0.06
ExtraSpaceSt	EXR	76.05	-2.92
ExxonMobil	XOM	81.26	-0.14
FMC	FMC	73.53	0.03
FactSet	FDS	163.83	0.35
FederalRealty	FRT	133.16	0.60
FedEx	FDX	191.71	2.13
FiatChrysler	FCAU	11.27	-0.38
i FidelityNatlFin	FNF	41.36	0.46
FNFV Group	FNFV	13.95	-0.10
i FidelityNtlInfo	FIS	84.09	0.21
58.com	WUBA	39.37	0.34
FirstData	FDC	15.63	0.08
FirstRepBank	FRC	93.56	-0.06
FirstEnergy	FE	30.52	...
FleetCorTech	FLT	145.65	-5.73
Flowserve	FLS	50.78	-0.36
Fluor	FLR	52.33	...
FomentoEconMex	FMX	88.48	0.74
FootLocker	FL	76.69	-0.23
FordMotor	F	11.47	-0.13
ForestCity A	FCE/A	22.81	0.03
Fortis	FTS	32.58	0.04
i Fortive	FTV	62.32	0.07
FortBrandsHome	FBHS	64.19	-1.41
Franco-Nevada	FNV	67.02	-0.08
FranklinRscs	BEN	42.28	-0.19
Freeport-McMoRan	FCX	13.01	-0.49
FreseniusMed	FMS	44.63	0.05
GGP	GGP	22.14	0.17
Gallagher	AJG	56.73	0.38
Gap	GPS	26.35	0.10
i Gartner	IT	113.99	0.12
Gazit-Globe	GZT	10.07	-0.27
GeneralDynamics	GD	195.03	0.18
GeneralElec	GE	29.08	-0.18
GeneralMills	GIS	57.41	-0.47
GeneralMotors	GM	34.54	0.16
GenuineParts	GPC	93.33	0.20
Gildan	GIL	28.09	0.36
GlaxoSmithKline	GSK	40.78	0.10
GlobalPayments	GPN	81.97	0.55
i GoDaddy	GDDY	39.04	0.13
Goldcorp	**GG**	**13.80**	**-0.73**
GoldmanSachs	GS	225.81	-0.39
i **Graco**	**GGG**	**108.26**	**8.46**
Grainger	GWW	193.17	-1.00
GreatPlainsEner	GXP	29.65	0.25
GpoAeroportuar	PAC	101.18	1.37
GpoAeroportSur	ASR	187.39	1.54
GpoAvalAcciones	AVAL	7.92	-0.17
GpFinSantandMex	BSMX	9.04	0.02
GrupoTelevisa	TV	24.29	-1.09
HCAHoldings	HCA	83.44	-0.10
HCP	HCP	31.51	-0.12
HDFC Bank	HDB	80.05	-0.90
i HP	HPQ	18.77	0.14
HSBC	HSBC	41.43	0.25
Halliburton	HAL	46.40	-0.59
Hanesbrands	HBI	22.37	0.39
HarleyDavidson	HOG	58.03	0.15
i Harris	HRS	113.29	2.16
HartfordFinl	HIG	48.24	0.13
Helmerich&Payne	HP	61.55	-3.66
Herbalife	HLF	62.94	-0.16
Hershey	HSY	107.38	-0.12
Hess	HES	49.76	0.25
HewlettPackard	HPE	18.63	0.02
Hilton	HLT	60.24	-0.36
i HomeDepot	HD	156.12	1.90
HondaMotor	HMC	29.01	-0.07
Honeywell	HON	129.88	-0.22
HormelFoods	HRL	34.99	0.05
DR Horton	DHI	33.25	0.26
HostHotels	HST	19.24	-0.03
HuanengPower	HNP	27.23	0.45
Hubbell	HUBB	114.87	0.73
HudsonPacProp	HPP	34.84	-0.14
i Humana	HUM	218.67	-0.68
HuntingtonIngalls	HII	202.19	-0.89
Huntsman	HUN	25.12	-0.05
HyattHotels	H	56.73	-0.29
ICICI Bank	IBN	8.45	-0.09
ING Groep	ING	16.26	-0.05
Invesco	IVZ	33.12	0.68
i IDEX	IEX	105.39	1.18
IllinoisToolWks	ITW	139.42	0.28
Infosys	INFY	14.57	0.07
i Ingersoll-Rand	IR	89.25	0.57
Ingredion	INGR	122.38	0.96
ICE	ICE	60.21	-0.89
i InterContinentl	IHG	52.53	0.59
IBM	IBM	160.32	0.26
IntlFlavors	IFF	139.73	0.93
IntlPaper	IP	54.92	0.85
Interpublic	IPG	24.12	-0.17
InvitationHomes	INVH	21.59	-0.09
IronMountain	IRM	34.86	-1.24
IsraelChemicals	ICL	4.32	0.15
ItauUnibanco	ITUB	12.24	0.10
JPMorganChase	JPM	87.61	-0.82
JacobsEngineering	JEC	55.72	0.32
JamesHardie	JHX	16.82	0.15
J&J	JNJ	123.74	0.23
JohnsonControls	JCI	42.16	-0.89
JuniperNetworks	JNPR	29.99	0.53
KAR Auction	KAR	44.21	0.34
KB Fin	KB	44.17	-0.83
i **KKR**	**KKR**	**18.73**	**0.96**
KT	KT	15.82	-0.22
KSCitySouthern	KSU	89.88	3.10
Kellogg	K	70.96	-0.53
KeyCorp	KEY	18.37	-0.31
KeysightTechs	KEYS	37.98	0.13
KilroyRealty	KRC	70.77	-1.02
KimberlyClark	KMB	130.00	-0.13
t KimcoRealty	KIM	20.67	-0.47
KinderMorgan	KMI	20.62	-0.18
KinrossGold	KGC	3.42	-0.10
Kohl's	KSS	39.88	0.36
i KoninklijkePhil	PHG	34.94	0.41
KoreaElcPwr	KEP	20.02	0.41
Kroger	KR	30.15	0.29
Kyocera	KYO	56.91	0.12
LATAMAirlines	LFL	12.74	-0.22
L Brands	LB	52.19	0.18
LG Display	**LPL**	**12.85**	**-0.99**
LINE	LN	35.40	0.68
i L3 Tech	LLL	173.94	2.18
LabCpAm	LH	139.68	0.99
LambWeston	LW	42.64	0.40
LasVegasSands	LVS	59.20	-0.06
Lazard	LAZ	43.17	-1.13
Lear	LEA	142.59	1.54
Leggett&Platt	LEG	53.59	-0.45
Leidos	LDOS	53.35	-0.05
Lennar A	LEN	51.11	0.14
Lennar B	LEN/B	43.06	0.27
LennoxIntl	LII	168.27	0.80
LeucadiaNatl	LUK	26.14	-0.01
Level3Comm	LVLT	60.88	-0.11
LibertyProperty	LPT	40.97	...
EliLilly	LLY	81.33	0.37
LincolnNational	LNC	66.53	0.03
LionsGate A	LGF/A	26.28	-0.04
i LiveNationEnt	LYV	32.22	0.16
LloydsBanking	LYG	3.62	0.09
LockheedMartin	LMT	271.14	0.79
Loews	L	47.33	-0.12
i Lowe's	LOW	85.27	0.04
Luxottica	LUX	58.29	0.29
LyondellBasell	LYB	87.42	0.36
M&T Bank	MTB	156.95	-1.74
i MGM Resorts	MGM	31.01	1.22
MPLX	MPLX	35.51	-0.90
MSCI	MSCI	100.40	0.78
Macerich	MAC	62.71	0.60
MacquarieInfr	MIC	80.68	-0.12
Macy's	M	29.51	0.08
MagellanMid	MMP	74.69	-0.15
MagnaIntl	MGA	41.40	0.56
Manpower	MAN	102.07	-0.60
ManulifeFin	MFC	17.49	-0.21
MarathonOil	MRO	14.88	-0.43
MarathonPetrol	MPC	51.02	1.42
Markel	MKL	984.29	6.28
Marsh&McLennan	MMC	74.25	0.83
MartinMarietta	MLM	223.35	2.20
Masco	MAS	37.25	-0.20
i Mastercard	MA	117.10	0.93
McCormick	MKC	100.02	0.30
McCormickVtg	MKC/V	99.62	-0.04
i McDonalds	MCD	140.87	0.03
McKesson	MCK	138.79	2.76
MeadJohnson	MJN	88.75	-0.03
Mednax	MD	61.01	-0.65
Medtronic	MDT	83.13	0.99
Merck	MRK	62.58	-0.12
MetLife	MET	52.14	0.25
i MettlerToledo	MTD	513.30	0.31
MichaelKors	KORS	38.01	-0.04
MidAmApt	MAA	98.00	-3.00
MitsubishiUFJ	MTU	6.46	-0.01
MizuhoFin	MFG	3.72	-0.01
MobileTeleSys	MBT	10.36	-0.05
Mobileye	MBLY	61.95	0.13
i MohawkIndustries	MHK	238.88	0.53
MolsonCoors B	TAP	95.78	-0.05
Monsanto	MON	116.50	-0.24
i Moody's	MCO	119.43	0.68
MorganStanley	MS	43.54	-0.63
Mosaic	MOS	27.45	0.03
MotorolaSolutions	MSI	86.07	0.69
NRG Energy	NRG	16.84	-0.41
NTTDoCoMo	DCM	23.74	0.55
NVR	NVR	2106.00	29.33
NationalGrid	NGG	65.05	0.60
NatlOilwell	NOV	34.98	-1.17
NatlRetailProp	NNN	43.15	-0.05
NewOrientalEduc	EDU	65.00	-0.31
NY CmntyBcp	NYCB	13.39	0.10
NewellBrands	NWL	48.65	-0.41
NewfieldExpln	NFX	35.04	-0.61
i NewMarket	NEU	473.65	9.94
NewmontMining	NEM	32.91	-0.07
NextEraEnergy	NEE	133.52	0.69
NielsenHoldings	NLSN	40.20	0.79
Nike	NKE	55.47	0.31
NiSource	NI	24.36	0.27
NobleEnergy	NBL	32.57	-1.59
Nokia	**NOK**	**5.72**	**0.35**
NomuraHoldings	NMR	6.47	0.21
Nordstrom	JWN	48.30	0.62
NorfolkSouthern	NSC	118.80	0.98
NorthropGrumman	NOC	248.40	0.34
Novartis	NVS	77.06	0.71
NovoNordisk	NVO	38.78	1.42
Nucor	NUE	61.61	-0.39
NuSTAREnergy	NS	48.70	-0.14
OGE Energy	OGE	34.96	-0.01
ONEOK	OKE	53.01	-0.88
ONEOK Partners	OKS	51.84	-0.80
OccidentalPetrol	OXY	61.52	-0.91
Och-Ziff	OZM	2.36	-0.11
Olin	OLN	32.58	-0.72
OmegaHealthcare	OHI	33.94	0.18
Omnicom	OMC	83.09	0.11
Oracle	ORCL	44.77	0.08
Orange	ORAN	15.78	-0.20
OrbitalATK	OA	98.70	0.08
Orix	IX	77.43	-0.46
OwensCorning	OC	60.79	-0.03
PG&E	PCG	67.28	0.28
PLDT	PHI	35.40	0.22
PNC Fin	PNC	121.02	-0.98
POSCO	PKX	59.07	-0.81
PPG Ind	PPG	111.29	0.81
PPL	PPL	38.08	0.14
PVH	PVH	103.02	-0.43
i **PackagingCpAm**	**PKG**	**100.24**	**5.70**
PaloAltoNtwks	PANW	109.95	0.68
i ParkerHannifin	PH	161.98	-2.56
ParsleyEnergy	PE	29.49	-0.58
Pearson	PSO	8.20	0.06
PembinaPipeline	PBA	31.84	-0.42
Pentair	PNR	64.66	-0.31
PepsiCo	PEP	112.64	-0.69
i PerkinElmer	PKI	59.91	-0.07
Perrigo	PRGO	74.01	0.99
PetroChina	PTR	70.46	-0.64
PetroleoBrasil	PBR	8.87	-0.24
PetroleoBrasilA	PBR/A	8.57	-0.26
Pfizer	PFE	33.86	0.01
PhilipMorris	PM	110.19	-0.96
Phillips66	PSX	78.05	-0.06
i PinnacleFoods	PF	58.47	0.61
PinnacleWest	PNW	86.10	0.50
PioneerNatRscs	PXD	172.36	-4.55
PlainsAllAmPipe	PAA	29.40	-0.37
PlainsGP	PAGP	29.79	0.01
PostHoldings	POST	84.15	-0.69
Potash	POT	17.02	0.36
i Praxair	PX	125.48	0.37
i PrincipalFin	PFG	65.18	0.87
Procter&Gamble	PG	87.69	-0.05
Progressive	PGR	40.10	0.12
Prologis	PLD	54.90	0.45
PrudentialFin	PRU	107.08	-0.12
i Prudential	PUK	44.88	0.80
PublicServiceEnt	PEG	44.41	-0.08
PublicStorage	PSA	213.00	-10.93
PulteGroup	PHM	22.87	0.17
QuantaServices	PWR	36.13	-0.16
QuestDiag	DGX	105.81	0.05
i QuintilesIMS	Q	83.68	0.66
RELX	RENX	19.37	0.18
RELX	RELX	20.55	0.20
RPM	RPM	52.88	-0.21
RSP Permian	RSPP	37.96	-0.55
RalphLauren	RL	82.42	1.24
RangeResources	RRC	27.35	-0.26
RaymondJames	RJF	74.90	-0.84
i Raytheon	RTN	156.26	0.99
RealtyIncome	O	59.45	0.45
i RedHat	RHT	88.15	0.44
RegencyCtrs	REG	63.88	-0.19
RegionsFin	RF	13.79	-0.23
ReinsuranceGrp	RGA	129.59	-0.93
RelianceSteel	RS	80.53	0.88
RenaissanceRe	RNR	142.41	-0.65
RepublicServices	RSG	63.34	0.11
ResMed	RMD	72.85	1.10
RestaurantBrands	QSR	56.77	0.11
ReynoldsAmer	RAI	64.32	-0.21
RioTinto	RIO	39.53	-0.55
RobertHalf	RHI	46.63	-0.44
Rockwell	ROK	159.27	-0.69
RockwellCollins	COL	104.48	-0.66
RogersComm B	RCI	46.03	-0.13
i Rollins	ROL	39.18	1.19
i RoperTech	ROP	217.63	2.24
RoyalBkCanada	RY	68.71	-1.41
RoyalBkScotland	RBS	6.54	0.05
i RoyalCaribbean	RCL	100.50	0.03
RoyalDutchA	RDS/A	52.13	-0.27
RoyalDutchB	RDS/B	54.07	-0.41
SAP	SAP	100.70	0.45
S&P Global	SPGI	135.09	0.86
SINOPECShanghai	SHI	55.60	-1.18
SK Telecom	SKM	23.69	-0.14
SLGreenRealty	SLG	105.13	-0.90
Salesforce.com	CRM	85.85	0.90
i Sanofi	SNY	46.91	0.49
Sasol	SSL	30.67	-0.34
Scana	SCG	67.24	0.28
Schlumberger	SLB	72.84	-1.27
SchwabC	SCHW	39.25	-0.81
ScottsMiracleGro	SMG	97.00	0.04
SealedAir	SEE	44.21	-0.52
SemicondctrMfg	SMI	6.07	0.14
SempraEnergy	SRE	113.41	0.42
SensataTech	ST	41.17	0.53
i ServiceCorp	SCI	32.91	0.99
ServiceMaster	**SERV**	**38.63**	**-3.52**
i ServiceNow	NOW	94.33	3.41
ShawComm B	SJR	21.30	0.07
i SherwinWilliams	SHW	335.57	4.63
ShinhanFin	SHG	42.13	-0.47
Shopify	SHOP	73.09	-1.03
SilverWheaton	SLW	19.92	-0.44
SimonProperty	SPG	167.87	2.83
SixFlags	SIX	62.87	-2.01
i SmithAO	AOS	54.42	1.45
Smith&

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Whole Foods Faces New Investor Pressure

Neuberger Berman urges board to review options, including sale or joint venture

By David Benoit
And Heather Haddon

Another big investor is calling on **Whole Foods Market** Inc. to explore a sale.

