THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** TUESDAY, APRIL 24, 2018 ~ VOL. CCLXXI NO. 95 WSJ.com ★★★★ $4.00

DJIA 24448.69 ▼ 14.25 0.1% NASDAQ 7128.60 ▼ 0.2% STOXX 600 383.18 ▲ 0.4% 10-YR. TREAS. ▼ 7/32, yield 2.973% OIL $68.64 ▲ $0.24 GOLD $1,322.50 ▼ $14.20 EURO $1.2209 YEN 108.70

What's News

Business & Finance

Alphabet posted surging earnings as advertisers kept swarming to the search giant. The results came amid a costly spending spree. **A1**

◆ **Lampert is again** carving up Sears in a bid to save his retail empire, proposing that his hedge fund buy the Kenmore brand and other units. **A1**

◆ **Aluminum prices sank** after the Treasury extended a deadline for investors to exit their dealings with Rusal. **A2**

◆ **EU antitrust authorities** opened a full-blown probe into Apple's proposed acquisition of Shazam. **B1**

◆ **The yield** on the benchmark 10-year U.S. Treasury note approached 3%, hitting a multiyear high. **B1**

◆ **The S&P 500** was largely unchanged, marking its longest stretch in correction territory since 2008. **B13**

◆ **Sales of previously** owned homes ticked up in March from February, but were below year-earlier levels. **A2**

◆ **FirstEnergy has reached** a settlement with creditors of its bankrupt power-generation businesses. **B6**

◆ **Elaine Wynn** is seeking to oust a Wynn Resorts director that she says has close ties to former CEO Steve Wynn. **B3**

◆ **Newell Brands** and Carl Icahn have struck a deal with another activist investor, heading off a proxy fight. **B7**

World-Wide

◆ **A Senate committee** endorsed Mike Pompeo to be the next secretary of state, sending him to the full Senate for his expected confirmation. **A1**

◆ **A man in his mid-20s** plowed a rented van into people walking along a busy Toronto thoroughfare, killing at least 10 and injuring 15. **A7**

◆ **Police arrested** the suspect in the fatal shooting of four people at a Nashville-area Waffle House. **A3**

◆ **France's Macron** began a visit to Washington, in a test of whether his chemistry with Trump can bridge a yawning policy divide. **A7**

◆ **The administration** is considering bare-knuckle tactics to get a new Nafta deal through Congress if one is secured. **A6**

◆ **A Senate panel** has indefinitely delayed a confirmation hearing for Trump's nominee to head the VA. **A6**

◆ **The Supreme Court** weighed arguments about the process of appointing the SEC's in-house judges. **A4**

◆ **Armenia's unpopular** prime minister resigned after more than a week of growing demonstrations. **A9**

◆ **A suspected assailant** in the 2015 Islamic State attacks in Paris was sentenced to 20 years for his involvement in a Brussels shootout. **A8**

CONTENTS

0 78908 63141 1 17231>

Van Driver Plows Onto Sidewalk, Killing at Least 10 in Toronto

AARON VINCENT ELKAIM/THE CANADIAN PRESS/ASSOCIATED PRESS

ON EDGE: A man drove a rented van into a lunchtime crowd of pedestrians Monday in Toronto, leaving at least 10 dead and 15 injured. The driver fled but was arrested a short while later, and authorities on Monday evening said they were still trying to determine his motive. **A7**

Owner Cuts Into Sears to Save It

Lampert favors sale of Kenmore brand to his hedge fund as buyers prove scarce

By Suzanne Kapner And Allison Prang

Edward Lampert is once again carving up Sears Holdings Corp. in a bid to save his retail empire, proposing that his hedge fund purchase the Kenmore appliance brand and other Sears units after the struggling company was unable to find other buyers.

The Sears chief executive, through ESL Investments Inc., said in a letter to the Sears board that ESL—which owns a controlling stake in the retailer—is willing to submit offers for the Kenmore brand as well as the Sears Home Improvement and Parts Direct businesses, both of which are part of the retailer's Home Services division.

Sears has been exploring strategic options for the businesses for nearly two years, but Mr. Lampert said in his letter that it couldn't find buyers. The Kenmore business could fetch at least $500 million in a sale, according to one person familiar with the matter.

"In our view, pursuing these divestitures now will demonstrate the value of Sears' portfolio of assets, will provide an important source of liquidity to Sears and could avoid any deterioration in the value of such assets," Mr. Lampert wrote.

The moves are an effort by Mr. Lampert to inject Sears with cash and stave off a bankruptcy filing, while at the same time allowing the hived-off businesses to grow by distributing their products and services beyond Sears and sister chain Kmart, according to people familiar with the matter.

Some critics, however, have argued that the strategy further weakens Sears by giving shoppers less reason to visit the retailer.

"Eddie is walking away with

Please see SEARS page A6

Panel's Approval Boosts Pompeo In Senate

By Byron Tau And Peter Nicholas

WASHINGTON—A Senate committee endorsed Mike Pompeo to be the next secretary of state on Monday, sending him to the full Senate for his expected confirmation, after Sen. Rand Paul withdrew his opposition.

The Foreign Relations Committee confirmed Mr. Pompeo along party lines, avoiding an embarrassing defeat for President Donald Trump. All of the panel's Democrats and Mr. Paul (R., Ky.) had said they would vote against him in the days leading up the vote, raising the spectacle that one of Mr. Trump's cabinet picks could face a public rebuke.

Mr. Pompeo was already expected to be confirmed by the full Senate later this week, after several red-state Democrats had announced their backing in recent days.

Mr. Paul said that he had "received assurances" about Mr. Pompeo from the president after a lobbying campaign di-

Please see POMPEO page A4

Senate Hopeful Alleges Abuse

Rep. McSally says she was sexually abused as a teen... **A6**

Regal Arrival for a New Prince

HANNAH MCKAY/REUTERS

ROYAL WELCOME: Prince William and the Duchess of Cambridge left a London hospital Monday after the birth of their new son. **A9**

Google Parent's Profit Soars As Spending Spree Continues

By Douglas MacMillan

Google parent Alphabet Inc. posted surging earnings as advertisers kept swarming to the search giant amid a global debate about internet privacy that threatens to affect its main revenue generator.

Alphabet's earnings also got a multibillion-dollar boost from the company's stakes in startups including Uber Technologies Inc. but were tempered by the costliest spending spree in its 14-year history as a public company.

Net profit jumped 73% to $9.4 billion in the first quarter, up from $5.4 billion in the same period last year, a performance that highlights the company's huge lead in the world-wide market for online ads. The earnings growth was Alphabet's strongest since the fourth quarter of 2009.

Advertising revenue, which accounts for nearly all of the company's top line, soared 24% to $26.6 billion. Revenue from "Other Bets," a segment that includes Waymo self-driving cars, totaled $150 million, up 14% from the same period last year.

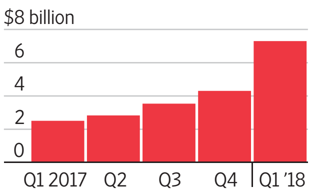
The results landed while regulators in Washington are considering getting tougher on internet privacy. While most of the attention on the issue has focused on Facebook Inc., many observers believe Google's dominant role online means it also will be subject to tougher scrutiny.

Meantime, the European Union is moving forward with a sweeping set of rules called the General Data Protection Regulation, which goes into effect May 25. The new law

Please see PROFIT page A2

Costly Investments

Alphabet capital expenditures nearly tripled over the past year as spending on real estate and data centers ramped up.



Source: the company

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Octopus & Me: Animal Memoirs Move Beyond Cats and Dogs

* * *

Writers crank out tales of life with hedgehogs, tarantulas, tree kangaroos

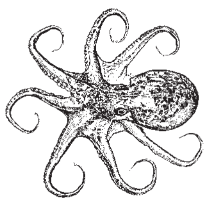
By Ellen Gamerman

In her book "How to Be a Good Creature," Sy Montgomery gains rare insight into her late mother after a wild ermine rips the head off one of the author's chickens.

"She was, in her way, as fierce as that ermine," Ms. Montgomery writes in her memoir about lessons she has learned from 13 different animals. After seeing the voracious creature, she writes, her heart "flooded with the balm of forgiveness" for her mother.

"Marley & Me" it is not. After years of publishers raining cat and dog books on readers, the pet memoir is moving on to the rest of Noah's Ark. The fast-growing category is now spawning tales of life with hedgehogs, tarantulas and tree kangaroos.

"There are already so many great books on 'the dog who saved me' or 'the cat who made my life better,' blah, blah, blah," says Lynn Price, editorial director of Behler Publications. Last year, Behler released Kristin Jarvis Adams's "The Chicken Who Saved Us," about an autistic boy and his pet hen.



Book deal?

When Ms. Price first heard about the book, she flipped. "I thought, 'Holy cow, a chicken? I've got to read this.'"

Traditional pets have been on the run since a bird of prey

Please see ANIMAL page A10

Europe's New Consumer Privacy Law Gives Edge to Tech Giants

Google and Facebook benefit, while smaller players are squeezed

By Sam Schechner And Nick Kostov

When the European Union's justice commissioner traveled to California to meet with Google and Facebook last fall, she was expecting to get an earful from executives worried about the Continent's sweeping new privacy law.

Instead, she realized they already had the situation under control. "They were more relaxed, and I became more nervous," said the EU official, Věra Jourová. "They have the money, an army of lawyers, an army of technicians and so on."

Brussels wants its new General Data Protection Regulation, or GDPR, to stop tech giants and their partners from pressuring consumers to relinquish control of their data in exchange for services. The EU would like to set an example for legislation around the world. But some of the restrictions are having an unintended consequence: reinforcing the duopoly of Facebook Inc. and Alphabet Inc.'s Google.

On May 25, the EU will begin enforcing the new rules, which in many cases require companies to obtain affirmative consent to use European residents' personal information. The change has sent shudders through the digital-advertising sector, from online publishers to the analytics firms, data bro-

Please see DATA page A10

U.S. Extends Deadline to Sever Rusal Ties

Aluminum prices dived Monday after the U.S. Treasury Department extended a deadline for investors to exit their dealings with sanctioned Russian aluminum giant Rusal, a move intended to give breathing room to U.S. allies in Europe.

By Ian Talley in Washington and Amrith Ramkumar in New York

The Treasury also signaled Rusal and its related firms might be able to escape U.S. sanctions if their owner, Russian tycoon Oleg Deripaska, divested himself of the businesses and relinquished control. Rusal had petitioned to get off the sanctions list, the U.S. said.

The moves could ease the burden on Washington's European allies ahead of President Donald Trump's meetings this week with Chancellor Angela Merkel of Germany and President Emmanuel Macron of France. Before these meetings, European economic officials complained to the Treasury that companies in the region had extensive business ties with Rusal that would be hard to unwind quickly.

The Treasury's moves prompted a selloff in Russian-linked metals because it means more expected supply from Russia. Rusal is the world's second-largest aluminum producer.

Aluminum for delivery in three months dropped 7% to $2,295.00 a metric ton on the London Metal Exchange, its largest drop in eight years, while the most actively traded palladium futures in New York fell 4.9%. Shares of aluminum producer Alcoa Corp. closed down 14%, their largest drop since 2009.

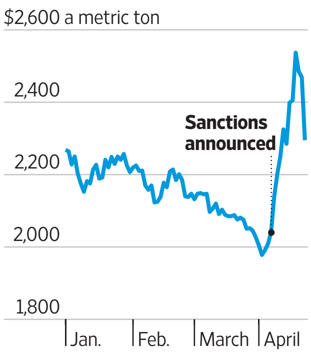
A spokesman for Mr. Deripaska and his companies declined to comment. A Rusal representative didn't respond to a request to comment.

The U.S. initially had given investors until June 5 to disentangle from Rusal and several other Russian firms, part of a broader package of sanctions aimed at putting pressure on the Kremlin following its alleged meddling in U.S. elections, alleged cyberattacks on critical U.S. infrastructure, and military actions in Ukraine and Syria. Russian officials have denied both interfering in U.S. elections and engaging in cyberattacks.

European officials requested exemptions from the sanctions when finance ministers from around the globe met in Washington last week. The U.S. didn't raise the possibility of exemptions. But the Treasury responded Monday saying investors now have until Oct. 23 to wind down their activities.

Rapid Reversal

Aluminum prices have changed direction after a sanctions-driven surge.



Note: Aluminum for delivery in three months on the London Metal Exchange
Source: CQG
THE WALL STREET JOURNAL.

Monday's decision was the second time in as many weeks that the administration walked back its Russia-sanctions policy, complicating its efforts to counter criticism the White House is pulling punches with Moscow.

Last week, the administration came under fire for deciding against hitting Russian firms involved in the Syrian conflict after Nikki Haley, the U.S. ambassador to the United Nations, said sanctions were forthcoming. White House officials later said Ms. Haley's comments were premature.

Shares of Rusal plummeted 67% since the sanctions were announced. The company is responsible for about 6% of global aluminum production and operates smelters and refineries across the world. A wide range of Russian assets, including the country's main MICEX stock index and the ruble, also fell in the wake of the sanctions.

The Rusal sanction was the Treasury sending a pointed message to the Kremlin's oligarchs, said Sarah Ladislaw, a senior fellow at the Center for Strategic and International Studies, a policy research group. "But perhaps [U.S. officials] didn't realize the full extent of Rusal's integration in several major economies," Ms. Ladislaw said.

Prices for a number of metals linked to exports by Russia had surged since the U.S. sanctions were announced. European firms that rely on the Russian aluminum company for their own products said the Treasury's actions risked dealing a serious blow to their businesses.

"The U.S. government is not targeting the hardworking people who depend on Rusal and its subsidiaries," Treasury Secretary Steven Mnuchin said in a statement.

Treasury said "the path for the United States to provide sanctions relief is through divestment and relinquishment of control of RUSAL by Oleg Deripaska."

Spring Home Sales Get Sluggish Start

By Laura Kusisto

Sales of previously owned homes ticked up in March from a month earlier but were below year-earlier levels as tight inventory levels, rising mortgage rates and high prices made for a sluggish start to the spring selling season.

Existing-home sales increased 1.1% in March from February to a seasonally annual rate of 5.6 million, the National Association of Realtors said Monday. Compared with a year earlier, sales declined 1.2%.

"The market seems to be plateauing lately rather than breaking through," according to Zillow senior economist Aaron Terrazas.

Home sales declined in December and January before rebounding in February. They are still at roughly the same level as when President Donald Trump was elected, noted Chris Rupkey, chief financial economist at MUFG.

The March results were largely in line with economists' expectations for the housing market this year: lackluster performance despite accelerating economic growth.

A limited supply of homes has helped drive up prices while curtailing sales volume. There was a 3.6-month supply of homes on the market in March based on the current sales pace, while economists say six months indicates a balanced market. The median sale price for an existing home in March was $250,400, up 5.8% from a year earlier.

Inventory is especially tight at the lower end of the market. Deals for homes priced below $250,000 declined in March on an annual basis, while transactions for homes above $250,000 grew robustly.

Kissing Couple Statue Finds Its Place on Pedestal

JOHN J. WATKINS/THE TIMES/ASSOCIATED PRESS

SOFT LANDING: The 'Embracing Peace' statue based on the V-J Day photo in Times Square was installed Monday in Crown Point, Ind.

U.S. WATCH

PENNSYLVANIA

Cosby Doesn't Testify And Defense Rests

Bill Cosby's lawyers rested their case Monday, setting the stage for closing arguments Tuesday in his retrial on charges that he sexually assaulted a woman in his home in 2004.

The 80-year-old entertainer chose not to take the stand in his own defense, just as he didn't in his first trial last June, which ended in a hung jury and mistrial.

The jury hearing the case could begin deliberations by midday Tuesday.

Mr. Cosby faces three counts of aggravated indecent assault for allegedly drugging and molesting Andrea Constand, a former Temple University employee, at his home in Cheltenham, Pa., in January 2004. Ms. Constand testified that she became incapacitated after Mr. Cosby gave her three blue pills.

Mr. Cosby, who denies the charges, has said he gave Benadryl to Ms. Constand when she complained of being stressed. He said a sexual encounter between them was consensual.

—Kris Maher

CALIFORNIA

Rent-Control Backers Get Ballot Signatures

Supporters of an initiative to allow more rent control in California say they have gathered enough signatures to make the November ballot.

The initiative would repeal a 1995 law that restricts rent control in California. That law bars cities from capping rent on buildings constructed after the law took effect and puts other limits on rent control policies.

Opponents say repeal will exacerbate the state's affordable-housing shortage by discouraging developers from building.

They say capping rent increases would limit developers' profits and create disincentives for housing construction.

Supporters say corporate greed is raising rents so high that many can't afford to live in the state.

—Associated Press

HOUSTON

George H.W. Bush Is Hospitalized

A day after burying his wife, Barbara, President George H.W. Bush was hospitalized in Houston on Sunday morning with a blood infection, according to a Bush family spokesman.

Mr. Bush, 93 years old, was responding to treatment at Houston Methodist Hospital and "appears to be recovering," family spokesman Jim McGrath said.

Barbara Bush was laid to rest on Saturday after passing away on April 17 with the 41st president at her side. The family said she had been in failing health and had decided not to seek further medical treatment.

Mr. Bush has also been hospitalized for a variety of serious ailments in recent years. Last year, he was placed in intensive care after suffering from a bout of pneumonia.

—Dan Frosch

PROFIT

Continued from Page One

could affect the revenue of Alphabet, which has already announced some changes to the way it collects consent from visitors of sites displaying its ads.

Companies found in violation of the sweeping regulation will face fines of up to 4% of their annual global revenue.

Asked about the impact of the European regulations on a call with analysts Monday, Chief Executive Sundar Pichai said Google has spent more than a year preparing to be compliant. Because Google derives most of its revenue from search ads, which rely less on personal targeting, much of its business won't be affected by the changes, he said.

Alphabet's first-quarter earnings received a boost from a change in accounting rules that caused the company to begin reporting the current fair value of nonmarketable securities, including its valuable stake in ride-hailing giant Uber.

Alphabet attributed about $3 billion of its net profit increase to the value of those securities, though the company didn't break out individual holdings or disclose what portion of that increase was made up by Uber.

The fair value of Uber shares is something of a mystery. Last December, Uber backers and employees sold shares to a group of investors led by SoftBank Group Corp. at a $48 billion valuation—a roughly 30% discount to the last time it sold new shares to investors, at a $68 billion valuation.

Alphabet's earnings boost helped offset the rising costs it pays partners such as Apple Inc. to direct more smartphone users to Google's search engine. Those costs have raised concerns that the company has to give up chunks of its revenue to maintain its level of growth.

Brian Wieser, an analyst at Pivotal Research, said the advertising business not based on Google's home page search activity—which comes from partners—"is growing faster, which helps their top line, but is lower margin."

Traffic costs rose to $6.3 billion, up 35% from a year earlier and have made up one-fifth of the company's revenue for five consecutive quarters.

The company also drastically increased its spending in other areas. Alphabet spent $7.3 billion on capital expenditures in the first quarter of the year, more than triple the amount it spent a year earlier. That included its $2.4 billion purchase of a building in New York City's Chelsea Market as well as investments in data centers and undersea cables.

The spending caps several quarters of rising costs at Alphabet, which is investing in the infrastructure the company says is critical to maintaining its lead in future technologies such as machine learning, a branch of computer science dedicated to helping computers find patterns in data.

Alphabet Chief Financial Officer Ruth Porat suggested the spending could continue, saying "it reflects the demand we are seeing" and not one-off expenses.

Earnings growth was Alphabet's strongest since the fourth quarter of 2009.

Alphabet's shares were little changed in after-hours trading.

Google has maintained its lead in the global market for online ads despite its massive size and growing competition from fast-expanding challengers. Google is expected to control 31% of the global ad market this year, down slightly from 31.7%, according to estimates from eMarketer.

Google's ad business accounts for the vast majority of revenue but the company is increasingly looking to emerging areas, such as Waymo and high-tech health-care division Calico, for continued growth.

Alphabet generally doesn't disclose results from those units individually, but it did give investors a rare glimpse at the financials of Nest Labs, the pioneer in internet-connected home devices such as thermostats and home security cameras that the company acquired for $3.2 billion in 2014.

In all four quarters of 2017 combined, Nest generated $726 million in revenue, or about 60% of the total sales of the "Other Bets" segment over that period, according to Alphabet's data. Nest was moved from Other Bets to the Google unit last year, a move seen a retrenchment of Alphabet's strategy to let more units grow as independent businesses.

Nest has been slow to release new products and has been upstaged by talking speakers with embedded virtual assistants—mainly the Amazon Echo and Google Home—which have become hubs for connected homes.

Alphabet doesn't share results for a much bigger driver of revenue, YouTube. Some investors and others have renewed calls for more transparency about the online-video service, which analysts estimate will generate from $11 billion to $20 billion this year, representing between 10% and 18% of Alphabet's overall revenue.

The company said YouTube is part of a broader suite of ad-supported businesses.

CORRECTIONS & AMPLIFICATIONS

James Shaw, the man who disarmed a gunman at a Waffle House near Nashville, Tenn., was incorrectly called Mr. Nash in two subsequent references in a U.S. News article about him in some editions Monday.

The first name of Paul Diamond was incorrectly given as Phil in an Encore report article Monday about volunteering during retirement.

A computerized rendering of a planned house in Ellenton, Fla., accompanied an Encore report article Monday about green housing designs. The caption incorrectly implied it was a photograph of an existing house in the Mirabella 55-plus community in Bradenton, Fla.

Fairfax Financial Holdings Ltd. has offered to buy **Toys "R" Us** Inc.'s Canadian stores out of bankruptcy for 300 million Canadian dollars (US$233.5 million). A Business News article Saturday about the offer incorrectly implied the bid was US$300 million.

The window in row 14 of a **Southwest Airlines** plane traveling from New York to Dallas was blown out when an engine exploded. A graphic with a Page One article on Wednesday about the accident incorrectly said row 17.

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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METROPOLITAN NASHVILLE POLICE DEPARTMENT/AGENCE FRANCE-PRESSE/GETTY IMAGES

Travis Reinking, wanted for allegedly killing four people Sunday at a Waffle House in the Nashville, Tenn., area, was in custody Monday.

Accused Shooter Captured

Authorities assess if suspect's father broke the law by returning weapons to his son

By Cameron McWhirter And Shibani Mahtani

After apprehending the suspect Monday in a fatal weekend shooting of four people at a Nashville-area Waffle House, authorities are looking into whether his father broke federal laws by giving him back his weapons, including the semiautomatic rifle used in the attack, that were legally taken away last year.

"He should not have had weapons," said Marcus Watson, special agent in charge of the Nashville Field Division of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, referring to Travis Reinking, the suspect now in custody after evading police for more than a day.

Mr. Reinking, 29 years old, has been charged with four counts of homicide and is being held on a $2 million bond at the Nashville metro jail, police said. His lawyer couldn't be reached for comment. Mr. Reinking's first court appearance is scheduled for Wednesday morning.

The suspect's father, Jeffrey Reinking, could face charges for returning his weapons after authorities stripped the suspect of them last year following a series of incidents, including his arrest near the White House last July.

"If you transfer weapons knowingly to a person that is prohibited that could potentially be a violation of federal law," Mr. Watson said.

Jeffrey Reinking couldn't be reached for comment.

Police took Travis Reinking into custody shortly after 1 p.m. Central Time Monday after citizen tips led them to a wooded area not far from the Waffle House and Mr. Reinking's apartment complex, both in Antioch, Tenn., in the Nashville metropolitan area.

Metro Nashville Police Lt. Carlos Lara said his officers confronted Mr. Reinking in the woods and drew weapons on him. "He got on the ground immediately," Lt. Lara said.

Mr. Reinking had a gun and a flashlight in a backpack, police said. He made no comments when arrested except to ask for a lawyer, police said, and his movements since the shooting are unknown.

The arrest brought to a close an extensive manhunt in one of the worst mass shootings in Tennessee in recent years. Early Sunday morning, Mr. Reinking, who is from central Illinois and has a history of mental problems, opened fire both outside and inside the Waffle House with an AR-15-style rifle, police said.

While he was reloading, a patron wrestled the weapon away from him, and the suspect ran away. Witnesses said the shooter said nothing during the attack.

Police haven't released a motive for the shooting. "We don't know what his plan was," said Don Aaron, a spokesman with the Nashville Metropolitan Police Department. But, he said, Mr. Reinking "shows signs of significant instability."


JUSTIN SULLIVAN/GETTY IMAGES

Protesters demonstrated earlier this month over the police killing of Stephon Clark in Sacramento.

In California, Bill Seeks To Unseal Police Records

By Zusha Elinson

SAN FRANCISCO—Police officers' disciplinary records are kept secret in California, but that could change under a bill that would release records concerning the use of force, sexual assault and dishonesty.

"Building trust between police and communities has to start with transparency," said state Sen. Nancy Skinner, a Democrat, who introduced the new bill in the state Senate. The legislation, she said, "ensures that when officers use serious or deadly force, engage in sexual assault or are dishonest in carrying out their duties, the public is informed."

More than 25 states allow some degree of public access to police disciplinary records, but California doesn't. The liberal state is one of the most secretive in the nation because of restrictive laws, key court rulings and the strength of law-enforcement unions. Police unions helped defeat a bill in 2016 that would have opened up a wider swath of police personnel files.

This time may be different. The bill is narrower than prior attempts, and police unions are engaging with Ms. Skinner, not fighting the legislation with the same fervor they showed in 2016.

"We can hopefully reach a compromise that can get this over the finish line," said Brian Marvel, president of the Peace Officers Research Association of California. However, he added, "Right now, we are opposed to it."

Mr. Marvel said he agreed that the records should be opened up to the public. But he said he worries that it could be unfair to police officers because police discipline has not been handled uniformly across the large state.

Police unions helped defeat a bill in 2016, but appear open to a compromise now.

"There has to be a process in which there is a statewide standard," he said.

Under the bill, the public would be able to access information on investigations and findings in cases in which police officers shoot, strike or use a Taser on someone. It would also open up cases where accusations of sexual assault or dishonesty were upheld by police departments.

"The public needs to understand how police departments handle shootings [and] how they handle officers who lie under oath, to make sure that police departments are using standards that match community values and holding officers accountable," said Peter Bibring, an attorney with the American Civil Liberties Union, which backs the bill.

The state Senate's public safety committee approved the bill this month at a hearing in which lawmakers chastised law-enforcement representatives. "You are completely and utterly out of touch with the realities of how those you are representing are perceived by major segments of California," said state Sen. Holly Mitchell, a Democrat from Los Angeles who co-wrote the bill.

The legislation comes as police in the state capital of Sacramento have been beset by protests over the deadly shooting of an unarmed black man, Stephon Clark. He was killed last month after police said they received reports of car break-ins.

Body-camera footage of the incident shows officers following him in the dark, peering around a corner of a building, shouting for him to show them his hands and then yelling, "Gun, gun, gun!" and shooting. He was holding a cellphone, not a gun.

Southwest Expects Minor Disruptions

By Robert Wall

Southwest Airlines Co. said it expected a small number of delays or cancellations each day this week as it conducts engine checks in the wake of an accident that killed a passenger, while other airlines also have stepped up inspections.

The largest carrier of domestic passengers said about 40 flights were scratched Sunday while the airline checked engines on some of its **Boeing** Co. 737 planes. The cancellations represented about 1% of its Sunday schedule, Southwest said.

"We anticipate minimal delays or cancellations each day this week due to the inspections," Southwest said Monday.

The airline's Flight 1380 last Tuesday suffered an engine failure that spewed parts into the fuselage of the plane, damaged a wing and broke a cabin window. The accident killed passenger Jennifer Riordan.

Investigators believe an engine fan blade suffered cracks that led the component to fail on the flight from New York's La-Guardia Airport to Dallas Love Field. The plane made an emergency landing in Philadelphia.

U.S. and European aviation regulators ordered emergency inspections of hundreds of Boeing 737 engines last week knowing that the National Transportation Safety Board was poised to issue nonbinding recommendations. Crash investigators at the NTSB were prepared to urge ultrasound inspections after the Southwest accident.

But the Federal Aviation Administration and European Aviation Safety Agency on Friday said airlines would have to perform ultrasound inspections within 20 days for some older engines. Engine maker CFM International, a joint venture of **General Electric** Co. and France's **Safran** SA, on Friday issued its own upgraded inspection guidance and said Monday it was aiding 60 airlines on the inspection efforts.

—Doug Cameron contributed to this article.

Question at Heart of North Korean Diplomacy

CAPITAL JOURNAL
By Gerald F. Seib

The vibes surrounding President Donald Trump's planned summit with North Korean leader Kim Jong Un are pretty good at the moment, and good vibes are better than bad ones.

But here is the tougher underlying reality. Even a successful summit is likely to mark merely the start of prolonged and difficult negotiations with North Korea. And at the end, Mr. Trump could well come face-to-face with the same agonizing question looming ever since Pyongyang first tested a nuclear device: Will the U.S. be content merely to contain a nuclear North Korea and deter it from ever using the bomb it now possesses?

The road toward answering that question will be full of possibilities and pitfalls. "The Trump administration has the potential to turn this into a process that secures the American position in Asia, that puts the U.S. at the center of the table, that puts some constraints on North Korea," says Kurt Campbell, a veteran Asia hand in several administrations and former assistant secretary of state for Asia. "That opens new venues for dialogue and discussion and at least in the short term reduces the risks of nuclear proliferation and takes the brutal military options and puts them on the back burner. Those are all important accomplishments but they require discipline. And most of all patience."

Let's quickly review the plotline. Mr. Trump has confirmed that the two leaders are on track to meet in late May or early June, and Mike Pompeo, current head of the Central Intelligence Agency and designated new secretary of state, met Mr. Kim over Easter weekend to lay the groundwork. Late last week, Mr. Kim said he would suspend nuclear and missile tests, shut down his nuclear-testing site and turn his focus to economic development.

The implication is that this is what Mr. Kim means when he says he is willing to discuss "denuclearization"—that is, he means freezing his nuclear program where it is now, in return for relief from international economic sanctions. That, of course, isn't what the U.S. means when it says its goal is denuclearization of the Korean Peninsula; Washington interprets that to mean complete elimination of the North Korean nuclear-weapons program.


KCNA/REUTERS
Statements suggest Kim Jong Un may be willing to freeze, not dismantle, his nuclear-weapons program.

Moreover, The Wall Street Journal reported Sunday that Mr. Trump, when he meets Mr. Kim, will urge him to move quickly to dismantle his nuclear arsenal and won't be willing to grant meaningful sanctions relief in return for a mere freeze of nuclear and missile tests.

So the gap between those views is the nub of the matter. Perhaps Mr. Kim is willing to go further than his recent statement suggests, and negotiations are the way to find out. But he and his father before him essentially staked the survival of their regime on the development of a nuclear weapon. Mr. Kim has succeeded, and it is hard to unring that bell. He has bought himself and his family regime a measure of security with a clear know-how.

He also does need, badly, an economic opening to develop his backward country. More than his father, he seems to realize the yawning gap between North Korea's development and that of the rest of the world.

In fact, this obvious desire for economic relief is a sign of the Trump administration's success at tightening the economic vise on Pyongyang. Yet that may only mean that negotiations in coming months—perhaps even years—play out in the gray area between a complete elimination of North Korea's nuclear program and acceptance of some residual nuclear capability.

The U.S. certainly could put in place policies and military assets to help ensure North Korea isn't tempted to actually use a nuclear weapon. But verifying limits on North Korea's program would be tough, and the price for allowing it to continue could be high. North Korea might decide at some point to use nuclear blackmail to force reunification with South Korea on its terms. And the message to Iran may be that it, too, should proceed to at least a minimal nuclear capability.

Ultimately, "that age-old dilemma still exists for U.S. policy makers," says Evan Medeiros, former senior Asia analyst in the Obama White House. "Is North Korea serious about denuclearization—not really—and if North Korea continues to muddle that core issue, then will the U.S. and others end up accepting North Korea in the future as a de facto nuclear-weapons state? I believe that's what North Korea wants."

His guess? After years and due to "sheer frustration and exhaustion," the result will be acceptance of a cap on North Korea's future nuclear and missile programs.

◆ Seoul quiets propaganda aimed at North........................ A18

High Court Weighs Challenge to SEC's Use of Judges

BY JESS BRAVIN AND DAVE MICHAELS

WASHINGTON—Supreme Court justices appeared wary Monday of claims that the nonpolitical process for appointing administrative-law judges to hear securities-enforcement cases is unconstitutional, with several justices concerned that striking down the system could erode the political independence of the federal civil service.