Mutual-fund manager **Neuberger Berman**, which owns a 2.7% stake in the organic-grocery chain, sent a letter to the company's board this week urging it to "immediately engage advisers" to review options, including a sale or joint venture.

The letter, which Neuberger provided to The Wall Street Journal, comes a few weeks after activist investor **Jana Partners** LLC disclosed a nearly 9% stake in Whole Foods and called for a similar review. Neuberger has been in talks with Whole Foods since last year but hasn't previously gone public with its suggestions for the chain, which is adopting strategies used by traditional grocers to boost flagging sales.

Though their interests align, Neuberger and Jana aren't working together to put pressure on Whole Foods, according to people familiar with the matter. They hadn't spoken about their respective ideas to revive the company before Jana disclosed its stake, the people said.

RICHARD B. LEVINE/ZUMA PRESS

Whole Foods executives formulated a nine-point plan to cut costs and focus on loyal customers.

A Whole Foods spokeswoman said the company welcomed shareholder input. "We remain committed to continuing to take actions to drive shareholder value and position Whole Foods Market for the future," she said.

Whole Foods shares have dropped sharply since peaking in 2013. The Austin, Texas, company's sales have fallen over the past 18 months. Same-store sales fell 2.5% during its fiscal year that ended in September 2016.

Shares are up about 22% since Jana launched its campaign earlier this month.

Unlike Jana and other activist investors, Neuberger typically avoids public confrontations with the companies in which it invests. The New York investment adviser manages some $267 billion in client assets.

In an interview, Neuberger portfolio managers Charles Kantor and Marc Regenbaum said Whole Foods has a valuable brand and a dominant prepared-foods business that sets it apart from rivals. Yet they said the company has fallen behind rivals in adopting new retail technology that could help it increase sales and profit margins.

"The competition would give their right arms to have the demographics at Bryant Park," said Mr. Kantor, referring to Whole Foods's new store down the street from Neuberger's offices in Midtown Manhattan. "They would give their right arms for traffic and they would give their right arms to have people who sit there for an hour and have lunch."

After sales began to slow in 2015, Whole Foods executives formulated a nine-point plan to cut costs and focus on its most loyal customers. The company walked away from plans to triple the number of stores in the U.S., announced it would close underperforming locations and slash 1,500 jobs.

It also cut prices on goods, a concession that traditional supermarkets were luring away its customers with cheaper natural and organic products. Whole Foods is adopting the data analytics, centralized purchasing, shelf management and advertising programs that traditional grocery chains have used to draw in customers for years.

Whole Foods Chief Executive John Mackey said the company's performance should begin to improve in a year, after the longest stretch of same-store sales declines since going public in 1992. It next reports earnings May 10.

Whole Foods already has adopted some of Neuberger's suggestions, including eliminating its dual CEO structure, searching for a new finance chief, naming a new director and hiring retail experts.

In the letter, Neuberger raised concerns about Mr. Mackey remaining the company's sole CEO but didn't go into detail. Mr. Mackey, who co-founded Whole Foods nearly four decades ago, was instrumental in transforming health food from a niche market into a booming retail sector but the business has struggled to regain ground lost to conventional supermarkets in recent years.

Mr. Mackey told the Journal that he and former co-CEO Walter Robb both discussed stepping up to lead the company, but they ultimately decided Mr. Mackey would remain.

"It wasn't what my heart called me to do," Mr. Mackey said about leaving Whole Foods.

The investment manager also wants Whole Foods to add directors with experience in retail operations, technology, finance and real estate.

Jana voiced similar concerns and suggested three potential board nominees. The hedge fund also assembled a group of food and retail experts to advise it on the campaign.

AHEAD OF THE TAPE | By Stephen Russolillo

Trump Trade: It's Not How You Start, It's How You Finish

During his nearly 100 days in office, President Donald Trump has crowed about the rising stock market. He has less to cheer about middling economic growth.

In fairness, he should get an incomplete for both.

The S&P 500 has risen 5.5% since the inauguration, the fifth best rally during a president's first 100 days since 1933. Mr. Trump's 100th day in office is Saturday. By comparison, the index averages a 0.8% decline during the first 100 days for a Republican president. And the market's performance is even more impressive since November, with the S&P 500 up 12% since Election Day.

Century Ride

S&P 500 performance during presidents' first 100 days in office

*Through Wednesday
Note: Since 1933
Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

Of course it isn't how you start a term but how you finish that matters. The S&P 500 fell 1.1% during President Ronald Reagan's first 100 days, but it registered above-average returns over his eight years in office. The market had its biggest gains when President John F. Kennedy first took office, rising 9% during the first 100 days, but the S&P 500's overall performance during his shortened tenure wasn't impressive. While Bill Clinton presided over small gains when he started, the S&P 500 rose 15% annualized in his eight years as president, the best performance in the postwar era.

Then there is the economy. Confidence has surged in surveys since the election. As Friday's report on first-quarter gross domestic product will likely show, though, this optimism hasn't translated into actual growth.

Economists polled by The Wall Street Journal estimate GDP advanced at a 1% annual rate in the first three months of the year, down from 2.1% in the prior quarter. Forecasting firm Macroeconomic Advisers, which continuously updates its estimate, is more pessimistic, expecting 0.3% growth.

That would be the lowest in three years.

Much of this is due to weak consumer spending, which may be transitory. Delayed tax refunds hurt retail sales and a relatively warm winter prompted lower utility bills. But auto sales also have slipped, suggesting a cautious consumer. The administration's three-month hiring freeze likely also weighed on government spending.

But, as with other weak starts to recent years, growth is expected to bounce back. Macroeconomic Advisers pegs second-quarter growth at 3.8%. Data for the current quarter will start trickling in next week with reports on manufacturing, personal income and spending as well as the monthly jobs report.

Still, expected growth for the first half of the year would be nowhere near the Trump administration's 4% target. Instead, it would be closer to the roughly 2% pace that has been a hallmark of the current economic expansion during Barack Obama's tenure.

Mr. Trump, showing some defensiveness about a slow start to his legislative agenda, was correct in describing the 100-day mark as a "ridiculous standard." But then that description should extend to the stock market's recent moves as a barometer of what to expect for the next four or eight years.

Treasurys Rise as Oil Falls

By Sam Goldfarb

Treasurys strengthened Thursday, pushing the yield on the 10-year note back below 2.3% as a drop in oil prices helped buoy demand from investors.

The yield on the benchmark 10-year Treasury note settled at 2.298%, compared with 2.312% Wednesday. Yields fall when bond prices rise.

After a quiet overnight session, bonds staged a modest rally in the morning, responding in part to the decline in oil prices, which fell to a one-month low amid increasing concerns of an oversupply in petroleum products, analysts and traders said.

Lower oil prices could help keep a lid on inflation, which is a main threat to longer-term government bonds as it erodes their fixed returns over time.

Bonds also gained support from continuing skepticism among investors over the prospects for fiscal stimulus, as well as month-end demand as some investors adjusted their portfolios to match changing indexes, analysts said.

Though the move in yields was modest, appetite for Treasurys was evident in an auction of seven-year notes, which were sold at an unexpectedly low yield amid signs of intense interest from foreign buyers.

Earlier in the day, the European Central Bank, at the conclusion of its latest policy meeting, said its main interest rate charged on regular loans, would remain at zero while the rate on overnight deposits would stay at a minus 0.4%. It also maintained its bond-buying program at €60 billion a month.

The ECB's asset purchases have been one factor that have depressed bond yields over the past two years, making bonds more scarce and sending European investors into the U.S. market in search of higher-yielding debt. The ECB is expected to preserve its bond-buying program through the end of the year before gradually tapering its purchases next year.

Treasury yields had also fallen Wednesday after administration officials formally announced their plan to cut taxes for individuals and businesses. Though the promise of tax cuts helped buoy yields after last November's election, many investors and analysts found the administration's plan unconvincing, given its lack of technical details or clear path to being passed by Congress.

Expansionary fiscal policies, such as tax cuts, could potentially boost economic growth, leading to higher inflation and interest rates that would diminish the value of outstanding government debt.

SERGEI KARPUKHIN/REUTERS

Lower prices for oil could help keep a lid on inflation.

The bond market registered a "pretty muted response to the Trump administration's outline tax proposal," which "still needs a lot of details filled in," said Timothy High, senior U.S. interest-rate strategist at BNP Paribas.

After a period of volatility, the yield on the 10-year Treasury note now stands at the bottom end of a range of 2.3% to 2.6%, which has held for much of the year. The yield broke out of that range last week, falling to a month low of 2.177%. But it rebounded this week, partly due to the results of last Sunday's first-round presidential vote in France, which established the centrist, pro-European Union candidate Emmanuel Macron as the clear favorite heading into the final round of voting on May 7.

AUCTION RESULTS

Here are the results of Thursday'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.

SEVEN-YEAR NOTES

Applications	$80,343,580,100
Accepted bids	$31,821,585,100
" noncompetitively	$8,347,000
" foreign noncompetitively	$0
Auction price (rate)	99.455647 (2.084%)
Interest rate	2.000%
Bids at clearing yield accepted	11.62%
Cusip number	912828X70

The notes, dated May 1, 2017, mature on April 30, 2024.

Treasury Auctions

The Treasury Department will auction $72 billion in securities next week. Details (all with minimum denominations of $100):

◆ **Monday:** $39 billion in 13-week bills, a reopening of an issue first sold on Feb. 2, 2017, maturing Aug. 3, 2017. Cusip number: 912796LM9.

Also, $33 billion in 26-week bills, dated May 4, 2017, maturing Nov. 2, 2017. Cusip number: 912796MA4.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m.

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least $500 million each. **NAV** is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **3-YR%RET** is trailing three-year return annualized.

e-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **j**-Footnotes e and s apply. **k**-Recalculated by Lipper, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Thursday, April 27, 2017

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	39.24	+0.06	12.5
American Funds Cl A			
AmcpA p	29.33	+0.03	7.7
AMutlA p	38.56	+0.01	5.2
BalA p	26.04	+0.03	5.4
BondA p	12.87	+0.01	1.8
CapIBA p	60.38	-0.11	5.6
CapWGrA	47.85	-0.01	9.6
EupacA p	50.89	-0.04	12.8
FdInvA p	58.70	+0.02	8.1
GwthA p	46.35	+0.09	10.3
HI TrA p	10.42	-0.01	3.3
ICAA p	38.51	-0.01	6.7
IncoA p	22.40	-0.04	4.1
N PerA p	39.73	+0.04	12.5
NEcoA p	40.90	+0.09	13.8
NwWrldA	58.67	+0.06	14.0
SmCpA p	51.29	+0.01	11.5
TxExA p	12.86	...	2.0
WshA p	43.06	+0.03	5.6
AMG Managers Funds			
YacktmanFd I	23.02	+0.05	7.6
Baird Funds			
AggBdInst	10.81	+0.02	1.8
CorBdInst	11.14	+0.01	1.9
BlackRock Funds A			
GlblAlloc p	19.23	+0.01	5.8
BlackRock Funds C			
GlblAlloc t	17.46	...	5.5
BlackRock Funds Inst			
EqtyDivd	23.39	...	4.2
GlblAlloc	19.35	+0.01	5.9
HiYldBd	7.77	-0.01	3.6
StratIncOpptyIns	9.89	...	1.6
Del Invest Instl			
Value	20.16	-0.02	2.9
Dimensional Fds			
5GlbFxdInc	10.97	...	1.3
EmgMktVa	27.60	-0.19	15.2
EmMktCorEq	20.07	-0.06	15.6
IntlCoreEq	12.84	...	10.3
IntSmCo	19.28	+0.03	11.6
IntSmVa	20.96	...	10.2
US CoreEq1	20.48	+0.01	6.7
US CoreEq2	19.58	-0.01	5.6
US Small	34.81	-0.10	3.1
US SmCpVal	37.51	-0.17	0.4
US TgdVal	24.19	-0.13	1.0
USLgVa	36.58	...	4.7
Dodge & Cox			
Balanced	NA	...	NA
Income	13.72	+0.01	1.8
Intl Stk	42.68	-0.15	12.0
Stock	191.41	+0.16	5.8
DoubleLine Funds			
TotRetBdI	NA	...	NA
TotRetBdN	NA	...	NA
Federated Instl			
StraValDivIS	6.19	-0.02	5.7
Fidelity			
500IdxInst	83.61	+0.06	7.3
500IdxInstPrem	83.61	+0.06	7.4
500IdxPrem	83.60	+0.05	7.3
ExtMktIdxPrem r	58.56	...	6.7
IntlIdxPrem r	39.06	-0.02	10.7
TMktIdxF r	68.90	+0.04	7.2
TMktIdxPrem	68.89	+0.03	7.2
USBdIdxInstPrem	11.57	...	1.5
Fidelity Advisor I			
NwInsghtI	29.58	+0.02	10.8
Fidelity Freedom			
FF2020	15.92	...	6.2
FF2025	13.70	+0.01	6.6
FF2030	17.01	+0.01	7.7
FreedomK2020	14.82	...	6.2
FreedomK2025	15.56	...	6.6
FreedomK2030	16.04	+0.01	7.8
FreedomK2035	16.73	+0.01	8.5
FreedomK2040	16.76	+0.01	8.5
Fidelity Invest			
Balanc	23.45	-0.01	6.9
BluCh	77.56	+0.24	15.1
Contra	110.50	+0.19	13.0
ContraK	110.45	+0.19	13.0
Cplnc r	10.10	+0.01	5.3
DivIntl	37.42	+0.09	12.4
GroCo	153.98	+0.56	12.6
GrowCoK	153.86	+0.55	12.6
InvGB	7.88	+0.01	1.9
InvGrBd	11.22	+0.01	2.0
LowP r	52.64	+0.02	6.4
LowPriStkK r	52.61	+0.02	6.4
MagIn	98.70	-0.02	8.0
OTC	97.26	+0.35	16.7
Puritn	21.93	+0.01	6.9
SrsEmrgMktF	18.32	-0.03	16.4
SrsInvGrdF	11.22	...	1.9
TotalBond	10.65	+0.01	2.1
Fidelity Selects			
Biotech r	203.40	+0.66	16.9
First Eagle Funds			
GlbA	57.47	-0.18	5.9
FPA Funds			
FPACres	34.10	-0.05	4.6
FrankTemp/Frank Adv			
IncomeAdv	2.33	...	3.5
FrankTemp/Franklin A			
CA TF A p	7.41	...	2.5
Fed TF A p	12.02	...	1.4
IncomeA p	2.35	...	3.5
RisDv A p	55.96	+0.14	6.6
FrankTemp/Franklin C			
Income C t	2.38	...	3.7
FrankTemp/Temp A			
GlBond A p	12.33	+0.03	3.7
Growth A p	25.25	-0.10	7.2
FrankTemp/Temp Adv			
GlBondAdv p	12.29	+0.04	3.8
Harbor Funds			
CapApInst	64.42	+0.30	13.7
IntlInst r	65.58	-0.05	12.3
Invesco Funds A			
EqIncA	10.84	-0.02	3.0
John Hancock Class 1			
LSBalncd	15.06	+0.01	6.0
LSGwth	15.80	+0.01	7.5
John Hancock Instl			
DispValMCI	22.45	-0.07	4.6
JPMorgan Funds			
MdCpVal L	38.33	-0.03	5.3
JPMorgan I Class			
CoreBond	11.58	+0.01	1.7
JPMorgan R Class			
CoreBond	11.59	+0.01	1.7
Lazard Instl			
EmgMktEq	17.90	-0.05	12.2
Loomis Sayles Fds			
LSBondI	13.97	...	3.9
Lord Abbett A			
ShtDurIncmA p	4.30	...	1.0
Lord Abbett F			
ShtDurIncm	4.30	...	1.3
Metropolitan West			
TotRetBd	NA	...	NA
TotRetBdI	NA	...	NA
TRBdPlan	NA	...	NA
MFS Funds Class I			
ValueI	38.14	-0.01	5.6
Mutual Series			
GlbDiscA	32.23	-0.02	5.4
GlbDiscz	32.84	-0.02	5.5
Oakmark Funds Invest			
EqtyInc r	31.87	+0.01	4.8
Oakmark	76.27	-0.14	5.2
OakmrkInt	25.91	-0.13	14.1
Old Westbury Fds			
LrgCpStr	13.87	-0.01	8.1
Oppenheimer Y			
DevMktY	36.53	+0.07	14.3
IntGrowY	38.99	+0.12	12.4
Parnassus Fds			
ParnEqFd	41.39	+0.19	5.7
PIMCO Fds Instl			
AllAsset	NA	...	NA
HiYld	8.97	...	3.5
TotRt	10.17	+0.01	2.4
PIMCO Funds A			
IncomeFd	NA	...	NA
PIMCO Funds D			
IncomeFd	NA	...	NA
PIMCO Funds Instl			
IncomeFd	NA	...	NA
PIMCO Funds P			
IncomeP	NA	...	NA
Price Funds			
BlChip	82.88	+0.34	14.1
CapApp	28.00	+0.03	6.9
EqInc	32.65	-0.01	4.1
EqIndex	64.24	+0.04	7.3
Growth	61.15	+0.32	14.8
HelSci	67.08	+0.39	13.5
InstlCapG	33.49	+0.18	14.5
IntlValEq	14.11	+0.04	10.1
IntlStk	17.37	+0.04	13.6
MCapGro	83.35	+0.29	10.6
MCapVal	30.01	-0.11	3.3
N Horiz	49.53	+0.41	14.4
N Inc	9.45	+0.01	1.7
OverS SF r	10.08	+0.02	11.1
R2015	14.97	+0.02	5.6
R2020	21.75	+0.03	6.6
R2025	16.64	+0.02	7.4
R2030	24.34	+0.03	8.0
R2035	17.70	+0.03	8.7
R2040	25.32	+0.04	9.1
Ret2045	17.07	+0.04	9.3
SmCapStk	47.63	+0.03	6.0
Value	35.69	+0.01	6.1
Principal Investors			
DivIntlInst	12.27	+0.01	11.5
Prudential Cl Z & I			
TRBdZ	14.32	...	2.7
Schwab Funds			
S&P Sel	36.95	+0.03	7.4
TIAA/CREF Funds			
EqIdxInst	17.78	+0.01	7.2
Tweedy Browne Fds			
GblValue	27.04	-0.08	8.0
VANGUARD ADMIRAL			
500Adml	220.71	+0.15	7.3
BalAdml	32.50	+0.02	5.0
CAITAdml	11.69	...	2.3
CapOpAdml r	137.32	+0.16	10.5
EMAdmr	33.41	-0.09	12.4
EqIncAdml	71.42	+0.03	5.2
ExtndAdml	77.39	...	6.7
GNMAAdml	10.54	+0.02	0.8
GrwthAdml	64.03	+0.24	12.1
HlthCareAdml r	84.61	+0.44	11.6
HYCorAdml r	5.92	...	3.3
InfProAd	25.90	+0.02	1.8
IntlGrAdml	79.25	+0.14	17.7
ITBondAdml	11.40	+0.01	2.3
ITIGradeAdml	9.76	...	2.2
LTGradeAdml	10.19	+0.01	2.7
MidCpAdml	175.38	+0.18	8.0
MuHYAdml	11.15	...	2.5
MuIntAdml	14.06	...	2.1
MuLTAdml	11.49	...	2.1
MuLtdAdml	10.95	...	1.5
MuShtAdml	15.78	...	0.7
PrmcpAdml r	119.78	+0.17	10.1
REITAdml r	118.52	-0.27	2.2
SmCpAdml	65.05	-0.01	5.7
STBondAdml	10.47	...	0.9
STIGradeAdml	10.68	+0.01	1.2
TotBdAdml	10.73	+0.01	1.6
TotIntBdIdxAdm	21.73	+0.03	0.5
TotIntlAdmIdx r	27.23	-0.02	10.9
TotStAdml	59.87	+0.03	7.2
TxMln r	12.91	...	10.4
ValAdml	37.35	-0.07	3.7
WdsrllAdml	65.73	-0.06	5.4
WellsIAdml	63.11	+0.05	3.0
WelltnAdml	70.02	+0.06	4.4
WndsrAdml	73.73	+0.05	6.5
VANGUARD FDS			
DivdGro	25.08	+0.06	7.6
HlthCare r	200.61	+1.05	11.6
IntlVal	35.27	-0.01	11.1
INSTTRF2020	21.22	...	5.4
INSTTRF2025	21.32	+0.01	6.0
INSTTRF2030	21.37	...	6.6
INSTTRF2035	21.43	...	7.1
INSTTRF2040	21.48	...	7.7
INSTTRF2045	21.55	...	7.9
LifeCon	19.14	+0.01	4.2
LifeGro	30.94	+0.01	7.2
LifeMod	25.52	+0.01	5.7
PrmcpCor	24.23	+0.02	9.2
SelValu r	30.60	-0.07	6.3
STAR	25.30	+0.04	6.8
STIGrade	10.68	+0.01	1.1
TgtRe2015	15.16	...	4.5
TgtRe2020	29.78	+0.01	5.4
TgtRe2025	17.33	+0.01	6.0
TgtRe2030	31.12	...	6.6
TgtRe2035	19.01	+0.01	7.2
TgtRe2040	32.54	+0.01	7.7
TgtRe2045	20.39	+0.01	7.9
TgtRe2050	32.80	+0.01	7.9
TgtRetInc	13.19	...	3.3
TotIntBdIxInv	10.87	+0.02	0.5
WellsI	26.05	+0.02	2.9
Welltn	40.55	+0.04	4.4
WndsrII	37.03	-0.04	5.4
VANGUARD INDEX FDS			
500	220.69	+0.14	7.3
ExtndIstPl	190.99	+0.02	6.8
SmValAdml	53.60	-0.16	3.5
TotBd2	10.69	...	1.5
TotIntl	16.28	-0.01	10.9
TotSt	59.85	+0.04	7.2
VANGUARD INSTL FDS			
BalInst	32.50	+0.02	4.9
DevMktsIndInst	12.93	...	10.5
ExtndInst	77.39	+0.01	6.7
GrwthInst	64.03	+0.24	12.1
InPrSeIn	10.55	+0.01	1.8
InstIdx	217.75	+0.14	7.3
InstPlus	217.77	+0.15	7.4
InstTStPlus	53.71	+0.04	7.2
MidCpInst	38.74	+0.04	8.0
MidCpIstPl	191.07	+0.20	8.0
SmCapInst	65.05	-0.01	5.7
SmCapIstPl	187.77	-0.01	5.7
STIGradeInst	10.68	+0.01	1.2
TotBdInst	10.73	+0.01	1.6
TotBdInst2	10.69	...	1.6
TotBdInstPl	10.73	+0.01	1.6
TotIntBdIdxInst	32.62	+0.05	0.6
TotIntlInstIdx r	108.90	-0.07	10.9
TotItlInstPlId r	108.92	-0.06	10.9
TotStInst	59.88	+0.03	7.2
ValueInst	37.35	-0.06	3.7
Western Asset			
CorePlusBdI	NA	...	NA

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Peso Rebounds as Nafta Talk Eases

By Chelsey Dulaney

The Mexican peso rebounded Thursday after the U.S. dropped its threat to withdraw from the North American Free Trade Agreement, while the U.S. dollar wavered after mixed economic data.

The peso rose 0.7% against the dollar, recovering from a 1.7% selloff Wednesday, while the Canadian dollar was flat. It was a busy day in currency markets as investors also digested central-bank meetings in Japan and Europe, U.S. economic data and President Donald Trump's tax plan released Wednesday.

The Mexican and Canadian currencies had tumbled Wednesday after reports that the Trump administration was debating a formal threat to withdraw from Nafta. After calls with Mexican and Canadian leaders Wednesday night, the White House issued a statement saying it was no longer considering pulling out of the 23-year-old pact and instead will focus on renegotiating the agreement.

Investors have worried since Mr. Trump's election in November that his pledges to reshape trade relationships would hurt the economies of the U.S.'s major trading partners, especially in developing nations.

"We continue to think concerns about protectionism are overblown, since President Trump ultimately values economic growth above all," wrote an analyst for Goldman Sachs in a research note.

The euro fell 0.3% to $1.0874 after being whipsawed by the European Central Bank's latest meeting. ECB President Mario Draghi said threats to the eurozone's economic recovery are diminishing, but there are still few signs that inflation will settle at its target.

The dollar gained 0.2% against the Japanese yen after the Bank of Japan tamped down speculation at its meeting overnight that it could raise interest rates. The central bank gave an upbeat assessment of the economy but also lowered its inflation forecast, indicating it won't tighten policy soon.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, rose less than 0.1%. A Labor Department report showed the number of Americans applying for unemployment benefits rose last week. Separately, a Commerce Department report showed demand for long-lasting factory goods improved modestly in March, while a closely watched measure of business investment rose.

The mixed data come ahead of Friday's gross-domestic product reading for the first quarter. Analysts at Capital Economics expect the U.S. economy to have grown at an annualized rate of 1.2% in the quarter.

"The continued recovery in business investment is encouraging," Capital Economics analysts wrote. "With measures of business and consumer sentiment still at a high level, GDP growth should pick up soon."

ALEX KRAUS/BLOOMBERG NEWS

The ECB's Mario Draghi sees few signs inflation will settle at its target.

THEARON W. HENDERSON/GETTY IMAGES

Under Armour, which counts Stephen Curry among its stars, reported a loss, but its shares surged as results beat expectations.

Tech Lifts Stock Indexes

Dow adds 6.24, as earnings reports continue to sway shares; oil falls 1.3%

By Akane Otani and Riva Gold

U.S. stock indexes edged higher as gains in the shares of technology companies offset losses in the energy sector.

Stocks have generally risen in recent sessions, buoyed by corporate-earnings reports pointing to health in U.S. companies.

While bets on tax cuts from the Trump administration helped major indexes surge after the election, many investors say future stock gains are likely to be driven by earnings, not policy bets.

The Dow Jones Industrial Average rose 6.24 points, or less than 0.1%, to 20981.33 on Thursday. The S&P 500 rose 1.32 points, or less than 0.1%, to 2388.77, and the Nasdaq Composite gained 23.71 points, or 0.4%, to 6048.94, hitting a fresh closing high.

"At the end of the day, the market is always about earnings and growth," said JJ Kinahan, chief market strategist at TD Ameritrade. "If your earnings are good and the economy is performing, that makes up for a lot of other things."

Technology shares in the S&P 500 rose 0.6% and were among the best performers in the broad index Thursday.

Class A shares of **Comcast** advanced 80 cents, or 2.1%, to $39.59 after the company reported growth in revenue and profit that topped analysts' estimates.

Class A shares of **Under Armour**, which posted its first-ever quarterly loss as a public company, rose 1.96, or 9.9%, to 21.67. Demand cooled for sneakers and athletic apparel, but results beat analysts' expectations.

Southwest Airlines fell 1.19, or 2.1%, to 55.75 after the carrier said rising costs outpaced revenue growth for its latest quarter.

Energy shares slid with oil prices, falling 1.1% in the S&P 500. U.S. crude for June delivery lost 1.3% to $48.97 a barrel, its lowest settlement since March 28, as investors weighed concerns of a surplus in petroleum products.

Government bonds rose, with the yield on the 10-year U.S. Treasury note falling to 2.298% from 2.312% Wednesday. Yields fall as bond prices rise.

Elsewhere, the Stoxx Europe 600 fell 0.2% after the European Central Bank left its policy unchanged and said interest rates would remain at present or lower levels well past the horizon of asset purchases by the ECB.

With the second round of the French election less than two weeks away and no updates to economic forecasts on the docket, few investors had expected ECB President Mario Draghi to signal a major shift in his policy stance.

"As usual, Mario Draghi was trying not to be too exciting, particularly at a time when there are still some uncertainties," said Stephanie Flanders, chief market strategist for the U.K. and Europe at J.P. Morgan Asset Management. "By and large, the low-key expectations we had going into the meeting were realized."

Markets across Asia ended mixed after the Bank of Japan indicated it is unlikely to move away from easy-money policies, saying inflation lagged behind an earlier forecast.