The Securities and Exchange Commission, like various other agencies, employs civil-service judges to adjudicate complaints filed by its enforcement division, though the commissioners retain final authority over the judges' rulings.

Raymond Lucia, barred for life from the securities industry after an SEC judge found he fraudulently touted his "Buckets of Money" investment strategy, asked the court to set aside his punishment on grounds that the commission violated the Constitution by hiring judges through a civil-service process rather than political appointment.

At Monday's argument, Chief Justice John Roberts expressed some sympathy for that argument, noting that the constitutional requirement that federal "officers" be appointed by the president, the courts or department heads was intended to ensure that public officials were accountable to the voters.

Justice Anthony Kennedy, however, suggested that making SEC judges answerable to political officials would diminish their independence and public confidence in their decisions, undermining the purpose of the administrative-law system.

Neither the Constitution nor centuries of case law has clarified which federal employees qualify as officers rather than "agents" of the government.

The court's ultimate decision could affect many agencies beyond the SEC. There are thousands of administrative-law judges throughout the executive branch, often providing not only the first forum for enforcement cases against defendants such as Mr. Lucia, but ruling on other issues like Social Security benefit disputes.

Justice Stephen Breyer suggested that too broad a definition of a federal officer could invite challenges to thousands of routine government activities.

POMPEO

Continued from Page One

rected at Mr. Paul, who frequently breaks with the majority of his party on foreign-policy issues.

"President Trump believes that Iraq was a mistake, that regime change has destabilized the region, and that we must end our involvement with Afghanistan," Mr. Paul wrote on Twitter. "Having received assurances from President Trump and Director Pompeo that he agrees with the President on these important issues, I have decided to support his nomination to be our next Secretary of State."

Mr. Paul's initial opposition was due to concerns about the use of military force, specifically in Iran. Mr. Paul voted against Mr. Pompeo as Central Intelligence Agency director last year. Democrats on the panel opposed him as a bloc, some also citing concerns about Iran, and others questioning his temperament, past statements and views on the use of military force.

Mr. Paul said he got a promise from Mr. Trump to review U.S. surveillance policy in the coming weeks as it concerns spying on Americans. Mr. Paul has long championed more privacy for Americans swept up in foreign electronic collections.

Speaking about Mr. Paul later on Monday, Mr. Trump said the Kentucky Republican "never let us down."

A White House official said that in lobbying for Mr. Pompeo's confirmation, the White House made Mr. Paul a special focus. The White House dangled both "carrots and sticks" in trying to win him over, the official said.

The White House was prepared to tell Mr. Paul that if he voted against Mr. Pompeo, the White House would make certain that voters in Kentucky knew that he voted in 2013 for John Kerry, the Democratic secretary-of-state nominee, while voting against the Republican nominee in 2018, the White House official said.

At the same time, Mr. Trump has been wooing Mr. Paul, calling him over the weekend and asking for his vote. White House officials have also sought to answer Mr. Paul's questions about U.S. involvement in Afghanistan and


ANDREW HARRER/BLOOMBERG NEWS
Mike Pompeo's nomination comes as Democrats have expressed alarm about President Trump's policies in Iran, North Korea and Syria.

Syria, and whether the Trump administration plans to escalate its military role in both countries, the official said.

Even with Mr. Paul's support, the committee vote wasn't as clean as Mr. Pompeo's supporters would have liked. Sen. Johnny Isakson (R., Ga.) couldn't be there, as he was attending a funeral, and without him, the vote would have been 10-10. But Sen. Chris Coons (D., Del.), who opposes the nomination, agreed to vote present rather than putting the vote off until Mr. Isakson could be there. That allowed the nomination

The Senate panel's endorsement avoids an embarrassing defeat for President Trump.

to go forward with a favorable recommendation.

Mr. Pompeo, a graduate of West Point and a former Army captain, represented Kansas in the House of Representatives between 2011 and 2017, before being picked by Mr. Trump to serve as CIA director. He was confirmed with more than a dozen Democratic votes for the CIA job last year, but is on track for far fewer in his quest to be secretary of state.

Republicans said that Mr. Pompeo was a capable nominee who has the ear and the trust of Mr. Trump, and that he should be confirmed.

"The president deserves to have a secretary of state that agrees with him or her in general on a foreign-policy direction. It's the only way they can be expected to conduct the foreign policy of this country," said Sen. Marco Rubio (R., Fla.) shortly before the vote.

Many Democrats cited Mr. Pompeo's opposition to the Iran nuclear deal negotiated in 2015 under President Barack Obama. Mr. Pompeo's critics also pointed to his past comments on Muslims in America, including one where he said that Islamic faith leaders were "complicit" in the Sept. 11 terrorist attacks for what he called their failure to denounce radicals of their faith.

"I voted for Director Pompeo to be head of the CIA because I think he's very suited to be head of an intel agency," said Sen. Tim Kaine (D., Va.). But he added: "I don't want to vote for people who are antidiplomatic to be the nation's chief diplomat"—pointing to Mr. Pompeo's opposition to the Iran nuclear agreement and the Paris climate accords.

Going into Monday's vote, Mr. Pompeo looked like he could face the first-ever rebuke of a secretary of state nominee in committee. The close, party-line vote is still something of a rebuke to Mr. Pompeo's nomination in historical terms.

Secretary of state nominees have typically been awarded a great deal of deference. Mr. Kerry and Hillary Clinton—who were nominated to be secretary of state under Mr. Obama—were overwhelmingly confirmed. During the height of the Iraq war, when many Democrats were increasingly concerned about President George W. Bush's foreign policy, his nominee, Condoleezza Rice, was confirmed 85-13.

But Mr. Trump's first nominee, Rex Tillerson, the former chief executive of Exxon Mobil Corp., only drew 56 yes votes.

U.S. NEWS

GOP Senate Hopeful Alleges Sexual Abuse

Arizona representative says high-school track coach manipulated her; he denies allegation

By Kristina Peterson

TUCSON, Ariz.—Rep. Martha McSally said she was sexually abused by a coach when she was in high school, an experience that she said shaped some of the biggest decisions in her life.

Ms. McSally, a Republican who is running for the Arizona U.S. Senate seat being vacated by GOP Sen. Jeff Flake, has spoken before of being sexually harassed during her 26 years in the Air Force, where she became the first female pilot to fly in combat. But she hasn't previously discussed publicly her high-school track coach's alleged sexual abuse of her when she was 17, which she said she didn't tell her friends or family about until a decade later.

"It took awhile for me to come to a place where I understood what the hell I had been through," Ms. McSally, now 52 years old, said in an interview with The Wall Street Journal. "At the time, I was so afraid. I now understand—like many girls and boys who are abused by people in authority over them—there's a lot of fear and manipulation and shame."

The national debate over sexual harassment swept Capitol Hill in the past year, but more attention has centered on allegations of lawmakers' misconduct than their own experiences as alleged victims of sexual abuse.

The congresswoman brought up the alleged sexual abuse in an interview this month regarding her history as a longtime runner and said it was an inextricable part of her relationship with the sport. "Running is a place where I was violated, but running is also a place where I found healing and found strength and resolve," she said.

Ms. McSally said the experience occurred during her senior year of high school. She attended St. Mary Academy-Bay View, an all-girls Catholic school in Riverside, R.I. Her father had died when she was younger and, to "escape from the grief," she turned to exercise, including swimming and running, she said.

In high school, she ran cross-country and track. One of her first running coaches had become a father figure for her, she said, and when a different coach succeeded him, she put the same kind of trust in him.

Two decades older than her, the new coach pressured Ms. McSally into having sex with him, she said in the interview. As she grew increasingly uncomfortable with the situation, he used a variety of psychological tactics to keep her silent, according to Ms. McSally.

"Even though he didn't physically force me, it certainly was an emotional manipulation," Ms. McSally said.

The school's 1984 yearbook identifies the track coach as Jack Dwyer, a spokeswoman for St. Mary Academy-Bay View said, but she declined to comment further. Mr. Dwyer said he coached Ms. McSally, and he denied her allegations.

"I believe she's nuts," he said. "That girl is the most scheming woman I ever met." Mr. Dwyer said Ms. McSally came to his home "a few times, uninvited, with and without other people," but they never had sex, he said.

In response, Ms. McSally said in a statement: "He is a troubled man who I have forgiven, and I hope he finds God's peace and grace."

St. Mary Academy-Bay View President Marybeth Beretta and Communications Director Sara Del Signore didn't respond to requests to comment about Ms. McSally's allegations and the former coach.

At the time, Ms. McSally, said, she told only two women about what was happening, but none of her close friends or family. One of those women said she was alarmed by what she heard, and she told the school's principal about the coach's alleged behavior, without naming Ms. McSally.

The school immediately fired Mr. Dwyer, the woman said. Mr. Dwyer denied the woman's comments and said he resigned to take another job.

MAURA FRIEDMAN FOR THE WALL STREET JOURNAL

Rep. McSally said the ordeal pushed her to challenge herself.

The experience helped Ms. McSally make a career-defining choice, she said: She entered the Air Force Academy in Colorado.

"One of the many reasons why I ended up leaving Rhode Island and going to the Air Force Academy was to get away from him," Ms. McSally said.

Roughly 10 years later, in the mid-1990s, Ms. McSally said, she explored whether legal avenues were available to hold the coach accountable and found out there were few.

Because she had been 17 at the time, the coach couldn't be accused of statutory rape under Rhode Island law, which criminalizes most consensual sex with individuals under 16. Alleging sexual assault and abuse of power also looked challenging. "That's difficult to prove the morning after, let alone 10 years after," Ms. McSally said. Her only legal option appeared to be a civil lawsuit for damages, which didn't appeal to her.

She had told her friends and family and felt like she "was in a healthy place. I'm not going to go into a court," she said. She let the idea of legal action drop.

Rich Robinson, who worked for a nonprofit that volunteered at the chapel at Davis-Monthan Air Force Base in Arizona when Ms. McSally was stationed there, said Ms. McSally told him about the alleged abuse by the coach around 1994.

"She shared that she had been violated by a high-school coach and others," he said, referring to her later experiences in the Air Force. Ms. McSally told the Journal that she encountered "similar, awful experiences in the military on the spectrum of abuse of power and sexual assault."

Looking back, Ms. McSally said, the ordeal pushed her to challenge herself in other ways. She completed a full Ironman triathlon in 1993, became the first female fighter pilot to fly in combat in 1995 and the first woman to command a combat aviation unit in 2004. She said she believes she became "an endurance athlete and a fighter pilot because I was looking for ways to not be powerless."

—James Oberman contributed to this article.

Trump Muscles Congress on Nafta

By William Mauldin And Siobhan Hughes

WASHINGTON—The Trump administration is pushing hard to finish talks on the North American Free Trade Agreement over the next two weeks and is considering bare-knuckle tactics to get Congress to approve a new deal.

President Donald Trump has repeatedly signaled his willingness to withdraw from Nafta entirely if he doesn't get a renegotiated deal he deems more favorable to American workers.

The administration used the same strategy to bring Canada and Mexico to the table. But some in Congress—especially members of the GOP—say they are prepared to resist the approach if it is turned on them.

"I have advised them very unambiguously that would be a very bad strategy for the administration to pursue," said Sen. Pat Toomey (R., Pa.).

Lawmakers have ultimate constitutional authority over tariffs as well as tools and levers to promote their own agenda and delay or derail unwanted policy from the executive branch. Asked Monday about the strategy for Nafta, White House spokeswoman Sarah Sanders said, "Those conversations and negotiations are ongoing."

CHRIS KLEPONIS/PRESS POOL

U.S. trade chief Robert Lighthizer is working on Nafta changes.

U.S. Trade Representative Robert Lighthizer met behind closed doors Friday with senior Canadian and Mexican officials, who said they would regroup Tuesday as part of intense negotiations, with lower-level officials working through the weekend.

"Basically there has been very good progress and we'll continue working nonstop," Mexican Economy Minister Ildefonso Guajardo said Friday after talks in Washington. "Our teams will continue working permanently."

The three countries are eager to complete an agreement in principle within two weeks to renew the 24-year-old pact, so that a final deal can be signed before the Mexican presidential election July 1 and before the window closes for consideration in Congress this year.

Mr. Lighthizer has called for tighter rules about how much North American content a car or auto part has to have to qualify for duty-free trade; changes to procurement rules to limit foreign firms' access to government contracts in the U.S.; a weakening of Nafta's dispute-settlement provisions; and other changes.

—Paul Vieira contributed to this article.

President's Right to Alter Pact Disputed

U.S. Trade Representative Robert Lighthizer is rushing to amend the North American Free Trade Agreement as soon as the end of next week. Could President Donald Trump enact changes to Nafta without Congress?

Mr. Trump has claimed the legal authority to pull out of Nafta, a threat he has made repeatedly as part of his negotiating tactics. Many members of Congress say the president doesn't have such authority.

The president's team has followed procedural rules while negotiating, according to congressional staffers. While the president can make minor changes to the treaty on his own authority, any change that affects U.S. law would require congressional approval.

The biggest priority for the Trump administration—tightening Nafta's rules for auto trade in ways it hopes will boost American employment—doesn't require changes to U.S. law and could be enacted without Congress, experts say.

—William Mauldin

Hearing Is Delayed On Pick to Lead VA

By Siobhan Hughes And Peter Nicholas

WASHINGTON—A Senate committee has indefinitely delayed a confirmation hearing for Ronny Jackson, President Donald Trump's nominee to head the Department of Veterans Affairs, because of questions about his background, according to White House and congressional aides.

Aides and lawmakers on Capitol Hill didn't specify the concerns. A spokeswoman for the Veterans Affairs Committee didn't respond to a request for comment.

The Veterans Affairs Committee had been scheduled to hear from Dr. Jackson, a U.S. Navy rear admiral who has served as a White House physician during the past three administrations, on Wednesday. Dr. Jackson was chosen to succeed David Shulkin, whom the president abruptly ousted last month, saying change at the agency was coming too slowly.

Sen. Mike Rounds (R., S.D.) said the committee hadn't yet received all the paperwork it has requested, preventing a full screening of Dr. Jackson.

"We're a long ways from this because we don't have paperwork from the White House, we don't have the backgrounds completed. That needs to be completed before it moves forward," Mr. Rounds told reporters.

It wasn't immediately clear what exactly surfaced in the committee's vetting that triggered the delay in Dr. Jackson's hearing. But even before the committee began to study his record, veterans service organizations and some lawmakers had raised concerns, saying Dr. Jackson's biography showed scant experience running a bureaucracy on the scale he would inherit.

By Monday, lawmakers were still expressing some of the same hesitations.

"There's concern about his experience," Sen. John Boozman (R., Ark.), a member of the Veterans Affairs Committee, said Monday evening. "The experience issue is the biggest issue…and general knowledge of the VA."

"You've got 360,000 people—the question is are they going to manage the secretary or is the secretary going to manage the VA?" asked Mr. Rounds.

Law of the Jungle: No Copyright

By Sara Randazzo

DAVID SLATER/ASSOCIATED PRESS

Naruto's selfie spawned a suit.

Copyright ownership isn't monkey business.

That is what a federal appellate court ruled Monday, in denying the People for the Ethical Treatment of Animals' request to bring copyright claims on behalf of a macaque monkey.

The animal-rights organization sued a wildlife photographer in 2015, claiming he shouldn't own the copyright for a series of selfies snapped four years prior by an Indonesian monkey named Naruto. PETA argued Naruto himself is the copyright owner of the photos.

But animals have no legal ability to hold copyright claims, the Ninth U.S. Circuit Court of Appeals said in its decision, which also questioned PETA's motives in bringing the case.

"PETA seems to employ Naruto as an unwitting pawn in its ideological goals," the court wrote in a footnote.

The organization had tried to sue the photographer, David Slater, as a "next friend" of the monkey, a designation sometimes used for a third party to sue on another's behalf. PETA's tie to the macaque, however, doesn't seem "any more significant than its relationship with any other animal," the Ninth Circuit found.

Naruto apparently took the photos of himself after coming across Mr. Slater's unattended camera in a reserve on the island of Sulawesi, Indonesia, according to the opinion. Mr. Slater has said in interviews that he tried to encourage animals to take their own photos.

PETA's general counsel, Jeff Kerr, said Monday that the opinion misses the point that Naruto "undeniably took the photos," and that denying him rights under the U.S. Copyright Act "emphasizes what PETA has argued all along—that he is discriminated against simply because he's a nonhuman animal."

SEARS

Continued from Page One

the good pieces and leaving the doomed retail stores behind," said Erik Gordon, a professor at the University of Michigan Ross School of Business. "He gets the other assets out from under the specter of being reorganized in a bankruptcy filing."

ESL also said it could offer to buy Sears's real estate, including the $1.2 billion in debt secured by the properties. The retailer could then lease the stores to keep running them.

As of Feb. 3, it had 1,002 Sears and Kmart stores, down from 1,430 a year earlier. The company has been closing or selling hundreds of stores to mall owners and landlords, including a real-estate investment trust that Sears created in 2015 called Seritage Growth Properties.

Sears said in a news release Monday that a board committee is reviewing and considering ESL's letter. Sears has previously said it reviews all deals with Mr. Lampert and requires them to be at least as favorable as arm's-length transactions.

Mr. Lampert's interest in purchasing the businesses extends a string of transactions in which he is often on both sides. In addition to serving as Sears's chairman and CEO, he is the company's largest investor and among its biggest lenders. He is also chairman of, and a major investor in, Seritage, which ranks among Sears's biggest landlords.

Mr. Lampert wrote that he and ESL President Kunal Kamlani, who is also a Sears director, would recuse themselves from the board's deliberations. Any agreements would require approval of minority shareholders and be subject to a "go shop" period during which Sears would solicit alternative offers, the letter states.

Sears's shares rose 7.6% on Monday to close at $3.24. The stock traded at $13 a year ago and more than $30 when Mr. Lampert took over as CEO in 2013. He has controlled the retailer since combining it with Kmart more than a decade ago.

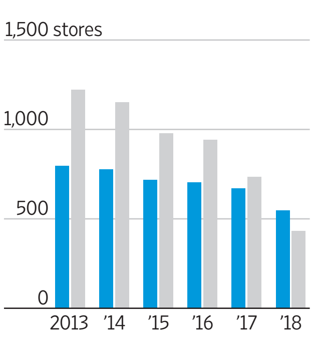
Sears has been struggling with years of losses and shrinking sales under Mr. Lampert's direction. Investors, suppliers and landlords have grown increasingly concerned about the company's future, forcing Sears to pay cash up front for many goods and ESL to regularly extend the company credit. Its Canadian arm filed for protection from creditors last year and decided to liquidate. Sears spun off most of its stake in Sears Canada in recent years, but retained a 12% stake.

People familiar with Mr. Lampert's thinking say he is still determined to save the Sears and Kmart retail operations. But there are few outsiders who believe he will be successful at this point.

"There is no way Sears and Kmart will turn around without a major injection of capital," said David Tawil, president of Maglan Capital, a hedge fund that invests in retailers but doesn't currently have a position in Sears.

Closing Shops

Sears Holdings has been shutting or selling off hundreds of stores since Edward Lampert became CEO in 2013.



Note: Fiscal year ends the Saturday closest to Jan. 31.

Source: SEC filings

THE WALL STREET JOURNAL.

Sears has been struggling with years of losses and shrinking sales.

In the U.S., Sears remains one of the top sellers of appliances, although it has lost ground to Home Depot Inc., Lowe's Cos. and others. Kenmore, Sears's house brand, has a 10.3% share of the major-appliance market, down from 15.8% in 2014, according to TraqLine, a unit of Stevenson Co.

According to Sears, nearly one in every three American homes has an appliance bearing the Kenmore name, which first appeared on a Sears washing machine in 1927. Last year, Sears struck a deal to sell Kenmore products on Amazon.com Inc., broadening its reach beyond Sears and Kmart stores. It also began selling its DieHard batteries on Amazon. In 2017, it also sold its Craftsman brand to Stanley Black & Decker Inc.

Sears received about $900 million from the Craftsman deal, though some of the payments will come over several years and were earmarked for its pension fund. The company has also been exploring options for its Sears Auto Centers, DieHard brand and Innovel logistics business.

Mr. Lampert's letter didn't put a value on the Kenmore brand and Sears doesn't break out Kenmore revenue. Most Kenmore laundry machines, stoves and other appliances are made by others such as **Whirlpool** Corp. and **Electrolux** AB. For the home-improvement and parts businesses, Mr. Lampert said he was willing to pay about $500 million.

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Driver Plows Van Into Toronto Pedestrians

Police arrest suspect after vehicle jumps curb on busy street, killing at least 10

By Vipal Monga And Jacquie McNish

AARON VINCENT ELKAIM/THE CANADIAN PRESS/ASSOCIATED PRESS

Police gathered near a damaged van after the vehicle jumped a curb and crashed into pedestrians.

TORONTO—A man in his mid-20s plowed a rented van into people walking along a busy Toronto thoroughfare on Monday, killing at least 10 and injuring 15, and rattled one of North America's safest major cities.

Police said they arrested the driver, Alek Minassian, 25 years old, of Ontario. Authorities said Monday evening that they were still trying to determine his motive.

"We cannot come to any firm conclusions at this stage," said Canada's public safety minister, Ralph Goodale. But he said there was "no national security connection" to the attack, based on the evidence police have seen so far.

Toronto Chief of Police Mark Saunders said the attack "looks intentional."

The casualties occurred on one of the city's first warm spring days, along Toronto's main artery, Yonge Street. Mass killings have been much rarer in Canada than in the U.S. and Europe, and many said they were stunned.

"I'm at a loss for words. I can't believe that this has happened here. Things like this don't happen in Canada," said Melissa Phillips, a nurse who was walking her dog Monday evening just steps away from where pedestrians were hit earlier.

The van jumped up onto the sidewalk around 1:30 p.m. Monday, hitting pedestrians as it headed south for about a mile. Police said 26 minutes lapsed between the first 911 call and the driver's arrest.

Deadly Path

Source: Staff and wire reports
Joel Eastwood and Max Rust/THE WALL STREET JOURNAL.

The area where the incident occurred is home to people of many ethnic backgrounds, said John Filion, a city councilor representing the area where the incident took place, but is predominantly home to immigrants from Iran, Iraq, Korea and elsewhere in Asia. Businesses in the area include banks, pensions and government buildings, as well as retail shops.

"This is the kind of community where you rarely even encounter angry people, let alone something like this," said Mr. Filion. "It's a such a shock."

Toronto resident Reza Bahramian said he was out enjoying the nice weather when he saw a van "cut everything." He and some other neighbors started chasing after the van and yelling for it to stop. They saw about four people get hit.

He said he helped one woman who was struck, with CPR, for about half-hour before paramedics arrived. "Blood flowed on the sidewalk," he said, referring to the numerous injuries of people who were hit.

Another witness said in an interview he saw two responders trying to give CPR to two people lying in the street, but eventually the responders covered their bodies with tarps.

Witness Alex Shaker told CTV news that the van was moving at high speed along the sidewalk, striking everything in its way.

—Paul Vieira and Kim Mackrael contributed to this article.

French Leader, in U.S., Hopes Ties Ease Policy Rifts

By Stacy Meichtry

WASHINGTON—French President Emmanuel Macron arrived for the first state visit of Donald Trump's presidency, in a test of whether personal chemistry between the two leaders can bridge a yawning policy divide.

The three-day trip is choreographed to showcase the bonhomie that has unexpectedly blossomed between the men over the past year. On Monday, the leaders and their wives planned to dine privately at Mount Vernon, the plantation house of George Washington, followed on Tuesday by talks and a glitzy state dinner at the White House.

"This visit is really important in our current context, with so many uncertainties, troubles and, at times, threats," Mr. Macron said after landing in Washington.

Those moments of presidential bonding, however, are belied by a long list of differences on issues including climate change and the Iranian nuclear accord.

"The question for Macron is how he can use this personal connection with Trump to try to rebuild where you have certain policy disagreements," said Jérémie Gallon, managing director of the American Chamber of Commerce in France.

The relationship has been a study in contrasts from the beginning. When the two first met at a North Atlantic Treaty Organization conference last year, they locked hands in a white-knuckled handshake before television cameras that pitted Mr. Trump, champion of an "America First" agenda, against Mr. Macron, the consummate globalist.

Over the past year, however, Mr. Macron has emerged as one of the few Western leaders willing to openly court Mr. Trump, inviting the president to join him at a Bastille Day military parade last year and dine inside the Eiffel Tower. The two regularly speak by phone, and when Mr. Trump needed allies to join the U.S. in conducting strikes over Syria, Mr. Macron wasted no time in answering the call.

"Our president doesn't have a lot of other friends in the region right now, so he's our guy in Europe," a State Department official said.

Mr. Macron has framed the visit as an opportunity to guide Mr. Trump back into the fold of international multilateral cooperation and long-standing Western alliances.

The U.S. and France, Mr. Macron said Monday, are the "guarantors of contemporary multilateralism."

Mr. Macron aims to use the trip to persuade Mr. Trump to keep the U.S. in the Iranian nuclear agreement after his self-imposed May 12 deadline to decide. Mr. Macron has also warned Mr. Trump that pulling American forces out of Syria would create a power vacuum in which Iran, Russia and terror groups would thrive.

CAPITAL ACCOUNT | By Greg Ip

Why Macron Has Best Chance To Temper 'America First'

French President Emmanuel Macron and U.S. President Donald Trump are ideological and stylistic opposites. Mr. Macron is a suave globalist who is passionate about global warming, the Syrian civil war and the European Union. Mr. Trump is a nationalist contemptuous of global institutions and wary of foreign entanglements.

BRIAN SNYDER/REUTERS

Emmanuel and Brigitte Macron arrive in the U.S. on Monday.

But Mr. Macron, who is in Washington as Mr. Trump's first official state visitor, may stand a better chance of drawing Mr. Trump back into the global fold than anyone.

For all their ideological differences, the two have more in common than meets the eye. Both are political newcomers who entered office at the helm of new movements, and their political views are easily adapted to circumstances. At present, global economic conditions have aligned their interests. China and Germany have the world's largest trade surpluses, and that creates problems for Mr. Macron and Mr. Trump.

Mr. Macron, elected on a platform to reinvigorate the economy, has ushered in labor overhauls to allow companies to negotiate work conditions at the local level, cut taxes on profits, wealth and payrolls, and plans to shake up training and apprenticeship programs.

But France's economic problems aren't just homegrown: Germany's tax and labor reforms boosted its competitiveness against France which, along with tight budgets, produced large German trade surpluses and French deficits. Those could not be corrected with currency shifts because they share the euro.

Mr. Macron also has problems with China's trade practices. Alarmed by China's takeovers of European technology companies, he led an effort to persuade the European Commission to propose screening foreign investment for threats to national security or European technological prowess in research, space, transport, energy and telecommunications.

Germany went along, but Europe's biggest economy typically pushes for a softer line on trade because its export-dependent companies worry about retaliation. U.S. officials grouse that Chancellor Angela Merkel would rather lead business delegations to China than confront it over its discriminatory investment and trade behavior.

This makes France a natural partner as the U.S. seeks a united front against China. In December, officials from the EU, Japan and the U.S. jointly criticized China, without naming it, in a statement that condemned forced technology transfer, subsidies, state-owned enterprises and local-content requirements. U.S. officials have invited foreign partners to join its complaint at the World Trade Organization against China for abusing terms of foreign companies' technology licenses.

But before Mr. Macron throws his lot in with Mr. Trump, he must figure out whether his counterpart is open to compromise. French officials, despite sharing some of Mr. Trump's concerns about Germany and China, want them dealt with through multilateral forums such as the WTO and the Group of 20 countries.

One economist who advises France says Paris, like Washington, believes the trade imbalance with Germany should be fixed with more German public spending and European fiscal integration rather than the tariffs and quotas Mr. Trump favors. That adviser adds that while France is less exposed to U.S. tariffs on steel and aluminum and perhaps cars, it would side with Germany on any trade war for the sake of EU cohesion.

Mr. Macron is a charmer and Mr. Trump likes to be charmed, which should make for a warm week between them. But charm may not be enough. He will have to be convinced Mr. Macron's path offers a superior way for him to put America first.

Spain Vies for Post-Brexit Military Role

Madrid makes the case for picking up some of Britain's allied defense duties

By Julian E. Barnes

ROMÁN RÍOS/EPA/SHUTTERSTOCK

Parachutists took part in a demonstration off Cadiz on Monday. Spain wants to share a command role in EU crisis-response missions.

ROTA, Spain—If pirates take over a Danish cargo vessel off Somalia tomorrow, the European Union's military response will most likely be directed from the U.K.

But with the U.K. scheduled to leave the EU in less than a year, the sun is destined to set on Britain's central role in European defense.

That looming shift brought senior European officials here to Spain's main naval base on Monday for a military display designed to make the case for Spain to take over many of the U.K.'s responsibilities.

The officials boarded the Juan Carlos I, an amphibious assault ship that functions as a small aircraft carrier, to observe an exercise designed by Spain to display its own prowess at military command. As they watched, a black-clad special-warfare team—the Spanish equivalent of Navy SEALs—demonstrated the rescue of a vessel taken over by pirates.

Spain, in partnership with France, has made a pitch to the EU to take over the command of EU crisis-response missions and have the Rota base take the place of the U.K.'s military headquarters at Northwood. The French would take the lead in tracking vessels moving off the Horn of Africa.

"Because of the British decision to leave the European Union...they created a gap," said Gen. Fernando Alejandre Martínez, Spain's top uniformed officer. "We see the possibility of filling the gap."

After the counterpiracy demonstration, Spain's AV-8B Harrier jets took off from the Juan Carlos I, then landed vertically on the deck.

One of the Harriers, after landing, unexpectedly took off vertically, burning a large amount of fuel and surprising the watching diplomats.

"That was half our defense budget right there," said one. "They really want the job."

Quipped another: "Give them the job, give them the job."

The EU has avoided creating its own headquarters, but is keen on bolstering its network of national command posts.

Italy, which commands the EU naval mission in the Mediterranean, also is vying to take over Britain's responsibilities commanding the mission off the Somali coast.

The EU must choose a replacement for the U.K. by next month, officials said. European officials said the joint bid by Spain and France is more likely to win the backing of the bloc.

While Britain, with one of Europe's most capable militaries, has said it wants to find a way to keep a role in the bloc's security programs, European officials have made clear the U.K. will no longer be able to command EU defense missions.

While the mandate for the EU counterpiracy mission, Operation Atalanta, expires near the end of 2018, European officials expect it to be extended, given the continuing turmoil in Somalia.

The exercise on Monday was designed to show that Spain could oversee a counterpiracy and reconnaissance mission. It helped demonstrate how the EU can respond to a crisis, said Maria Dolores de Cospedal, the Spanish minister of defense.

The Spanish operational headquarters, she said, would provide the kinds of new capabilities the bloc has been saying it needs to help address crises in Africa and elsewhere, said Ms. de Cospedal.

"Let's move from theory to action," she said.

The European Union has increased efforts over the past 18 months to increase its defense role in the region and beyond. The initiatives have included new efforts to help coordinate military spending and prod countries to work together to design and purchase new equipment.

The EU has said it would leave high-end warfare, namely building up defenses against Russian aggression, to the North Atlantic Treaty Organization. But the bloc is hoping to play more of a role in other kinds of military operations, including in humanitarian crises, training efforts and peacekeeping.

Building up a headquarters that can be used to command such missions is important to that project. EU officials have said they want to forge more "strategic autonomy," code for being able to act without the assistance of the U.S.

The U.S. has been prodding Europe to spend more on defense—but U.S. officials said they are wary of the EU duplicating NATO's efforts, particularly its network of headquarters and command posts.

An expanding EU command-and-control role should be complimentary to U.S. and NATO operations in the Mediterranean, the Spanish officials said.

Facing a Choice For New Aircraft

The U.S. has been leaning on Spain to increase its military spending. While the government unveiled a proposal dramatically increasing its military budget, it doesn't have a plan to reach the NATO target of 2% of economic output, a goal the U.S. has emphasized.