Early Friday, Japan's Nikkei Stock Average was down 0.2%. Hong Kong's Hang Seng Index, which Thursday rose 0.5% to its highest close since July 2015, was down 0.3%.

Slipping

Energy shares fell Thursday alongside oil prices, which have slumped on oversupply concerns.

Sources: FactSet (energy sector); CQG (crude oil)

THE WALL STREET JOURNAL.

Georgia Power Objects to Westinghouse Loan

By Peg Brickley and Russell Gold

Georgia Power Co. has taken issue with **Westinghouse Electric** Co.'s proposed $800 million bankruptcy loan, saying the financing could threaten the construction of the first nuclear reactors to be built in the U.S. in decades.

Westinghouse filed for chapter 11 bankruptcy at the end of March and wants to borrow money to keep its other businesses healthy, while it contends with the fallout of nuclear construction projects that are years behind schedule and billions of dollars over budget.

With a Friday deadline looming for Georgia Power to decide whether to continue construction at the Vogtle Electric Generating Plant, it and other plant owners are protesting Westinghouse's efforts to pledge intellectual property as collateral for the loan deal.

If Westinghouse's bankruptcy loan goes through as planned, the company's lenders would be in position to "foreclose on the intellectual property, which could seriously disrupt or even potentially halt construction," lawyers for Georgia Power, the largest subsidiary of **Southern Co.**, warned in a court filing.

In addition to its work in Georgia, Westinghouse was also building new reactors at a nuclear power plant in South Carolina for **Scana** Corp. On Thursday, Scana Executive Vice President Stephen Byrne said it planned to continue funding construction work at the V.C. Summer nuclear power plant for another 60 days. The company is assessing how much time and money it will take to complete the nuclear units before it decides what to do.

Mr. Byrne said in a conference call with investors that Scana's goal is find a way to complete work on the half-built power plant expansion but is also considering whether to cease work on one unit and replace it with a natural gas-fired unit. Asked why Scana didn't make a filing in bankruptcy court similar to Georgia Power's, Mr. Byrne said "we have escrowed intellectual property, so we have access to intellectual property." He said he believed Georgia Power was concerned a credit provider might try to take title to the intellectual property. "We don't have the same issue," he said.

Westinghouse's bankruptcy financing is coming from affiliates of **Apollo Global Management** LLC.

—Jacob M. Schlesinger contributed to this article.

Indexing Pioneer Advises Rivals: Do Nothing

By Sarah Krouse

Indexing pioneer Jack Bogle has some near-term advice for many money managers that are losing customers to the firm he founded: Do nothing.

That strategy "is far more likely to preserve the profits of managers than slashing fees, or more aggressive marketing, or jumping (likely fruitlessly) on the bandwagon of low-cost traditional indexing," the founder of **Vanguard Group** said at a Morningstar Inc. conference Thursday.

In the long run, mutual-fund firms focused on active management—handpicking stocks and bonds—will likely be forced to fundamentally change their business structures to win investors' cash, he said.

"These are profit-making machines. They're going to have to gradually be weaned away from that," Mr. Bogle said in a separate interview Thursday with The Wall Street Journal.

Vanguard is the second-largest money manager in the world, with more than $4 trillion in assets. It sells actively managed funds and index-tracking funds, though the majority of the firm's assets under management are in passive products. Investors have flooded the firm with cash in recent years as they lose faith in firms that rely on stock and bond pickers to beat markets.

Vanguard has been able to keep its costs low and undercut rivals on price because it is owned by its fund shareholders, a structure Mr. Bogle put in place. It started the first index mutual fund for retail investors four decades ago.

Mr. Bogle, who is no longer involved in the day-to-day management of Vanguard, predicted in his speech that more firms will adopt this "mutual" structure in the years ahead to win investors' cash.

"It's idealistic, of course it is. But sooner or later, competition is going to drive people in that direction," Mr. Bogle said in the interview.

The Vanguard founder in his speech separated today's mutual-fund industry into groups: Firms that are all or mostly owned by their founders and insiders and businesses owned by larger financial firms.

For mutual-fund firms owned by broader financial-services organizations, many will "be sold at bargain prices or merged with other similarly-situated fund managers," he said in his speech. He argued that managers shouldn't invest further resources in them.

The industry has benefited from a multidecade stretch of strong market returns that is unlikely to be repeated and favorable tax treatment for many of its retirement-savings products that may not last, Mr. Bogle said in his speech. He argued that the burden of changing the industry falls in part on mutual-fund boards, the overseers charged with approving management contracts.

"We have to get back to building products and services that are good for investors and good for the community. That is your long-term survival," he said in the interview.

SHANNON STAPLETON/REUTERS

Jack Bogle put in place Vanguard's structure in which it is owned by its fund shareholders.

FINANCE WATCH

SHARE BUYBACKS

Companies Trimmed Purchases in Quarter

Companies appear to be spending less to repurchase their own shares this year, suggesting the stock market hasn't been fazed by the waning influence of corporate buyers.

First-quarter share repurchases among S&P 500 firms that have released data are tracking 24% lower than those companies reported a year earlier, according to S&P Dow Jones Indices. So far, 22% of companies have reported earnings for the first three months of the year, and that is when they typically announce their buyback activity.

In a separate analysis, Bank of America Merrill Lynch equity strategists said this week that although buybacks among their corporate clients picked up in April, year-to-date activity is tracking at the lowest pace for any comparable period since 2013 and is down almost 30% from the same period a year earlier.

The early indicators of less demand from corporate buyers contrasts with a 5.5% increase in the S&P 500 during the first three months of the year. It suggests buybacks aren't the only force underpinning the stock-market rally.

—Ben Eisen

CENTRAL BANKS

Swiss National Posts $8 Billion Profit

The **Swiss National Bank** said it had a 7.9 billion Swiss franc ($8 billion) profit during the first three months, underscoring the appeal to investors of one of the few central banks with listed shares.

Swiss National Bank's share price surged 7.9% Thursday to 1,899 francs and has risen more than 70% in the past year.

—Brian Blackstone

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MARKETS

Behind the 2017 Bond-Market Rally

The yield on the benchmark 10-year Treasury note remains stubbornly low, challenging investors' expectations that President Donald Trump would help end an era of low rates that has persisted since the financial crisis.

When yields fell to a record low in July, many investors agreed that the developed world was stuck in a 'new normal' of ultralow growth, inflation and interest rates. Stronger U.S. economic data in subsequent months helped chip away at that view, lifting yields.

They got another boost from Mr. Trump's victory, as investors bet on a turn to expansionary fiscal policies–including an overhaul of the tax code–that would boost growth and inflation and allow the Federal Reserve to raise rates at a faster pace.

—Sam Goldfarb

Yields have fallen after a postelection rise

Investors have had second thoughts recently.

The failure of House Republicans to pass a replacement for Obamacare last month cast doubts on the prospects for fiscal stimulus.

Meanwhile, U.S. tensions with Syria, Russia and North Korea boosted demand for safer assets, as did the run-up to the French presidential elections, where two of the four leading candidates ran on broadly anti-Europe platforms. Yields got a lift after centrist Emmanuel Macron won the first round, but fell after the White House released its tax plan Wednesday.

U.S. bond funds are attracting money this year

U.S. Treasury-bond fund flows, weekly

Along with the rise and fall of yields, investors' appetite for Treasury debt is reflected in flows into and out of bond funds. Investors fled the funds in the first five weeks after the election but have warmed to them since, pouring in nearly $9 billion from Dec. 15 through April 26.

U.S. economic data has showed signs of weakness

Consumer-price index, change from a year earlier

Political events have played a role in driving Treasury yields in recent months, but economic data has also been a factor. Falling yields in recent weeks have coincided with declining first-quarter U.S. growth forecasts. Inflation has also started to moderate.

The gap between long-term and short-term yields has narrowed

Spread between 10-year and 2-year Treasury yields

To get a sense for how much of the 10-year yield is being determined by growth and inflation expectations rather than interest rates, investors sometimes compare it with the yield on the two-year note, which is highly sensitive to Fed policy. After initially expanding, that gap is now almost back to where it was on Election Day, reflecting a retreat in the so-called Trump trade.

Bets on higher inflation have waned

10-year breakeven rate

A markets-based measure of inflation expectations, the difference between the yield on the 10-year Treasury note and the yield on the 10-year Treasury inflation-protected security, also shows a clear rise and recent fall in inflation bets. However, the spread, which translates to the annual inflation rate investors anticipate over the next 10 years, still remains comfortably above its Election Day level.

Fluctuations in Treasury yields have impacted borrowing costs elsewhere

30-year mortgage rate

Treasury yields serve as benchmarks for other interest rates, notably mortgage rates, which have tracked their rise and fall since the election. The recovery of Treasury yields from their low point last summer also has made borrowing more expensive for investment-grade companies, but it has had little impact on junk-rated corporate bond yields.

Sources: Ryan ALM (yields); Thomson Reuters Lipper (flows); U.S. Labor Department (CPI); Tradeweb (breakevens); MortgageNewsDaily.com (mortgage rate)

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Tech Titans Go From Big to Bigger

Today's high-tech giants may not be monopolies in the most classic sense. But their outsize prominence is hard to deny, as demonstrated during the tech-earnings-palooza Thursday afternoon.

The day's closing bell saw quarterly reports from **Amazon.com** Inc., **Microsoft** Corp., **Intel** Corp. and **Alphabet** Inc., the parent company of Google. Their combined revenue for the period—about $97.4 billion—comprises about 4% of the cumulative revenue projected for companies in the S&P 500, according to Howard Silverblatt, senior index analyst at S&P Dow Jones Indices.

Yet, the combined market cap of the four companies makes up about 8% of the index's total. Throwing in **Apple** Inc. and **Facebook**—both of which report results next week—puts about 13% of the S&P 500's combined market cap into the hands of just six companies. And note that two of those companies—Microsoft and Intel—were written off by some as being past their prime, given that both still rely on sales of personal computers for a substantial portion of their business.

Upgrade Cycle

Market values of large-cap tech companies

Source: FactSet

THE WALL STREET JOURNAL.

Ten years ago, Apple, Amazon, Google, Microsoft and Intel made up just 5% of the S&P 500's market cap, while Facebook was four years away from becoming a public company.

The newfound prominence of big tech companies now can be chalked up to a few factors. One is that most big tech companies are profit machines—unlike many of their smaller peers that are still losing money. Alphabet, Microsoft, Intel and Amazon reported a combined $16.8 billion in operating income for the March quarter on Thursday. That is about 7% of the total projected for the S&P 500. Amazon looks like an outlier, with a rather thin operating margin of 2.8% for the quarter, but even that is a notable gain from its average of just 1.5% over the last five years.

But the other, even bigger factor is that demand for technology products and services keeps increasing, even as some market segments like PCs have declined. That has allowed several big tech companies to pivot into new segments with the help of strong cash flows generated by their original businesses. Amazon, Microsoft and Google have built large cloud services used by businesses shifting from more traditional computing setups.

Those efforts are still relatively young. Revenue from Amazon's AWS cloud business surged 43% to $3.7 billion for the March quarter but is still only about 10% of the company's overall business. The segment of Alphabet that includes Google Cloud saw revenue jump 49% year over year but is only about 1% of the company's total. That leaves a lot of potential upside for a small group of big players that already have demonstrated that scale matters.

—Dan Gallagher

OVERHEARD

Diversification in finance has a whole new meaning.

Aspiring Chartered Financial Analysts must pass three exams on a wide range of asset classes and complex formulas, but the learning doesn't stop there.

The CFA Society of Toronto is hosting a "Self-Defense Tips and Tactics for the Finance Professional" event on May 15.

"Do you work late and walk alone at night? Travel alone?" an ad for the event asks. "From random wrist grabs, to an unwanted hold or knife assault at the bank machine...this Krav Maga self defense workshop is geared to the executive life." Running shoes and comfortable clothing are recommended for attendees, though "these techniques will work no matter what your attire."

It is always good to be prepared. This knowledge may come in especially handy for members, should sky-high asset prices ever fall back to earth.

Can Humira Remain as Best Seller?

The world's best-selling drug is leaving rivals in the dust.

AbbVie reported first-quarter revenue of $6.5 billion and adjusted earnings of $1.28 a share, which topped expectations. As usual, its blockbuster anti-inflammatory drug, Humira, accounted for nearly two-thirds of company sales. Humira, used to treat conditions such as rheumatoid arthritis and Crohn's disease, increased sales by nearly 23% in the U.S. Looking at similar drugs from rivals, first-quarter sales of Johnson & Johnson's Remicade were down 1% year over year, while Amgen's Enbrel revenue fell 15%.

AbbVie pointed to strong volume and raised the list price of Humira by more than 8% in January.

The question for investors is how long this juggernaut can last. AbbVie faces two big challenges. Its rivals could take advantage of rising pressure on drugmakers over prices to try to win market share by offering better deals. New branded and biosimilar competition looms. AbbVie says it doesn't expect biosimilar competition to reach the U.S. for several years. Analysts are less optimistic, predicting global Humira sales will peak next year at $19 billion.

Investors are also skeptical of future growth—shares trade at 11 times forward earnings. That is quite cheap, especially since the top line is growing faster than for many peers with higher earnings multiples.

AbbVie is one of the most successful drugmakers in the world right now. That investors and analysts are skeptical of its future growth says a lot about the outlook for the pharma industry.

—Charley Grant

PayPal Does More for Less, but There Are Hurdles Ahead

Since separating from eBay in 2015, **PayPal Holdings** has pursued a strategy of rapidly growing the number and type of transactions it handles, while earning less on each transaction. So far, it is succeeding brilliantly. Now comes the hard part.

The strategy's merits became clear in the first quarter, with revenue rising 17% from a year earlier, and earnings adjusted for share-based compensation climbing 18%, both beating expectations. PayPal shares rose 6.2% Thursday.

Transactions on PayPal's person-to-person mobile app Venmo more than doubled from a year earlier to $6.8 billion. But because this is free to users, it helped drive down overall revenue per transaction to 2.62% from 2.76% a year earlier.

Pay Up

PayPal's total global payment volume

Source: the company

PayPal has also boosted volume through a deal with card networks such as Visa to access their mobile in-store payment systems. In return, PayPal agreed to stop steering customers toward linking their accounts to their bank rather than their credit card, meaning it pays higher network fees.

This helped bring down the company's margin on transactions to 56.7% from 60.4%.

These moves all contributed to strong 23% growth in total payment volume in the first quarter, more than making up for the falling profit per transaction.

But there are hurdles ahead. The company can't go on forever making zero revenue from Venmo.

The plan is to get people to use Venmo for shopping rather than just sending cash to friends. But for this to work on a large scale, the ease of paying with Venmo, which is generally linked to bank accounts, would have to trump the rewards that consumers get using their credit cards.