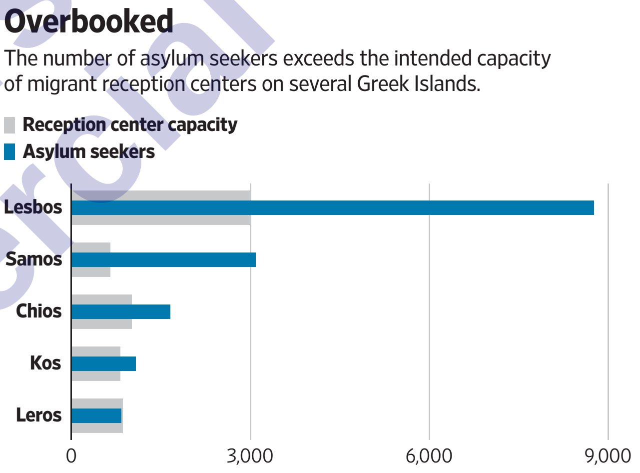
U.S. officials hope Spain will decide to replace its aging Harrier jets with F-35Bs. Some Spanish officials are skeptical, saying the country should purchase a European, not American, aircraft.

Other defense officials hope Spain's military will retain the ability to fly fixed-wing aircraft from the Juan Carlos I amphibious assault ship.

"We need to find the money, we need to find the best deal and we need to find the right machine," said Gen. Fernando Alejandre Martínez.

AGENCE FRANCE-PRESSE/GETTY IMAGES

Migrants linked arms as riot police tried to keep protesters at bay on the island of Lesbos on Sunday.



Source: Greek Migration Ministry

THE WALL STREET JOURNAL.

Residents Attack Migrants on Greek Island

By Nektaria Stamouli

ATHENS—Groups of locals attacked migrants camping on the island of Lesbos, underscoring the continued tensions on Greek islands that continue to see thousands of Middle Eastern people arriving from Turkey each month.

Clashes erupted late Sunday in the main port town of Mytilene, where dozens of migrants have been squatting since Wednesday to protest the dire conditions in which new arrivals have lived for about two years.

The protesters were also demanding the right to be allowed to leave the island—something Greek officials have banned.

Police said about 300 people attacked the migrants, some of them shouting "burn them alive" and chanting slogans associated with far-right groups in Greece.

The clashes continued until early Monday.

At least 10 people, mostly asylum seekers, were hospitalized. Police said they arrested 122 people, virtually all of them migrants.

Mayor Spyros Galinos of Lesbos said tensions were inevitable on the island, whose main town is home to 27,000 residents but is hosting 10,000 asylum seekers.

"The people of Lesbos showed solidarity, but when you don't protect these people [the local community] for so long, you are going to experience incidents like this," he said.

Last week, Greece's highest administrative court ruled that migrants arriving on the Aegean islands near Turkey should be allowed to travel freely around the country.

The decision could alleviate the conditions on the Aegean islands, that which currently accommodate 15,500 people, according to the Greek Migration Ministry.

That is nearly three times the number of spaces available in reception centers.

Aid groups say Greek officials, with support from the European Union, have allowed the conditions on the islands to deteriorate in order to create a deterrent to other would-be migrants.

In its decision last week, the Greek court said there are no "serious or overriding reasons of public interest" to justify the prohibition against migrants' traveling to the country's mainland.

On Friday, however, Greece's asylum service issued a document detailing the reasons why it is necessary to keep the migrants on the islands.

Government officials said the travel ban will continue to be enforced, although such a decision could be challenged in court.

Renewed tensions on the islands and a spike in the arrivals in recent weeks shows the Aegean part of the migration crisis isn't over, even though Europe thought it had largely blocked off that route after the EU-Turkey deal and the closed borders.

On average, some 120 people arrive on the Greek islands each day, according to government figures.

Greek authorities are also concerned about a surge in arrivals across the Greek-Turkish land border, with around 1,500 detained for illegal entry in the past week.

Italy Is Running Out of Ways to Form New Government

By Giovanni Legorano

ROME—President Sergio Mattarella kicked off a fourth round of consultations among Italy's political parties in an attempt to form a new government, as the likelihood of brokering a deal fades nearly two months after national elections.

If the current round fails, the only remaining option could be a broad-based coalition government led by a neutral figure whose mandate and duration could be limited.

On Monday, Mr. Mattarella asked a senior parliamentary figure, Roberto Fico, the speaker of the lower house, to hold talks with party chiefs of the 5 Star Movement and the incumbent Democratic Party to see if they can form a government together. Mr. Fico must report back to the president by Thursday.

Mr. Mattarella has gone through each possible combination of parties to ascertain if they could come together in a coalition government.

The March 4 elections produced a Parliament divided roughly into three blocs, with no single group having won enough votes to govern alone.

A center-right coalition, led by the anti-immigration party League and including Silvio Berlusconi's Forza Italia party, emerged as the largest coalition with around 37% of the popular vote. The 5 Star Movement followed with 32%, making it the party with the largest share, while the center-left Democratic Party trailed both.

In principle, 5 Star and the Democratic Party would together have enough votes in Parliament to command a simple majority. But the two parties are opponents and the Democratic Party has repeatedly said it plans to retreat to the opposition after suffering a drubbing in last month's polls.

PAOLO GIANDOTTI/EPA/SHUTTERSTOCK

President Mattarella, left, with lower house speaker Roberto Fico.

Some expected the League, a nativist party that won 18% of the popular vote on an anti-immigrant platform, to join forces with 5 Star to form an alliance of two, large antiestablishment groups. But the League has refused to drop out of its center-right alliance with Mr. Berlusconi and strike out on its own.

If Mr. Fico's attempt is unsuccessful, Mr. Mattarella's only remaining option appears to be to try to form a broad coalition government. Under that scenario, the president would seek to appoint a high-profile figure who had the support of most political parties, but who would be asked to tackle only a specific set of legislation. Such a government would also likely be limited in how long it remains in power.

If that fails, Mr. Mattarella will call new elections. Meanwhile, Italy's current prime minister, Paolo Gentiloni, would continue to lead a caretaker government.

Two Are Sentenced In Brussels Shootout

By Valentina Pop And Natalia Drozdiak

BRUSSELS—The only suspected assailant still alive after the 2015 Islamic State attacks in Paris was sentenced to 20 years in prison for his involvement months later in a shootout with police officers in Belgium.

Salah Abdeslam, a 28-year-old French national who grew up in Brussels, and an accomplice were convicted Monday of the attempted terrorist murder of police officers and the possession of illegal firearms, said court president Luc Hennart.

The accomplice, Sofien Ayari, was with Abdeslam in the apartment where the shootout took place and also received a 20-year prison sentence. The incident took place in March 2016, days before suicide bombings killed 32 people in the Belgian capital.

In addition to the prison sentences, the men were each fined €6,000 ($7,375) and ordered to jointly pay damages of around €316,000 to a severely wounded police officer, around €143,000 to the Belgian state and amounts ranging from €10,000 to €15,000 to other police officers.

Abdeslam wasn't present when the verdict was read, as he is being held in a maximum-security prison in France, awaiting trial for his role in the Paris attacks.

Abdeslam was Europe's most-wanted man for four months after discarding his suicide vest and fleeing Paris on Nov. 13, 2015, the night his accomplices killed 130 people. He returned to his hometown where he joined the rest of the terror cell that carried out the Brussels attacks, according to Belgian prosecutors.

The two men's involvement in Islamic State cell was established with DNA evidence and testimonies of other cell members, according to prosecutors. Ayari, a 24-year-old Tunisian who admitted to spending a year with Islamic State in Syria, said he stayed in a safe house with Abdeslam and other members of the cell that carried out the attacks.

KAREN MINASYAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

Protesters marched in Yerevan on Monday. Many saw the premier, Serzh Sargsyan, as arrogant.

Armenian Prime Minister Steps Down After Protests

BY THOMAS GROVE

MOSCOW—Armenia's unpopular prime minister resigned after more than a week of growing demonstrations, capitulating to protesters in a country firmly allied with its former Soviet master, Moscow.

The resignation of Serzh Sargsyan on Monday marked a rare victory for civil protest in a former Soviet Union state and could reduce the possibility of further instability in a tension-plagued area near Russia's southern border. After the announcement, people in Yerevan, the capital, waved flags and cheered.

Many Armenians had grown tired of a leader they saw as arrogant and increasingly authoritarian. Tens of thousands of protesters, including students and members of the military, have taken to the streets since Mr. Sargsyan's party appointed him to become prime minister last week after a decade as president.

Constitutional amendments passed by a referendum in 2015 transferred most political power to the head of the government and away from the president's office.

Protests reached their height in recent days after the detention of opposition leader and lawmaker Nikol Pashinyan following a meeting in which Mr. Sargsyan abruptly walked out of the room during talks. Mr. Pashinyan was released shortly before the prime minister's resignation.

In a terse statement of resignation, Mr. Sargsyan said: "The movement in the streets is against my tenure."

'The movement in the streets is against my tenure,' Serzh Sargsyan said.

He added: "Nikol Pashinyan was right. I was mistaken."

Mr. Sargsyan's decision not to deploy police to crack down on protesters maintained calm in the face of what had become likely the biggest demonstrations in the country since 2008, when riots broke out against Mr. Sargsyan's first election to power.

The protests shied away from questioning Armenia's geopolitical course, which is firmly set within Russia's sphere of influence.

Kremlin spokesman Dmitry Peskov called the protests a domestic issue, and Russian lawmakers and commentators expressed support for Armenia regardless of its leader, showing the depth to which Moscow has cultivated ties in Armenia.

A Russian Foreign Ministry spokeswoman praised the protesters' unity, writing on her Facebook page: "Armenia, we are always with you."

Russia and Russia-linked businesses control much of the Armenian economy and Mr. Sargsyan's resignation is unlikely to lead to a major change in direction.

The government, controlled by a party loyal to Mr. Sargsyan, chose as acting prime minister Karen Karapetyan, who had previously served as prime minister.

The country sees Russia as a guarantor of its security against neighboring rival Azerbaijan, with whom the country fought a four-day war in 2016 over the disputed territory of Nagorno-Karabakh.

—Anatoly Kurmanaev contributed to this article.

WORLD WATCH

UNITED KINGDOM

Royal Baby Boy Born in London

The Duchess of Cambridge on Monday gave birth to her third child, a baby boy, according to Kensington Palace. The royal baby arrived at 11:01 a.m., weighing 8 pounds, 7 ounces.

"Her Royal Highness and her child are both doing well," the palace said, noting that Prince William was present for the birth.

The Duchess of Cambridge, formerly Kate Middleton, was admitted Monday morning to St. Mary's Hospital in London, the same hospital where her other children, George, 4, and Charlotte, 2, were born. The new royal baby will be fifth in line to the throne.

—Jenny Gross

JAPAN

Planned Sales-Tax Rise Taken in Stride

The country's central bank believes the nation can withstand a sales-tax increase scheduled for next year and avoid the sharp slowdown that followed earlier increases, people familiar with the Bank of Japan's thinking said.

The central bank will release on Friday its first forecast for the year ending March 2021, the first full fiscal year in Japan following the planned increase in the tax to 10% in October 2019 from the current 8%.

People close to the BOJ said they expected the forecast for that year to call for modest growth.

Prime Minister Shinzo Abe has postponed the tax increase twice, fearing a repetition of what happened in April 2014 when the tax rose to 8% from 5%. The economy shrank, and inflation, which had been headed toward the central bank's 2% goal, quickly tailed off. An earlier tax increase in 1997 had a similar effect.

—Megumi Fujikawa

WAKIL KOHSAR/AGENCE FRANCE-PRESSE/GETTY IMAGES

REMEMBRANCE: Relatives of Wakil Hussain Allahdad, a victim of a Kabul bombing on Sunday, hang a banner bearing his picture.

MALAYSIA

Authorities Describe Shooting Suspects

Investigators hunting two men accused of shooting and killing a Palestinian electrical engineer outside Kuala Lumpur described them as Middle Eastern or European in appearance and said they may have left Malaysia.

The slaying of Fadi al-Batsh by two men on a motorcycle as he walked from his home to a neighborhood mosque for dawn prayers Saturday has been blamed by his family and the Hamas organization, which runs Gaza, on the Israeli secret service, Mossad. Israel has rejected responsibility and says he may have died in a score-settling between terror groups.

—Jake Maxwell Watts

EUROZONE

Index Data Point to Economic Pickup

Private-sector economic activity grew at a steady pace in April after two straight months of easing, a sign that a surprise first-quarter slowdown may be coming to an end.

Data firm IHS Markit on Monday said its composite purchasing managers index for the eurozone—based on survey responses from 5,000 manufacturers and service providers—was unchanged at 55.2 in April from March. That was a surprise, since economists surveyed by The Wall Street Journal last week had expected to see a decline to 54.8. A reading above 50 signals an expansion in activity.

The $10 trillion eurozone economy entered 2018 on a high, having chalked up its strongest year in a decade in 2017, with growth outpacing that in the U.S.

But throughout the first three months of the year, economic releases from across the 19-country currency area were weaker than expected, suggesting that while growth will continue in 2018, it won't be as strong.

—Paul Hannon

IN DEPTH

ANIMAL

Continued from Page One

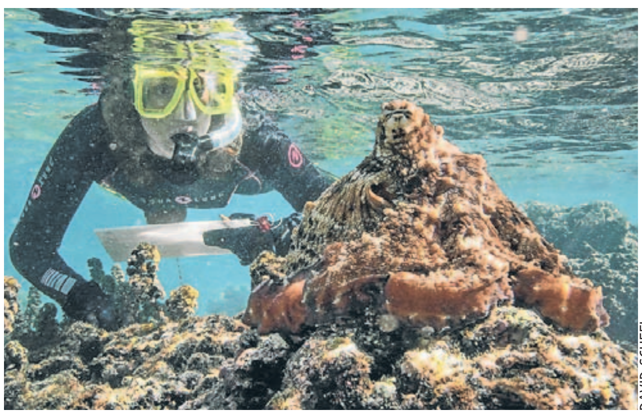
turned "H Is for Hawk" into a best seller in 2014. Helen Macdonald's memoir about a goshawk she trained while grieving her father's death sold 400,000 copies in the U.S.

Yet offbeat animals pose challenges for writers, agents and publishers trying to make stars of beasts that aren't necessarily cuddly or personable.

When the writer of a raccoon book sought guidance from Jon Katz, the best-selling animal memoirist hesitated. "Saving Simon," his 2014 book about his adopted donkey, turned that animal into an online celebrity, but he wasn't sure readers would embrace a memoir about nocturnal pests known for tearing through people's garbage.

"She wanted to know, did I have any advice to give her," Mr. Katz says. "I said yes, get a donkey, have him live with a raccoon and write about them both."

Books about a writer's bond with a dog or a cat aren't going anywhere, but some publishers are craving stories beyond what they call "the big two."



DAVID SCHEEL

Author Sy Montgomery with a wild octopus in French Polynesia.

In March, actress Isabella Rossellini released "My Chickens and I" about the arrival of 38 baby chicks to her Long Island farm. "I like to caress chickens," she writes in the photo book, touching a downy bird on her shoulder in one picture. "They are much softer than any cat or dog."

Jennifer McGaha says publisher Sourcebooks asked if she would be open to changing the name of her memoir about her family's money troubles to include her goats. The book, released in January, was originally titled "Echo in the Mountains," based on a quote from the Sufi poet Rumi, but it changed to "Flat Broke with Two Goats."

"I was just writing about my life," says the 50-year-old author from Pisgah Forest, N.C., who sprinkles goat-milk recipes into the story of her family's efforts to quit their neighborhood and start over in a wooded hollow. "It certainly didn't hurt that there were some goats in the book. People love goats."

But some animals don't have natural sales abilities. "The Gerbil Farmer's Daughter" featured two gerbils popping out of rain boots on its 2009 cover. The next year, the paperback showed a girl running in the grass with zero gerbils. Holly Robinson, the 62-year-old author from Rowley, Mass., says her publisher had done research into the book's largely female market and found, "big surprise, most women don't like rodents."

Another difficulty facing writers: understanding creatures that don't relate to humans in obvious ways. "A dog is ready to love and understand you from the outset," Ms. Montgomery says. "An octopus isn't going to give you the benefit of the doubt."

It might give you a hug, though. Ms. Montgomery's book scheduled for September publication, in addition to discussing life lessons from the ermine, a tarantula in French Guiana and two tree kangaroos in New Guinea, includes a heartfelt section about an octopus named Octavia. She visited the sea creature every week for a year at its home in Boston's New England Aquarium.

The octopus jetted across the tank for Ms. Montgomery's petting and scratching. When Octavia was dying, she embraced the author with sucker-covered arms.

"Here's an animal more closely related to a snail or a clam than to a human," Ms. Montgomery says. "Yet here is someone who can have a meaningful relationship with you, and that expands my moral universe enormously."

In animal memoirs, cuteness still helps. When a baby hedgehog arrives at Massimo Vacchetta's animal clinic in Italy, the veterinarian, newly divorced and lonely, saves the orphaned creature from certain death.

He calls her Ninna and immediately falls for her. "I examined Ninna's little nose: a jewel. It looked like a piece of licorice. Perfect. With those tiny nostrils so clearly defined, it was as if the able hand of a master miniaturist had painted them," he writes in an Italian memoir coming out in the U.S. in July, "A Handful of Happiness: How a Prickly Creature Softened a Prickly Heart."

The book by Mr. Vacchetta, a 50-year-old author, is in its 14th printing in Italy, with 30,000 copies sold. Co-written by Antonella Tomaselli, it will be published in 10 more languages, offering a message about the power of small acts of kindness.

In the beginning, Mr. Vacchetta wakes every few hours through the night to feed Ninna goat's milk with a syringe. She grows stronger. Sensing her restlessness when they meet each other's gaze—"she seemed like she wanted to ask me for something"—he allows her to play outside, at one point rescuing her from badger.

In one scene, Mr. Vacchetta takes Ninna on a trip to the ocean, trying to calm her during the journey by letting her sit on his girlfriend's lap. When his driving makes the critter vomit, Mr. Vacchetta feels guilty for putting Ninna through the ordeal. That night, eager to redeem himself, he brings the hedgehog to the water's edge under a starry sky.

"This is the sea," he whispers. "Without me, you never would have seen it."

DATA

Continued from Page One

kers and buying platforms that use personal data to aim ads at individuals in real time.

Google and Facebook, however, are leveraging their vast scale and sophistication as they seek consent from the hundreds of millions of European users who visit their services each day. They are applying a relatively strict interpretation of the new law, competitors say—setting an industry standard that is hard for smaller firms to meet.

Google told website owners and app publishers last month they would have to get consent for targeted ads on behalf of each of their digital-ad vendors or risk being cut off from Google's ad network.

At the same time, Google told digital-ad vendors using its products they would be blocked from targeting any user who hadn't given specific consent to the vendors and to each of their partners, according to a letter reviewed by The Wall Street Journal.

Facebook has started showing its 277 million daily users in Europe detailed prompts urging them to approve Facebook's use of their personal information, including sensitive items such as religion. One pop-up asks permission for Facebook to use data from other sites and advertisers to target ads at people on all of its apps, as well as on other websites where it sells ads.

Digital advertising companies, known as ad tech firms, say Google and Facebook's strict interpretation of GDPR squeezes their business. The ad tech firms need their own technology in publishers' websites and apps, putting them in competition with the tech giants.

No tie to consumers

Unlike the giants, the ad tech firms have no direct relationship with consumers. They say Google's and Facebook's response pressures publishers to seek consent on behalf of dozens of ad tech firms that people have never heard of.

Irked internet users are apt to click "no," the ad tech firms say. Or, publishers may decide it's simpler to just stop using smaller ad-tech companies.

A digital-advertising firm called AdUX recently closed a service that harvested location data from people's smartphone apps to show them targeted ads, said CEO Cyril Zimmermann, because his firm had little hope of asking for—much less getting—consent from users. Instead, AdUX will aggregate data from bigger companies. He said the shift has cut into revenue.

"For them, it's easy," he said. "The problem is, who knows AdUX?"

Some advertisers are planning to shift money away from smaller providers and toward Google and Facebook, the smaller firms say. "They are moving their money where there is clear, obvious consent. The huge platforms are really profiting," said Joachim Schneidmadl, chief operating officer for Virtual Minds AG, which owns ad tech firms in Germany.

"We're aware that our customers and partners...have significant obligations under these new laws," Google said in a blog post published when it informed partners of its policy changes.

CLOCKWISE FROM BOTTOM LEFT: NIALL CARSON/PA WIRE (2); STEPHANIE LECOCQ/EPA/SHUTTERSTOCK

Clockwise from top, Google's data center in Dublin; Věra Jourová, European Union's justice commissioner; and Facebook's European headquarters in Dublin. Europe's sweeping new privacy law gives Google and Facebook an edge over smaller players.

Asked by the Journal about its policy, Google said, "Under existing EU law, Google already requires publishers and advertisers to get consent from their end users for the use of our advertising services on their websites. We're asking our partners to refine the way they get consent for the use of Google's services on their sites, in line with GDPR guidance."

At Facebook, Emily Sharpe, a privacy and public-policy manager, said the firm has created a website and is holding workshops to help small and medium-size businesses comply. CEO Mark Zuckerberg recently told the U.S. Congress: "A lot of times regulation by definition puts in place rules that a company that is larger, that has resources like ours, can easily comply with but that might be more difficult for a smaller startup."

The EU's Ms. Jourová said she believes European national regulators charged with enforcing the law "will focus on those who can potentially do the biggest harm to the privacy of people, and here I do not speak about small companies."

"On the big guys increasing market share? I don't believe [the law] will have such a consequence," said Ms. Jourová.

It's not as though Facebook and Google ever could hope to face no headaches from the law. Activists have vowed to file complaints against them.

Scrutiny will be high following revelations in March that Facebook let political-data firm Cambridge Analytica siphon personal information of as many as 87 million users without their consent. The new law authorizes fines of up to 4% of a violator's global annual revenue, or €20 million, whichever is larger.

Court battles over whether companies are meeting GDPR's requirement that consent be "freely given" may drag on for years.

Meantime, Google and Facebook are building on their powerful positions in the ad market. They have reams of information on hundreds of millions of people who use their websites and apps in Europe. They also use "share" buttons and ad tools on millions of websites to collect data on how people use the internet.

Tracking data

In one study of 850,000 internet users last year, mainly in the U.S. and Europe, Google tracked 64% of all pages loaded by mobile and web browsers and Facebook tracked 29%—more than double the next-biggest tracker, says Cliqz, which makes anti-tracking tools for consumers. The two may collect 49% of all digital ad spending world-wide in 2018, says eMarketer.

That heft multiplies the advantages they have in requesting consent. Even if many users opt out of targeted ads from Google and Facebook in Europe, the two will be by far the largest sources of consenting consumers, making the duo must-buys for advertisers.

PATRICK T. FALLON/BLOOMBERG NEWS

Sheryl Sandberg, chief operating officer of Facebook

"I'm stumped at how this will fundamentally change Facebook's ad revenue" or "impact the targeting of Google search," said Mark Mahaney, an analyst at RBC Capital Markets.

The idea of requiring consent to use personal information stretches back to the 1970s, when countries began passing data-protection laws. Germany's 1977 law helped shape Europe's future approach: It forbade all but a few narrow uses of personal information without an individual's permission—which had to be in writing.

The tech giants are expected to add to their power under the new EU law.

With the rise of the internet in the 1990s, the EU decided to harmonize privacy rules. The definition of consent remained somewhat open. The new law says consent must be "unambiguous" and communicated "by a statement or by a clear affirmative action." That rules out the practice of pre-checked boxes. Consent in the EU becomes something that is "opt-in" rather than "opt-out," regulators say.

Business-lobby groups howled when the text was made final in 2015. Smaller firms soon rang alarms.

Once the law passed in spring 2016, Google involved lawyers in the U.S., Ireland, Brussels and elsewhere to pore over contracts and procedures, said people close to the company. Facebook mobilized hundreds of people. Its lawyers spent a year scrutinizing the law's text. Designers and engineers then toiled over how to implement changes, said Stephen Deadman, Facebook's global deputy chief privacy officer.

Facebook got frequent access to regulators across Europe. It met with Helen Dixon, data protection commissioner in Ireland, where it bases its European operations, to run through changes Facebook planned. Her agency provided the firm with feedback on the wording of its consent requests, the company said.

Travelling to Silicon Valley in September, Ms. Jourová sat down with Facebook officials to discuss privacy, and met with Facebook Chief Operating Office Sheryl Sandberg. The next morning, at a meeting at Google headquarters, employees spent much of a breakfast meeting taking Ms. Jourová through Google's compliance approach.

In mid-April, just before unveiling new opt-in consent pages, Facebook started running ads in newspapers saying the new law "means better protection" and Facebook will ask users to "review how we can use your data."

Some publishers and ad tech firms, particularly in Germany, fearing users would consider detailed consent forms intrusive, zeroed in on an exception in the GDPR called "legitimate interest."

It would let companies use personal information without asking for consent if they took other strict privacy measures. EU regulators raised questions in February about the validity of using that exception for marketing-related tracking across multiple devices or websites, as many firms do.

In March, Google forced the issue. It published an updated "User Consent Policy" that will require publishers and app owners that sell ads through Google to request consent that specifically mentions every company that might collect or process their users' data, or risk being kicked off Google's system, according to a copy seen by the Journal.

Because Google is involved in so many layers of the ad business, some publishers say they have no choice but to comply, and others say they're not sure what they'll do yet.

"It's the classic Google approach: Either you take it or leave it," said Carsten Schwecke, chief digital officer of Media Impact, Axel Springer's media sales division. "It is not a pleasant situation for a publisher like us."

Third-party data collectors that rely on websites to reach consumers, meanwhile, worry Google's stance on consent will cut into their business.

"If you put the list of 120 companies on your home page, how is a user going to make an informed decision?" asked Alain Levy, chief executive of Weborama, a Paris-based ad tech company. "We are a B2B company. We have no relationship with the consumer."

Pulling out

Some ad-tech companies have decided to pull out of Europe. Verve, which helps marketers target people with ads using location data, said last week it will shut its European operations, including offices in London and Munich, because it feared publishers wouldn't get consent from enough consumers, said Julie Bernard, chief marketing officer.

Publishers worry that without a thriving third-party ecosystem of firms that can help them sell targeted advertising, they will be forced increasingly to turn to Google and Facebook—which also compete with them to sell ads on their own websites.

To cut a path to consent for these smaller tech firms, online-ad trade group IAB Europe has put together a standardized system for websites and apps to ask for user permission on behalf of the sometimes dozens of companies that collect data or place advertising on a given destination. Vendors feed information about what they do with users' data, and their listings are available for publishers to display in their consent requests.

As of Friday, only 13 vendors were listed as available to gather consent through the system, according to an IAB Europe website.

"It is paradoxical," said Bill Simmons, co-founder and chief technology officer of Dataxu, Boston-based company that helps buy targeted ads. "The GDPR is actually consolidating the control of consumer data onto these tech giants."

GREATER NEW YORK

MTA Unveils Bus-Overhaul Plan

New transit chief proposes technology, equipment upgrades; more efficient routes

BY PAUL BERGER

The new head of New York City Transit on Monday released a plan to overhaul the city's bus system, rethinking routes and upgrading equipment and technology in an effort to reverse declining ridership.

Andy Byford, who heads the agency that runs the subway and buses, told a meeting of the Metropolitan Transportation Authority that the measures are the first steps in a "top-to-bottom modernization" of the transit system.

Bus ridership has declined for years, mirroring a national trend. The plan comes as buses compete with ride-hailing services, such as Uber and Lyft, for passengers, and as more people turn to other forms of transportation such as cycling.

YANA PASKOVA FOR THE WALL STREET JOURNAL

The MTA plans to test double-decker buses this spring.

The MTA runs the largest bus system in North America, with more than 5,700 buses operating on 326 routes.

A report last year by New York City's comptroller found the average speed of a bus in 2016 was 7.4 miles an hour, the slowest speed among the nation's major bus systems. In 2017, average weekday local bus ridership fell 5.7% to 1.9 million passengers, according to MTA data.

Darryl Irick, a senior MTA official in bus operations, said that as part of the improvement plan, the MTA would carry out the first systemwide review of bus routes in decades. The agency will alter routes based on demographic changes and travel demand, possibly removing some stops and adding off-peak service.

The MTA, which is a state-controlled agency, will work with New York City officials to add more bus lanes, ensure better police enforcement of bus lanes and to expand the use of technology that automatically controls traffic signals as a bus approaches by holding a green light or shortening a red. The agency also will call on state legislators to give the city permission to install more bus-lane cameras to boost enforcement.

The measures were welcomed by MTA board members, as well as by transit advocates who spoke at the Monday meeting.

"Hallelujah!" said Jaqi Cohen, campaign coordinator for the Straphangers Campaign, who called the measures "one of the biggest wins" for bus riders in 50 years. Polly Trottenberg, the city's transportation commissioner who sits on the MTA board, said: "I think this is a great plan."

Mr. Byford said it is too early to say how much the improvements would cost because the scope of the change is unknown. He noted that many improvements already have been accounted for in the agency's budget. They include a new electronic fare-payment system, which would make it possible for all-door boarding, reducing the time a bus waits at stops. The system is expected to go live in 2020.

The MTA also plans to test new vehicles, including electric and double-decker buses.

Following the meeting, Mr. Byford stood outside MTA headquarters in lower Manhattan in front of a double-decker bus wrapped in New York state's colors of blue and gold.

This spring, the bus will be tested on an express route between Staten Island and Manhattan to see whether it improves service.

Mr. Byford said double-decker buses would be used on express routes because they take longer to load and unload passengers and express routes have fewer stops. The double-decker seats 81 people, compared with 57 on a regular express bus.

He said the overall plan includes short-, medium- and long-term improvements, and that riders should notice better service by the end of the year.

Cuomo Proposes Plastic-Bag Ban in N.Y.

BY MIKE VILENSKY

Gov. Andrew Cuomo said he would introduce legislation to ban single-use plastic bags throughout New York, a measure long pushed by environmental activists.

"The blight of plastic bags takes a devastating toll on our streets, our water and our natural resources," the Democratic governor said in a statement Monday.

California in 2014 became the first state to implement such a ban and other cities and states have followed suit with their own bans or by adding fees to single-use plastic bags. New York would be one of the largest areas to do so. The proposal allows for several exceptions, including plastic-bag use for certain foods like fish or bulk fruit.

The measure marks a new position for Mr. Cuomo on an issue that has polarized New York lawmakers. Last year, he signed a bill that blocked New York City from implementing a plastic-bag levy.

An industry group representing plastic bag makers said the plan is 'misguided.'

City lawmakers argued that the fee would help the environment by deterring plastic-bag use, but state lawmakers stopped it, saying it would nickel and dime low-income people and senior citizens.

When Mr. Cuomo signed the measure last year he said he would impanel a task force to study the issue. He said Monday he was following the panel's recommendations.

Matt Seaholm, executive director of the American Progressive Bag Alliance, an industry group representing plastic-bag makers, said Mr. Cuomo's proposal is "misguided."

"Bans tried elsewhere have made it harder for families to pay for groceries, while incentivizing shoppers to use bags that are worse for the environment than 100-percent recyclable, highly reused plastic retail bags," he said.

Mr. Cuomo's proposal Monday is the latest in a string of liberal moves he has made since actress Cynthia Nixon jumped into the Democratic primary against him. Last week, he used executive order to grant all parolees in New York the right to vote.

Ms. Nixon and her supporters have taken credit for pulling the more moderate governor to the left. Liberal advocates expressed skepticism. "This looks like election-year politics," said City Councilman Brad Lander, the Democrat who sponsored the city's plastic-bag fee law. He said he doubts the bill will pass.

"The governor's long record of progressive accomplishment is irrefutable," said Cuomo campaign spokeswoman Abbey Fashouer. "Any claims otherwise should be seen for what they are: baseless election-year rhetoric."

The bill requires legislative approval. Republicans, who have opposed plastic-bag rules, control the Senate, but their one-person majority is precarious.

GREATER NEW YORK WATCH

NEW JERSEY

NJ Transit to Hire More Bus Drivers

New Jersey Gov. Phil Murphy is counting on a hiring push to help alleviate overcrowding and on-time problems for NJ Transit's buses.

Mr. Murphy announced Monday that the agency would hire 40 more drivers. NJ Transit Executive Director Kevin Corbett says that would enable more buses to be deployed on routes in Bergen, Hudson and Union counties where overcrowding is especially problematic.

Messrs. Murphy and Corbett called it "targeted relief." It is part of the new Democratic governor's plan to overhaul NJ Transit, an agency he has called "a national disgrace."

—*Associated Press*

CONNECTICUT

Outbreak Prompts School to Disinfect

A Connecticut university shut down for the day Monday after about 100 students fell ill.

John Clark, the president of Western Connecticut State University in Danbury, said the decision was made "to protect our university community from infection and spread of the disease."

About 100 students have come down with stomach cramps, vomiting and diarrhea, officials said. The university has about 5,700 students on two campuses in the city. Crews will work to sanitize and disinfect the school.

—*Associated Press*

CONNECTICUT

Gun Leads to Arrest At Bradley Airport

A passenger was arrested Monday at Bradley International Airport for allegedly trying to board a flight with a loaded gun.

Matthew English, 39 years old of Torrington, was charged with a weapons violation and circumventing airport security.

He didn't return a call for comment.

Officials said they discovered a loaded handgun in Mr. English's carry-on luggage.

—*Associated Press*

AMIR LEVY FOR THE WALL STREET JOURNAL (2)

About 40% of the graduates of the Food and Finance High School join the industry, often as cooks, produce buyers or food stylists.

Students Taste Recipe for Success

BY LESLIE BRODY

A few hours before chef Anthony Sasso made pici pasta for customers at La Sirena in Manhattan one night, he showed a cluster of teenagers how to roll the fat spaghetti by hand, much like his grandmother used to do.

"What should your pasta water taste like?" he quizzed them.

"Salty," a student answered. "Like the sea."

Mr. Sasso is one of dozens of professional chefs who have volunteered to teach an after-school class on Wednesdays at Food and Finance High School, the city's only public school focused on culinary arts. Almost all of its nearly 400 students are poor and black or Hispanic, according to city data. Many see its training as a recipe for a better life.

A 36-year-old with a menu tattooed on his forearm, Mr. Sasso once brought in half a pig to show the students how to butcher it. He hopes to prove there are promising futures in the field if they persist beyond entry-level jobs—a lesson he didn't learn when he was their age, so he became an accountant and hated it.

High-schoolers get a lesson in aquaponics from their teacher.

After starting culinary school, he said, he "realized you could make a living this way and it's much more satisfying than auditing people."

Jahqyad Austin, a senior with his own cookie business who is heading to the Culinary Institute of America in the fall, said the visiting chef series "gives us an extra push of creativity and opens our minds."

About 40% of the high school's graduates join the industry, often as cooks, produce buyers or food stylists, its officials say. One star alum is Lazarus Lynch, a soul-food chef and champion of the "Chopped" competition on Food Network.

Supporters hope the school will develop a pipeline of talent. Restaurateurs say they face a shortage of workers due to the job's long hours, low starting wages, the high cost of city housing and fears of deportation among the undocumented.

A gala last month raised $225,000 for the school. A dinner for 10 whipped up by Tom Colicchio, a judge on the reality television show "Top Chef," was auctioned for $11,000. And a new cookbook, "Crossing Borders," is coming out Tuesday, with recipes from city chefs and profits promised to the school.

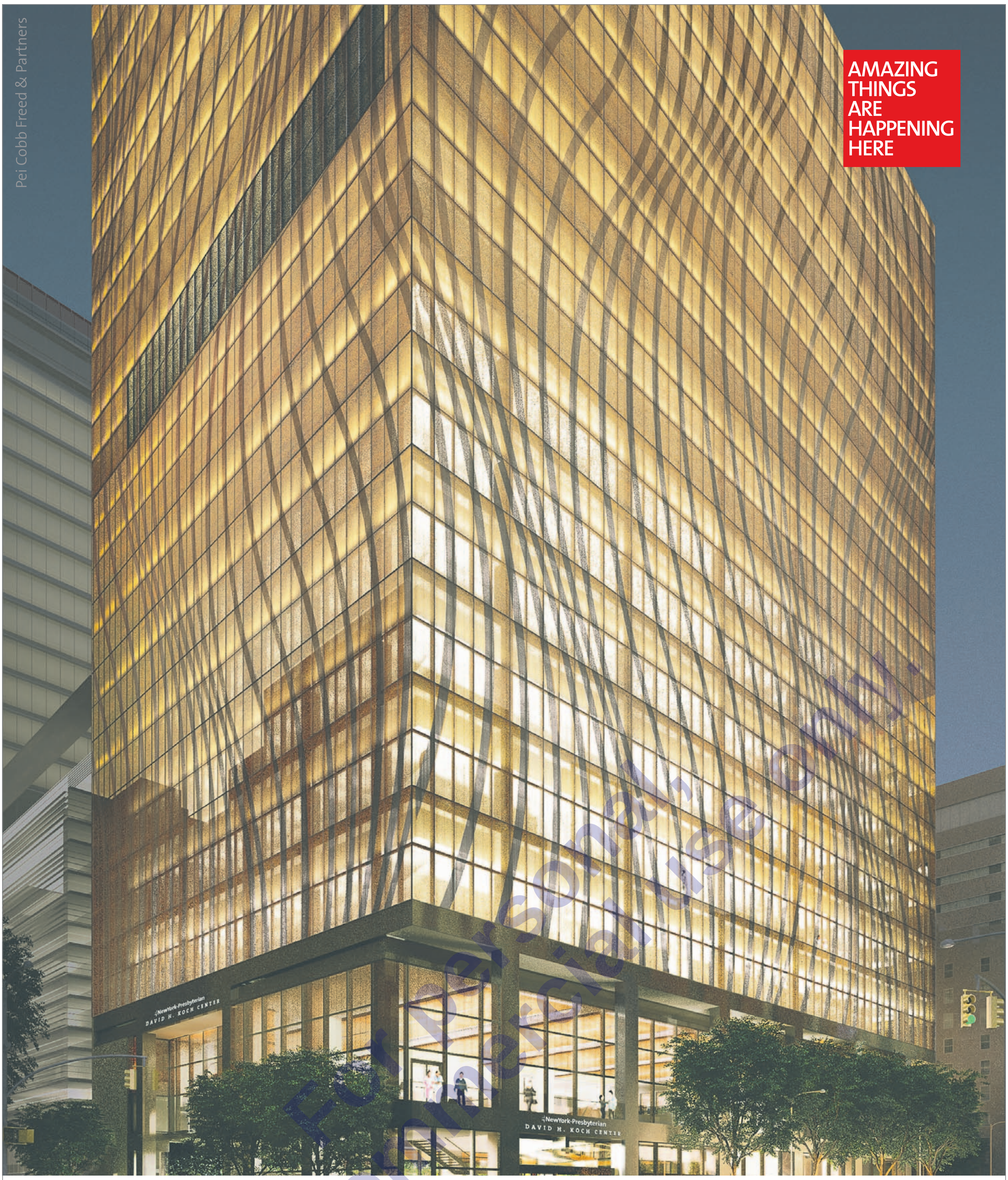
Opened in 2004 in the Hell's Kitchen neighborhood, Food and Finance High School is part of a push for career and technical education in New York City and nationwide. The school had a 91% four-year graduation rate last spring, well above the city's 74% rate, by city data. About 1,800 applicants sought about 110 spots for last fall.

Last Wednesday, 14 students in white jackets and chef hats gathered around a metal kitchen table to learn from Mr. Sasso. He poured hot water over fresh mozzarella so students could squish chunks of cheese into balls.

"It's not 'Yo, chef,'" a junior warned a freshman. "It's 'Yes, chef.'"

They used basil grown in the school's rooftop hydroponics laboratory, which also has kale, chard and lettuce. Some of its vegetables are sold to the retailer Fresh & Co. Through a partnership with Cornell University, students learn about sustainable food production by raising tilapia, shrimp and lobster in giant vats in the basement.

Jaylen Downer is a senior who woke up at 4:30 a.m. daily during his paid internship last fall to be a prep cook at Maialino restaurant. He hopes for a career in food science. "I want to build new technologies that make chefs' lives easier," he said.



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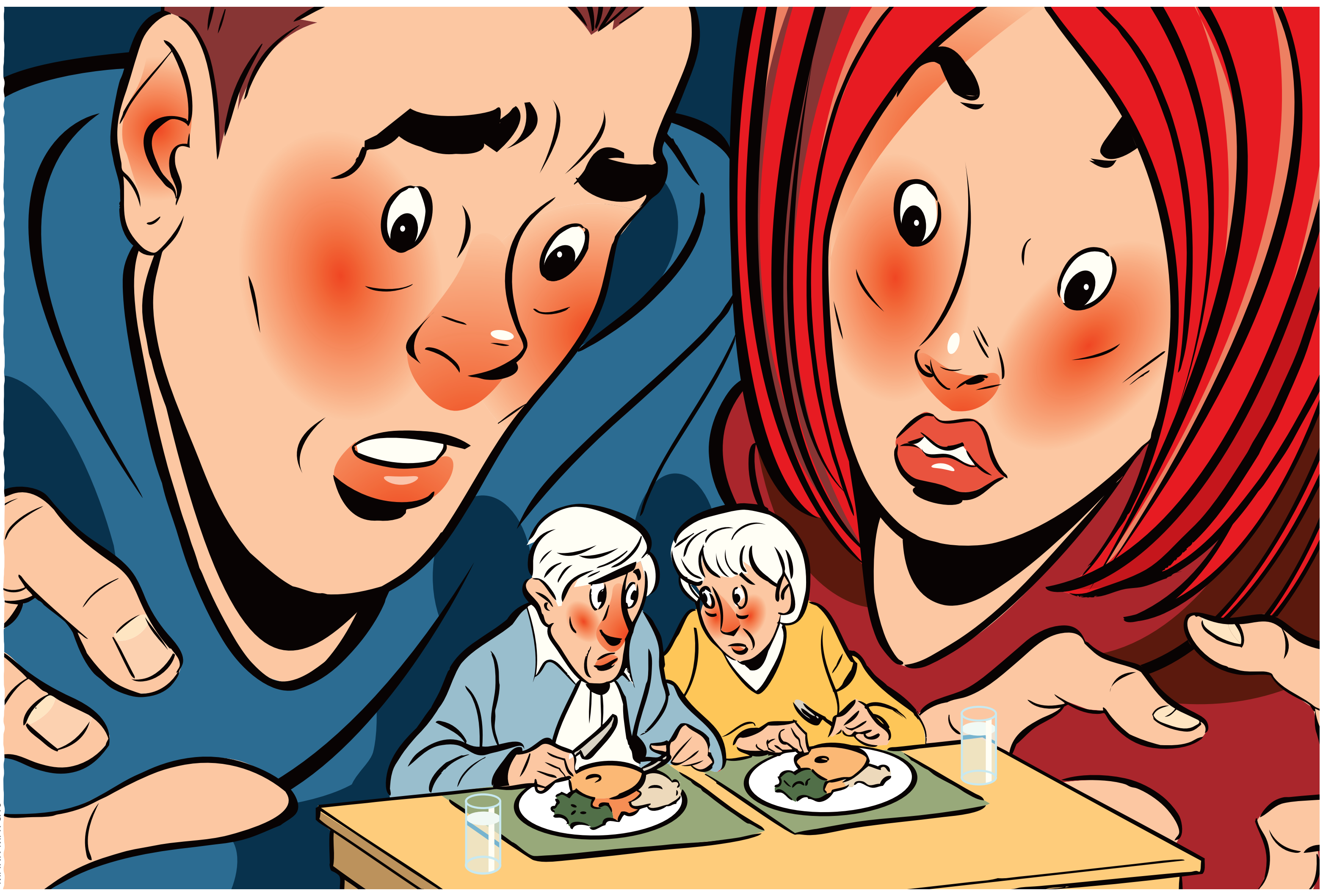


MARK MATCHO

TURNING POINTS | By Clare Ansberry

Aging Parents Resist 'Helicopter' Children

JOSHUA COLEMAN remembers watering down a glass of wine before giving it to his father, then in his 90s.

"What the hell is this?" he recalls his father asking.

"I feel a little guilty about that now," says Dr. Coleman, whose father died in 2001. "The poor old guy had few remaining pleasures left. But I would have felt bad had he gone back to assisted living and slipped."

There's a fine line between being an appropriately concerned adult child and an overly worried, helicopter one, says Dr. Coleman, a psychologist who specializes in family dynamics. If a parent is in an accident, it might be time to talk about driving, as he did after his father sideswiped three cars. But if Mom doesn't want to wear a hearing aid, it might be wise not to nag. Maybe she doesn't want to listen to anyone at the moment.

When Cathy Walbert, a mother of five, picked up a baby at a family gathering last year, her daughter rushed to her side, worried she might drop her. Another daughter hovers when Mrs. Walbert—who says she probably is more candid than she was years ago—starts talking to someone. Her son tells her to be careful on the steps.

"I think, 'What's wrong with you people?' I'm an adult," says Mrs. Walbert, of Pittsburgh who says she is older than 75.

"You start treating them like a child, saying 'Don't do this' or 'Don't do that,'" says her daughter, Lisa Spor. Her mother, she says, usually responds "What do you mean, 'Don't do that?'"

A big question adult children need to ask is whether they are intervening for their parents' well-being or to alleviate their own worries, says William Doherty, a family therapist and professor of Family Social Science at the University of Minnesota. "If your 80-year-father is still driving, you worry," even if he is capable of driving, he says. "If he's not driving, you don't worry, but your father has had a big loss."

During her career as a clinical psychologist, Laura Carstensen, who is also founding director of Stanford University's Center on Longevity, heard from both sides. Parents wanted advice on how to get their kids off their back. Adult children wanted advice on how to persuade their parents to give up their family home.

In general, her advice is that unless a parent is cognitively impaired and not aware of the level of his or her impairment, children need to respect the parent's decision. "These are difficult situations," she says. "I know that firsthand."

In 2015, Dr. Carstensen tried to talk her father, then 95, into leaving New York and moving to the California home she shares with her husband. Her father, a scientist, was still writing and publishing papers. But he was having trouble with balance and lived in a two-story house where he had to go down to the basement to do his laundry.

"Was I worried? Yes, I was worried," she says. He was hard of hearing, so phone calls were difficult.

Her father did agree to have activity sensors installed in certain places in the house—his chair by the computer, the refrigerator, the cutlery drawer. Every morning, Dr. Carstensen would check the sensors and if they indicated activity, she knew not to worry.

"He really wanted to live in his own home," she says. She talked to him about her concerns that he would fall. He told her that falling down in his own home was as "good a way to go as he could imagine." Her father did eventually die, at 96, after a fall at home.

Grace Whiting, chief executive of the National Alliance for Caregiving, says monitoring devices can turn into a proxy helicopter. They can be extremely useful, especially in the case of an emergency, she says, as long as they don't compromise the dignity of an older adult. "Do kids need to monitor every time a parent crosses the room or goes to the bathroom?" she asks. "You have to give them space to live their own life."

> One expert in geriatrics wishes he hadn't fixated on getting his mother to give up her home.

Even small, well-intentioned acts can send the wrong message to parents, says Ellen Langer, a Harvard psychologist and author. If a parent fumbles with the key when trying to unlock a door, kids should be patient and wait, rather than grabbing the key and taking over. While you may be trying to be helpful, the message, deliberate or not, is that you are competent, and the parent isn't, she says.

When Rip Kempthorne's parents were having trouble covering the mortgage on their farm in Kansas, he suggested they relocate to Olympia, Wash., and move in with his young family. They did. Charley, 80, and June, 71, have a basement apartment to themselves. Their 5-year-old granddaughter runs in and out.

"There was no pressure," says Charley Kempthorne. He and his wife expect the time will come when they can't make decisions on their own and are grateful to be with family before that time comes. For the moment, the younger Kempthornes don't have to hover over Charley and June because they watch out for each other.

David Solie, an expert in geriatric psychology, says he was overly anxious when caring for his mother, Carol. As her health deteriorated, he was urged by a cousin, who lived closer to her, to move her into assisted living, which she strongly opposed. At one point, he went to the family attorney asking what he could do. The attorney told him his mother moved slowly and couldn't open a jar of food, but was coherent and articulate. He advised Mr. Solie to wait, which he ultimately did. His mother remained at home until she had a massive stroke.

In retrospect, Mr. Solie says he wishes he had relaxed more and not been so consumed by getting her to give up her home.

Mr. Solie cautions other adult children against trying to make sure everything is perfect, with every pill taken and every appointment kept. "Don't point out everything that they forgot or that they aren't as clean as they should be," he says. "Cut them some slack." And if they want to date—something that many adult children oppose for fear of their parents being hurt or losing part of their inheritance—don't stand in the way. "Allow them to be happy."

The Right Approach

How to avoid becoming a helicopter child:

- Unless your father or mother has dementia, don't make decisions for him or her. Discuss matters and remember he or she has a right to take informed risks.
- If you and your parents don't agree on their level of competence, consult a professional together.
- Don't go through your parents' mail or screen their calls unless asked.
- Pick your battles. If a parent is getting lost or has stopped bathing, talk about what help he or she might need to remain independent. If his or her clothes don't match, get over it.
- If a parent has cataracts in both eyes and continues to drive at night, ask the primary-care physician to intervene.
- If your parents forget to turn off the stove, don't jump to the conclusion they can't stay in their home. Look into devices that turn stoves off automatically.
- Use classic 'I' language, such as: 'I am concerned about you living in a two-story house after your heart attack.' Avoid: 'You can't live here anymore.'

Source: The Wall Street Journal, David Solie

ANATOMY OF A SONG | By Marc Myers

THE TWIST IN THE CARS' 'MY BEST FRIEND'S GIRL'

WHEN THE CARS' eponymous debut album was released in mid-1978, the group's second single, "My Best Friend's Girl," reached No. 35 on the Billboard pop chart, helping to send the album to No. 18.

Recently, the band's lead singer, songwriter and guitarist Ric Ocasek, lead guitarist Elliot Easton, drummer David Robinson and former radio disc jockey Maxanne Sartori talked about the song's evolution. This month the Cars were inducted into the Rock & Roll Hall of Fame. Edited from interviews.

Ric Ocasek: In early 1972, I was living in an apartment above the garage of a house near Boston. The house was set back in the woods, and about 20 people lived there. They shared common space and sometimes ate together. It was very Zen. The best thing about my apartment was private access to a basement under the garage. The basement's concrete walls were thick, and it was dry and quiet. I'd go down there with my acoustic guitar and cassette recorder, sit on the floor and write songs. Ben Orr joined me in Boston. We had been in a series of bands together in Ohio and Michigan in the '60s. Eventually we teamed with guitarist Elliot Easton and formed Cap'n Swing. In early 1976, WBCN-FM disc jockey Maxanne Sartori heard our Cap'n Swing demo at the station and began playing it on her radio show.

Maxanne Sartori: That fall, after Cap'n Swing played Max's Kansas City in New York, I suggested that Ric shift Ben Orr from singing lead vocal to playing bass and sharing lead vocals with Ric. I also suggested that Ric hire drummer David Robinson, who had more of a pop feel.

David Robinson: Shortly after I joined, Ric wanted to change the band's name. Cap'n Swing sounded like the name of a bar band. We came up with lists of names. On my list was "The Cars." It was meaningless and conjured up nothing.

Please see CARS page A12

BILL KENNEDY/MIRRORPIX/EVERETT COLLECTION

The Cars, from left, Elliot Easton, Ric Ocasek, Greg Hawkes, David Robinson and Ben Orr, seen in November 1978.

CARS

Continued from page A11

ing, which was perfect. Ric liked the name. The Cars was at the beginning of the alphabet, which was great in record stores. It also was easy to spell and impossible to forget. Funny thing is I didn't even own a car at the time.

Mr. Ocasek: I loved Buddy Holly. I first heard "That'll Be the Day" when I was 13, in 1957. His guitar intro made me want to learn to play and his songs made me want to write. Shortly after David joined us, I was down in my basement writing songs. One of them was "My Best Friend's Girl." Nothing in the song happened to me personally. I just figured having a girlfriend stolen was probably something that happened to a lot of people. I wrote the words and music at the same time: "You're always dancing down the street / with your suede blue eyes / And every new boy that you meet / he doesn't know the real surprise." The "suede blue eyes" line was a play on Carl Perkins's "Blue Suede Shoes." When I wrote, "You've got your nuclear boots / and your drip-dry glove," I envisioned them as a cool '50s fashion statement. At some point, I realized my lyrics didn't include the words "My Best Friend's Girl." So I added a chorus in the margin in pen: "She's my best friend's girl / she's my best friend's girl / but she used to be mine."

I liked the twist. Up until that point, you think the singer stole his best friend's girl: "When she's dancing 'neath the starry sky / she'll make you flip." With the last line of the chorus, "But she used to be mine," you realize the guy didn't steal his best friend's girl—his friend stole her away from him.

Elliot Easton: After Ric wrote "My Best Friend's Girl" and some others, we got together in his basement with our instruments and amps. We sat in a semicircle and he played them for us. Then we rehearsed.

Mr. Ocasek: We played our first gig as the Cars in December 1976. Then in February '77, we recorded a demo of our new songs, including "My Best Friend's Girl," at Northern Studios in Maynard, Mass.

We made a copy of the demo and I gave the reel to Maxanne at WBCN. She played "Just What I Needed" and "My Best Friend's Girl" often on the air. Soon we caught the attention of record executives from several labels. We signed with Elektra and toured for much of '77 to build an audience. Then Elektra paired us with British producer Roy Thomas Baker. He wanted to record our first album at George Martin's AIR Studios in London. In the studio, "My Best Friend's Girl" didn't need much. It was all there on the demo. But Roy made the song sound much bigger. I open the song picking on notes in the middle position of my Fender Jazzmaster guitar.

Mr. Easton: The inspiration for my rockabilly riff and solo was the guitar lick from the Beatles' "I Will." I mutated it a bit to counter Ric's strong 8th-note feel. I played my solo on a new Fender Telecaster. The Fender was twangy to begin with, but we added a little slap-back echo so it sounded fatter and jumped.

Mr. Robinson: Roy loved loud drums. I had tuned them so they were boom-y and bass-y. I overdubbed timbales to add a Latin feel.

Mr. Ocasek: If my best friend had stolen my girl, I might have been hurt but I wouldn't have been out for revenge. It's not me. That's why the lyrics are observational and not bitter. Maybe it was all that peace and love at the communal house.

JEFF KRAVITZ/FILMMAGIC/GETTY IMAGES

Ric Ocasek at the Cars' Rock & Roll Hall of Fame induction.

DANIEL TEPPER FOR THE WALL STREET JOURNAL (2); TUCKER BAIR (CLARK ART INSTITUTE)

MUSEUMS

The Brushwork Is Lovely, but My Diaper Needs Changing

BY POLYA LESOVA

The Whitney, top, offers parents and babies private tours, to ease parents' worries about disrupting patrons. The Clark, above, says the tours help build relationships with young families.

ON A VISIT TO the Clark Art Institute in Williamstown, Mass., Benjamin Wiessner found himself admiring the museum's prized early American silverware collection. Its shininess particularly captivated him. But then he fell asleep.

Of course, most visitors to the Clark are older than Mr. Wiessner, who was only 4 months at the time. His mother, Kimberly Ciola, had taken him to one of the museum's talks for new parents and their babies.

The Clark is one of a growing number of art institutions around the U.S., including the Whitney Museum of American Art in New York, the Dallas Museum of Art and the Toledo Museum of Art in Ohio, offering "stroller tours," where babies—from newborn to roughly 18 months—aren't only allowed, but required. Museums are looking for ways to expand their visitor base, and the tours offer worn-down parents a ray of intellectual diversion amid diaper changes and feedings.

Catering to patrons whose reactions to art might involve crying, shrieking or napping does have its logistical challenges. Some museums offer the stroller tours before opening to the public, to ease parents' anxiety about disrupting other visitors. A babbling baby tends to trigger others, creating "a little baby orchestra," says Billie Rae Vinson, senior coordinator of family programs at the Whitney.

And older babies don't always mix well with priceless artifacts. "A gallery looks like a great place to stroll to a toddler," says Ronna Tulgan Ostheimer, who started the Clark's New Parents program. "We had a few take off running." The Clark now advises that its talks are "best suited for parents with pre-toddlers."

Still, the programs can give museums an additional revenue stream and a way to establish relationships with young families. The Whitney offers parents and babies a private tour of specific exhibitions, charging each adult $25 for a tour ticket, plus museum admission, which is usually another $25. Others, including the Toledo Museum of Art and the Clark, offer the tours free.

"We see the program not just as a program for young families but also as the beginning of a relationship," says Ms. Tulgan Ostheimer at the Clark. "It's no problem to us when a baby cries." Parents usually just walk out of the gallery or nurse the baby, and she says she hasn't gotten any complaints from other visitors.

The Toledo Museum of Art designs programs to keep its short-attention-span youngsters engaged. Docents limit tours to 30 minutes and typically visit multiple artworks so as "not to have down time that would lead to boredom," says Mike Deetsch, the museum's director of education. Babies often respond to art by giggling or kicking their feet, and docents decide which exhibits to show them based on their reactions.

Babies tend to like bold, colorful artworks, says Kathy Danko-McGhee, an early-childhood art consultant and a former director of education at the Toledo Museum of Art. Her research on babies' aesthetic preferences inspired the idea for the museum's baby tours a few years ago. "It helps if parents talk to the baby while they are looking at the work of art, talking about colors or textures," she says.

At the Guggenheim Museum in New York, which started offering baby visits a few years ago, each tour has a theme and an activity where the babies can touch or manipulate an object.

"Some babies respond to works by Kandinsky," says Carolyn Keogh, the Guggenheim's associate manager for school and youth programs, referring to the Russian-born artist known for his colorful abstract paintings. On one tour, a baby who had been sleepy "started gleefully shrieking and looking at the works" by Kandinsky, she says.

Some museums offer hands-on activities. The Dallas Museum of Art's monthly "Art Babies" class lets parents and babies tour the galleries, and also offers art-inspired singing, stories and studio time where babies play with paint, water and homemade play dough.

At the New-York Historical Society, which started offering stroller tours last spring, children particularly like the colorful gallery of Tiffany lamps, says Alice Stevenson, director of its DiMenna Children's History Museum and overseer of the stroller tours. Children are also drawn to the Noah's Ark, a popular toy in 19th-century America.

Sometimes, it's the parent who gets the most out of the tour. Sarah Lipinski, a 26-year-old accountant, remembers sitting on a bench at the Clark and nursing her then 4-month-old daughter, Nadia, while the guide provided insights on a 1604 portrait of an Austrian archduchess. "It was a real gallery talk about the art for us as adults," she says. Nadia fell asleep.

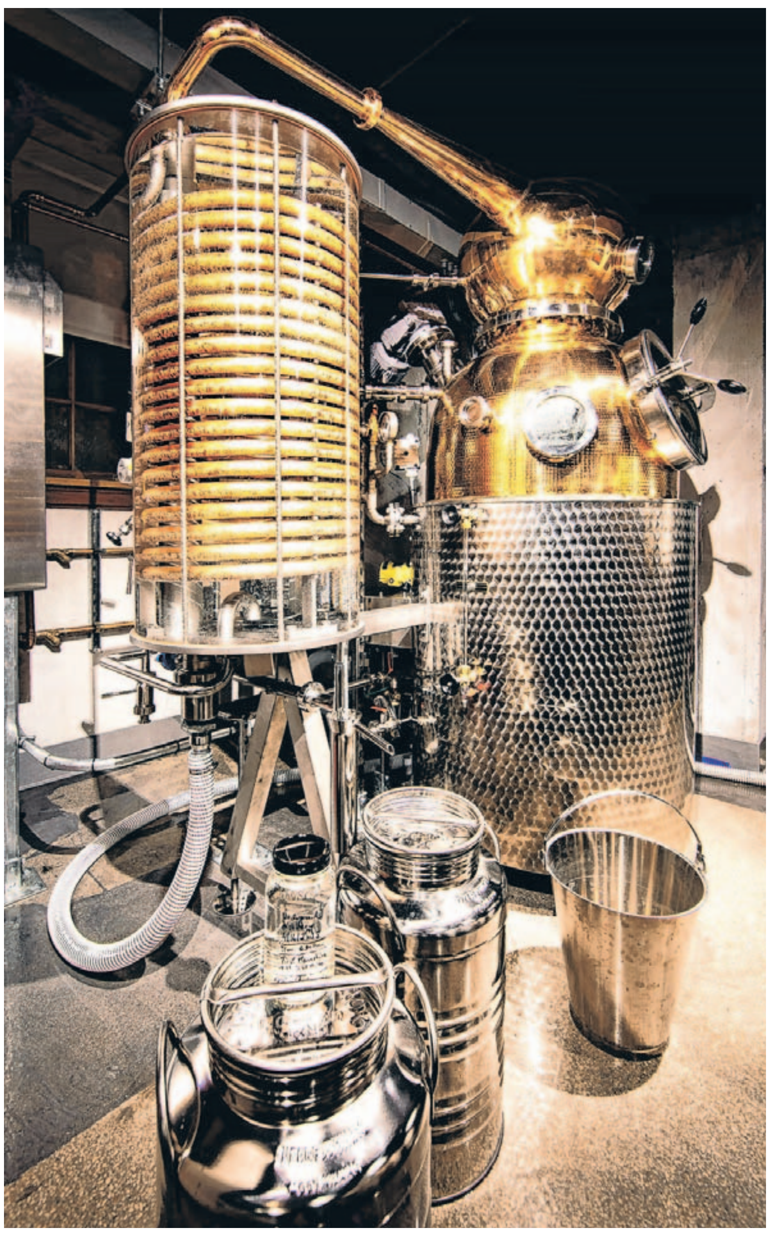
She has taken her daughter to the Clark a few times since, but she's a toddler now, making visits more challenging. "She really likes the statues," Ms. Lipinski says.

Babies often like colorful artwork, experts say.

EXHIBITION REVIEW

Gangster's Paradise

BY EDWARD ROTHSTEIN



Clockwise from left: the distillery at the Mob Museum; belt in the 'Use of Force Experience'; bar in The Underground; fingerprint analysis station in the new 'Crime Lab Experience'

THE MOB MUSEUM (4)

Las Vegas

HAVING MADE my way through nearly three floors of lurid and engrossing tales of skimming, scamming and murder in the Mob Museum—suitably located in a city whose Founding Fathers had monikers like "Lucky," "Lefty" and "Bugsy"—it worried me a bit when I scanned my index fingerprint in a new interactive exhibition space and learned that its radial loop closely linked me to Basil "The Owl" Banghart, a renowned burglar and prison escapee from 1920s gangland Chicago. Luckily, other technical fingerprint minutiae (including "bifurcations," "bridges" and "deltas") would have gotten me off the hook.

This new "Crime Lab Experience," while cursorily surveying aspects of forensic science, actually left me with an understanding that was a bit more than skin deep. And while tooling around a touch-screen autopsy table, I learned more than I wanted to about lividity and entomology, though such matters did come in handy, I discovered, in assessing the sordid 1982 demise of an associate of Richard "The Iceman" Kuklinski, who, in a Mob trifecta, was found strangled, poisoned with cyanide, and stuffed under a mattress.

I don't want to give the impression that this museum thrives on gruesomeness. It is far more expansive and enlightening. And this new "experience," along with another devoted to police use of force, glorifies not the Mob's enforcers but the law's enforcement. Throughout, the museum embraces both the lure of gangland glamour and the promise of retribution, combining them even in its full name: The Mob Museum: National Museum of Organized Crime & Law Enforcement.

This double fingerprint is one reason why the museum has been so successful since it opened in 2012, welcoming almost 400,000 visitors a year and finishing each year in the black with a $10 million annual budget (general admission is $26.95, which becomes $41.95 if you include the two optional timed-admission "experiences"). It offers a chronological account of the Mob in all its nervy brutality—its early triumphs, its shaping of this desert city, its pursuit by untouchable G-men, and its many metamorphoses.

The new offerings are part of a $9 million elaboration of the museum's themes overseen by its president and CEO, Jonathan Ullman. More attention is given to contemporary international organized crime, including a sobering fact-laden survey accessed through a wall-size touch screen. And more emphasis is put on experience—a trend that can make museums resemble, at times, interactive theaters.

Along those lines, the museum had already acquitted itself fairly well, most notably by exploiting the fact that its home is a Depression-era neoclassical building that now seems grafted onto Vegas glitz: a 1933 federal post office and courthouse. In 1950 this was where the U.S. Senate Special Committee to Investigate Organized Crime in Interstate Commerce led by Sen. Estes Kefauver (aka the Kefauver hearings) held one of its sessions. That room is central to the museum and is evoked in the original restored courtroom in a multimedia film, sound and light show.

The new experiences go further. I confess that despite informative aspects of the "Crime Lab Experience," I expected less from the "Use of Force Training Experience." You have to sign a release indemnifying the museum, you must use a "gun" whose recoils result from bursts of CO_2 cartridges, you must wear a police utility belt, and you must be informed by a guide how to treat potential threats in two simulated scenes; the gun must be the last resort. One scene is on film—and I felt a bit awkward trying to talk down its cinematic lunatic. But in the second, a live actor impersonates a disturbed man wielding a poker; he reacts to what you say and do, and the hope is that neither of you misjudges the other.