That is uncertain, especially because other mobile wallets like PayPal and Apple Pay can be linked to a credit card.

U.S. Bancorp, for instance, recently rolled out a card which is aimed at millennials that offers triple points on payments with mobile wallets.

PayPal's future also hinges on Braintree, its platform that allows merchants to accept a broad range of payments, from credit cards to Venmo to Apple Pay. Though Braintree is used by companies such as Uber and Airbnb, PayPal doesn't break out its results, making it difficult for investors to judge its size or growth.

Boosting volume by charging less has worked for PayPal and many other companies. PayPal now needs to show that its new businesses, Venmo and Braintree, can be significant revenue generators in the future.

—Aaron Back

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A minimalist and a hoarder reach a renovation compromise **M7**

MANSION

'Wherever technology reaches its fulfillment, it transcends into architecture.'
—Ludwig Mies van der Rohe

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THE WALL STREET JOURNAL.

FROM TOP: DOROTHY HONG FOR THE WALL STREET JOURNAL (INSET); STEPHEN VOSS FOR THE WALL STREET JOURNAL; BOB STEFKO FOR THE WALL STREET JOURNAL (2)

MOBILE LIFESTYLE Michael Weinberger at the ground-floor workspace in his building, called AVA NoMa, in Washington, D.C. It's 'like I'm going to a coffee shop without going to a coffee shop.'

Kiss the Commute Goodbye

Residential developers welcome workers with communal office spaces equipped with Wi-Fi, 3-D printers and private spots for Skype calls; a coffee-shop vibe at home.

AT THE OFFICE The 40th-floor workspace at 1001 South State, a Chicago building where Joshua Bryan, far right, rents an apartment.

BY CECILIE ROHWEDDER

WHEN JOSHUA BRYAN leaves his apartment to go to work, he travels up three stories, to the 40th floor of his building in Chicago's South Loop neighborhood. There, he settles into a workspace with television screens, a kitchenette and sweeping views of Lake Michigan.

For meetings, Mr. Bryan books a first-floor conference room with teleconference equipment and interactive white boards for presentations. The building also has a fifth-floor "Makerspace," a shared office area with personal computers, a 3-D laser printer and a computerized milling machine for cutting and shaping metal or wood.

"The communal workspace is pretty much the reason I chose this building," says Mr. Bryan,

Please turn to page M4

LIFE INSIDE A TIME CAPSULE

Some buyers seek out homes that are seemingly frozen in time—built and maintained in their original style, sometimes for decades. Celebrating Formica countertops, shag carpeting, popcorn ceilings and pink bathroom tile.

JOE SCHMELZER FOR THE WALL STREET JOURNAL (2)

BY LEIGH KAMPING-CARDER

TED THOMAS'S childhood home in Los Angeles has barely changed since his parents built it in the late 1940s. There is the same oak paneling—fashionable at the time—on the walls. The bedrooms have the same Formica-top built-ins. The same postwar sofa, chairs and Herman Miller coffee table sit in the living room. The animation desk of his late father, Frank, a Walt Disney animator, sits untouched. Mr. Thomas's mother, Jeanette, died in 2012.

Now, Mr. Thomas, a 65-year-old producer, writer and director, is listing his 3,500-square-foot, four-bedroom house for $3.228 million, betting that the home of his youth will appeal to buyers.

He could be right. Some buyers go out of their way to find time-capsule homes—intact single-owner properties, many of which boast decades-old décor. Rather than being refurbished or updated, like many Midcentury Modern houses, or left to fall into disrepair, like many fixer-uppers, these homes are meticulously maintained in their original style. Buyers say that forgoing contempo-

Please turn to page M6

FROZEN In Los Angeles, the home of Ted Thomas, above left with wife Kuniko Okubo, has barely changed since the late 1940s.

INSIDE

IRON MAN
Cal Ripken Jr. on house-hunting **M12**

MARK SINGER PHOTOGRAPHY

ROCK REAL ESTATE
Guns N' Roses bassist lists L.A. home **M2**

RISKY BUSINESS
Showing homes when the art is risqué **M10**

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PRIVATE PROPERTIES

Toronto Condo Seeks $26 Million

FROM LEFT: JORDAN PRUSKY; JOHN HANCOCK PRODUCTIONS

A Toronto penthouse that was ensnared in an international divorce battle is now attracting attention as one of the city's most expensive condos, going on the market for 36 million Canadian dollars ($26 million).

The seller is Sarah Pursglove, who said she has spent more than two years tracking the global assets of her estranged husband, Finnish entrepreneur Robert Oesterlund. Ms. Pursglove said in an interview that she and her husband of 19 years were divorced last month, and the 9,000-square-foot penthouse was one of the properties she specifically requested as part of the settlement. She declined to discuss other settlement details. Mr. Oesterlund couldn't be immediately reached for comment.

Ms. Pursglove said although she has chosen to live in Boca Raton, Fla., with her two children, she sought the penthouse in the divorce proceedings because of the work she put into designing and decorating the four-bedroom residence. Listing agent Jimmy Molloy said she and her former husband purchased the property in 2011 for $21 million.

The penthouse occupies the entire 55th floor of Four Seasons Hotel Toronto and features private elevator access, four terraces with heated floors and five bathrooms, one with a fireplace and another with a sauna. The major rooms feature views of the city and Lake Ontario. "You can go from room to room and never tire of the view," Ms. Pursglove said.

Mr. Molloy of Chestnut Park Real Estate said he believes the condo is the most expensive ever listed in Toronto, a booming market where the average cost of a home has soared nearly 30% as of March to $750,000 from the previous year. *—Jacquie McNish*

WEST VIRGINIA GOV. JUSTICE'S FARMS UP FOR AUCTION

A blind trust associated with Jim Justice, West Virginia's newly elected billionaire governor, is auctioning off three sprawling Virginia farms that have been on the market at various times since 2016 for a combined $40.2 million.

All three properties include large manor homes set on acres of active farmland. The roughly 1,320-acre Flowerdew Hundred plantation in Hopewell was listed in January for $12.2 million before being taken off the market. Horseshoe Farm, which is on approximately 880 acres in Rapidan, was most recently on the market for $9.2 million in 2016.

The third, Rapidan Farm, is on about 1,670 acres in Culpeper and was listed in October 2016 for $18.8 million.

Gov. Justice, who made his fortune running his family's coal and agriculture businesses, became governor of West Virginia in January. His assets are now held in a blind trust, and the decision to sell the properties was made by his family, according to Michael Schwartz, vice president of national sales for Premiere Estates Auction Co.

Premiere Estates is holding the auction on June 28 in conjunction with Richard Buckingham of Engel & Völkers. *—Candace Taylor*

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LYNN SWANN BUYS HOME IN LOS ANGELES

NFL Hall of Famer Lynn Swann has purchased a $3.08 million home in Los Angeles, according to listing agent Michelle Saniei of Hilton & Hyland.

The Hancock Park home was listed for $3.15 million in February with Ms. Saniei and colleague Jesse Lally.

Built in 2014, the home has roughly 4,300 square feet and five bedrooms. It is about 6 miles from the University of Southern California, where Mr. Swann, 65, was named athletic director last year. Mr. Swann, a wide receiver for the Pittsburgh Steelers in the 1970s and '80s, went on to become a longtime sports commentator on ABC. In 2006 he was the Republican nominee for Pennsylvania governor, losing to Ed Rendell. Mr. Swann couldn't be reached for comment. *—Candace Taylor*

GUNS N' ROSES BASSIST LISTS LONGTIME HOME

Duff McKagan, the bass guitarist for the rock band Guns N' Roses, is listing his longtime home in the Sherman Oaks neighborhood of Los Angeles for $3.85 million.

Mr. McKagan, 53, bought the Spanish-style hacienda in 2005 for $2.975 million, according to public records. He and his wife, model and swimsuit designer Susan Holmes McKagan, raised their two daughters there, Mrs. Holmes McKagan said.

The roughly half-acre property contains a number of structures, according to Marcie Hartley of Hilton & Hyland, who has the listing with Donovan Healey at John Aaroe Group.

The five-bedroom, roughly 4,200-square-foot main house was built in the 1930s. The McKagans turned a former stable building into a gym. There's also a one-bedroom guesthouse where Mr. McKagan has written and recorded songs, and which Mrs. Holmes McKagan also used for work. An underground wine cellar has its own entrance. Since Mr. McKagan is sober after battling substance abuse in the 1990s, the couple mostly used the space for storage, his wife said.

The family has always split their time between Los Angeles and Mr. McKagan's hometown of Seattle, his wife said. Now that their daughters are older, the couple is planning to spend more of their time in Seattle, although they have another property in Los Angeles that they plan to keep. *—Candace Taylor*

FROM LEFT: SIMON BERLIN/BERLIN MEDIA; FILMMAGIC (INSET); MARK SINGER PHOTOGRAPHY

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THE WALL STREET JOURNAL.
Read ambitiously

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JUMBO JUNGLE | ROBYN A. FRIEDMAN

WHEN HOME REPAIRS = FREE AIRFARE

Almost one-third of affluent homeowners plan to use credit cards to pay for renovation projects; airline points, other rewards are motivators

Maybe those credit-card rewards—airline miles, concert tickets, a new laptop—are just too tempting.

A recent survey found that almost one-third of affluent homeowners, defined as those earning at least $100,000 a year, plan to use credit cards to pay for renovation projects, according to San Diego-based LightStream, the online lending division of SunTrust Banks. Of the 3,172 respondents in the January survey, 32% said they would pay with plastic, up from 26% in 2016.

For those able to pay off the bill in full when it arrives, using a credit card is not so bad. "They're not going to maintain balances," says Todd Nelson, LightStream's business-development officer. "They just want the benefits of getting airline miles or other rewards."

But for those who maintain a balance, paying by credit card doesn't make sense, says Shomari D. Hearn, a certified financial planner with Palisades Hudson Financial Group in Fort Lauderdale, Fla.

"It's fine to tap savings or use a home-equity loan or line of credit, but I don't think it's a good idea to use credit cards for home improvements," he says. "Interest rates on credit cards tend to be in the double digits, plus it's personal debt and the interest is not tax-deductible."

CHRIS GASH

The residential remodeling market is booming these days, driven mainly by rising home prices, which enable homeowners to tap their equity. Real-estate data firm Black Knight Financial Services recently reported that annual home-price appreciation of 5.5% in 2016 helped raise the number of mortgage holders with tappable equity to 39.5 million.

According to the Joint Center for Housing Studies of Harvard University, spending on home improvements and repairs is forecast to grow 6.7% in 2017, reaching $317 billion. Older owners will account for the majority of that spending, with many investing in improvements that allow them to age in place. The center reported that expenditures by homeowners age 55 and over are slated to grow by nearly 33% by 2025.

With interest rates still low, financing an improvement may make sense. One option is a home-equity line of credit, or Heloc, says Ann Thompson, a senior vice president and divisional sales executive for Bank of America in San Francisco. The interest may be tax deductible, and there are no upfront fees on the Helocs.

In some cases, homeowners might consider a cash-out refinance, in which a borrower refinances for more than what is owed on the property and takes the difference in cash. "Sometimes, depending on what their first mortgage balance and rate are, as well as the scope of the improvements, it makes more sense to do a cash-out refinance, with a 15-, 20- or 30-year term," Ms. Thompson says.

It takes about 45 days to close on a Heloc or cash-out refinance, Ms. Thompson says. The refinance also comes with an application fee, which starts at $475 at Bank of America, as well as additional processing fees and closing costs. Rates vary, she says, about the prime rate for the Heloc, which was 4% on April 24, and in the mid- to high-3% range for a refinance.

Separately, LightStream offers unsecured loans with interest rates that start at 4.29%, with no fees. These loans are based on the borrower's creditworthiness, and the home isn't used as collateral. Terms range from two to seven years, and lending decisions are made quickly—an advantage when money is needed to cover emergency repairs.

Here are a few things to consider if you're planning to make improvements to your home:

• **Consider cash.** "Paying with savings is the most sensible approach if someone has the cash on hand," says Brad Hunter, chief economist of HomeAdvisor, an online home-improvement marketplace in Golden, Colo. "A lot of wealthy people borrow when they don't have to." But depleting cash reserves means you can't invest those funds and lose out on possible tax deductions on home-loan interest.

• **Talk to a real-estate agent.** If you're thinking of selling your home within a few years, make sure you're doing improvements that will make your home attractive to potential buyers—and not over-improving. A real-estate agent can help you determine the return on investment of your project.

• **Stick to a budget.** It's common for costs to rise once a project begins, as homeowners add additional, more costly options. By preparing a budget ahead of time, after getting multiple bids, you'll avoid overspending.

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YOU CAN KISS THAT COMMUTE GOODBYE

Continued from page M1

who is 37 and owns the Chicago franchise of Poop 911, a company for dog-waste removal.

With his wife, Irene Rivera, a 36-year-old practitioner of alternative medicine, and cocker spaniels Gracie and Sophie, he rents a two-bedroom corner unit with floor-to-ceiling windows for $3,705 a month. Since moving there in December, Mr. Bryan has saved $1,500 a month in office rent he used to pay in a suburb—not counting the gas "and the years of my life sitting in Chicago traffic," he says. Now, he likes to take work calls on a 40th-floor terrace, also equipped with TVs and Wi-Fi.

One of today's most practical amenities in residential buildings: shared office space equipped with the latest tech and communications equipment. With more Americans working from home, architects and developers are designing spaces that spare residents from conducting business at a Starbucks. At Mr. Bryan's building, 1001 South State, developer Golub & Co. hoped to build a creative, techie vibe for young professionals. The idea, says president and chief executive Michael Newman, was to differentiate the building and charge higher rents than what is typical for the neighborhood. Developers say amenities such as communal offices and gyms also keep revenue in the building, rather than residents paying for them elsewhere.

In 2016, 15 million workers, or 10% of the American workforce, were self-employed, according to the U.S. Bureau of Labor Statistics. Along with telecommuters, consultants and others with flexible schedules, they make up a sizable market of renters and home buyers in need of living space that fits their lifestyle. For single-family houses, home builders are now conceiving floorplans with fully wired "flex space" suitable as an office area. In apartment buildings, they are installing work lounges inspired by the creative work environments of the tech world—less business center and more cyber-café—with big windows, hip furniture and often, free coffee.

STEPHEN VOSS FOR THE WALL STREET JOURNAL (3)

MULTITASKING Michael Weinberger, a transportation planner, uses an enclosed workstation for Skype calls and other tasks that require privacy. He leases a 650-square-foot studio for $1,950 a month at AVA NoMa, which also offers mobile workers meeting areas and a fireplace, top and bottom right.

BOB STEFKO FOR THE WALL STREET JOURNAL (2)

PRODUCTIVE Joshua Bryan's Chicago apartment building also has a kitchenette, above, and a shared office area, right, with a 3-D printer and computerized milling machine.