This brief simulation—not too different, we are told, from aspects of police training—temporarily eliminates the artifice and viscerally illuminates dilemmas facing police. Counterpoint is provided in an adjacent gallery where charges of racism in police shootings are surveyed. In Las Vegas, we learn, any police shooting now requires the immediate posting of a "video briefing" on YouTube, and—within 72 hours—the uploading of body-camera video.

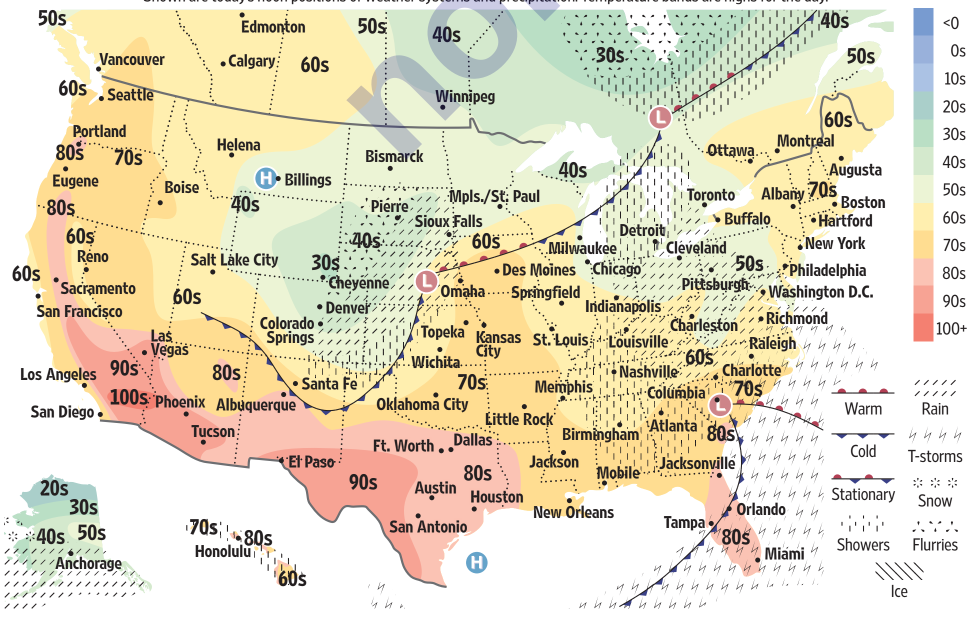
Lest this seem to take visitors too far from the Vegas of Mobdom, another new experience of sorts offers intoxicating recompense. "The Underground," located in the basement, houses an exhibition about Prohibition, with period advertisements, vignettes, and portraits of personalities, as well as a fully functional speakeasy. Step up to a long wooden bar and you can purchase $12 to $14 period cocktails like "The Scofflaw" (rye, vermouth, lemon, grenadine) or "Bee's Knees" (gin, lemon, jalapeño honey). And if you want to know the reason for such concoctions, an answer is provided in an adjacent room, where a small distillery is in operation, offering those smitten by the lure of Prohibition a chance to swill classic moonshine in its raw and ragged state—a reminder that behind every romance associated with the Mob, there is also a more sobering reality.

Mr. Rothstein is the Journal's Critic at Large.

Weather

AccuWeather DOWNLOAD OUR APP TODAY

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



U.S. Forecasts

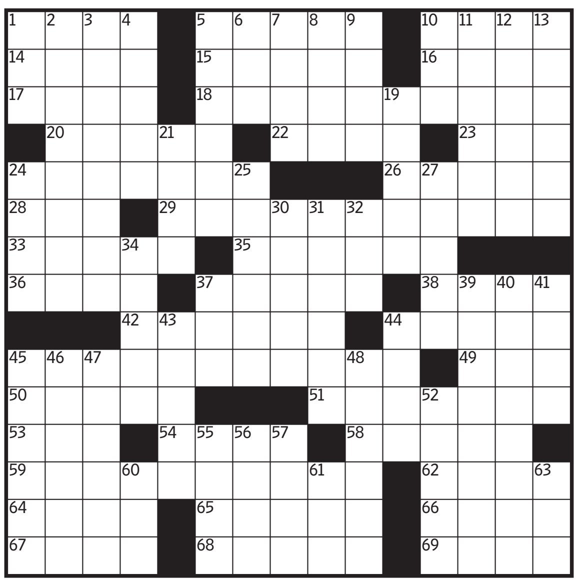
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	46	37	r	45	38	pc
Atlanta	70	56	c	71	54	pc
Austin	86	58	s	75	49	t
Baltimore	58	52	r	66	48	r
Boise	72	47	s	78	49	s
Boston	64	47	pc	55	49	r
Burlington	69	47	s	58	48	r
Charlotte	71	54	r	75	52	pc
Chicago	58	41	c	53	36	pc
Cleveland	57	43	r	51	37	c
Dallas	82	60	s	62	46	r
Denver	46	25	c	64	36	s
Detroit	55	47	c	55	38	sh
Honolulu	81	70	sh	81	72	sh
Houston	84	60	s	83	55	pc
Indianapolis	61	49	r	62	38	c
Kansas City	72	49	c	61	40	c
Las Vegas	92	68	s	93	69	s
Little Rock	75	53	pc	69	50	r
Los Angeles	78	54	pc	75	54	pc
Miami	85	71	pc	86	66	pc
Milwaukee	54	39	r	49	35	pc
Minneapolis	58	37	c	60	43	s
Nashville	67	55	sh	67	47	c
New Orleans	79	62	s	80	62	s
New York City	60	52	pc	58	50	r
Oklahoma City	76	46	s	55	40	r
Omaha	70	44	c	63	44	pc
Orlando	86	63	pc	83	61	pc
Philadelphia	62	53	r	66	50	r
Phoenix	97	71	pc	98	71	pc
Pittsburgh	56	50	r	57	39	c
Portland, Maine	64	44	s	52	46	r
Portland, Ore.	81	53	pc	85	58	s
Sacramento	85	52	s	84	48	s
St. Louis	65	48	c	61	42	c
Salt Lake City	67	45	s	75	51	pc
San Francisco	68	51	pc	67	52	pc
Santa Fe	77	39	pc	69	40	pc
Seattle	75	50	pc	74	50	s
Sioux Falls	56	32	r	60	43	pc
Wash., D.C.	60	56	r	69	52	r

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	57	48	r	57	46	sh
Athens	81	61	pc	83	61	pc
Baghdad	85	60	s	88	67	pc
Bangkok	98	83	s	97	81	s
Beijing	73	48	pc	77	54	s
Berlin	63	53	sh	62	45	t
Brussels	60	52	sh	60	42	t
Buenos Aires	73	67	t	76	64	t
Dubai	98	78	s	93	81	s
Dublin	54	41	sh	53	41	sh
Edinburgh	55	40	sh	53	40	sh
Frankfurt	70	53	pc	69	47	t
Geneva	74	50	pc	76	51	t
Havana	87	67	pc	86	65	c
Hong Kong	80	72	t	81	73	pc
Istanbul	75	57	s	77	57	s
Jakarta	87	78	c	89	77	c
Jerusalem	76	58	s	67	54	t
Johannesburg	80	51	s	79	51	s
London	60	46	r	58	43	t
Madrid	78	54	pc	79	53	pc
Manila	96	79	t	94	80	pc
Melbourne	78	58	c	68	53	r
Mexico City	75	57	pc	77	57	pc
Milan	80	54	pc	80	57	pc
Moscow	54	42	pc	56	42	r
Mumbai	95	82	pc	94	81	pc
Paris	70	53	pc	63	44	pc
Rio de Janeiro	85	72	t	87	73	s
Riyadh	90	69	s	89	72	t
Rome	73	55	pc	74	54	pc
San Juan	84	75	pc	86	75	pc
Seoul	64	43	sh	70	45	s
Shanghai	61	53	pc	70	55	s
Singapore	89	80	c	89	79	sh
Sydney	75	61	s	76	63	pc
Taipei City	84	67	t	77	65	pc
Tokyo	71	65	c	72	61	r
Toronto	56	42	c	51	38	r
Vancouver	63	45	pc	67	48	pc
Warsaw	66	50	c	72	49	t
Zurich	72	45	pc	75	51	pc

The WSJ Daily Crossword | Edited by Mike Shenk



AIR PLAY | By Benjamin Kramer

Across

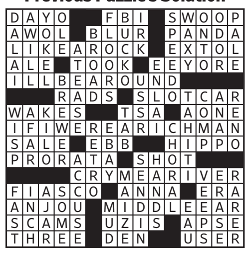
1 Country between Ghana and Benin
5 "Seems likely to me"
10 ___ and Span (cleaner brand)
14 "Time ___ My Side" (Rolling Stones hit)
15 Penniless
16 Marine predator
17 Double-reed instrument
18 *Olympic trap shooting target
20 Port of Honshu
22 Not new
23 Serengeti grazer
24 Either Burr or Hamilton, in July 1804
26 Bedrock for Spock
28 Furious feeling
29 *Feathered flyer that's sliced and shot
33 Beefy breed
35 Word to help you get the picture
36 Sustained popularity, informally
37 Came down a mountain
38 Insurance co. workers
42 Horse operas
44 Trap
45 *Quarterback's wobbling pass
49 "Holy moly!"
50 Baseball pioneer Doubleday
51 Means of striking a balance?
53 Lawn coating
54 Interest group turning 60 this year
58 Electric autos from Nissan
59 *Baseball blooper
62 City on Alaska's Seward Peninsula
64 Dunham of "Girls"
65 Member of the family
66 Kindling candidate
67 Whirl of water or smoke
68 FAQ part
69 Voice from the choir loft

Down

1 65-Across, in Guadalajara
2 Sharon of "The Talk"
3 *Shutout score
4 15-time NBA All-Star
5 One way to settle a debt
6 Second smallest state, after R.I.
7 Male admirer
8 Blue Bell competitor
9 Hunt and peck, say
10 Saturate, in dialect
11 Eating for two, informally
12 Easily identified
13 Vancouver player
19 Lollygags
21 Meet face-to-face?
24 Quaint phone feature
25 Put in a snug spot
27 Coastal view
30 Brooks Robinson's position
31 Prepares for a drive
32 Took point
34 Successor to the Atlantic Hwy.
37 Sault ___ Marie
39 Fighting birds, or an apt description for the starred answers
40 Broadcast
41 Broadcast
43 "What ___!" ("I'm bored!")
44 Long-haired terrier breed
45 Move like a penguin
46 Followed directions
47 Put your feet up
48 Didn't just text
52 Devil ray
55 Blue hue
56 Diamond scores
57 Prepare for a vacation
60 Opposition expression
61 ___ du Diable
63 Freudian focus

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

Previous Puzzle's Solution



SPORTS

FOOTBALL

The NFL Draft's Rorschach Test

Quarterback Josh Allen is the extreme example of a debate—prototype vs. productivity—that has divided draft rooms forever

BY ANDREW BEATON AND MICHAEL SALFINO

ILLUSTRATION BY TIM JONES/THE WALL STREET JOURNAL (PHOTO: GREGORY PAYAN)

JOSH ALLEN is a generational talent. Or he's the surest bust ever. He's the type of prospect coaches dream about. But he may be a coach's worst nightmare.

NFL teams drive themselves insane analyzing quarterbacks. Finding the right one means more than anything for a franchise's success, and this year's draft, beginning Thursday, could be the most quarterback-crazy draft ever.

And in this high-stakes pandemonium, nobody drives people madder than Josh Allen.

Some think Allen's physical traits make him a no-brainer to go No. 1 overall to the Cleveland Browns. Others look at his college statistics at Wyoming and gently place their faces in their palms, unable to fathom how he'll be drafted anywhere near the top at all.

"We all have our pluses, our minuses," Allen said at this year's NFL draft combine.

Here's the dilemma: Allen's pluses are more positive than anybody else's. His minuses are more negative. It's what makes him completely different from Sam Darnold, Josh Rosen and Baker Mayfield—the other quarterbacks expected to go at the top of the draft to the Browns, Giants, Jets and others.

The debate over valuing a quarterback's numbers—as opposed to whether he fits the position's prototype—has raged forever. Allen is the extreme example. He's cut from the quintessential quarterback mold. But his stats make people cringe.

The chasm makes Allen the NFL's Rorschach test. Everybody looks at the same thing—and sees something different.

In other words, says Hall of Fame coach Bill Parcells, Allen is the ultimate embodiment of why "quarterback is the position fraught with the greatest error in professional football."

The discrepancy in views on Allen stems from the divergence between his prodigious skills and his conspicuous struggles.

If Vince Lombardi could have crafted a quarterback out of clay, he'd look an awful lot like Allen. He's tall. He's quick. He's bright. He can throw a football farther than pretty much anybody on the planet.

But then there's his production. He wasn't especially good in college. He was especially not good last season. Some metrics rate him as one of the worst quarterbacks projected to go this high in decades.

Here are some of the metrics that Allen bested his peers at in the pre-draft process: Throw velocity (62 mph), height (6-foot-5), and hand size (over 10 inches). He ran the 40-yard dash faster than Darnold, Mayfield and Rosen. He reportedly scored higher than them on the Wonderlic, a test used to evaluate the mental aptitude of players. He beat them in the three-cone drill, broad jump and vertical leap, too. He also grabbed a football, casually threw it 70 yards in the air and made it abundantly clear his arm is in a different stratosphere than everyone else's.

All of that leads to a seemingly obvious question: In what universe isn't he clearly the best prospect available? To that, there's an equally logical response: Can such an unproductive player be considered that great of a prospect?

At Wyoming, he completed only 56.2% of his passes. And in his final season, his average yards per pass attempt fell by 22%. His yards per game dropped by 28%.

"Without question, his accuracy needs to improve from where it was," said Craig Bohl, Allen's coach at Wyoming. "What you cannot correct, what you cannot coach, is a guy who can throw the ball on a rope to areas of the field nobody else can hit."

Part of what makes projecting Allen near impossible is that there's no reasonable comparison for him. Among others, he has been likened to: Carson Wentz, who has become a star from an off-the-radar football program; JaMarcus Russell, whose arm strength was the stuff of legend before becoming an NFL bust; Brett Favre, who was a second-round pick after being dogged by collegiate accuracy issues and became one of the best ever.

For one reason or another, none of the comparisons fit. So teams are left to sift through a mountain of evidence with no apt reference points for what it all could mean.

When Allen began his college career, he was an anonymous string bean. He was 50 pounds lighter than now. An inch shorter, too. He had such little clout he didn't receive a single Division I scholarship offer. He wound up at a junior college, where he played well enough to get an offer from Wyoming.

Before the 2016 season, he hadn't even been named the starter there. But after two NFL general managers watched a practice, they had one question for Bohl: "Who's No. 17?"

Allen was No. 17. He was named the starter. Quickly, he showed why general managers had started to salivate. And since February—when the combine and workouts began—he's undefeated.

But in between taking off as the starter and dominating the pre-draft process, there were questions about his productivity. In three games last year against Iowa, Oregon and Boise State he completed 48.4% of his passes with one touchdown and five interceptions.

This has given him a statistical profile that does not look like it belongs atop any draft board. ProFootballFocus ranks Allen 48th statistically among the 56 draft-eligible quarterback prospects. The QBASE projection system from Football Outsiders gives him a negative score, which is rare for quarterbacks taken in the first 10 picks and puts him in company where Mark Sanchez is actually one of the better outcomes.

"The ability to read coverage and mental processing don't seem to click for him. And this is in college," said former NFL scout Dan Shonka, general manager of Ourlads Scouting Services. "On Sundays, I worry he's going to be like a guy driving a stagecoach on the Autobahn."

At the same time, unlike many of his peers, Allen played in a pro-style offense that doesn't necessarily produce gaudy numbers. That only complicates the picture.

This much is clear: Nobody has the potential to make NFL teams look stupider than Allen. He's both the most tantalizing and riskiest prospect in the entire draft.

He could go No. 1 and become the next and biggest name on Cleveland's long list of failures at quarterback. He could slide and still turn into the next Favre.

Does Josh Allen believe he's the best quarterback in the draft?

"Absolutely."

CHAMPIONS LEAGUE

A SOCCER MATCHUP MADE IN BOSTON

BY JOSHUA ROBINSON

THE LUNCH ITSELF didn't cost €42 million, but that's how much it took for the two billionaires to sit down on a sunny Boston afternoon last June.

If they were being honest, the whole situation was a little absurd. One of them, John W. Henry, had just signed off on his English soccer team paying more than $50 million to an Italian soccer team belonging to the other, James Pallotta, for a midfielder from Egypt. At 25, that midfielder was younger than either of their careers in finance.

But ever since Henry and Pallotta moved from the hedge-fund world to American sports to the wild scene of European soccer ownership, their tolerance for the absurd had steadily increased. So here they were, the owners of Liverpool and AS Roma, debriefing on the eye-wateringly expensive transfer of Mohamed Salah.

"It seemed like a lot of euros at the time!" said Henry, who also owns the Boston Red Sox. That being the case, Pallotta, a part-owner of the Boston Celtics, picked up the lunch tab.

What neither of them imagined that afternoon was that 10 months later, their soccer clubs would meet in a Champions League semifinal made in Boston. Henry's Liverpool will host Pallotta's Roma in the first leg at Anfield on Tuesday with the second leg in the Italian capital on May 2. At stake is a spot in the most prestigious match on the calendar.

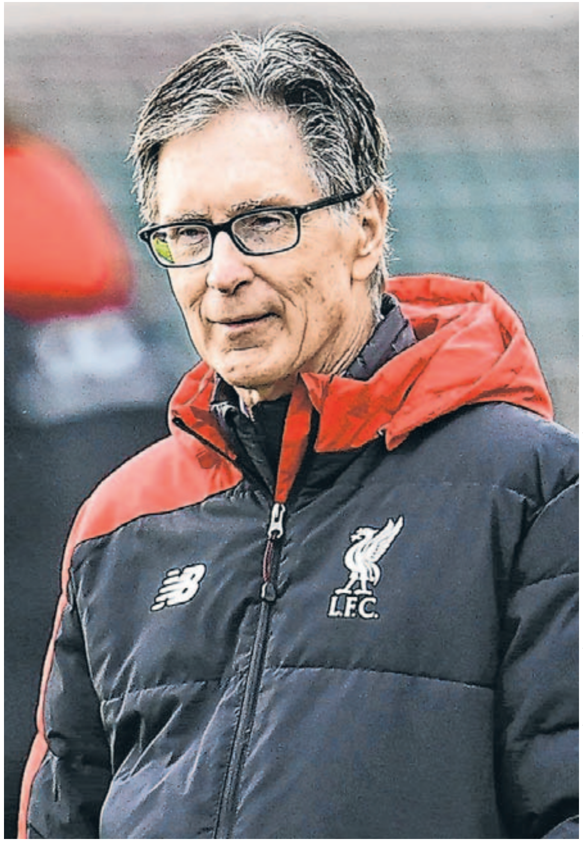
Even more amazing is that both clubs required incredible quarterfinal upsets to set this up.

On an electric night at Anfield, Liverpool shocked Manchester City with three first-half goals. Salah, the most dangerous forward in England this season, was among the scorers. City never recovered.

"You really have to give the credit to the players, but in my mind despite their greatest efforts, the supporters really took them past Manchester City which is probably the best club in the world today," Henry wrote in an email. "Anfield, in the first leg, was astonishing."

And while Liverpool was blitzing City, Pallotta thought his side was heading for the exit. Roma lost its first leg on the road against Barcelona 4-1. In 95% of previous cases, that kind of defeat had spelled elimination. But six days later, inside the frenetic Stadio Olimpico, Roma overturned the deficit to win 3-0 on the night and 4-4 on away goals on aggregate.

> With storied soccer teams in their portfolios, American owners are set to square off in Europe.



L-R: SILVIA LORE/NURPHOTO/ZUMA PRESS; ANDREW POWELL/LIVERPOOL FC/GETTY IMAGES

James Pallotta, left, owns AS Roma and the Boston Celtics, while John Henry owns Liverpool and the Boston Red Sox.

Pallotta had never experienced an atmosphere like it—the delirious fans, the disbelief of the players, a scowling Lionel Messi. The 60-year-old Pallotta jumped into a Roma official's arms at the final whistle and later went to greet the supporters gathered in the Piazza del Popolo near his hotel. He finished the night by diving into a fountain. He was assessed a $280 fine.

"Really, Boston has been the No. 1 sports city this century," Pallotta said, pointing to the success of the Red Sox, Patriots, Celtics and Bruins. "But you have to explain to people that you go to a Celtics game and it's crazy, but at Roma-Barcelona it was bedlam."

Pallotta and Henry at least have that understanding in common, though they could hardly be more different. Henry is a softly-spoken 68-year-old who made his fortune trying to excise human emotion from the investment process. Pallotta is a gregarious former stock picker with a collection of vintage bourbon and a thick New England accent—Roma's quarterfinal foe comes out "Bahcelonah."

The two have been pals for over a decade. In fact, their friendship was nearly a business partnership. In the early 2000s, when Henry led a group of investors to take over the Boston Red Sox, Pallotta was part of a rival bid. Once he was out, Pallotta said he thought about joining Henry with an eye to acquiring the Red Sox and using his share in the Celtics as a way to bring the teams together on a single television channel. But, feeling awkward about leaving his original partners, he never pulled the trigger.

Henry's group found success by bringing "Moneyball" analytics to Boston's cursed baseball club. You might have heard that it worked. Henry didn't know it then, but when the Sox clinched the 2004 World Series in St. Louis, Pallotta was in the building as a fan.

Six years later, Henry dove into European soccer with Liverpool. And Pallotta was right behind him. In 2011, having never attended a soccer game, he dropped €12.5 million on a minority stake in then-struggling Roma alongside other American investors.

At first, he planned to stay out of running the club. That didn't cut it for him. He soon acquired a controlling stake and set about dragging the venerable old club into the 21st century.

That's when the same reality dawned on both Henry and Pallotta: their experiences in U.S. sports in no way prepared them for the permanent circus of European soccer.

"With European football, unless you get the right city, unless you get the right timing, it's a…" Pallotta said, before using an expletive that only begins to sum up the chaos of soccer ownership.

That patience is tested constantly. Pallotta and Henry employed eight managers between them before settling on their current leaders, Jurgen Klopp at Liverpool and Di Francesco at Roma. Henry had to scrap a plan for a new stadium in favor of remodeling Anfield while Pallotta's own scheme for a new Roma stadium has been delayed by Italian bureaucracy—one issue, for instance, is that you can't build anything in Rome without digging some priceless ruin. And neither has managed to win a league title.

Still, by the end of next week, one of them will have a Champions League final spot to show for his tenure. And whether it goes to Rome or Liverpool, Boston might want to claim a piece of it too.

OPINION

The Elitists' Trump Excuse

MAIN STREET
By William McGurn

Let us stipulate that Donald Trump is unique. From his allusion to his privates during a GOP debate to the public berating of his attorney general to the nicknames he uses to disparage opponents, Mr. Trump tramples on the expected norms for a president.

Some detect in Mr. Trump's brand of vituperation an assault on the values and virtues that democracy requires to thrive. In this line of thinking, Mr. Trump is morally unfit for the Oval Office. Some speak even more darkly. In her new book, former Secretary of State Madeleine Albright says the world today has become a "petri dish" for fascism, calls Mr. Trump "the least democratic president of modern history" and notes that Mussolini, too, promised to "drain the swamp."

There is, however, a flip side to Mr. Trump's speech and behavior. It has to do with the willingness of those who know better (or ought to know better) to look the other way so long as Mr. Trump is the target. So which is more damaging to the American body politic—the schoolyard taunts and threats of Mr. Trump, or the anti-Trump opportunism of "polite" society?

The election and its aftermath have been an education in how the smart set responds when the American people refuse the judgment of their self-styled betters. In its most honest form, it is the "Resist!" movement. In the more genteel version, it turns out to mean not just opposing Mr. Trump's policies, which people can reasonably do, but throwing fairness and principle to the wind so long as it might help bring down the 45th president. Consider:

• In the thick of the 2016 election, the New York Times ran a front-page article in which it advertised that the particular dangers posed by Mr. Trump's candidacy meant that the long-held norm of journalism—objectivity—might have to give way to a more oppositional approach.

• Good liberals once found the idea of spying on American citizens without just cause unconscionable. But when the target is a former Trump campaign associate, it becomes OK to get a warrant based on an unverified dossier paid for by the Hillary Clinton campaign.

• James Clapper, President Obama's director of national intelligence, revised procedures to make it easier for executive branch officials to "unmask" the names of Americans in intelligence reports and share the information among themselves, making leaks all but inevitable. The illegal leak of Mike Flynn's name in connection with a phone conversation with Russia's ambassador was one result. But again, it doesn't matter because he was a Trump transition official.

• When Sally Yates was acting attorney general and President Trump issued an executive order on immigration she objected to, Ms. Yates ordered the entire Justice Department not to obey, despite a finding from the department's Office of Legal Counsel that the order was lawful. She was applauded in her insubordination by Andrew Weissmann, then a Justice attorney, who now serves on Special Counsel Robert Mueller's team. But it's all for a good cause, right?

His critics may be more corrupting to democracy and decency than he is.

• In the middle of a #MeToo moment ostensibly all about more respect for women, the president's press secretary, Sarah Sanders, has been derided as everything from a "summer whore" to "a slightly chunky soccer mom." Though the columnist who wrote the latter has since apologized, the accomplished Mrs. Sanders must wonder what happened to "when they go low, we go high?"

• The pardon power enjoyed by the president is among the most unfettered in the Constitution. But because the president is Mr. Trump, and the pardon for controversial Arizona sheriff Joe Arpaio, the Ninth U.S. Circuit Court of Appeals has opted for lawlessness: appointing a special prosecutor to investigate the pardon's legitimacy, in clear violation of the separation of powers.

Meanwhile, week after week, the same people who accuse Mr. Trump of lacking depth and nuance toss off allusions to Hilter, Stalin and a parade of murderous dictators. Channeling Mrs. Clinton, they insist that anyone who would chose Mr. Trump over her—or God forbid, agree to serve in a Trump administration—isn't just wrong but forever morally tainted.

The people aren't stupid. The 63 million Americans who voted for Mr. Trump—some as an unappealing but better alternative to Mrs. Clinton, but many with gusto—recognize that what is going on here is a concerted effort to overturn the results of a legitimate presidential election. Is it really unseemly to ask whether this might be as much of a threat to American democracy as anything Mr. Trump has said or done?

To point to the double standard isn't in any way to justify Mr. Trump's more boorish displays. It is, however, to say that the standard ought to work both ways: Whatever the president's sins, they are no excuse for not asking whether the double standards of his critics in polite society might be just as corrupting to American democracy—and why it is that Donald Trump's "betters" are so often so much worse.

Write to mcgurn@wsj.com.

Trump and Kim's Low-Stakes Summit

GLOBAL VIEW
By Walter Russell Mead

The news from Korea is dramatic, but not quite historic. In the run-up to his proposed summit with Donald Trump, Kim Jong Un has floated a repackaged version of virtually every concession North Korea has ever proposed, from suspending its nuclear and missile tests to accepting the continuing presence of U.S. troops on the Korean Peninsula following a peace treaty between Seoul and Pyongyang.

Given that Messrs. Trump and Kim are two of the most unpredictable leaders in modern times, the frenzied pace of North Korean diplomacy has raised hopes for a breakthrough in the summit. But Mr. Kim and Mr. Trump are more likely to reframe the long-standing U.S.-North Korea standoff than to end it.

The first thing to understand is that North Korea's nuclear weapons are not going away. Pyongyang is willing to sit at a table where their removal is discussed, and perhaps even to sign pieces of paper stating that their removal is a goal. But talking is one thing; disarming is something else.

The North Korean leadership follows the news. It knows what happened to Ukraine, to Saddam Hussein and to Moammar Gadhafi without nuclear arms. No piece of paper offers a country the serene peace of mind that it gets from a few atom bombs in the missile silos.

But there's something else. Nuclear weapons aren't only the centerpiece of North Korean security policy. They are the centerpiece of its political and economic strategy as well. The Kim dynasty hasn't chosen the Chinese or Vietnamese path for prosperity based on international integration. Instead they cling to the idea of "juche," or self-reliance, and have one of the least open, least dynamic economies in the world.

The reason is fear. Compared with China, where many companies have a market value greater than North Korea's total gross domestic product, North Korea is a minnow swimming next to a whale. And there are other whales in the sea. If North Korea opened up for trade and investment, Chinese, South Korean and Japanese investors and traders would swallow it whole. The Kims would rather be the absolute rulers of a poor country than the former rulers of a middle-income one. North Korea spends an estimated 22% of its GDP on the military; that expenditure makes the country poorer but keeps the regime in control.

Those nukes give the Kims clout and they bring in cash. Kim Jong Un can provoke an international crisis by test-launching a missile; few other leaders of small and poor countries have that ability. China, Japan, South Korea and even the U.S. have been willing to make economic and political concessions to keep Pyongyang sweet. North Korea won't trade all that away for a treaty. That the U.S. is negotiating with North Korea rather than bombing it surely seems to the Kims like proof that their nuclear strategy has worked.

If the leaders meet, they're likelier to reframe the standoff than to resolve it.

But if Mr. Kim doesn't want to give up his nukes, the U.S. doesn't want war. Besides the 28,500 troops, there are more than 200,000 American civilians in South Korea on any given day. The first day of hostilities in a new Korean War could see tens of thousands of U.S. civilian casualties with more to come. The total cost of such a war in treasure and in blood is both incalculable and unacceptable.

This is the basic standoff that has shaped U.S.-North Korea diplomacy since the 1990s. But something has changed. The world has been living with North Korean nuclear weapons for a long time; what is new and destabilizing is the prospect of North Korean missiles that could deliver nuclear bombs to the U.S. mainland. That worries Americans; it also worries leaders of other Asian countries, who wonder whether America would protect them from North Korea when U.S. cities are within range.

On the North Korean side, meanwhile, the bargaining table looks attractive not only because the latest sanctions have been biting but because it hopes a stronger alignment with South Korea might ultimately drive a wedge between Seoul and its American and Japanese friends.

What Mr. Kim seems to be signaling is not a willingness to settle all outstanding differences between his hermit kingdom and the U.S.; that would require concessions neither side is willing to make. Rather, he is signaling a willingness to help Mr. Trump if Mr. Trump will help him. North Korea would accept denuclearization as a goal and suspend nuclear testing; the U.S. would agree to lift some sanctions and support negotiations about peace. The key will be the missile program; if Mr. Kim agrees to freeze it in place, Trump can claim a win, peace talks can proceed, and everyone can make pious speeches about denuclearization.

Critics will say this is more about can-kicking than peacemaking and they won't be wrong, but sometimes kicking is all you can do.

The Quarles Quarrel Hurts the Fed

By Peter Conti-Brown

Randal Quarles, the Federal Reserve Bank's vice chairman for supervision, last week testified before Congress on the state of the financial system. Something wasn't right. Mr. Quarles is supposed to be an independent central banker, but he isn't. Because of presidential mismanagement and senatorial obstruction, he essentially serves at the pleasure of the president.

When the modern Fed was created in 1935, legislative designers wanted to insulate central bankers from undue partisan political interference. Members of the Board of Governors are nominated by the president and confirmed by the Senate to 14-year terms. With seven governors, a 14-year term would permit politicians to exercise their crucial but narrow control once every two years. To keep vacancies evenly spaced, Congress also permitted presidents to nominate new central bankers to fill their predecessors' remaining terms before facing renomination for their own, 14-year term. In the very rare event that a governor's term expires before resignation or renomination, he may remain at the Fed until a successor is appointed.

Until he's confirmed, he can't function as an independent central banker.

That's where Mr. Quarles finds himself today. President Trump nominated him last fall to finish a term that expired Jan. 31, a mere three months of service before renominating him. Mr. Trump has already nominated Mr. Quarles for a full term. Senate Democrats have delayed that appointment, so that Mr. Quarles, who is highly qualified and won 65 votes for his first nomination, is denied the statutory protections and public assurances of insulation that central bankers need to function. At any time, Mr. Trump may withdraw his nomination or the Senate may reject it. He is completely dependent on politicians for his continued position as the nation's key financial watchdog.

There is no reason to continue to deny Mr. Quarles that protection. Mr. Trump's critics win no points for creating the appearance of an even more partisan central bank. As for the president, he could easily have avoided this debacle. There was no need for such a short term. Given the vacancies available, he might have nominated Mr. Quarles for a two-, four- or six-year term. His failure to do so may suggest a desire to exert undue control over the independent central bank—or, much likelier, a lack of awareness of the complexity of the Fed's governance structure.

In any case, it is time to declare a truce and restore both political accountability and independence to the Federal Reserve. Each nominee should face a process of substantive vetting so that unqualified or inappropriate nominations should be rejected, qualified ones quickly approved. No one wins with the present half-baked procedure. The independence of the Federal Reserve is, at the best of times, a tradition born of experience and partisan cooperation. Working to restore those traditions will benefit us all.

Mr. Conti-Brown, an assistant professor at the University of Pennsylvania's Wharton School, is the author of "The Power and Independence of the Federal Reserve" (Princeton, 2016).

BOOKSHELF | By Howard W. French

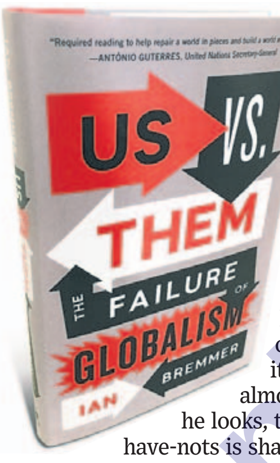
The Haves And Have-Nots

Us vs. Them

By Ian Bremmer
(Portfolio, 198 pages, $27)

As anyone who has seen him on television as a global-affairs commentator is aware, Ian Bremmer is a confident man. His interview topics flit from one far-flung part of the world to another as he dispenses smart-sounding nuggets of geopolitical analysis with the rapidity of a chess grandmaster playing against amateurs. And he does this with a likeable mien and little hint of the arrogance one might expect from a person who, by the age of 30, had already built his own thriving political-risk consulting firm.

Early in "Us vs. Them: The Failure of Globalism," readers learn a bit about where Mr. Bremmer's self-assuredness comes from. Raised in a working-class neighborhood in the Boston area by a single mother who believed in him, he quickly came to believe in himself as well, winning a scholarship to college and later earning a Ph.D. at Stanford. "As a young adult," Mr. Bremmer writes, "the American dream came wrapped in a package of 'globalism,' a belief in universal interdependence and international exchange that seemed to provide paths to prosperity for both the poor boy I was and the successful man I hoped to become."



Those were the days. Mr. Bremmer has since grown increasingly pessimistic about globalization, not because he no longer approves of it but because of the mounting backlash against it. Now his outlook has become almost unreservedly dark. Everywhere he looks, the divide between the haves and have-nots is sharpening. He foresees a near future increasingly made up of societies at war with themselves, riven by tensions between prosperous elites and everyone else. Not only will the poor and middle classes fail to keep up, he argues, they will no longer believe that the elites have their interests at heart.

The tone here is so pessimistic that Mr. Bremmer even frets about places where recent social and economic progress has been great—China, India and Turkey, say, or even Russia in the previous decade. "It's one thing for government to transfer large amounts of wealth to people who need it," Mr. Bremmer writes. "It's another to provide them with the services that middle-class citizens expect."

Some countries, he says, will face severe struggles trying to accommodate their rapidly aging populations. Think Japan and many places in the West already, say Germany or the Nordic countries—and then, very soon, China, whose coming demographic shift will have no precedent of scale.

Many other countries will face the opposite problem of too many young people. In the industrial age, this was once seen as a fundamental advantage. Automation, Mr. Bremmer says, will change that. Poor and underdeveloped societies will be challenged to generate sufficient productive employment to lift their people out of poverty. "The global introduction of robotics and AI," Mr. Bremmer writes, referring to artificial intelligence, "even on a limited scale, will sharply reduce the low-wage advantage that helps poor countries and poor people become middle-income countries and middle-class consumers. A shoe manufacturer in Kentucky is better off replacing a middle-wage worker with a no-wage robot than with a low-wage worker in Mexico, China, or Cambodia. And with the advent of 3-D printing, companies can keep manufacturing much closer to the customers who will buy their products. No need to move factories to distant shores."

Spurred by the backlash against globalization, a foreign-affairs commentator offers a dark prognosis for the world and the future.

Wealthier countries will prove "more adaptable and more resilient than developing ones," Mr. Bremmer says. This important argument might have been strengthened had he said more about Africa. According to the United Nations, the population of Nigeria—that continent's demographic giant—is on track to reach 750 million people by the end of this century, from 200 million people today. The continent's population over that period could increase to as many as four billion, from one billion now. In an automated world, where will the additional jobs come from? And if there are no jobs for them, where will these people go? Developments on a scale like this will challenge the entire international system and merit much greater attention than they receive here.

Mr. Bremmer's style—so fast, fluent and sure-footed on TV—is less effective in book form. One would have liked to see him work out more of the contradictions in his arguments and pursue his thoughts in more depth. At one point he claims that "automation and innovations in machine learning threaten 77 percent of all existing jobs in China." Two pages later, he says that China's massive aging could provide an advantage over similarly large and relatively young India because China, as it grows older, will need fewer jobs. Automation, he speculates, will allow China to avoid a sharp fall in productivity. Left unaddressed is the staggering question of how the country, at midcentury, will pay for the care and support of more than 400 million people over the age of 65.

Elsewhere, Mr. Bremmer postulates that "democracies have an important advantage over authoritarian states by allowing space for protest and other demonstrations of public anger." But once his rapid survey of 12 developing countries is complete, the rest of his book is mostly a pessimistic reading of what is happening in the world's democracies.

While these societies are busy building walls of one kind or another, whether to prevent integration or to pursue protectionism, Mr. Bremmer says that their social contracts are steadily eroding. Here again, the book moves too fast for its own good. First it warns, uncontroversially, that political leaders who pit one group against another are following a "shortcut to catastrophe." Then it concludes with some particularly ill-timed faith in technocratic solutions, praising Facebook for building communities and lauding its chairman, Mark Zuckerberg—now embattled over this very issue—who the author says "proposes to create stronger 'safety infrastructure.' " Thinkers like Mr. Bremmer serve a useful public function by connecting the dots between developments that may seem distant and unrelated, but in just such instances books like this highlight the risk of hewing so close to the news.

Mr. French teaches at the Columbia University Graduate School of Journalism. His latest book is "Everything Under the Heavens: How the Past Helps Shape China's Push for Global Power."

REVIEW & OUTLOOK

Trump at the Supreme Court

His travel ban may be unnecessary but it is clearly constitutional.

Alexander Hamilton wrote that "energy in the executive" is "essential to the protection of the community against foreign attacks," which is why the Constitution grants the President broad authority over national security. The question for the Supreme Court on Wednesday in *Trump v. Hawaii* is whether judges can usurp this core executive power.

President Trump has issued three orders suspending admission into the U.S. from certain countries to protect national security. The first two were enjoined by lower courts. Hawaii is now challenging the latest version that Mr. Trump issued last September, which limited admissions from eight countries (Chad, Iran, Libya, North Korea, Syria, Venezuela, Yemen and Somalia).

We've disagreed with the need for the sweeping travel restrictions. The post 9/11 screening process for the most part has been effective in keeping out foreigners with jihadist links and sympathies. Most immigrants who have committed terrorist acts in the U.S. were radicalized after admission.

* * *

But limiting admissions is a President's prerogative under the Constitution that Congress has reinforced with the Immigration and Nationality Act. The law says that "whenever the President finds that the entry of any aliens or of any class of aliens into the United States would be detrimental to the interests of the United States, he may by proclamation, and for such period as he shall deem necessary, suspend the entry of all aliens or any class of aliens as immigrants or nonimmigrants, or impose on the entry of aliens any restrictions he may deem to be appropriate."

The law also authorizes the President to adopt "reasonable rules, regulations, and orders" related to entry of foreign nationals "subject to such limitations and exceptions as [he] may prescribe." These grants by Congress of executive discretion were intended to allow the President to balance foreign policy and national security considerations.

While Mr. Trump's first order was haphazardly applied, his September order was based on a multi-faceted review by the State and Homeland Security departments that tailored travel restrictions based on countries' level of terrorism risk, information sharing and national-security cooperation. Exceptions were made for some non-immigrant visas from Chad, Libya and Yemen because they provide valuable counter-terrorism assistance.

The order also allows case-by-case waivers for foreign nationals who can demonstrate that they don't pose a threat to national security and that their admission would be in the national interest. The State Department has issued more than 430 applicant waivers since December.

Hawaii cites a clause in the Immigration and Nationality Act that says "no person shall receive any preference or priority or be discriminated against in the issuance of an immigrant visa because of the person's race, sex, nationality, place of birth, or place of residence."

But this provision merely bars the State Department from discriminating among visa-eligible applicants—i.e., restricting H-1B visas to Indians. Mr. Trump's order limits *admissions* by making foreigners from the eight countries ineligible for visas. This distinction is crucial. Presidents Jimmy Carter and Ronald Reagan invoked the law to suspend admissions from Iran (1979) and Cuba (1986). Until the Hawaii challenge, a court had never gainsaid the President's authority to deny admissions to broad classes of foreigners.

Hawaii also argues that Mr. Trump's national security justifications are mere pretext for excluding Muslims. The state thus claims that the order violates the Establishment Clause of the Constitution, which forbids the government from favoring one religion over another.

Hawaii cites Mr. Trump's campaign statements calling for a ban on Muslim immigration, but candidates don't make law. If judges can inspect every campaign comment by a President to decipher legal intent, we are in a new and dangerous era of judicial power. If the voters elect anyone who is politically incorrect, judges will have ultimate sway over his decisions.

The order itself makes no mention of religion. Christians and Jews from the eight countries would be treated the same as Muslims, and many majority-Muslim countries aren't on the list. Six of the eight countries were tagged by Congress and the Obama Administration as a national security "country or area of concern" in the visa-waiver program, which allows nationals of certain countries temporary admission without a visa.

* * *

In the landmark case *Kleindienst v. Mandel* (1972), the Supreme Court held that when Congress has delegated conditional authority over immigration to the President, judges cannot second guess the executive's exercise of this power "on the basis of a facially legitimate and bona fide reason."

As Chief Justice John Roberts explained in *Holder v. Humanitarian Law Project* (2010), the judiciary is ill-suited to make national security judgments since "information can be difficult to obtain and the impact of certain conduct difficult to assess." The Chief added for the 6-3 majority: "When it comes to collecting evidence and drawing factual inferences in this area, 'the lack of competence on the part of the courts is marked, and respect for the Government's conclusions is appropriate.'"

The lower courts ignored or misread these precedents in such a cavalier and political fashion that the Supreme Court needs to step in for the sake of the judiciary. As a stunning headline in Monday's Washington Post put it, "A supreme quandary: Look at law, not Trump." A quandary? Isn't that the Court's duty?

Lower-court judges ignored the law to punish a President they loathe, but down that path is lawlessness and politicization of the judiciary. Even if his travel ban is bad policy, the Justices need to make clear that Mr. Trump is acting well within his constitutional authority.

Pompeo and Rand Paul Circumstance

The nominee advances despite a Senate Foreign Relations farce.

Mike Pompeo looks like he'll be confirmed. On Monday the Senate Foreign Relations Committee failed to block the CIA director for Secretary of State, though not without a routine hostage situation from Rand Paul (R., Ky.).

The committee was set to let Mr. Pompeo pass as we went to press despite opposition from all 10 Democrats. Senator Bob Menendez (D., N.J.), a critic of the Iran nuclear deal, apparently doesn't want someone in government who shares his views. Jeff Merkley (D., Ore.) has asserted that a "vote for Mr. Pompeo is a vote for Trump's War Cabinet." One defense against war is having *diplomats* at State.

Democrats had leverage because of Mr. Paul, who supported Mr. Pompeo after threatening otherwise. Mr. Paul tweeted that he received assurances after "calling continuously for weeks for Director Pompeo to support President Trump's belief that the Iraq war was a mistake, and that it is time to leave Afghanistan." One question is why the Foreign Relations Committee includes a Senator who doesn't seem to believe in foreign policy.

Three Democrats have said they'll vote for Mr. Pompeo on the floor, which means this pointless exercise will soon conclude. At this rate President Trump will have all of his nominees confirmed by year 11 or 12 of his first term.

The Art of Someone Else's Deal

Europe and Mexico show the world can trade without the U.S.

Mexico and the European Union agreed to a new trade deal over the weekend, and the timing is no accident. With the French and German leaders in Washington this week, and the Nafta talks getting serious, America's trading partners are showing that the world won't stop if the U.S. goes protectionist.

The EU-Mexico deal is the sort of trade opening that is increasingly common beyond America's shores. The two sides have agreed in principle to remove protections on a long list of agricultural goods, and to expand two-way trade in services such as travel and telecommunications. The pact also will open government procurement to foreign competition, particularly at the state and local levels in Mexico. The two sides traded goods and services worth $76 billion last year.

Which shows what the U.S. is missing as the world goes by. The baseline for a modern trade deal goes well beyond the reduction in tariffs on manufactured goods that used to be the standard aim. Now a useful trade deal includes agricultural liberalization, and a chapter reducing regulatory barriers to trade and at least a few services. All of these negotiating planks play to America's commercial strengths.

Recent deals include the EU-Canada agreement known as CETA, Europe's trade deal with Japan, and a multilateral Pacific agreement that was reborn after President Trump withdrew the U.S. from Trans-Pacific Partnership talks. The U.S. is part of none of these deals, and the President has also made no effort to revive negotiations toward a U.S. deal with the EU.

This is an important week for trade, with French President Emmanuel Macron and German Chancellor Angela Merkel hoping to persuade Mr. Trump to extend Europe's exemption from U.S. steel tariffs beyond May 1. America remains the largest trading partner for both the EU and Mexico, but both are showing they'll look for other markets if they have to.

If Mr. Trump ends up killing Nafta, he'll have left the EU with lower tariffs and better market access to America's neighbors than U.S. firms and farmers will enjoy. It would go down as one of the worst self-inflicted economic wounds in nearly a century.

Mr. Trump keeps saying that his tariffs-first strategy isn't protectionist but is merely a negotiating tactic to get better trade deals. So far the better deals he's encouraging don't include the United States.

LETTERS TO THE EDITOR

American Babies Already Have Enough Debt

Regarding David Smick's suggestion that "America Needs Federal 'Baby Bonds'" (op-ed, April 16): Every child in America is already born burdened with a share of the enormous debt that our government has run up by borrowing money. Really, how many people need the burden of another loan to pay back?

If Mr. Smick is proposing another wealth-redistribution program, perhaps he should convince us that a government that cannot balance its budget or implement an affordable health-care program can be trusted to decide how to spread the benefits of stock ownership. He cites the Homestead Act of 1862 as a precedent, but the people who took advantage of the Homestead Act were mostly people who had some understanding of the work and risk involved in farming. The same cannot be said for stock ownership. Many people simply don't understand the concept of investing or the related concepts of delayed gratification, saving and risk.

Mr. Smick's plan is vulnerable to political manipulation and likely to saddle our children with more debt.

DOUGLASS HOLMES
Louisville, Ky.

After 34 years in the wealth-management business and as a former volunteer house father at a teen halfway house, I've observed stark contrasts in people's attitude toward money. Very few individuals possess what it takes to accumulate wealth. It's really not a matter of intelligence, and it's surely not solvable with another $5,000. It's more a matter of being future oriented and resilient in the face of adversity. Most Americans live for today and too quickly admit defeat. Even when coached about the benefits of discipline, most Americans would rob their own futures for a new iPhone today. Any successful program that would lift people out of poverty must contain stakes of merit and self-sacrifice. Otherwise it's another handout to be abused.

GIL BAUMGARTEN
Houston

How soon will it be before our progressive leaders in Congress decide that the loan debt should be forgiven for any number of reasons that result in more votes for themselves? A bellwether program is the government taking over student loans. How many programs have already been created so these loans don't need to repaid?

How will the general public, most of whom don't understand or trust the stock market, react when the market goes through a periodic correction? It takes a tremendous amount of financial discipline to ride out a downturn. How will our politicians react when thousands of constituents march on their offices to demand the ability to cash out of their government account and have their loans forgiven? For many of the families, $5,000 might constitute most of their net worth. How long before "hardship" withdrawals are allowed and the loan is forgiven. Taxpayers would take a huge loss on another well-meaning, but ill-conceived government program.

How about a government-supported private program that simply lets parents and grandparents start an IRA for newborn and young children and let that grow for 65 years?

JEFF SOLBERG
Bonita Springs, Fla.

How long will it take the Treasury and Congress to "borrow" all fund assets to offset spending deficits? Does this approach strengthen our arguments against China's state-sponsored exploitation of international commerce? How many additional undocumented Americans will clamor to cross our borders illegally for an opportunity to share in this boondoggle?

DEBRA SUMMERS
Redwood City, Calif.

Mr. Smick misunderstands the reason for the success of the Homestead Act, which is similar to that for America's other two widely admired economic development interventions—land-grant colleges and the GI Bill. In all three cases, the government didn't distribute capital equally to every individual, nor did it demand repayment: It provided physical or educational capital to those willing to work and study to take advantage of it.

CORNELIA STRAWSER
Falls Church, Va.

Don't Gut the SNAP Program, Make It Better

Moby's op-ed "Food Stamps Shouldn't Pay for Junk" (April 10) makes an important point that the food stamp program (SNAP) should encourage purchase of nutritious food. I plan to offer an amendment to the legislation to restrict the purchase of soda. Given the increase in obesity and diabetes, particularly among our youth, such a change is consistent with our desire to promote public health and reduce health-care costs.

However, Moby is entirely wrong when he contends that our food-stamp debate is "pitting those who want to preserve funding for SNAP against those who want to gut it."

The legislation under consideration in the House is intended to promote opportunity and self-sufficiency by moving the 3.5 million SNAP recipients who are able-bodied, aged 18-59, with no children at home, into jobs or job training. There are no meaningful work requirements for this population and our legislation will provide resources to states to get these people into the workforce.

Many employers have job openings but cannot find people who are ready to work or have sufficient skills. This bill addresses this workforce shortage by tapping a large pool of people, now dependent on government aid, and gets them into jobs. The bill also allows up to $2,000 in savings and $12,000 in car value before counting those assets in SNAP eligibility determinations.

Instead of wanting to gut SNAP, we want to preserve it for those who depend on it to put food on the table. At the same time, we're going to insist that those who can work do so or lose benefits. Taxpayers deserve no less.

REP. JOHN FASO (R., N.Y.)
Kinderhook, N.Y.

Recently we had an employee who had been in the U.S. 20 years but had yet to obtain his citizenship. He made $20 per hour. When asked to work overtime, he told his supervisor that he couldn't because it would cause him to lose his SNAP money.

LEWIS GUIGNARD
Crouse, N.C.

Reducing Gas and Diesel In Fuel Is Worth the Price

The editorial "The New Science of Smog" (April 9) concludes that lower mileage standards, fewer miles per gallon, "won't mean more smog." Yet in the prior paragraph, you admit that "motor vehicles make up about 30%" of NOx emissions, a component of smog. Although you and Ronald Reagan are right that trees and other natural sources emit NOx emissions, it is not easy to control the emissions from trees. It is easier to control emissions from vehicles. The same is true of VOC (volatile organic compounds) emissions. There are lots of small, hard to regulate sources of VOCs, but vehicles emit, the editorial asserts, at least 30% or so of VOCs.

Reducing the gasoline and diesel we burn in our vehicles with more fuel-efficient vehicles is an effective way to reduce that 30% of NOx and VOC smog emissions, even if we don't regulate the heck out of trees and bars of soap.

CHARLIE GARLOW
Silver Spring, Md.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

Always Room for One More

Much as I appreciate Jorge Luis Borges's likening of a library to paradise, and Alberto Manguel's touting of one as heaven ("Putting Your Self on a Shelf" by Ernest Hilbert, Spring Books, April 14), I still prefer the late James Salter's sensual equivalence of accumulating books to "a sultan or khan who has countless wives already but another two or three are always irresistible" (introduction to "Phantoms on the Bookshelves" by Jacques Bonnet).

ANTHONY CREBBIN
Kansas City, Mo.

Pepper ... And Salt

THE WALL STREET JOURNAL

"This whole home-office transition is all about establishing boundaries."

Trump Needs Allies on Trade

By Thomas J. Duesterberg

U.S. trade policy has failed to evolve over the past decade, even as the political and economic environment has changed dramatically both domestically and world-wide. Donald Trump understood the political implications of this disconnect better than anyone he ran against, but as president his tactics have too often misfired and alienated allies at home and abroad. This week's visits by French President Emmanuel Macron and German Chancellor Angela Merkel offer Mr. Trump an opportunity to undo some of the damage and bolster his case for an updated trade regime.

Why is change needed? A few reasons. After World War II, American economic hegemony permitted a benign approach to trade and outward investment. International commerce became an integral part of reviving the global economy and building alliances against communism. The equation dramatically shifted beginning in the 1970s, with the economic resurgence of Europe and East Asia, and shifted further after the Soviet Union collapsed in 1991.

Political support for open trade in the U.S. has eroded badly, as American producers faced new and more effective global competition and lost market share. Voters saw China's rise as an economic power as the culmination of global trends undermining American industry and jobs. Economists have began to rethink the effectiveness of the postwar trade regime, thanks to China's blatant mercantilism, theft of intellectual property, distortive subsidies, and determination to displace Western industry. Efforts to integrate China into the postwar system and to encourage political liberalization have not met expectations.

The tools and rules of the World Trade Organization and of regional trade agreements have not kept up

THIERRY CHESNOT/GETTY IMAGES

President Trump and French President Emmanuel Macron last year in Paris.

with the 21st-century economy. Rules for trade in new technologies and with state owned enterprises are ineffective, especially in the Chinese case. The WTO's dispute-settlement mechanism is in shambles.

This week's meetings with Macron and Merkel provide an opportunity to reaffirm common interests.

As China becomes more assertive militarily, American leaders and thinkers are beginning to recognize that national defense is intrinsically linked to a strong economic base. Commercial products are increasingly intertwined with advanced national-security requirements.

Many commentators on these pages and elsewhere have correctly emphasized that the most important policy reform of this administration was the 2017 tax law. Its international components and reduction of corporate tax rates will bolster the economic strength of U.S. businesses facing heightened global competition. It will be especially effective in reversing the incentives to move industrial production and high-tech profit centers abroad. The deregulatory wave also helps American businesses compete abroad. But so far the administration hasn't succeeded in linking its domestic economic policy agenda with its trade priorities.

Mr. Trump's unilateral imposition of tariffs, especially on steel and aluminum, alienated foreign and domestic allies whose cooperation he needs to pursue a more confrontational trade policy—even if some of them eventually got waivers. Europe and Japan are certainly not innocent of using tools like automobile and agricultural barriers to U.S. exports. But they have shown a willingness to work through to solve problems. The threat of tariffs certainly captured their attention and established a bargaining position. But it undermined the substantive case for working together.

There is growing recognition among U.S. allies that China is a serious threat to key industries. China blatantly uses its economic presence in Europe to influence European Union politics. That could help overcome traditional bureaucratic opposition in Brussels to challenging Chinese practices. Japan, Australia and New Zealand are all seeing a more aggressive Chinese political, economic and national-security presence as a threat.

Now that China has grown into a large and determined economic power, unilateral U.S. action can't always succeed. Even if it could, cooperative work with allies makes the global trade order more responsive to the economic and political realities that gave rise to populism on both sides of the Atlantic. Part of the effort ought to involve serious reform of the WTO to meet the new realities of Chinese mercantilism.

Trump's carrot-and-stick approach appears to have achieved some positive results in the negotiations to renew the U.S. Korea Free Trade Agreement, and possibly the North American Free Trade Agreement. China, South Korea and even Germany have signaled a willingness to negotiate in sectors such as automobiles. The Journal reports that Mr. Macron and Ms. Merkel will bring a new proposal to lower some auto and agricultural tariffs as part of a package for exemption from steel tariffs.

The flexible tactics in early negotiations show Mr. Trump's ability to compromise. This flexibility will be needed in the more consequential talks to come with China and perhaps the Trans-Pacific Partnership. Polling shows strong support for Mr. Trump's trade policies among his Republican and working-class base. Satisfying this electorate will require some new gains, especially for the industrial sector. Meeting the Chinese mercantilist challenge is a more ambitious project. Taking up the possible EU offer would be a step toward fulfilling that ambition.

Mr. Duesterberg, a senior fellow at the Hudson Institute, served as assistant secretary of commerce for international economic policy (1989-93).

English Literature Isn't Brain Surgery

By Chris Pope and Tim Rice

The U.S. spends about 18% of its gross domestic product on health care, far more than most countries. One contributing factor that often goes overlooked: the high cost, in time and money, of becoming a physician. In a recent paper for the Mercatus Center, Jeffrey Flier and Jared Rhoads argue that the amount of time it takes to become a doctor—almost always at least a decade—constrains the supply, driving up prices. Physician incomes in the U.S. well exceed those in Europe; American generalists earn twice as much as Dutch ones.

Much of this education, especially courses required for a bachelor's degree, has little to do with medicine. In the U.S., aspiring physicians must spend four years in college before med school (another four years) and then residencies. Europeans can begin studying medicine immediately after high school—usually with a five- or six-year course.

While the share of Americans with postsecondary education exceeds the level in most European countries, the U.S. has a much smaller proportion of medical doctors graduating each year: 7.5 per 100,000 residents, compared with 11.3 in Germany, 12.8 in Britain, 9 in France, and 14.6 in the Netherlands. Only Canada, which has undergraduate requirements and high physician costs comparable to America's, comes close, with 7.8 per 100,000. The U.S. faces a projected shortfall of between 42,600 and 121,300 physicians by 2030, according to the Association of American Medical Colleges.

The status quo also does a disservice to young doctors, most of whom emerge from med school in debt (a median of $195,000 in 2017) and don't begin to practice until they're in their 30s. Why prolong the process, especially when 53% of newly enrolled med students say that before college they already had "definitely decided" to study medicine?

There have been some modest attempts to streamline medical education in the U.S. One-third of America's 141 med schools now allow

Why is American medicine so expensive? One reason is that doctors are forced to get bachelor's degrees.

students to pursue a bachelor's and medical degree simultaneously. But these programs are very small, and they don't save much time, since only 20% last less than eight years. Nonetheless, their performance is encouraging. A study of Northwestern's Feinberg School of Medicine found that students admitted through its seven-year accelerated program achieved equivalent outcomes to those completing degrees seriatim.

The Liaison Committee on Medical Education, which accredits American med schools, does not require completion of a four-year bachelor's program as a prerequisite for admission. But it does mandate that abbreviated programs include liberal-arts courses. While some premed education in fields such as biology is clearly desirable, there is little evidence that history, literature, or social sciences is worth the additional cost it imposes. Eliminating the bachelor's-degree requirement outright would increase the supply of doctors without harming the quality of care.

Mr. Pope is a senior fellow at the Manhattan Institute, where Mr. Rice is the project manager for health policy.

The President and the Art of the Oil Painting

By Bob Greene

You aren't a politician. You've never run for any elective office, anywhere. But because of your renown in a different field, virtually every American knows your name. You decide to run for president.

You win the Republican nomination. Then—first time out—you win the presidency itself. You move into the White House, but soon discover that the building can be confining. You look for ways to occupy your free time, ways to express what you are feeling.

So what do you do?

If you're Dwight D. Eisenhower, you paint. All the time.

Although he had no formal training as an artist, and he didn't start painting until he was 58, Eisenhower set up a little studio in the White House and created one oil painting after another. He visited that room every chance he got. He left orders (and he was a man who knew how to give orders) that no one was to enter. Not even the housekeepers.

I've been studying Eisenhower's paintings lately—there are hundreds of them—as a way to try to understand the pressures of the presidency, and how occupants of the White House through history have dealt with them. Other world leaders also have tried their hands at art: Winston Churchill started in his 40s, and George W. Bush is doing it post-presidency. What is it about painting that attracted them?

Eisenhower, after a lifetime in the military, regularly sat alone in the White House with his brushes and oils. On his canvases, he created a private world few would have anticipated.

"He sought relaxation, but not in the escapist sense you might think," William D. Snyder, supervisory museum curator at the Eisenhower Presidential Library in Abilene, Kan., told me. "He painted because he felt that if he was able to put himself in a relaxed mood, that would allow his mind to concentrate on more important things as he painted. Meetings with world leaders, questions of policy."

As Eisenhower made significant decisions, Mr. Snyder said, he didn't want to be churned up or full of unchecked emotion; the paintings were vital to him not as artwork, but as a way to fill himself with calm as he carried out his presidential duties. Though he had been a highly regimented military officer, he didn't bother to catalog or keep track of his paintings. He would finish one, give it away to a friend or colleague, and then immediately start another.

The paintings he did while living in the White House were so placid, so gentle. For a man forged in the noise and anger of warfare, Eisenhower painted as if he had spent his whole life yearning for tranquility. In his art workroom on the second floor next to an elevator—"little more than a walk-in closet," Mr. Snyder told me—Ike came up with scenes as soft as a violin solo:

A mill near a farmhouse, its gabled roof shaded by tree branches, standing in a field of the greenest grass. A cottage with brown shutters, its apparent owner pausing alone in front with his hand on a fence. Snow-covered mountains looming above a lake that has not a single ripple. A red barn sitting in isolation, with a wagon on one side near a door. A castle in Switzerland, its turrets reflected in the surrounding water.

There is nothing bellicose here, not a hint of bluster. The man in charge of the Allied invasion of Nazi-occupied Europe did not have to posture in front of his easel or affect a macho attitude. As art historian Frieda Kay Fall once observed: "Violence and ferocity were not a part of his paintings, for he was not attempting to communicate showing violence or a ferocious world. That was past experience. He had dwelt upon the rising and falling tide of civilizations in mortal conflict."

Artistic ego was nonexistent. The president enjoyed the work—if he had 10 spare minutes between meetings, he would duck into the little room to try to improve a not-quite-right color combination—but he wasn't consistent in how he signed the paintings. Some bear the letters "DE," others "DDE," still others simply "Eisenhower." In 1967, two years before his death, some of his work was exhibited in a New York gallery. A young wire-service reporter named Richard Cohen was assigned to cover it, and he asked Eisenhower about the intended symbolism of one painting. Mr. Cohen, now a columnist for the Washington Post, has recounted Ike's self-effacing reply: "Let's get something straight here, Cohen. They would have burned this [expletive] a long time ago if I weren't the president of the United States."

But he was. Presidents are used to being evaluated by their words. Sometimes, though, there are lessons from a White House that require no words at all. "Think about what this man went through in his life," said the Eisenhower Library's Mr. Snyder. "What he saw during war. And how, in the end, he could seek out this sense of peace, and then find a way to express it so that it would endure."

Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."

If GDP Lags, Watch the Economy GO

By Mark Skousen

The Bureau of Economic Analysis will release its preliminary first-quarter growth figure on Friday. According to the Atlanta Fed consensus tracker, economists are predicting gross domestic product to have risen at a meager 2% annual rate. But a powerful behind-the-scenes indicator suggests the real rate may turn out to be significantly higher.

"Gross output," or GO, reflects the full value of the supply chain—the business-to-business spending that moves all goods and services toward the final retail market. Based on my work and research by David Ranson, chief economist at HCWE & Co., changes in the supply chain are a strong leading indicator of the next quarter's GDP.

'Gross output' reflects the full value of the supply chain, and it portends much faster growth.

The supply chain, which the BEA calls "intermediate inputs," took off in the fourth quarter of 2017, growing at a 7.5% annualized rate. That's more than double the rate of real GDP growth and the fastest pace since before the Great Recession. Real GO, which includes both GDP and the supply chain, rose at a 4.7% rate. The growth was broad-based, with strong numbers in mining, manufacturing, utilities and construction. The fourth quarter 2017 GDP growth rate of 2.9% did not reflect the dramatic increases in intermediate outputs because GDP by definition measures only spending at the end of the economic chain.

The GO model is more in keeping with the Conference Board's list of 10 leading economic indicators, which are linked to manufacturing and capital markets. For three quarters in a row in 2017, GO accelerated, probably due to the anticipated tax breaks and deregulatory environment. The boom in intermediate business activity should translate into higher economic growth soon, barring international instability, trade wars, or tighter-than-expected monetary policy.