Shared office space reflects the tastes of young Americans growing into the real-estate market. Those in their 20s and 30s are more social than their parents were, architects say, and need larger spaces for public amenities and smaller private apartments. Whether at work or play, they note, young renters and buyers need functioning electronics, electrical outlets and Wi-Fi everywhere in a building. And even if freelancing, observers note, young adults crave the camaraderie that comes with an old-fashioned office.

"It's not just giving them a space to work in the building, but a space to interact with fellow residents—for sharing ideas, social events and for being part of a bigger community," says Rohit Anand, principal in the Tysons, Va., office of Irvine, Calif.-based KTGY Architecture + Planning.

Community was a draw for 31-year-old Michael Weinberger, who moved into a new KTGY-designed building in Washington, D.C., on

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MANSION

MICHAL CZERWONKA FOR THE WALL STREET JOURNAL

LOS ANGELES Lisa Phillips Visca, a writer and script consultant, works out of a bedroom at her home, while husband Dennis Visca, a garment-industry executive, works in their home's flex space. 'There is perfect privacy,' she says.

STEPHEN VOSS FOR THE WALL STREET JOURNAL (3)

SILVER SPRING, MD. Michael Shulman, an investment adviser, works from a first-floor flex space, above right, and his wife, freelance journalist Jackie Judd, works from a third-floor bedroom, right, of their townhouse.

April 12. The building, called AVA NoMa for its location in the bustling North of Massachusetts Avenue district, has an open-plan ground floor, where chill-out seating groups are adjacent to a long work table reminiscent of Apple Inc.'s Genius Bars.

Mr. Weinberger, a transportation planner with Rockville, Md.-based Foursquare ITP, works remotely two days a week and plans to use the space on those days. For meetings or Skype calls that require privacy, there are enclosed workstations with sliding doors.

"There was no other place that was going to make telework so convenient," says Mr. Weinberger, who leases a 650-square-foot studio for $1,950 a month. The building's open ground floor, he says, is "like I'm going to a coffee shop without going to a coffee shop."

Mr. Weinberger also hopes to use other amenities, such as a bike-repair shop and yoga studio, now nearly ubiquitous in new buildings, along with pet spas, gyms and outdoor hot tubs. In most cases, renters don't pay extra to use the amenities.

Even luxury condo developments lure buyers with facilities for at-home work. 50 West, a new residential tower in Manhattan's Financial District, where a three-bedroom, 3,400-square-foot penthouse costs $24.5 million, lists a "laptop bar" among the amenities on its entertainment floor.

The building, designed by Chicago-based architect Helmut Jahn, also has 15 office condominiums with a separate entrance that residents can buy separately from their apartments. Prices for the office condos range from roughly $500,000 for a 260-square-foot space to $1.4 million for a 740-square-foot space.

The offices, which are set to be completed in the summer, are drawing interest from foreign buyers who need workspace when in New York, says Francis Greenburger, founder and chief executive of real-estate firm Time Equities Inc., which developed the building. He predicts that the suites will also appeal to New Yorkers like himself.

"I work a lot at the office, but I have adopted a mobile lifestyle, where I work from home early in the day and on weekends," says Mr. Greenburger, who bought an office condo in the building to complement his main office on Fifth Avenue.

Self-employment rates are higher for older Americans than for younger workers, according to the Bureau of Labor Statistics, and new homes targeting mature buyers reflect this trend.

At Chelsea Heights, a development in Silver Spring, Md., developer EYA built townhouses with a flex space on the ground floor, which many owners use as an office.

In 2015, Michael Shulman and Jackie Judd paid $950,000—more than they planned—for a 2,600-square-foot townhouse in Chelsea Heights. It has three bedrooms, along with flex space.

"The flexibility of the floorplan was very important to us," says Mr. Shulman, a 60-year-old investment adviser who runs an online service called "Options Income Blueprint" from his townhome's first-floor flex space. Ms. Judd, a freelance journalist, works on the townhome's third floor, far away from her husband's frequent webinars.

"We don't get into each other's way during the day," says Mr. Shulman. "You know that old saying: I married you for better or for worse, but not for lunch."

Lisa Phillips Visca, a writer and script consultant in Los Angeles, works out of her three-bedroom, 2,200-square-foot condominium at Playa Vista, a planned community on the Westside of the city. At least once a day, she leaves to get air, grab coffee or lunch or shop for groceries.

With her husband, Dennis Visca, a garment-industry executive, she moved from a larger house in Pacific Palisades in January. The couple was drawn to the vibe and walkability of the neighborhood, which locals call Silicon Beach for its lively technology scene, with startups and offices of tech titans such Google and YouTube.

The Viscas, both empty nesters in their 50s, paid $2.1 million for their condo, located in a modern brick building designed by KTGY. Mr. Visca took the unit's flex space as his home office, while his wife uses one of the bedrooms for her work, which includes directing and producing films, plays and television shows. Ms. Phillips Visca starts the day as early as 3 a.m. with coffee in her office, conveniently located on the far end of the space, away from master bedroom and living room.

"There is perfect privacy," she says. For a creative person working from home, she says, "the floorplan was a huge bonus."

THE REALTRENDS FIVE HUNDRED

Presents the 2017 Top 25 Residential Real Estate Brokers

We are pleased to present the 25 largest residential real estate brokerage firms in the United States from our survey of more than 1,700 of the nation's leading firms. These elite firms are ranked by total closed residential transaction sides in the calendar year 2016, accompanied by respective closed sales volume.

	COMPANY	HEADQUARTERS	SIDES	VOLUME
1.	NRT LLC	Madison, N.J.	337,780	$166,022,150,000
2.	HomeServices of America, Inc.	Minneapolis, Minn.	245,154	$86,009,311,021
3.	Hanna Holdings	Pittsburgh, Pa.	90,016	$16,776,143,161
4.	Long & Foster Companies, Inc.	Chantilly, Va.	81,032	$28,934,452,173
5.	RealtyONEGroup	Irvine, Calif.	44,182	$15,236,117,192
6.	Keller Williams Realty, GO Management Offices	Arlington, Texas	33,769	$8,780,944,541
7.	Crye-Leike Realtors	Memphis, Tenn.	29,314	$5,723,848,601
8.	REALHOME Services and Solutions Inc.	Atlanta, Ga.	27,830	$3,266,466,127
9.	Real Estate One	Southfield, Mich.	26,923	$5,431,251,139
10.	HomeSmart LLC	Scottsdale, Ariz.	24,381	$6,919,101,917
11.	RE/MAX Results	Eden Prairie, Minn.	22,691	$5,798,057,656
12.	Allen Tate Companies	Charlotte, N.C.	22,194	$5,452,160,075
13.	William Raveis Real Estate, Mortgage, and Insurance	Shelton, Conn.	20,604	$9,327,114,682
14.	Douglas Elliman Real Estate	Huntington Station, N.Y.	20,441	$24,551,000,000
15.	Ebby Halliday Real Estate, Inc.	Dallas, Texas	19,717	$7,797,417,171
16.	RE/MAX Alliance/ Equity Group	Arvada, Colo.	19,369	$7,435,798,139
17.	West USA Realty, Inc.	Phoenix, Ariz.	18,768	$3,149,508,377
18.	Keller Williams Realty Pinnacle Partners Group	Lawrenceville, Ga.	18,312	$4,089,398,013
19.	CENTURY 21 Affiliated	Madison, Wis.	18,284	$3,211,978,387
20.	Coldwell Banker Honig Bell/The Real Estate Group	Joliet, Ill.	18,011	$3,121,263,798
21.	@properties	Chicago, Ill.	17,247	$8,095,495,212
22.	John L. Scott	Bellevue, Wash.	16,771	$6,706,816,358
23.	Watson Realty Corp.	Jacksonville, Fla.	16,188	$3,254,454,413
24.	Baird & Warner	Chicago, Ill.	16,066	$5,198,885,902
25.	Berkshire Hathaway HomeServices Homesale Realty	Lancaster, Pa.	14,646	$2,886,347,238

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LIFE INSIDE A TIME CAPSULE

Continued from page M1

rary layouts and embracing some kitsch is worth it to get quality construction, distinctive design and a dose of nostalgia.

"The number of people looking for time-capsule houses [has], I'll go out on a limb and say, exploded," said Pam Kueber, who maintains an archive of time-capsule homes on her remodeling blog RetroRenovation.com. She cited a small but growing number of real-estate agents who specialize in midcentury or un-remodeled homes and an increased interest among readers for preserved details once considered tacky.

Ed Murchison, of Virginia Cook Realtors in Dallas, said that over the past five years, more young buyers have sought out Midcentury Modern homes—an area in which he specializes—and some are willing to pay a premium for the style. He said "Mad Men," the AMC television show that showcased a glamorous version of 1960s life, inspired many buyers.

After her divorce, Robin Miller didn't expect to go back in time—until her brother suggested she look at a 3,600-square-foot house seemingly frozen in the past. "As soon as I walked in the door, it was pretty amazing," said Ms. Miller, a 62-year-old bookkeeper.

The four-bedroom home had only one previous owner, who built it in the early 1960s during a construction boom in Weaverville, Calif., now a rural part of the state about a 3½-hour drive north of Sacramento. Popcorn ceilings, shag carpeting, peach bathroom tiles and baby-blue cabinets were intact.

Earlier this month, Ms. Miller paid $232,300 for the home, which had most recently been asking $289,500. She said she plans to leave the retro elements untouched, save for fixes like fresh carpeting and enlarging the bathrooms. "It's almost like the less you do the better because it almost distracts from the architecture that's already there," Ms. Miller said.

Many time-capsule homes date to the post-World War II housing boom, particularly in company towns where residents spent decades with the same employer, Ms. Kueber said. Today, as members of that generation downsize or pass away, their children are selling their longtime homes, many of which are located on tree-lined streets in desirable, central parts of town.

Traditionally, Americans picked a style and stuck with it, investing in entire rooms of furniture that would last for generations, said Miro Copic, a marketing professor at San Diego State University.

Today, homeowners are much more likely to be in a constant state of improving and remodeling their homes, as they look to keep up with design trends, or to add value to their homes through kitchen and bathroom upgrades. As a result, time-capsules are disappearing without being replaced by versions from later eras like the 1980s—even as demand increases. "We may be seeing the last era of true time-capsule houses in America," said Ms. Kueber.

Javier Ordaz, 29, and his husband, 27-year-old Jake Lasprogato, said they are on their third retro apartment, an $850-a-month one-bedroom in Stockton, Calif. The couple, who run an online vintage store called Atomic Living, seek out throwback rentals where they can replace or hide non-period items.

Their current home has pink bathroom tiles and a 1940s gas range. They installed a 1951 refrigerator with copper and chrome accents and swapped out the light fixture in the dining room for a foliage-shaped chandelier. Not coincidentally, the result resembles their grandparents' houses.

Like many fans of time-capsule homes, Mr. Ordaz and Mr. Lasprogato are motivated by nostalgia, as well as aesthetics and quality. The 1925 home's finishes were built to last, the appliances meant to be fixed, rather than thrown away. "That generation just tended to keep everything," Mr. Ordaz said. "They're proud of their homes."

Despite their nostalgic appeal, time-capsule homes can come with complications. They often need repairs. After decades of a single resident, they may be chockablock with knickknacks. They may also lack newer comforts like stainless-steel appliances or walk-in closets. (Proponents would counter these amenities are easy to add.)

Buyers should also assess for building-code violations and safety hazards, including lead paint, asbestos and untempered glass in windows or showers, Ms. Kueber said.

Still, renovating before listing a time-capsule home isn't always the most cost-effective strategy, according to some real-estate agents.

Mylène Moser, 73, is asking $4.395 million for her family's vacation home in Sarasota, Fla. Her husband's parents built the four-bedroom, 3,890-square-foot home in 1974, and it still includes the Formica kitchen cabinets and candy-colored wallpaper (the appliances have been updated).

Though the home is being sold furnished, a buyer will likely tear it down and build a megamansion, since rebuilding is easier than renovating on the water, said listing agent Lynne Koy of Coldwell Banker Residential Real Estate. The asking price largely reflects the value of the land, one of the largest plots in the luxury neighborhood of Bird Key, Ms. Koy said.

Alyssa Starelli of Portland, Ore.-based Living Room Realty, who specializes in midcentury homes, counsels sellers against spending money on replacing kitschy finishes. Buyers will either do their own renovation or, increasingly, fall in love with the retro elements and want to preserve them, she said.

"Once you remodel a house out of its time period you have to perpetually remodel every 10 years to keep up with what's fashionable," Ms. Starelli said. "But if you maintain it in the period it was, it always suits the house."

One of her clients, Sean Saul, fell in love with a perfectly preserved 1960s basement in the Portland home that he purchased for $319,000 in November.

Previously owned by a family, the three-bedroom, 2½-bathroom, 2,132-square-foot home is "all business" on the main floor, said Mr. Saul, 45. But down the stairs there is a wet bar and walls partly covered in orange shag, faux wood paneling and a board-game-patterned carpet with accompanying playing pieces.

Mr. Saul, a motion director at Drive, a boutique creative and merchandising agency, enjoyed picturing the story behind the room, which he conceded some might consider a "disaster."

"It was just captivating to imagine someone making that choice, which is a choice that, were I in that time and place, I would have made," he said.

MIDCENTURY, NOT MODERN The Portland, Ore., home of Sean Saul and his family. Mr. Saul, seen below right with children Fiona, 10, left, and Aidan, 15, right, fell in love with the home's perfectly preserved 1960s basement, below left.

BILL PURCELL FOR THE WALL STREET JOURNAL (3)

RYAN ANGEL MEZA FOR THE WALL STREET JOURNAL (3)

WAY BACK Robin Miller, far right, recently paid $232,300 for this Weaverville, Calif. home. Built in the early 1960s, it comes with many original details intact, including this intercom, also far right. Ms. Miller said she plans to leave the retro elements untouched, save for fixes like enlarging the bathrooms.

COASTAL HOMES PHOTOGRAPHY (2)

FOR SALE Mylène Moser is asking $4.395 million for her family's vacation home in Sarasota, Fla. A buyer will likely tear it down, the listing agent said, since rebuilding is easier than renovating on the water.

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BALANCE SHEET

A Win for Minimalism

In a $700,000 condo renovation, his desire for austere design triumphs over her fondness for clutter

DOROTHY HONG FOR THE WALL STREET JOURNAL (5)

KEY COSTS

Demolition
$6,000

Structural improvements
$15,000

Millwork and specialty framing
$245,500

Doors, windows
$52,000

Kitchen
$95,000

Louvered divider and bench
$18,000

Lighting
$32,000

BY NANCY KEATES

PHILIP HALL GREW UP in a minimalist, modern home dotted with Danish furniture. His wife, Cristina Miller, spent her childhood in a house stuffed with antiques and knickknacks, including a giant ceramic elephant collected by her parents on a trip to India.