As I noted in these pages in 2014, measuring gross output is a breakthrough in national income accounting. By reporting GO as well as GDP, the BEA has helped economists catch up with the accounting and finance professions. Public companies have long reported the top line (revenue) and the bottom line (profit) at the same time each quarter. For a national economy, GO corresponds to the top line (total activity) and GDP to the bottom line (final product). As the economists Dale Jorgenson, J. Steven Landefeld and William Nordhaus wrote in a 2006 book: "Gross output [GO] is the natural measure of the production sector, while net output [GDP] is appropriate as a measure of welfare. Both are required in a complete system of accounts."

GO also dispels the popular Keynesian myth that consumer spending is the driver of economic growth. For example, the New York Times recently warned: "With personal consumption accounting for nearly 70 percent of all economic activity . . . the administration will be hard pressed to lift growth substantially if consumers remain cautious about opening their wallets." But GDP is an incomplete measure of economic activity. It overlooks the value of all goods-in-process, which amounted to more than $14.7 trillion in 2017.

The broader-based GO highlights the reality that business spending is actually substantially larger than consumption. Consumption is 69% of GDP but just 39% of GO, while business spending is 17% of GDP but 52% of GO. This model therefore better recognizes the vital contributions of entrepreneurship, capital investment and innovative technology. As Larry Kudlow, the new director of the National Economic Council, wrote in 2006: "It is business, not consumers, that is the heart of the economy. When businesses produce profitably, they create income-producing jobs and thus consumers spend. Capital formation is the key to worker productivity and consumer prosperity."

The first-quarter 2018 GO release won't come until July 20, but BEA director Brian Moyer says the agency plans to release both GO and GDP at the same time within the next year or two. Hopefully by then the media will catch on to this advance in supply-side national accounting and leading indicator of robust economic performance.

Mr. Skousen is a presidential fellow at Chapman University. He introduced gross output as a macroeconomic tool in his book "The Structure of Production" (New York University Press).

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Malaysia Ex-Leader Seeks Return to Power

Mahathir Mohamad, at 92, joins with his jailed ex-deputy to oppose incumbent

By James Hookway

KUALA LUMPUR, Malaysia—On a recent humid afternoon, experts holding forth here on why former Malaysian Prime Minister Mahathir Mohamad was too old to fight another campaign were stunned into silence when the 92-year-old walked in, took a microphone and said, "As far as health is concerned, I'm not senile yet."

Many in the audience cheered the unlikely leader of the opposition, now on a mission to vanquish Prime Minister Najib Razak, the current leader of the party Dr. Mahathir led for 22 years, in elections May 9. Dr. Mahathir pledges to stay in power only long enough to hand the government over to his former deputy—a man whose political rise he thwarted two decades ago by having him arrested for sodomy.

IAN TEH FOR THE WALL STREET JOURNAL

Dr. Mahathir's plan calls for an awkward detente with a politician he once had arrested for sodomy.

A former village doctor from a small border town near Thailand, Dr. Mahathir engineered Malaysia's transition from a tin-mining backwater into one of Asia's fastest-growing economies, before retiring in 2003. Now he is set on dislodging Mr. Najib, a well-born political insider whom Dr. Mahathir and many others have accused of siphoning money from a scandal-tainted state investment fund, 1Malaysia Development Bhd., or 1MDB.

U.S. authorities allege that at least $4.5 billion was misappropriated between 2009 and 2015. They also allege in civil lawsuits that nearly $700 million flowed from 1MDB into the personal accounts of "Malaysian Official 1," a reference to Mr. Najib, people familiar with the matter say. 1MDB and Mr. Najib have denied wrongdoing and said they would cooperate with any lawful international investigation.

Dr. Mahathir said re-establishing legal accountability would be his first order of business if the broad, multiethnic opposition coalition wins. "There is no rule of law anymore," he said in an interview. "Najib can do practically anything he likes."

In his heyday, Dr. Mahathir blocked his rivals ruthlessly and centralized nearly all political power for himself through his party, the United Malays National Organization. When his ambitious deputy Anwar Ibrahim challenged him for power, Dr. Mahathir ordered his arrest in 1998 on charges that he had broken Malaysia's sodomy laws by having sex with two male aides. Mr. Anwar was subsequently convicted and served six years in jail, sidelining his political career until the conviction was overturned.

Speaking in Putrajaya, the purpose-built capital he constructed in the final years of his premiership, Dr. Mahathir acknowledged that the campaign would involve a reckoning with his own past—as well as an awkward detente with Mr. Anwar.

The former deputy prime minister remains a popular figure and is the most viable long-term opposition candidate for prime minister, but he is in prison on another disputed sodomy conviction and barred from running.

Dr. Mahathir pledged to pardon Mr. Anwar and hand the prime ministership over to him within a few months if he wins. Mr. Anwar, due for release in June, will remain banned from politics for another five years unless he secures such a pardon.

"My reputation as a dictator and an unjust man, my jailing of Anwar, they have all come back," Dr. Mahathir said.

"But if I had really been so bad they wouldn't have wanted me to be prime minister again," he added, smiling.

Dr. Mahathir said he had no choice but to fire Mr. Anwar and allow his prosecution after the national chief of police said the deputy prime minister's alleged offenses made him vulnerable. The police chief has challenged that account.

For his part, Mr. Anwar, now 70, said that while disagreements remain, "we have all agreed to move on."

"He's not going to say 'Oh Anwar, I'm sorry about what happened to you,'" Mr. Anwar said during a recess at a court hearing earlier this month. "He's not like that. I know him very well."

Seoul Quiets Propaganda Broadcasts Aimed at North Ahead of Talks

By Andrew Jeong

SEOUL—South Korea's Defense Ministry halted propaganda broadcasts on its heavily guarded border with North Korea, a move it said was a show of good faith to Pyongyang ahead of an inter-Korean summit this week.

A Defense Ministry spokesman said on Monday that broadcasts were halted at midnight local time. The broadcasts, which blare across the border via high-wattage loudspeakers, include the latest South Korean pop songs, information on South Korea's higher living standards and criticism of North Korean dictator Kim Jong Un.

"We hope this decision will contribute towards ending mutual criticism and propaganda activities, and result in creating a mood of peace," the ministry said. North Korea didn't immediately react to the move.

Seoul's latest offering follows a Pyongyang statement, relayed by state media last week, that the North would shut down a nuclear test site and suspend test launches of intercontinental missiles. The statement, however, didn't contain an explicit vow that the North would give up its nuclear arsenal.

The two Koreas also set up a new direct phone line last week between Mr. Kim and South Korean President Moon Jae-in—a first, according to South Korea's presidential office.

It is believed that the propaganda broadcasts are able to be heard up to 10 to 15 miles inside North Korea, meaning front-line troops and villagers living near the inter-Korean border would be within range.

A handful of the 30,000 North Korean defectors now living in the South have said they were exposed to life in South Korea by the broadcasts.

Officials in Pyongyang regard the broadcasts as undermining the North Korean government's information blockade, according to accounts from defectors, and have called them a threat to national security.

South Korea has broadcast propaganda for decades, but the speakers have been switched on and off multiple times in recent years as tensions have risen and fallen.

Tour-Bus Accident Kills at Least 36, China Officials Say

BEIJING—A tour-bus accident in North Korea left at least 36 people dead, most of them Chinese nationals, China's Foreign Ministry said.

Foreign Ministry spokesman Lu Kang said on Monday that the "severe traffic accident" on Sunday killed 32 Chinese tourists and four North Koreans, while two other Chinese nationals were severely injured.

The government-run Xinhua News Agency said a tour bus fell from a bridge at around 6 p.m. Chinese state television broadcast footage appearing to show an overturned bus, without providing details about the vehicle or casualties. The footage showed emergency crews under heavy rain, along with medical personnel attending to a patient.

North Korea's government and official media hadn't commented or reported on the accident as of nightfall Monday.

—Chun Han Wong

TECHNOLOGY: CHINA'S DIDI CHALLENGES UBER IN MEXICO B4

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Treasury Yields Near a Milestone

By Daniel Kruger

The yield on the 10-year U.S. Treasury note approached 3% Monday, hitting a multiyear high as investors bet that a pickup in inflation and economic growth would erode the value of government debt.

The yield on the benchmark 10-year note, which influences borrowing costs for consumers, corporations and local governments, rose for a fourth straight session, reaching as high as 2.996% in early trading before settling at 2.973%—its highest closing level since Jan. 8, 2014. The yield was 2.949% Friday. Yields rise as bond prices fall.

Monday's yield gains came after the National Association of Realtors said existing home sales climbed 1.1% in March from the previous month to a seasonally adjusted rate of 5.60 million, topping the estimates of economists surveyed by The Wall Street Journal. Signs of economic growth tend to erode the value of bonds by increasing the appeal of riskier assets.

The 10-year yield has climbed toward 3% this year, lifted by the Federal Reserve raising interest rates and investors' increasing confidence in prospects for an uptick in inflation. The yield's climb previously stalled out as it approached the milestone in late February, leaving investors wondering if the latest rise is sustainable.

Investors and analysts have pointed to signs of inflation as one factor behind the yield's gains, particularly rising prices for commodities, including oil, and trade tensions with China. Inflation threatens the value of government bonds by reducing the purchasing power of their fixed payments and can spur the Fed to raise interest rates.

Indeed, investors are increasingly betting the Fed is preparing to raise interest four times this year, more than the three that officials initially predicted at their meetings in December and March. Fed funds futures, used by investors to place bets on central-bank policy, late Monday suggested a 48% probability the Fed will raise rates three more times this year, up from 33% a month ago, according to CME Group data.

2.973%

Closing 10-year Treasury yield, the highest since January 2014

"It was a confluence of factors that, combined, conspired to produce a move higher in yields," said Christopher Sullivan, chief investment officer at United Nations Federal Credit Union. "It's occurred relatively rapidly."

While rising bond yields can reflect growing confidence in the economy, that hasn't been apparent in the difference between short- and longer-term rates. As the 10-year yield has climbed, Fed rate increases have driven two-year yields higher at an even faster pace. That has narrowed the gap between the two yields to about 0.5 percentage point from 1.25 percentage points at the end of 2016.

The so-called yield curve, which measures the spread between short- and long-term rates, is a key indicator of sentiment about the prospects for economic growth. Two-year yields tend to rise along with investors' expectations for

Please see BONDS page B2

Europe Challenges Apple's Deal for Shazam

By Natalia Drozdiak

BRUSSELS—European Union antitrust authorities on Monday opened a full-blown probe into **Apple** Inc.'s proposed acquisition of song-recognition app **Shazam Entertainment** Ltd. on concerns it would reduce choice for users of music-streaming services.

The deal would give Apple ownership of a popular app that helps users identify songs, before directing them to Apple Music or Spotify to listen to and potentially buy or stream the music. It also would give Apple access to extensive information on consumers' musical interests. Financial terms of the deal, announced in December, weren't disclosed.

The European Commission, the bloc's antitrust authority, said it was concerned Apple would gain access to data that would allow the iPhone maker to directly target its rivals' customers and encourage them to switch to its music-subscription service, Apple Music. EU investigators said they would also probe whether competitors could be harmed if Apple were to discontinue referrals to their services from the Shazam app.

"Our investigation aims to ensure that music fans will continue to enjoy attractive music streaming offers and won't face less choice as a result of this proposed merger," EU antitrust chief Margrethe Vestager said on Monday.

The EU could block the deal or extract concessions from the companies in exchange for clearance.

Apple didn't comment. London-based Shazam said, "We respect the European Commission's process and look forward to working with them."

Please see APPLE page B2

STREETWISE
By James Mackintosh

Main Street Gain Could Be Pain for Wall Street

Sell a lot at a narrow profit margin, and you have a business model so well known it has become part of the language: Pile 'em high and sell 'em cheap. Sell a little at a high margin, and you can happily survive, perhaps in luxury fashion or advanced manufacturing. But sell a lot at a high margin, and you are either a nasty monopoly or a disruptive technology company, or both.

These days, the biggest companies have high profit margins. There is a vital question for investors: Will those margins fall now that wage pressures are rising? Put another way: Is Main Street's gain Wall Street's pain?

Certainly not in the first-quarter earnings season, the first to include the corporate tax cut. The consensus forecast for the S&P 500 has after-tax adjusted profit margins hitting 11.1%, a post-Lehman record, according to John Butters, a FactSet analyst. They are predicted to go even higher as the year progresses, too. Even better, sales are finally rising, predicted to be up 7.6% after years of disappointment.

The important question for investors is whether such wonderful outcomes are sustainable. Wage pressures have been easily manageable so far, but if wage increases accelerate and margins come under pressure, to what extent can higher sales compensate?

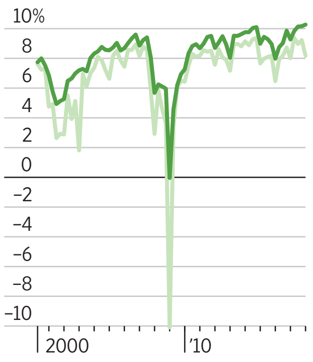
One way to think about this is through a simplified model of profits, where only sales growth and profit margins change. If S&P 500 margins shrink to the 8% they averaged from 2000 until the 2007 peak, it would take five years of sales growth at the current rate for profits to be back up to their current level.

But sales don't usually rise anywhere near this fast. This cycle has been particularly

Please see STREET page B13

Margin of Safety

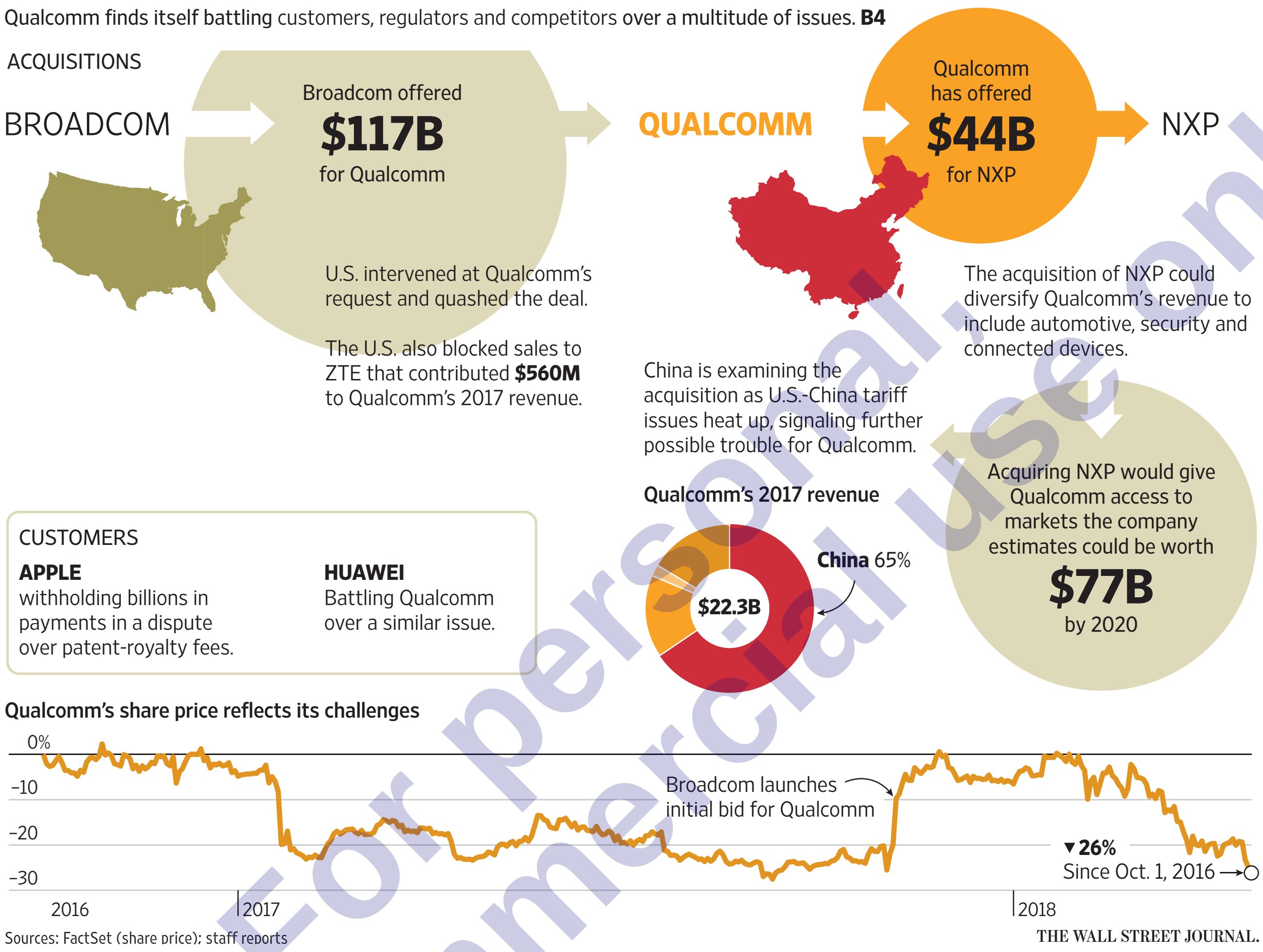
S&P 500 profit margins are high and forecast to rise further.



Source: S&P Dow Jones Indices
THE WALL STREET JOURNAL.

Between a Rock and a Hard Place

Qualcomm finds itself battling customers, regulators and competitors over a multitude of issues. B4



Sources: FactSet (share price); staff reports
THE WALL STREET JOURNAL.

NATI HARNIK/ASSOCIATED PRESS

Union Pacific and BNSF are offering signing bonuses for workers of up to $25,000 amid a labor shortage.

Railroad Pay Tracks Higher

By Paul Ziobro

Railroad workers are being offered signing bonuses of up to $25,000 to join BNSF Railway and **Union Pacific** Corp. as the freight railroads struggle to fill jobs in a historically tight labor market.

BNSF and Union Pacific are hauling more products across the Western U.S., where their networks are based, and trying to ease congestion in areas with high demand. Freight volumes are rising on strong economic growth and industrial expansion, and a shortage of available truck capacity is pushing more shipments onto rails.

At the same time, the unemployment rate has fallen to 4.1% in the U.S., and as low as 2.8% in some markets where railroads are hiring.

In response, the companies are dangling incentives that analysts and union leaders say are the highest they can recall. Union Pacific is offering $10,000 to $20,000 "hiring incentives" to train crews in cities like Denver, Kansas City, Mo., and North Platte, Neb., where its largest rail yard is located. Those jobs average $40,000 in pay over the first year and $60,000 the next, according to employment listings.

Electricians to inspect, repair and maintain locomotives are being wooed with $25,000 signing bonuses to Union Pacific locations outside Milwaukee; in Hinkle, Ore., a three-hour drive from Portland; and elsewhere.

A Union Pacific spokeswoman said the hiring bonuses are for certain positions in "tight labor markets."

BNSF, owned by **Berkshire Hathaway** Inc., has hiring incentives starting at $15,000 for some new hires, according to a document reviewed by The Wall Street Journal.

A BNSF spokeswoman said the railroad is facing a talent shortage across its system and is extending the offer to diesel mechanics, electricians and conductor trainees. "We are constantly evaluating the market and will use this approach when it makes sense to recruit talented individuals for hard-to-fill positions or locations," spokeswoman Amy Casas said.

The jobs can be demanding, with irregular work schedules, long hours and frequent nights away from home. "This is a tough lifestyle," said Jason Kuehn, a vice president at con-

Please see BONUS page B2

In China, Investors Balk at Dollar Debt

By Saumya Vaishampayan And Manju Dalal

Big Chinese investors have pulled back from buying dollar-denominated debt of domestic companies, a factor that is driving up offshore borrowing costs for some Chinese firms.

The decline in what is termed the "China bid" for dollar debt is coming from investors including the country's major banks, insurance firms and large asset managers, according to several bankers who work on such deals.

This is partly due to Chinese investors' desire to diversify their bondholdings, because some have been losing money on debt investments. The JPMorgan Asia Credit Index, a gauge of dollar bonds, posted a negative 1.4% total return in the first quarter, following positive returns in the previous four. About half of the index is made up of Chinese bonds.

Chinese companies last year issued a record $118.4 billion of dollar-denominated debt, more than double the amount the year before, according to data provider Dealogic. That accounts for nearly 70% of total issuance of corporate dollar bonds in Asia, excluding Japan.

"There is a noticeable fall in the demand from Chinese investors, and it's weaker than we feared," said Owen Gallimore, a credit analyst at ANZ in Singapore, following recent meetings with investors in China.

When state-owned **China National Chemical** Corp. issued $4.95 billion of dollar-denominated bonds of varying maturities last month, it received orders of $9.9 billion, oversubscribed by two times. Last July, when the company

Please see CHINA page B12

INSIDE

ELAINE WYNN SEEKS OUSTER OF DIRECTOR

GOVERNANCE, B3

OUTCOME FOR HOSPITALS IS UNCERTAIN

HEALTH, B5

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

BUSINESS & FINANCE

Embattled comScore Names CEO

By Alexandra Bruell And Suzanne Vranica

ComScore Inc. tapped board member and digital agency veteran Bryan Wiener to be its new chief executive, as the media-measurement company tries to move past years of accounting irregularities.

Mr. Wiener is currently executive chairman of Dentsu Inc.-owned ad and media agency 360i, and he has been on comScore's board since October 2017.

ComScore has been without a CEO since November, when co-founder Gian Fulgoni retired from the position.

In his new role, Mr. Wiener will be charged with turning the business around following a string of accounting crises and losses.

ComScore recently released its first annual report in three years, after an internal investigation uncovered improper accounting practices.

The Wall Street Journal in August 2015 first called attention to comScore's practice of recording "nonmonetary revenue," which came from data-swapping deals with other companies.

In a March regulatory filing, the company reported that it incurred net losses of $281.4 million in 2017, $117.2 million in 2016 and $78.2 million in 2015, in addition to disclosing restated results for 2014 and 2013 that also amounted to losses.

The SEC is investigating allegations regarding "revenue recognition, internal controls, non-GAAP disclosures and whistleblower retaliation," according to the filing. "We are cooperating fully with the SEC," comScore said in the filing.

"The worst is behind us," Mr. Wiener said in an interview. "The last two years were a very difficult time. It was hard to innovate at the speed we wanted to innovate with that cloud over our head."

Now, comScore's goal is to create excitement and provide the marketplace with a third-party referee that can help brands measure media performance across digital and traditional platforms, he said. Mr. Wiener's plan is to streamline operations that are too complex and inefficient, focus on building products that support cross-platform measurement and sell comScore to the industry in a more compelling way.

"It's a comeback story," he said.

ComScore is one of only a few large companies that measure media consumption. Nielsen, the largest player in the industry, has a strong hold on national TV viewing, with its metrics serving as the currency in transactions between ad buyers and sellers. ComScore tracks local TV, digital publishing and digital ads, as well as film performance. Ad holding company giant WPP has about a 20% stake in comScore.

Digital agency veteran seeks to turn around media-measurement company after crises.

Mr. Wiener first joined comScore's board as part of a settlement with activist investor Starboard Value LP last year. The fund agreed to drop a lawsuit against comScore demanding it hold an annual meeting, in exchange for several new independent directors joining the board.

Former GroupM executive Rob Norman is also joining comScore's board, the company disclosed last week.

Mr. Wiener will be comScore's third CEO in less than two years. Mr. Fulgoni, before announcing his retirement last year, had succeeded Serge Matta, who stepped down in August 2016 amid the accounting crisis.

Mr. Wiener is known for building businesses through his strategy and operational vision. He and 360i CEO Sarah Hofstetter worked together to build the digital agency into an integrated marketing shop, ultimately absorbing sister media agency Vizeum. At the Dentsu level, Mr. Wiener spearheaded the acquisition of digital shop Firstborn. Separately, he orchestrated the sale of Expion, a company with a Dentsu investment, to Sysomos.

"My main skill set is growing businesses and positioning them in markets that are ever-changing," Mr. Wiener said. "If you build a high-growth, profitable business that's different in the market, shareholders are going to be rewarded. That's what the board hired me to do."

APPLE

Continued from the prior page
ward to having the acquisition closed," adding "we can't imagine a better home for Shazam."

Control of data and large sets of personal information is playing an increasingly important role in the EU's antitrust and merger reviews. The bloc's regulators are scrutinizing whether companies holding large amounts of data can use it to cut costs or gain customers in a way that thwarts new competitors.

The EU is also considering changing its merger review rules to include a wider swath of technology deals not typically within its purview, such as the acquisition of a company that generates relatively little revenue but holds commercially valuable data.

Referrals from Shazam could help Apple raise the number of subscribers to its streaming-music service to better compete with competitors. They include Spotify AB, which went public on the New York Stock Exchange in early April and Tencent Music Entertainment Group, China's largest music-streaming company, which is preparing what would be one of the biggest technology initial public offerings ever, say people familiar with the matter.

Apple initially registered the Shazam deal with regulators in Austria, but authorities there, along with those in France, Italy, Sweden and several other EU countries, asked Brussels to review the deal instead. The national authorities were concerned the deal could harm competition across the European market as well as within their borders.

The European Commission said in February it would take over the review of the merger from Austria. Then on Monday, the EU said it would undertake a full-blown review given lingering concerns. Such a process allows companies several more months to suggest steps, such as selling assets, to win over regulators.

The EU has jurisdiction over a merger if the companies have combined annual world-wide revenue of €5 billion ($6.1 billion) and each has €250 million in revenue within the EU as a whole. Apple's acquisition of Shazam doesn't meet those revenue thresholds; the app in 2016 posted revenue of about £40 million ($56.2 million). But national regulators or companies are allowed to ask the commission to make an exception

The EU said it was giving itself until Sept. 4 to decide on the deal, though the deadline could still be extended.

FOX/GETTY IMAGES

Jamie Foxx as host of a game show that pits contestants against song-identification app Shazam


DAVID ZALUBOWSKI/ASSOCIATED PRESS

Union Pacific's hiring bonuses are offered in tight labor markets.

BONUS

Continued from the prior page
sulting firm Oliver Wyman who focuses on transportation. "It's a very unforgiving work environment."

For those willing to endure it, the pay is good. The median Union Pacific employee—a locomotive engineer—made nearly $83,000 in total compensation in 2017, according to a company securities filing. Health-care and retirement benefits, including a pension, are also fairly generous.

One catch is that the bonuses are paid out over time, after meeting certain milestones, such as completing training or one year of service. And they lock in workers to the location for around three years. If workers leave or are terminated for cause before that, they have to pay back the full amount.

Many of the jobs are demanding, with long hours and irregular work schedules.

Credit Suisse transportation analyst Allison Landry said she doesn't recall any time in recent years when railroads were struggling to hire enough workers. "It highlights how the current broader labor backdrop is perhaps something the U.S. hasn't seen in many, many years," she said.

Other transportation sectors face similar pressures. Wages and benefits are rising for truck drivers, who also work long hours and often spend weeks at a time on the road. Trucking companies experiencing strong freight demand are dangling bonuses and other incentives to recruit and retain drivers. Last year, the median salary for long-haul truckload drivers working irregular routes was about $53,000, up 15% compared with 2013, according to the American Trucking Associations, an industry group.

BNSF and Union Pacific had furloughed thousands of workers just a few years ago, as demand for coal and other products slumped. But now that economic activity has picked up, both have recalled nearly all of their furloughed workforces and are hiring rapidly. BNSF plans to hire 2,000 train, engine and yard, or TE&Y, workers, who operate and build trains, among other tasks, this year. That is an 11.4% increase from the current head count of 17,500 such workers, the company said in a recent letter to federal regulators.

Union Pacific is adding at least 2,100 TE&Y workers but so far has been falling short, Chief Executive Lance Fritz said in a recent letter to regulators. In addition to signing bonuses for new workers, the Omaha, Neb.-based company is offering retention bonuses to older workers considering retirement and looking at other ways to boost its ranks. It also is planning to hire nearly 900 mechanical and engineer employees this year. Overall, Union Pacific had about 42,000 employees at the start of the year.

The hiring bonuses aren't being offered on the large freight railroads east of the Mississippi River, where companies have said there is slack in the railroad hiring pool.

CSX Corp. overhauled how its network operates last year, including eliminating employees, and has about 900 workers furloughed who could be recalled as needed. The railroad isn't hiring, CEO James Foote said in an interview, and CSX still operates with more employees per the amount of volume it moves than its peers.

Norfolk Southern Corp., meanwhile, is planning to hire 1,400 conductor trainees this year, most of them before June, but isn't offering hiring incentives, a spokesman said. Norfolk Southern and Union Pacific will report their latest quarterly results this week.

—Jennifer Smith contributed to this article.

BONDS

Continued from the prior page
tighter Fed interest-rate policy, while longer-term yields are more responsive to sentiment about economic prospects.

The narrowing gap between the two yields reflects investors' confidence that the Fed will maintain its current pace of interest-rate increases despite continuing skepticism that growth will break out of its postcrisis torpor.

Because short-term rates have exceeded longer-term rates before each recession since at least 1975—a phenomenon known as an inverted yield curve—investors become wary as the curve flattens. Yet the flattening has occurred while economic growth continues to be steady, and few analysts see signs of any imminent slowdown.

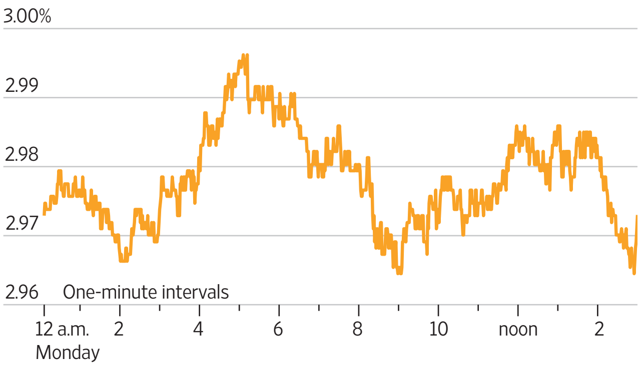
The low-interest-rate environment in the rest of the world is likely to slow any rise in U.S. yields by making U.S. debt more attractive than bonds from other countries. The 10-year yield on sovereign debt is 0.633% in Germany, 0.057% in Japan and 1.534% in the U.K., according to Tradeweb.

"We think it's premature this year for huge moves, because we still have low rates elsewhere," said Michael Cloherty, head of interest-rate strategy for RBC Capital Markets.

Investors will get a new read on the U.S. economy Friday when the Commerce Department releases its initial estimate of economic growth in the first quarter. Economists surveyed by The Wall Street Journal are forecasting a 2.1% rise in output, compared with a 2.6% increase in the last three months of 2017.

So Close

Yield on the 10-year Treasury note



Source: FactSet

THE WALL STREET JOURNAL.

Hasbro Reshapes Sales Team Amid Toys 'R' Us Fallout

By Paul Ziobro

Hasbro Inc. on Monday blamed an almost 16% decline in first-quarter sales on the liquidation of **Toys "R" Us** Inc. and said it has sped up an overhaul of its sales organization for a world where more toys are sold online.

Toys "R" Us is closing stores in the U.S. and other markets, causing big drops in sales for Hasbro toys like Transformer action figures and My Little Pony dolls. The retailer, which filed for bankruptcy in September, was done in by a lofty debt load and difficulty competing amid the rise of Amazon.com Inc. and online shopping.

To cope with the shift online, Hasbro is laying off executives in its commercial operations and bringing in people with more expertise in e-commerce. In doing so, the company scrapped plans for more gradual steps starting later this year, Hasbro Chief Executive Brian Goldner said Monday.

For the first quarter, Hasbro logged $15.7 million in severance costs tied to the "transformation" of its sales group.

"Consumers' shopping and buying actions are moving in all directions, from brick-and-mortar to omnichannel while adding mobile," Mr. Goldner said on an earnings call. About 20% of the Pawtucket, R.I., company's sales occur online.

Hasbro rival **Mattel** Inc. last week announced an executive shake-up that will give the toy maker its fourth CEO in as many years as it struggles to end a sales slump.

Jefferies toy analyst Stephanie Wissink said Hasbro already was viewed as being ahead of its peers in adapting to the new marketplace, and the moves suggest the company sees bigger changes in store.

"This is a clear signal to us that the balance of power in toy retail is shifting toward Amazon and the dot-coms," Ms. Wissink said.

Mr. Goldner said Hasbro's other retailer partners are fighting to pick up Toys "R" Us's lost market share and may increase the amount of toys they carry. "They're building robust plans and it just takes some time to build that out," he said.

Hasbro swung to a first-quarter loss of $112.5 million, or 90 cents a share. In addition to expenses tied to the Toys "R" Us liquidation and severance costs, Hasbro was hit with a $47.8 million charge tied to the federal tax overhaul.