Balancing these divergent influences was the architectural challenge behind the $700,000, 14-month renovation of their condo in Manhattan's NoMad neighborhood.

"I lean towards clutter. But Philip has helped me see the beauty in minimalism," says Ms. Miller.

Mr. Hall, 39, and Ms. Miller, 38, bought the 1,979-square-foot space for $2.3 million in 2014 in the Pell Building, a former warehouse built in 1909. The couple—he's a managing partner of a private-equity firm and she's the senior vice president for dealer relations at online retailer 1stdibs—were immediately drawn to the 11-foot high ceilings and the 24 windows on all four sides of the unit. A low-lying electrical substation across the street is protected from future development, preserving their view of the Empire State Building.

But the unit's decrepitude posed hurdles, including a toilet in the middle of a main room, and a small, cluttered room ostensibly used as a darkroom but that looked to them like a meth lab.

The building's developer, Fiam Building Associates, offered to renovate the space for an estimated $500,000, but the couple wanted to create something more distinctive. They turned to architect Aaron Schiller of New York-based Schiller Projects. "It was a disaster structurally," he says, "but it presented an incredible opportunity."

Their project started with four months of prep work that involved tearing out rotted wood, leveling the floors, expanding the vertical shafts to accommodate the plumbing, and exposing the brick walls. To maximize light, they took down many of the interior walls and added a window in the master bedroom in back.

The goal was to design separate living areas (living room, dining room, kitchen and family room) in one open space to accommodate a family.

In the entryway, the elevator opens up on a wood-louvered partition with a built-in bench designed by Mr. Schiller. Behind the partition is the kitchen, which the couple wanted to be the centerpiece of the home. Much of the kitchen cabinetry came in by crane through the windows because the elevators were too small.

Mr. Hall, a co-founder of Spotlight Equity Partners, which invests in U.S.-based enterprise-software firms, was born in Denmark, ergo his affinity for Danish design. His parents, both professors, moved to Israel and then Newark, Del., where they taught at the University of Delaware and lived in the sparely decorated modern home that so influenced their son.

For a self-described hoarder like Ms. Miller, whose parents, both economists, live in Washington, D.C., managing relations with the some 3,000 dealers who supply products for 1stdibs presents constant temptations. She regularly visits showrooms around the world filled with choice specimens of modern and antique furniture and art. "I'd have 10 times more stuff in here" if she could, Ms. Miller says of her home.

It might seem at first glance that Mr. Hall's preference for sleekness and minimalism won out over Ms. Miller's love of stuff. The apartment is overwhelmingly white, with bleached ash floors and tightly curated furniture, either built by Mr. Schiller or carefully selected from 1stdibs dealers by him and Ms. Miller.

But, much to Ms. Miller's relief, it didn't go as far as it might have: Mr. Hall had asked Mr. Schiller to design what he half-jokingly describes as a glass enclosed, Apple store-like home office. That idea was nixed four months into the design process when the couple found out they'd be having a second child.

For now, the giant ceramic elephant Ms. Miller grew up with remains in her parents' house, along with other sentimental objects like her wedding dress. One day these items will move to the New York home—something she's certain her husband suspects. "He knows I want that elephant," she says.

WIDE-OPEN SPACES Clockwise from above, the open-plan living area; the kitchen sink faces a vertical garden; homeowners Philip Hall and Cristina Miller with their children, Celine and Sebastian; and the cooktop and vent hood.

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IN THE TRENCHES

Does Sex Sell? Properties For Sale That Bare It All

Real-estate agents describe uncomfortable experiences showing homes where the owners have furnishings that could be rated X

PATRICK LEGER

BY CANDACE JACKSON

Q: Have you ever had a listing that was challenging or awkward to show?

Tracy McLaughlin, luxury-property specialist, Pacific Union International, Christie's International Real Estate, Marin County, Calif.:

I had a $3.25 million listing about six years ago in Ross, Calif. The seller wrote very dark murder mysteries. The house, a Midcentury Modern home with very tall ceilings, had great furniture and a lot of very beautiful paintings. But a few of the paintings were very disturbing, with an element of darkness, and they were overtly sexual. They were also huge—maybe 6-by-7 feet.

They might have been OK in wild party loft in New York City, but these were very edgy for a house in Ross. I suggested that the seller remove them to appeal to a broader base of buyers. He said no, he thought they were integral to the home's décor.

Everyone who saw the house sort of had the same reaction like, "Oh wow." And every time I'd show the house to a family on the weekends, I'd have to warn the parents that there might be some art that's disturbing for children. Or I'd try to reroute the kids when we'd go into key rooms like, "Hey do you want to go play outside?" One time, I was not successful and I heard, "Mommy, what's that?"

I did sell the house, even though it was not a good time in the market. It sold for $2.95 million in 2011.

Philip Reynolds, real-estate agent, Triplemint Real Estate, New York:

I was representing buyers a couple of years ago and we were checking out a $1.1 million listing for a co-op on Park Avenue.

My buyers were an older couple who were super-conservative types. We walked into the apartment and noticed immediately that it had blood red walls, which made the apartment seem much smaller than it was and was also just kind of shocking.

The seller had lots of pictures of his family everywhere—grandparents, kids, his wife—so many pictures that you started to learn who was who by the end of the thing.

Then, in both the living room and the bedroom, he had these paintings of his wife that were about 3½ feet wide by 4½ feet tall—completely buck naked. There was also a nude statue of his wife.

My clients were definitely in shock and the listing agent was super stoic about it, so I decided the best way to handle it was to make light of it. I said, "So, do those come with the apartment?"

The home didn't sell and later came off the market.

—Edited from interviews

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Real Estate Trends

We're Very Open Minded

On Sunday, we opened quite a few doors.

It was, you see, something that's become a bit of phenomenon in North Texas: the Briggs Freeman Sotheby's International Realty springtime open-house tour. It's a day when we invite potential buyers — and house-lovers — to see the finest residences in the finest neighborhoods. We opened hundreds of homes on Sunday — and thousands of people came.

It's a bit like trying before you buy: You can roam as many residences as you can fit in an afternoon. Go fast. Go slow. Feel the rooms. Take in the views. It's also the perfect way to spend time in a neighborhood you're thinking about, or to see a high-rise building you're wondering about. In each residence, we show off its very best feature: the expert agent from Briggs Freeman Sotheby's International Realty who is standing by to show you all the features and get answers to any questions.

Our famous open-house tours — we have one each fall, too — are just one way we show our offerings. We make full use of our briggsfreeman.com, with its myriad search functions, stunning photos and virtual tours. We put our luxury listings in print, in the top regional publications and in our own *B* magazine, which we launched this spring. (It's a stunning publication that marries the luxury lifestyle with our best properties.) We optimize our listings on social media, where a lot of our buyers are, such as Facebook and Instagram. And, as a Sotheby's International Realty® affiliate, we tap into more than 20,000 independent sales associates located in almost 900 offices in 66 countries and territories worldwide. Selling a home? List with us and the whole world will know.

I love our open-house tours. They are a lot of fun: great people coming to great homes meeting great agents. Keep watching briggsfreeman.com and join us for the next one. We'll open some doors for you.

Robbie Briggs, President and CEO
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Special Advertising Feature

Maine, Vermont, N.H., See High Demand

SALES ARE UP—AND BUYERS MUST ACT FAST TO SNAG THE PROPERTY THEY WANT

*By **Joseph Dobrian***

In the three northernmost states of New England, a cold, snowy winter has led to surprisingly strong sales. Maine, New Hampshire and Vermont are all seeing high demand, but low inventory is making it hard for some to find just the right property.

GREAT OPPORTUNITIES

"The early spring market tends to offer great opportunities, and this continues to be the case," says Chris Lynch, president of Legacy Properties Sotheby's International Realty in Maine.

"$1 million-plus sales are up 50% over last year. I see renewed interest in high-value properties. Our most exciting new listing is the most expensive we have ever listed and would be the second-highest-ever sale in Maine: $11 million. It's on Shore Road in Cape Elizabeth, and amounts to more than 13,000 square feet, not including a four-bedroom, 2,200-square-foot guest house, elevator, pool, tennis court, ocean frontage, and incredible stone oceanfront gazebo.

"Many markets in New England are constrained by lack of inventory, but we've seen a jump in sales, especially in transactions where interest rates are a factor. People want to lock in the financing."

DRAMATIC VIEWS

David Banks, broker/owner at RE/MAX by the Bay in Portland, is offering 7 Cragmoor, in Cape Elizabeth, for $4,895,000. It's an 8,000-square-foot house with rocky frontage on the ocean, with dramatic views.

"Every cruise ship, every boat, has to go right in front of it," Mr. Banks reports. "We haven't seen as many multimillion-dollar sales, since the first of the year, in a long time. People were waiting until after the election. There's renewed confidence now—but we see less demand for acreage. Buyers want amenities, they want a beautiful home, but they want to simplify. If they have a nice view, the amount of land is unimportant."

THE DAVID BANKS TEAM

7 Cragmoor is an 8,000-square-foot house with oceanfront views.

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One of the luxury homes located on the 10-mile shoreline of Lake Sunapee.

"LOW INVENTORY IS MAKING IT HARD TO FIND JUST THE RIGHT PROPERTY."

Pam Perkins, co-owner of Four Seasons Sothebys International Realty in New London, N.H., reports that New Hampshire and Vermont attract Boston commuters to the bedroom communities of southern New Hampshire, summer vacationers (in Lake Sunapee and Lake Winnipesaukee), and winter vacationers (in all the major ski areas of Vermont). In all those markets she sees increased and sustained demand, and shrinking inventory.

"In the two states, we have a two-year supply of luxury inventory," she reports. "I specialize in the Dartmouth-Lake Sunapee region. Lake Sunapee is a bucolic, crystal-clear 4,100-acre lake that stretches for 10 miles, with 1,100 homes around the shoreline. In any given spring market we have 30 to 40 offerings to choose from; right now we have only 14 properties for sale with direct frontage. We're not aware of an abundance of inventory coming along this season."

Ruth Kennedy Sudduth, executive vice president and director of the residential brokerage division of Landvest in Boston, agrees that inventory is tight, and that Maine, Vermont and New Hampshire are improving.

"The initial pattern was that most activity was near urban areas like Portland [Maine], Burlington, or village centers like Woodstock or Stowe, Vt.," she explains. "The strength in the market has expanded first to the lakes and seacoast, and then into gentlemen's farms and rural properties.

"North Hill, in Stowe, Vt., captures the market for beautiful turnkey construction in a destination location. Stowe has seen a high concentration of luxury sales in this cycle. With Vail Corporation's purchase of Stowe ski area, we see this market continuing its international draw."

NEW SALES

Samuel P. Gaines, director of real-estate development for Spruce Peak at Stowe, reports that in 2016, the development recorded more than $70 million in new sales and contracts including the sellout of the Club Residences, which topped out at more than $1,000 per square foot. Spruce Peak launched the Village Townhomes in late 2016, and has pre-sold 14 of 18 units, again with contract prices exceeding $1,000 per square foot.

"We're seeing units trade at 20% to 40% premiums on the resale market," he adds. "Since the announcement that Vail Resorts will be running the ski operations beginning next year, we've seen incredible interest in all properties, and a flurry of new home construction. Owners that had sat on lots since pre-2008 are now going through design review and building homes—some of which are estimated to cost between $5 million and $20 million."

However, Mr. Gaines adds that the gulf between Spruce Peak sales and other regional sales appears to be growing, both in velocity and price. Good buys can still be found in northern New England—but not easily.

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Special Advertising Feature

Boston's Exciting—And a Tight Market

THERE ARE MYRIAD REASONS FOR A PROPERTY SQUEEZE, BUT IT'S EVERYWHERE

By ***Joseph Dobrian***

Boston-based brokers agree: the metro area remains one of America's most desirable markets, but also one of the tightest. Various constraints keep new development at low levels. Luxury rentals seem to be proliferating faster than for-sale properties. Neighborhoods that once catered to students or working-class families are being redeveloped, with high-end condos and rentals replacing the old stock.

OTIS & AHEARN

Young professionals in South Boston pay around $800-$1K per square foot.

COMPASS REAL ESTATE

Larger homes of 5,000 square feet and upwards are moving quickly.

CONSERVATION

Mark Lippolt, senior vice president of Hammond Residential Real Estate, says Boston has had low inventory for nearly 300 years. The situation isn't likely to change.

"We've been building here since 1620; we're hemmed in by the Atlantic Ocean; we have a history of creating conservation land," he explains. "It's hard to find a community in the area with more than two or three months of inventory, so it's primarily a seller's market. We're seeing enough demand that an uptick in interest rates would not stifle it."

In calendar 2016, Mr. Lippolt adds, 40% of residential properties sold in the City of Boston went for more than the asking price. Only 35% of homebuyers were first-timers: a record low.

"Massachusetts homeowners and buyers like to stay where they are," he adds. "In the whole state, 16% of single-family homes have not changed hands in 30 years. That's a very low turnover rate."

"Total inventory in Downtown Boston is tight—one month's supply—and upward pressure on prices continues," reports Kevin Ahearn, president of Otis & Ahearn Real Estate. "The luxury full-service building segment has only 2% of its 2,289 units—55 units in all—currently for sale. Millennium Tower, on the old Filene's Basement site, is just about sold out. Our managing director, Michael Moran, represented the buyer of the Grand Penthouse at Millennium Tower. That sale established a new record sales price: $35 million."

The majority of the sales at Millennium Towers were to foreign investors, says Mike Foley, agent at Jack Conway Real Estate. "Downtown, you'll see a lot of absentee money: people investing for security, or for their children who are coming here for school.

"In the South Boston Seaport area, it's mostly luxury rentals, because developers are investing for income. Condos can sell in the range of $1,500 to $2,000 per square foot, and there's very little inventory."

> "IT'S HARD TO FIND A COMMUNITY IN THE AREA WITH MORE THAN TWO OR THREE MONTHS OF INVENTORY."

Sale prices in residential South Boston tend to be in the $800-$1,000 per-square-foot. range, Mr. Foley says. "That's a different market," he explains. "It's mostly young people who have come here to work in the financial district or high tech.

"South Boston has changed from a working-class neighborhood to a young, hip neighborhood, with nice new restaurants coming in, up and down East and West Broadway."

AVAILABILITY

Jeffrey Heighton, regional vice president for Massachusetts at Compass Real Estate, suggests that Boston might see a slight uptick in availability, as some sellers have been holding back, waiting for the political picture to become clearer. The chronic lack of inventory, he adds, drives prices up throughout the market.

"One area where we see a lot of promise is the big properties: 5,000 square feet or bigger single family homes and large condos," he says. "They're moving quicker: some clients have been waiting a long time to find what they're looking for. This buyer is willing to pay north of $5 million.

"Many people are looking for two- and three-bedroom homes in the $3 million to $4 million range, and we don't have enough of that product. In the under-$2.5 million market, the challenge is that many owners are looking to move up to the next level, but if they can't find something that's just right, they won't sell. This can cause a general inventory lock."

Mr. Heighton expects the market to open up this spring.

"More sellers in the $700,000 to $2 million range are getting ready to put their homes on the market without finding the step-up product they're looking for. They're going to plan B: rental, of which there's plenty available. REITs and real-estate funds are building a lot of that product, because they want a core holding in the city of Boston."

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Special Advertising Feature

Newport, Islands, Cape, Report Strong Appeal

SOME BUYERS WANT NEW OR NEARLY NEW; OTHERS ARE LOOKING TO REBUILD

*By **Joseph Dobrian***

GUSTAVE WHITE SOTHEBY'S INTERNATIONAL REALTY

Most of Rhode Island's luxury inventory is coastal property, say brokers.

GUSTAVE WHITE SOTHEBY'S INTERNATIONAL REALTY

Authentic interior detail in a shingle-style house at Jamestown, Rhode Island.

The southeastern corner of New England—Rhode Island, Cape Cod, the nearby islands—generally reports an upturn in sales, perhaps because of growing confidence in the economy, or due to pent-up demand. Gone are the days when fixer-uppers were in vogue. Today's buyers want new or nearly-new properties that they can move into with no fuss—or they want an old house that they can knock down and replace. Each of these markets, while geographically small, offers surprising variety.

"WE HAVE NEIGHBORHOODS WITH DIFFERENT PRICE RANGES, ZONING ALLOWANCES AND DEVELOPMENT POTENTIAL."

OPTIMISM

"We're optimistic about the market for 2017," says Chris West, broker/co-owner at Gustave White Sotheby's International Realty in Newport, R.I. "Last year was very good, for both luxury and the lower end. Usually it's one or the other that does well. Winter is traditionally our slow time, but we've already had three $3 million-plus sales this year: the same as the first quarter of last year. Many buyers are complaining about a lack of inventory, because typically they want almost-new product, with everything in top condition. But we have a lot of product on the market. The bulk of the luxury inventory in Rhode Island is in Newport County, in four or five towns, mostly coastal. Barrington is a delightful community near Providence; business executives tend to live there. Inland, you have horse farms, and you'll pay a little less than for a waterfront property."

Custom housing is another option, Ms. West notes. The Newport area has several reputable builders, and some buyers will raze an old house and build a new one in its place.

"We have an historic district in Newport where you have to meet the standards of the district," she says, "but elsewhere you have more flexibility. You can build new in the historic district," she adds, although "you have to get approval for not only the look, but also the materials. Vinyl siding won't pass even if it looks like shingle."

NANTUCKET RISES

At Berkshire Hathaway Home Services Island Properties in Nantucket, Mass., owner/president Michael O'Mara reports that sales on Nantucket in general were up about 10% last year: 972 compared to 882 in 2015. At the high end, the jump was even greater, he adds: 262 sales over $1 million compared to 229 in 2015, and 83 sales over $3 million compared to 59 in 2015.

"Martha's Vineyard usually does about half of the gross sales in Nantucket, which was about $950 million last year," he says. "There, we sold 32 homes over $5 million in 2016, compared to 20 in 2015. There seems to be quite a bit available at the top of the market: more product than there normally is. Twenty units are available priced over $10 million, which is a lot. But in terms of the entire island, the listings are down compared to a year ago."

A waterfront property that Mr. O'Mara considers an especially good value is a Botticelli & Pohl-designed home that features a main house and guest house with two-car garage, as well as a 20x40-foot pool with a 96-square-foot spa. The property consists of 4.39 acres on Polpis Harbor.

"It's very private, with a gentle topography, and a hardwood forest that's full of bird-life," he says. "You've got direct access to the water via an elevated catwalk. You're located 4.5 miles from town, and three to four miles from the Sconset Golf Clubs."

AUTHENTICITY

Carolyn Durand of Lee Real Estate notes that while Nantucket offers diversity of product, the island is careful to retain its old-fashioned authenticity—via zoning regulations and an architectural review board.

"The process of building here can be overwhelming," she admits, "so there's a strong trend to turnkey delivery. The best projects are the result of committed partnerships between architects, builders and interior designers who share the same vision.

"Nantucket is over-promoted as a place for billionaires and all that implies. The truth is, the people who come here are very unassuming. They stand in the same long line for an ice cream just like everyone else."

"We have neighborhoods with different price ranges, zoning allowances and development potential. Fewer people want the dark, 1790s antique look these days, but it is a hallmark of the island, so if you want that kind of antique character you can get it. If you want room to grow, you can find properties where you can build an addition."

Joseph Dobrian is a freelance writer specializing in real estate.

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This architect-designed, Craftsman-styled home is beautifully finished on three levels with views of three light houses, boating traffic and the mouth of the Piscatiqua River. Luxurious master with a sitting room, a deck, dual walk-in closets and a spa-like bath. 4,498sf of luxury.
Call Patrick Carey (603) 583-1000
Exclusive - $3,889,000

Luxurious Brownstone Portsmouth, NH
Exquisite downtown home finished on four levels and serviced by a private elevator. Spectacular rooftop deck with hot tub and amazing views of the Piscatiqua River. Three spectacular bedroom suites. Two deeded parking spaces and garage avail. 5,616sf of gorgeous living space.
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Wallis Sands Beach Front Rye, NH
Directly on Rye's Wallis Sands Beach! Completely updated in 2016. Magnificent ocean views! Ultimate 3,249sf beach home features a new kitchen and appliances, baths, lighting and paint. The show stopper is a wall of glass in the great room overlooking the Atlantic.
Call Allan Rogers - Cell (603) 988-9112
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Ultimate Beach House! Hampton, NH
Enjoy incredible views from this 5,234sf waterfront home with steps to sandy beach. Open concept dining/living room with hardwood floors and French doors that open to a well-landscaped patio. Amazing master suite. Lower level has a two-bedroom apartment.
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Hidden Gem on York River York, ME
Built in 1906, Harbor Lights is a 3,958 sf hidden gem on the shore of the York River on over 8 acres with views of the harbor and ocean. Updated kitchen with butler's pantry. Master suite with fireplace. 3 Room in-law suite. Separate carriage house apt with 1,181sf of living space.
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Minutes to Beach North Hampton, NH
This attractive 4,980sf residence is located in a premier community. The award-winning architectural design sets the tone with an open concept kitchen, 2-story family room with dramatic custom stone wood fireplace and hearth. Grand master with fireplace and private deck.
Call Lauren Stone - Direct Line (603) 964-1931
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Sportsman's Paradise New Castle, NH
This island home, one of only four, has water views from every room in the entire home and features a first floor master suite and three guest suites with en-suite baths. 2,000 bottle wine cellar. Walk to the private pool, tennis courts, Wentworth Country Club or Marina.
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Waterfront Estate Greenland, NH
Spectacular twelve room, 5BR, 5.5BA estate sited on 1.30 acre lot with 170' of water frontage over looking Great Bay. A waterside retreat complete with boat/kayak launching area, private in-ground pool, pool-side kitchen area and office space. Master suite with fireplace. 6,706SF of luxury.
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Exclusive - $1,689,000

Ocean-View Estate Rye Beach, NH
Custom 7,501 sf estate on 6 acres, just steps from the ocean. Spa-like indoor pool with hot tub, game room, gym and 3-car garage with 275sf greenhouse. 3BR Main house includes a commercial chef's kitchen leading to a sunroom and back deck. Spacious master with balcony and library/media room. 2BR Guesthouse.
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7 Cragmoor Road Cape Elizabeth, Maine

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NEW HAMPSHIRE

NEW HAMPSHIRE

C. 1803 Brick Cape: Sensitively updated main house with 2008 3 story NY "loft" addition (30' x 32') this 3,700 sq. ft. property (4 BRs, 3 1/2 baths) has character and panache. 44' deck, 28' deck, and balcony. Lake and mountain views. Deeded beach rights. $475,000

Village Edge Antique Saltbox: Set back from a country road on 7+ acres with lovely gardens and landscaping, this 1787 residence (10 rooms, 5 BRs, 3 ½ baths, 9 fireplaces) has authentically restored front rooms complemented by expanded, updated living space. Outbuildings. $542,000

Whitcomb Peak Estate: At the end of a shared private road, this hilltop 43 acre property offers complete privacy. Custom built 5400 sq. ft. residence features (5 bedrooms, 3 ½ baths) 20' x 30' kitchen/breakfast room, & 25' x 29' family room. Detached 30' x 54' Barn/Garage. $895,000

Mansel Alcock Homestead: This C. 1820 rambler (4,778 sq. ft. 15 rms, 5 BRs, 3 baths, 2 lavs) has 14+ acres including waterfront lot on picturesque Hancock's main street. Three level barn with attached 2 BR apt. Walk to inn, café, concerts, library, general store. $985,000

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Indian Avenue
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$3,750,000

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RHODE ISLAND

Jamestown, Rhode Island - This exquisitely built, one-owner home was designed to ensure you feel as though you're on vacation every day. Enjoy your westerly facing water views and sunsets from any one of your 4 en suite bedrooms in this 5,300 sq/ft private retreat that sits on over 10+ acres of Jamestown. This 4 level custom home with its open floor plan and oversized windows ensures you won't miss a sunset or water view. Spend each night unwinding from your top floor viewing room or rooftop deck, while using your days to explore the 525 feet of Narragansett Bay coastline to find sea glass, clam, kayak, and more. The entertainment options are endless at West View, from intimate gatherings in numerous areas throughout the home to hosting an outdoor concert around your expansive pool and backyard. Make this home your very own seaside escape. Visit **www.westviewri.com** for more information, pictures and videos.

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HOUSE CALL | CAL RIPKEN JR.

The 'Iron Man' Shows His Softer Side

The Hall of Fame ballplayer on his early expertise in precision landscaping, the merits of an open kitchen and the strain of house-hunting

CLOCKWISE FROM TOP RIGHT: RYAN DONNELL FOR THE WALL STREET JOURNAL; ASSOCIATED PRESS; CAL RIPKEN JR.

Lately I've been thinking about moving, so I've been spending a lot of time looking at houses. When I played shortstop and third base all those years, I never had trouble with my knees. Now, climbing some of those stairs while house-hunting can go right to my kneecaps.

To stay in shape, I recently bought a mountain bike. I ride 15 to 20 miles a day on the open road. I love the freedom to go wherever I want and explore. I love that my helmet and sunglasses give me anonymity, which is rare for me in the area near my home.

I grew up in Aberdeen, Md., in a white split-level house with black shutters. Before the area was developed for houses, it had been farmland, so there were still plenty of fields around us. We had lots of space to play baseball.

My father, Cal Sr., was a professional baseball player who was employed by the Baltimore Orioles his entire career. From 1957 to 1964, he played in their minor-league system. Then he was a manager, reaching the majors in 1976 when he coached for the Orioles. In 1985, he became the team's manager.

When I was growing up in the 1960s and early '70s, baseball took my dad away from us a lot. In the summer, when my brother Fred and older sister, Ellen, and I were out of school, we joined him with my mom and our little brother Billy.

During the season, my dad was at the ballpark every single night, so we'd have our big meal in the middle of the day. When I was little, he'd ask me to carry his briefcase to the car or let me struggle with his suitcase.

Then he'd say to me, "Take care of the family while I'm gone." I knew early that it was important to do all the things he asked and to be responsible.

I remember the moment I wanted to be a ballplayer. It was in 1972, when I was 11. My dad was managing the Asheville Orioles in North Carolina, a Double-A minor-league team. At that age, I was old enough to go to the ballpark with him. I was a batboy.

At some point, the umpire behind home plate asked for five new balls, so I ran out with two in one hand and three in the other. When I returned to the dugout bench and sat down, I looked out on the field and realized that playing baseball was what I wanted to do.

ON DECK Cal Ripken Jr., right, at the Ripken Experience youth-baseball facility in Aberdeen, Md.; in 1982, below, with his father, the third-base coach for the Orioles at the time; and in 1967, above on the left, in Miami with his siblings, Fred, Ellen and Billy, and his mother, Violet.

At home, my dad was a drill sergeant with compassion. He was a doer, so I had to be doing things all the time. I had specific chores or I had to help him around the house. If they were new things, he'd teach me how to do them.

He had particular ways he wanted things done. For example, our property was hilly, but the lawn's lines when mowing still had to be straight. He stressed that keeping the lawn looking crisp was important.

He also wanted the driveway edged. We didn't have an electric edger, so I had to use a string and sharpened hatchet to chop back the grass and create a razor-sharp line along the driveway.

Dad was a teacher in the minor leagues and a teacher at home. After I'd finish a task, he'd come and survey the work. If he wasn't pleased, he'd explain what he wanted done. If he was happy, he'd say, "Look how good that looks."

I soon started to take personal pride in everything I did. Which meant the results often exceeded the job I did previously. Dad always stressed the pursuit of perfection, a lesson I never forgot.

My mother, Violet, was the disciplinarian. She had four kids who were close in age, and she was often alone with us. As a result, she had to keep our minds busy. She did things like put us in bowling leagues or taught us to play cards.

I started playing baseball in high school. When I was a junior, my father saw me play and said, "Cal, you have a chance to play pro ball." It still gives me chills thinking about that line. It motivated me to work hard.

By the end of my senior year, I was 6-foot-2. Then from 18 to 21, I grew another 2 inches. After high school, I was drafted by the Orioles and played on one of their minor-league teams.

I had been a strong player in high school, but now I was scared. Other players were stronger, and I made a ton of errors at shortstop during my first season.

In '79, I moved to the Miami Orioles, a Class-A team. But my problem with errors at shortstop started all over again. Lance Nichols, the manager, moved me to third base, and from then on everything clicked. I began playing for the Baltimore Orioles in 1981.

Today, I live in Annapolis, Md. I'm staying in a beautiful four-bedroom house on the water as I look for a home to buy. Out back, I have a panoramic view of the Spa Creek inlet and the city's historic district.

I like the open kitchen. It has an 11-foot island, and I love to cook. That started when I went away to play pro ball. My mom worried I wouldn't eat right. So she wrote out the recipes for my six favorite meals and gave them to me in a binder. The recipes served six or eight so I'd have plenty of leftovers.

When I'm in meetings at my office nearby, I often find myself distracted by the landscapers outside. If they're working, they'll catch my eye and I'll think of ways they can do the job more efficiently. I suppose that's my dad whispering in my ear. He died in 1999. I still miss him.

—As told to Marc Myers

Cal Ripken Jr., 56, played 21 seasons for the Baltimore Orioles and holds the record for most consecutive games played—2,632. Known as the "Iron Man," he is a member of the Baseball Hall of Fame and today runs Ripken Baseball, which operates youth camps and tournaments in three cities.

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