Adjusted for those items, Hasbro said it had per-share earnings of 10 cents, down from 54 cents last year.

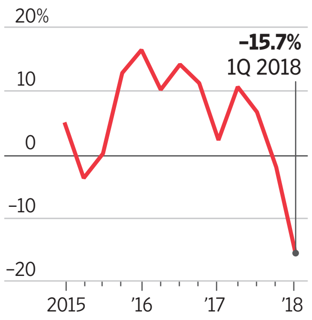
Revenue dropped to $716.3 million, reflecting double-digit sales declines in its franchise brands like Transformers and in its gaming business.

Analysts were expecting earnings of 34 cents a share on nearly $820 million in revenue.

Hasbro shares gained 6.3% on Monday.

Less Fun

Percentage change in Hasbro's quarterly sales compared with a year earlier



Source: S&P Capital IQ
THE WALL STREET JOURNAL.

Wynn's Board Faces Fight

Largest shareholder wants to oust director she says has close ties to casino firm's ex-CEO

By Kate O'Keeffe, Chris Kirkham and Jim Oberman

Wynn Resorts Ltd.'s largest shareholder is starting a campaign to remove one of three board directors investigating sexual-misconduct allegations against former Chief Executive Steve Wynn.

Elaine Wynn, who co-founded the company with Mr. Wynn, her ex-husband, said in a Securities and Exchange Commission filing on Monday that shareholders shouldn't vote to re-elect director John Hagenbuch to the board based on what she alleges are close ties to Mr. Wynn; she also cited as an issue the director's involvement in deciding executive pay, which has long been a subject of criticism from corporate-governance experts.

The move came after the casino operator last week rebuffed Ms. Wynn's call for the board—which she previously served—to overhaul its membership to comprise mostly new directors. The company said it instead had chosen to add three women to its board, for a total of four women and seven men.

A Wynn Resorts spokesman said the company "is focused on the future" and the board "is working in an orderly fashion to refresh its composition" and "intends to continue its work."

Ms. Wynn said in the filing that she wouldn't vote for Mr. Hagenbuch's re-election at the company's annual meeting May 16 and that neither should other shareholders.

Given Mr. Hagenbuch is a "longtime close friend" of Mr. Wynn's, it is "disconcerting" that he is involved in the investigation into allegations against him, said Ms. Wynn in the filing. "I find this obvious conflict deeply troubling," she wrote. Mr. Hagenbuch and fellow director Jay Johnson are part of a special three-member committee of the board led by director Patricia Mulroy to investigate the claims.

Elaine Wynn, ex-wife of Steve Wynn, urges shareholders to vote against director John Hagenbuch.

JOHN LOCHER/ASSOCIATED PRESS

Property records show that both Messrs. Hagenbuch and Johnson own homes in Idaho's Sun Valley resort area, where Mr. and Ms. Wynn have been vacationing for years.

A representative for the special committee referred questions to Wynn Resorts' spokesman. A lawyer for Mr. Wynn said he "does not wish to comment on any individuals who may be part of the Sun Valley community."

Mr. Wynn resigned from his roles as the company's chairman and CEO in February and last month sold off his entire 12% stake for $2.1 billion.

The exit came after a January article in The Wall Street Journal detailed allegations that Mr. Wynn had engaged in sexual misconduct against employees for decades, and that he paid $7.5 million to a manicurist at his Wynn Las Vegas resort who in 2005 told people Mr. Wynn had forced her to have sex with him. Ms. Wynn said in a recent court hearing that a rape allegation had been made against Mr. Wynn in conjunction with the 2005 incident.

Mr. Wynn has said it is "preposterous" that he would assault a woman; he hasn't responded to other allegations of sexual misconduct. In response to previous articles, an attorney for Mr. Wynn has sent a statement on his behalf saying he "declined to participate in The Wall Street Journal's reporting because it is clear that the Journal has no intention of treating him fairly." The attorney, Lin Wood, said Monday that his client doesn't want to comment on the specifics of Ms. Wynn's filing.

The casino operator last week rebuffed Ms. Wynn's call for mostly new directors.

Even though Mr. Wynn no longer owns shares in Wynn Resorts, the board committee as well as state regulators in Nevada and Massachusetts—where the company is building a $2.5 billion casino in the Boston area—are continuing to investigate the allegations.

The Massachusetts Gaming Commission has said it is looking into who was told of Mr. Wynn's alleged behavior and what, if anything, they did in response. The regulator can revoke the Wynn license if it determines the company isn't suitable as a casino operator.

Ms. Wynn, who owns a 9% stake in the company, said that one of her concerns is that Wynn Resorts might part with the Wynn Boston Harbor project for less than it is worth in an effort to quash the regulatory investigation. "I fear that longstanding legacy directors such as Mr. Hagenbuch, who have close personal ties to Mr. Wynn, will endorse just such short-sighted action," she wrote.

A reconstituted board stacked with a majority of new, independent directors should be in place before the company makes any decisions that could hurt long-term shareholder value, she said.

Qualcomm Feels Sting of U.S.-China Spat

Chip maker finds itself caught in a trade dispute, and now a critical deal is at risk

By Ted Greenwald

DAVID PAUL MORRIS/BLOOMBERG NEWS

A virtual-reality headset powered by a Qualcomm processor. China accounted for 65% of the firm's $22.29 billion in revenue last year.

Qualcomm Inc. stepped into the escalating spat between the U.S. and China. It is now grappling with the fallout.

The chip maker's chances of closing a critical acquisition recently dimmed after China signaled it could block the deal. Qualcomm is in danger of losing a significant customer, **ZTE** Corp., after the U.S. banned American companies from selling components to the Chinese handset maker. Qualcomm is laying off 4.4% of its workforce in an effort to boost profits through cost cutting. And it has to convince shareholders it can deliver stand-alone growth after the government forced **Broadcom** Inc. to drop its takeover bid in March.

The latest challenges come on top of continuing battles with two of its biggest customers, including **Apple** Inc., and an attempt by the son of a Qualcomm co-founder to take the company private.

Qualcomm is "in the wrong place at the wrong time, I believe," said Steven Ré, investment chief at Fairbanks Capital Management Inc., which holds Qualcomm stock. "They need something from China when China is in a very serious negotiation with the U.S. that has billions and billions of dollars of ramifications."

Qualcomm's most recent round of troubles began after it took the unusual step in January of inviting the Trump administration to review a proposed $117 billion hostile takeover offer by Broadcom on national security grounds.

President Donald Trump blocked the deal, citing concerns that Broadcom's management style could compromise Qualcomm's leadership in 5G technology. The U.S. and China are rushing to dominate the next-generation cellular technology, and one of Qualcomm's closest rivals in the race is Huawei Technologies Co.—a Chinese company the U.S. has labeled a security risk and shut out of the nation's smartphone market.

Last week, in what is widely seen as a tit-for-tat move amid the two countries' broader tariff spat, Chinese regulators indicated they were unlikely to greenlight Qualcomm's proposed $44 billion acquisition of NXP Semiconductors NV. The deal, which has been approved by regulators elsewhere, is a core part of Qualcomm's future strategy. NXP would allow Qualcomm to expand beyond smartphone components into automotive, security and connected devices—markets the company thinks will be valued at $77 billion by 2020.

"The White House enabled Qualcomm to remain independent," said Mike Walkley, an analyst with Canaccord Genuity Group Inc. A few weeks later, he said, the same White House has escalated a trade fight with China that may be disrupting Qualcomm's ability to get the NXP deal done.

A spokesman for China's Commerce Ministry said in a briefing Thursday the agency would review the deal "according to antimonopoly law in an open, fair and impartial way."

Qualcomm also stands to lose access to ZTE after the Commerce Department barred American companies from selling components and software to the Chinese company. ZTE, which makes smartphones and networking gear, accounts for between 1.5% and 2.5% of Qualcomm's revenue, according to estimates from Bernstein Research analyst Stacy Rasgon. That would amount to as much as $560 million of Qualcomm's revenue in 2017. ZTE has also joined with the U.S. chip maker in a series of 5G trials. On Friday, ZTE said the ban would "cause damages to all partners of ZTE, including a large number of U.S. companies."

The Chinese market is critical to Qualcomm's business, and the chip maker has gone to great lengths to cultivate its presence there. China supplied 65% of Qualcomm's $22.29 billion in revenue last year, and it is home to several fast-growing handset manufacturers.

Chief Executive Steve Mollenkopf in November joined Chinese President Xi Jinping for the signing of a $12 billion deal to supply chips to Chinese handset makers, and Qualcomm has formed joint ventures to make chips with the Chinese Guizhou provincial government and Semiconductor Manufacturing International Corp.

Qualcomm also has to fulfill ambitious profit goals that executives laid out in January, when they pledged to cut $1 billion in costs. The San Diego company has initiated 1,500 layoffs in California.

Staying independent also opened the door to former Chairman and CEO Paul Jacobs's effort to try to take private the company his father co-founded. Qualcomm's current directors received a resounding vote of no confidence from shareholders this month.

Qualcomm remains besieged by Apple, which is withholding billions of dollars in payments as it battles the chip maker in court over patent-royalty fees.

Uber Rival Didi Expands Into Mexico

By Yoko Kubota

HOW HWEE YOUNG/EPA/SHUTTERSTOCK

Didi dominates in ride-hailing services in China, after Uber retreated from the market in 2016.

BEIJING—**Didi Chuxing Technology** Co. introduced its ride-hailing service in Mexico on Monday, the Chinese company said, the latest challenge to rival **Uber Technologies** Inc. as it seeks to expand beyond China.

Didi unveiled the service in Toluca, roughly 40 miles west of Mexico City, the company said. It aims to roll out its services to other cities in Mexico this year, it said.

The company became the dominant ride-hailing service in China in 2016, when Uber ended its operations in the market, and is now looking to compete with Uber abroad. This is the first time that Didi will operate its own ride-hailing service under the Didi name outside of China.

Latin America is a growing market for ride-sharing services.

The latest move comes after Didi's expansion into Brazil in January, when it took over a ride-hailing service there called 99.

In February, Didi also teamed up with **SoftBank Group** Corp. in Japan to adapt its ride-hailing platform for local taxi companies.

At home, Didi faces new competition. Meituan-Dianping, a Chinese lifestyle-services internet platform, started its ride-hailing service in Shanghai in March.

While Didi is an Uber rival in global operations, U.S.-based Uber also owns a significant stake in the Chinese company, which it acquired when it sold its China operations to Didi in 2016. Didi, in turn, invested about $1 billion in Uber.

SoftBank, Alphabet Back China Truck Firm

By Julie Steinberg And Liza Lin

Japan's **SoftBank Group** Corp. and **Alphabet** Inc.'s late-stage venture investment fund are among investors plowing close to $2 billion into a Chinese truck-hailing company, according to people familiar with the investments.

Manbang Group, which runs a mobile app platform that matches truck drivers with shippers looking to transport cargo, is raising more money than it originally set out to fetch, according to these people. The Wall Street Journal previously reported the company was planning to raise between $500 million and $1 billion.

Manbang's previous backers have included internet giant **Tencent Holdings** Ltd. and a private-equity firm co-founded by Chinese billionaire Jack Ma.

The latest fundraising round, which is likely to be north of $1.9 billion, would value Manbang at more than $6 billion, according to the people familiar with the transaction. Representatives from Manbang couldn't immediately be reached for comment.

SoftBank is providing $1 billion of the fresh funds, the people said. That investment will be made from SoftBank's Vision Fund, a nearly $100 billion investment vehicle that has backed other ride-hailing companies such as **Uber Technologies** Inc. and **Didi Chuxing Technology** Co. in China.

Alphabet's CapitalG is investing $30 million in the Chinese company, the people said. CapitalG describes itself as a growth-equity investment fund whose goal is to "make return-driven investments in leading companies around the world," according to its website.

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CLASS ACTIONS

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re LEAPFROG ENTERPRISES, INC. SECURITIES LITIGATION) Master File No. 3:15-cv-00347-EMC

) CLASS ACTION

This Document Relates To:) SUMMARY NOTICE

ALL ACTIONS.)

TO: ALL PERSONS THAT PURCHASED OR ACQUIRED LEAPFROG ENTERPRISES, INC. ("LEAPFROG") COMMON STOCK DURING THE PERIOD FROM MAY 5, 2014 THROUGH JUNE 11, 2015, INCLUSIVE (THE "CLASS PERIOD")

You may be entitled to receive money from a class action settlement. The average recovery in the Settlement per allegedly damaged share is estimated to be approximately $0.125 per share, before the deduction of any Court-approved fees and expenses, and approximately $0.083 per allegedly damaged share, after the deduction of attorneys' fees and expenses and the costs of notice and administration of the Settlement.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Northern District of California, that a hearing will be held on October 18, 2018, at 1:30 p.m., before the Honorable Edward M. Chen, United States District Judge, at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, California, for the purpose of determining: (1) whether the proposed Settlement as set forth in the Stipulation of Settlement, dated February 22, 2018 (the "Stipulation"), of the above-captioned litigation ("Action") for $5,500,000.00 in cash should be approved by the Court as fair, reasonable, and adequate; (2) whether a Judgment should be entered by the Court dismissing the Action with prejudice; (3) whether the Plan of Allocation is fair, reasonable, and adequate and should be approved; and (4) whether the application of Lead Counsel for the payment of attorneys' fees (not to exceed 25% or $1,375,000) and expenses (not to exceed $275,000) and the application by Lead Plaintiff for reimbursement of its time and expenses of $5,600 should be approved.

IF YOU PURCHASED OR ACQUIRED LEAPFROG COMMON STOCK BETWEEN MAY 5, 2014 AND JUNE 11, 2015, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS ACTION. If you have not received a detailed Notice of Proposed Settlement of Class Action ("Notice") and a copy of the Proof of Claim and Release form ("Proof of Claim"), you may obtain copies by writing to LeapFrog Enterprises Litigation, Claims Administrator, c/o Gilardi & Co. LLC, P.O. BOX 404056, Louisville, KY 40233-4056, or on the internet at www.LeapFrogSecuritiesClassAction.com.

If you are a Settlement Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim by mail **postmarked no later than August 8, 2018**, or submitted electronically **no later than August 8, 2018**, establishing that you are entitled to recovery. Your failure to submit your Proof of Claim by August 8, 2018, will subject your claim to possible rejection and may preclude you from receiving any of the recovery in connection with the Settlement of this Action. If you are a member of the Settlement Class and do not request exclusion, you will be bound by the Settlement and any judgment and release entered in the Action, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

To exclude yourself from the Settlement Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice such that it is **received no later than August 8, 2018**. All members of the Settlement Class who have not requested exclusion from the Settlement Class will be bound by the Settlement entered in the Action even if they do not submit a timely Proof of Claim.

Any objection to the Settlement, the Plan of Allocation, or the fee and expense application must be submitted to the Court in accordance with the instructions set forth in the Notice **no later than August 8, 2018**. If you object, but also want to be eligible for a payment from the Settlement, you must still submit a Proof of Claim or you will not receive a payment from the Settlement.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE. If you have any questions about the Settlement, you may contact Lead Counsel at the following addresses:

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MOTLEY RICE LLC
CHRISTOPHER F. MORIARTY
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Mount Pleasant, SC 29464

DATED: March 20, 2018

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF
CALIFORNIA

NATALIE BEHRING/REUTERS

A key metric of hospitals' financial health has declined to levels last seen during the recession, when job losses stripped households of private insurance coverage.

Prognosis for Hospitals Isn't Great

Moody's report cites rising labor costs, shift to outpatient sites, more Medicare users

BY MELANIE EVANS

One important measure of U.S. hospital profits last year reached a low not seen in the past decade, as a tight labor market and other factors pressure hospital finances.

The median hospital operating cash flow margin—monitored by Moody's Investors Service as a signal of financial strength—fell to 8.1% last year from 9.5% a year earlier, in a preliminary analysis of 160 nonprofit and public hospitals and hospital systems with credit ratings from the agency, a Moody's report said.

That is the lowest level in the past decade, Moody's data show. The prior low point came in 2008, when the median margin reached 9.1%. That year, a deep recession sharply slowed growth in insurers' spending on hospital care. Job losses stripped households of private insurance coverage, and states' fiscal distress curbed Medicaid budgets, according to federal economists and statisticians.

Now, the metric's decline points to new challenges for U.S. hospitals as more patients seek medical care in nonhospital settings, and as enrollment surges in Medicare, which typically pays hospitals less than commercial insurers do. Those trends are squeezing hospital revenue, while a tight labor market is driving expenses higher, Moody's said.

Hospitals are the single largest expense in U.S. health care, and most are government-owned or nonprofit. For-profit hospitals, which account for roughly one-fifth of the sector, have experienced similar pressures as their nonprofit rivals.

"We've been waiting for this to happen," Lisa Bielamowicz, president of consultancy Gist Healthcare, said of hospitals' narrowing margins.

At the same time, gains to hospitals from the Affordable Care Act's 2014 health-insurance expansion "have essentially realized," Moody's said. Hospitals will likely see more unpaid bills and uninsured patients after Congress included in December's tax overhaul a repeal of the ACA's individual insurance mandate, Moody's said.

Hospital finances could face more pressure in the future if a wave of possible health-care deals, such as early-stage talks between **Walmart** Inc. and insurer **Humana** Inc., creates new competition for hospitals.

Hospitals have responded with deals of their own, and some have invested heavily to expand into outpatient care.

The market shift toward outpatient care helped drag down last year's median operating cash flow margin, said Rita Sverdlik, a Moody's analyst who co-authored the new report.

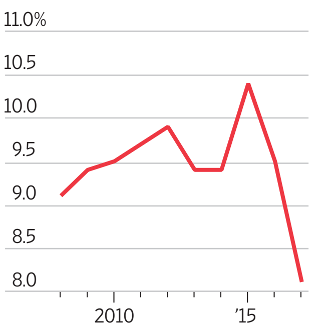
Meanwhile, a nursing shortage has compounded an uptick in hospital operating expenses, whose growth has outpaced operating revenue for the second straight year in 2017, according to Moody's.

Hospitals in tight labor markets for nurses are offering bonuses to hire and retain nurses and relying on costly temporary nurse-staffing agencies, said Lisa Goldstein, an analyst for Moody's who also authored the preliminary analysis.

Demand for nurses will intensify where the population is aging or booming, such as California, Florida and Texas, Moody's said in a separate report last month. Also likely to see increasing nursing shortages are U.S. communities hard-hit by opioid addiction and diabetes, which will increase demand for nurses, Moody's said.

Feeling Pain

The median operating cash flow margin for U.S. nonprofit and public hospitals has fallen sharply.



Source: Moody's Investors Service

THE WALL STREET JOURNAL.

Humana In Deal for Hospice Operator

BY ALLISON PRANG

Humana Inc. and two private-equity firms intend to buy hospice operator **Curo Health Services** for about $1.4 billion as the consortium looks to expand its footprint in the home health-care business.

Health insurer Humana, TPG Capital and **Welsh, Carson, Anderson & Stowe** said Monday they reached a deal to acquire privately held Curo and ultimately plan to combine it with the Kindred at Home hospice business. The same three firms announced plans to purchase **Kindred Healthcare** Inc., the parent firm of Kindred at Home, in December.

The group offered $9 a share for Kindred Healthcare, a 4.7% premium to the company's stock price as of the day before The Wall Street Journal reported on the deal talks. The deal valued Kindred at $783.2 million at the time, though Kindred said then that the transaction was worth $4.1 billion including debt.

When that deal is done, the two private-equity firms plan to separate Kindred at Home and will own that segment with Humana as part of a joint venture. The Kindred Healthcare deal is expected to close this summer. Kindred Healthcare shareholders approved the transaction earlier this month.

The group said Curo's purchase doesn't depend on the Kindred at Home deal closing.

Humana will have a 40% minority stake in Curo, which operates in 22 states and has 245 locations. The Curo deal is also expected to close this summer.

FirstEnergy Strikes Creditor Deal

Proposed agreement would extricate parent firm from coal, nuclear plant restructuring

By Andrew Scurria

JUSTIN MERRIMAN/BLOOMBERG NEWS

The settlement would cover potential claims related to power plants in Ohio and Pennsylvania that are under bankruptcy protection.

FirstEnergy Corp. has reached a settlement with creditors of its bankrupt power-generation businesses that would simplify their restructuring while extricating the parent company from the chapter 11 case.

The proposed deal with the nonbankrupt parent company requires approval from subsidiary **FirstEnergy Solutions**, or FES, and its affiliates and from the Ohio chapter 11 judge overseeing their restructuring.

If approved, the agreement covers potential claims surrounding FirstEnergy's obligations toward unprofitable coal and nuclear power plants in Ohio and Pennsylvania that are under bankruptcy protection. Research firm CreditSights said the settlement provides 15 cents on the dollar for holders of unsecured FES debt, some of which rallied nearly 20% Monday, according to FactSet.

The two largest bondholder groups in the bankruptcy support the agreement, according to a securities filing. FirstEnergy said it would try to bring the court-appointed committee of unsecured FES creditors on board with the terms.

Recoveries for creditors also depend on whether the Trump administration intercedes to keep the FES plants open. FES has sought an emergency lifeline from the U.S. Department of Energy to prop up those facilities.

The settlement provides a combination of cash payments and tax notes from the parent designed to deliver $628 million in value to creditors, according to a securities filing. FirstEnergy agreed to take on pension payments, deferred compensation and retiree life insurance and medical claims arising from FES. In return, FirstEnergy would share in any bondholder recoveries above 60 cents on the dollar. FES and its affiliates are negotiating a restructuring of three nuclear plants while putting four fossil-fuel operations and a retail power business on the block.

The settlement would deliver $628 million in value to creditors, according to a filing.

CreditSights analysts said the potential upside for FirstEnergy would incentivize the parent to continue pressing federal and state regulators for a bailout of FES facilities. The potential closure of FES facilities is testing the Trump administration's commitment to coal and nuclear energy as it weighs compelling the nation's largest grid operator to favor those fuel sources over alternatives.

FES has few allies in its campaign, which experts say would effectively end America's largest competitive electricity market. The bailout request is opposed by several power companies supplying the market and by industrial customers facing higher electricity costs.

The deal would also swing ownership of the coal-fired Pleasants Point power station in West Virginia to the chapter 11 estate from FirstEnergy's nonbankrupt affiliate Allegheny Energy Supply Co. AES said in February it would close Pleasants Point next year unless a buyer is found. Creditors of the Bruce Mansfield coal-plant in Pennsylvania would receive a $787 million unsecured claim in the bankruptcy that would be partially satisfied upon court approval of a restructuring plan.

Utility Set To Acquire Vectren for $6 Billion

By Cara Lombardo

CenterPoint Energy Inc. is buying **Vectren** Corp. in a $6 billion deal that will create a combined energy company with more than seven million customers across the U.S.

CenterPoint said Monday it will pay $72 for each share of Vectren stock, which represents a 9.8% premium over Vectren's Friday closing price of $65.55. CenterPoint also will assume all of Vectren's net debt.

Vectren, based in Evansville, Ind., provides natural-gas and electricity services to customers in Indiana and Ohio.

Houston-based CenterPoint serves natural-gas customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. CenterPoint also supplies electricity to customers in the greater Houston area.

The combined company's natural-gas utilities operations and its lead executive will be based in Evansville. CenterPoint Chief Executive Scott Prochazka will keep his position, the companies said.

Centerpoint employs nearly 8,000 people, while Vectren employs roughly 5,500.

The combined company is expected to deliver electricity and natural gas in eight states and have an enterprise value of $27 billion.

The companies expect the deal to close by the first quarter of next year, subject to regulatory approvals. Both companies' boards have approved the deal. Goldman Sachs advised Centerpoint, while Bank of America Merrill Lynch advised Vectren.

Vectren shares rose 7.3% to $70.31 on the New York Stock Exchange on Monday. CenterPoint shares declined 2.8% to $25.94, also on the NYSE.

United Continental Cuts CEO's Pay, Seeks New Chairman

By Doug Cameron

The board of **United Continental Holdings** Inc. said it will nominate a new chairman from within its ranks after veteran industry executive Robert Milton opted to leave the third-largest U.S. carrier.

Also, total compensation for Chief Executive Oscar Munoz is set to almost halve for 2017 compared with the previous year as the airline continues efforts to recover from a series of problems with passengers and investors.

Mr. Milton, a former chief executive of Air Canada, was appointed chairman two years ago with the backing of two activist shareholders pressing for reform at the Chicago-based carrier. His departure, disclosed in United's proxy statement, isn't expected to presage any move to replace Mr. Munoz, according to people familiar with the situation.

Mr. Munoz's total compensation almost halved to $9.56 million last year from $18.7 million in 2016, though the 2016 payment included around $6 million related to his move from railroad operator **CSX** Corp.

He waived some incentive payments at United in 2016—which totaled $3.8 million the previous year—according to a letter to staff, though still received $7.8 million in stock-based compensation.

United last year altered its compensation plan to place more weight on customer service-related performance.

The airline last week reported forecast-beating quarterly earnings and trimmed some of the capacity expansion plans that have unnerved airline investors.

The board plans to appoint a new nonexecutive chairman after shrinking to 16 members from 14. United didn't disclose why Mr. Milton was leaving, and he didn't respond to a request for comment.

The airline was battered by controversy last year when Chicago airport police forcibly removed a passenger from one of its jets.

BUSINESS NEWS

WILLIAM EDWARDS/AGENCE FRANCE-PRESSE/GETTY IMAGES

A New York factory makes baseball bats for Newell Brands' Rawlings unit. Starboard dropped its effort to revamp Newell's board.

Newell, Activist End Fight

Deal with Carl Icahn and Starboard Value heads off proxy battle; CEO Polk keeps job

By Imani Moise
And Sharon Terlep

Newell Brands Inc. and Carl Icahn have struck a deal with another activist investor, heading off a proxy fight as the maker of Elmer's Glue, Sharpie markers and Mr. Coffee machines works to shed assets and turn around its operations.

Under the terms of the agreement, Mr. Icahn will give up two of the five board seats he won last month in favor of two candidates supported by activist hedge fund **Starboard Value** LP. In return, Starboard dropped its effort to overhaul the board, agreeing to withdraw its slate of directors and vote in favor of Newell's nominees.

"The company reached out to us and requested that we give up two board seats to avoid a potentially disruptive proxy fight, which could have been especially bad at this important time for the company," Mr. Icahn said.

The deal announced Monday also means Chief Executive Michael Polk—whom Starboard wanted out—will remain in place. He said Monday that the agreement with Starboard will allow Newell to focus exclusively on efforts to improve its financial and operational performance.

Starboard had planned to go public this week with its case, arguing, among other things, that Mr. Polk shared key information with only a contingent of the board and not all directors, according to people familiar with the situation.

The hedge fund had been pressing the proxy fight despite the deal Newell reached with Mr. Icahn, asserting that it didn't do enough to address the consumer-product company's issues. At the time that deal was struck, a trio of former Newell directors aligned with Starboard dropped out of the fight.

Newell is trying to generate at least $10 billion from asset sales as it works to stabilize the business following a difficult 2017 in which the company's share price plummeted amid sluggish sales and several missed forecasts. Mr. Polk has said the poor performance is a results of outside factors, including the bankruptcy of Toys "R" Us, Inc., a major seller of several Newell brands.

Starboard owns a 3.8% stake in Newell while Mr. Icahn owns a 6.9% stake. After Newell's annual meeting next month, nine of the 12 directions will be new to the board, Starboard said.

Newell shares, down more than 40% from a year ago, edged higher by 0.1% to $26.47 Monday. The stock has fallen 15% this year while the S&P 500 has inched 0.1% lower.

BUSINESS WATCH

APPLE

Newest iPhones Trail Previous Debuts

Apple Inc.'s newest iPhones are lagging behind previous new models as a percentage of total sales in the U.S., according to Consumer Intelligence Research Partners.

A survey of 500 U.S. buyers found the iPhone 8, 8 Plus and X accounted for 60% of iPhone sales in the March quarter, compared with roughly 68% of total iPhone sales the iPhone 7 and 7 Plus accounted for a year ago.

The lower percentage shows how many customers are opting for late-model iPhones rather than paying for the newer, expensive models, CIRP co-founder Mike Levin said. But it is unlikely to affect the company's iPhone revenue for the period.

The $1,000 iPhone X accounted for 16% of sales in the period, according to CIRP, and should have generated more than enough revenue to offset sales of lower-priced, older models.

—Tripp Mickle

OREXIGEN THERAPEUTICS

Investor Group Includes Pernix

Pernix Therapeutics Holdings Inc., a publicly traded developer of pain and neurological drugs, is part of an investor group that has offered to buy **Orexigen Therapeutics** Inc. out of bankruptcy for $75 million.

The offer, revealed Monday in a filing in U.S. Bankruptcy Court in Wilmington, Del., is subject to higher bids at a court-supervised auction. The deal would include the world-wide rights to anti-obesity drug Contrave.

Orexigen, based in La Jolla, Calif., received permission Monday from Judge Kevin Gross to name the investor group's acquisition vehicle, **Nalpropion Pharmaceuticals** Inc., as the stalking horse, or lead bidder.

Pernix, based in Morristown, N.J., is part of the Nalpropion investor group, which was incorporated last week in Delaware, state records show. Pernix spokesman Bob Yedid declined to identify other Nalpropion investors.

Companies selling assets in bankruptcy often seek to name a lead bidder as a way to set a minimum price for other offers. The deadline for submitting bids for Orexigen is June 21.

—Becky Yerak

SECURITIES INDUSTRY

SEC Imposes Ban On Martin Shkreli

Following his conviction last summer on criminal securities-fraud charges, Martin Shkreli will no longer be allowed to work in the securities industry, the Securities and Exchange Commission said.

The regulator announced the sanction in a notice made public late Monday, which says Mr. Shkreli agreed to the ban.

Mr. Shkreli, a former hedge-fund manager and pharmaceutical executive, was sentenced to seven years in prison and ordered to forfeit $7.36 million as well as assets-including a one-of-a-kind Wu-Tang Clan album and a Picasso painting—as part of his sentencing.

His settlement with the SEC doesn't rule out his ability to seek reinstatement to the industry in the future.

—Dave Michaels

PROTHENA

Drug Performs Poorly in Studies

Prothena Corp.'s shares dropped more than 68% Monday after the biotech company said its most advanced drug in development failed a midstage study and was faring poorly in a late-stage study.

The Dublin-based biotech doesn't have any drugs on the market, so investors were paying close attention to NEOD001, its experimental treatment for a rare disease called AL amyloidosis. But in a phase 2b study, subjects taking a placebo fared better than subjects getting the drug on the primary endpoint of cardiac best response. And the company ended a phase 3 trial due to futility.

Evercore ISI has set a new price target of $12 a share, which largely reflects how much cash the company has on hand. Prothena shares fell $25.34 to $11.50 in Nasdaq Stock Market trading Monday.

—Jonathan Rockoff

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24448.69 ▼14.25, or 0.06%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	25.30	20.81
P/E estimate *	16.45	17.60
Dividend yield	2.18	2.35
All-time high	26616.71, 01/26/18	

Current divisor 0.14523396877348

S&P 500 Index

2670.29 ▲0.15, or 0.01%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.98	24.39
P/E estimate *	17.02	18.24
Dividend yield	1.95	1.98
All-time high	2872.87, 01/26/18	

Nasdaq Composite Index

7128.60 ▼17.52, or 0.25%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	25.75	26.01
P/E estimate *	20.03	20.37
Dividend yield	1.04	1.11
All-time high:	7588.32, 03/12/18	

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	24536.89	24328.54	24448.69	-14.25	-0.06	26616.71	20606.93	17.7	-1.1	10.6
Transportation Avg	10664.40	10566.72	10621.15	42.25	0.40	11373.38	8783.74	14.4	0.1	6.1
Utility Average	694.93	688.47	691.34	0.20	0.03	774.47	647.90	-2.5	-4.4	5.3
Total Stock Market	27848.86	27588.54	27713.10	-4.59	-0.02	29630.47	24391.29	12.4	0.1	7.7
Barron's 400	727.16	719.73	722.63	0.74	0.10	757.37	624.99	13.5	1.6	7.4
Nasdaq Stock Market										
Nasdaq Composite	7195.72	7094.43	7128.60	-17.52	-0.25	7588.32	5983.82	19.1	3.3	12.1
Nasdaq 100	6721.65	6613.55	6648.80	-18.95	-0.28	7131.12	5508.03	20.7	3.9	14.1
S&P										
500 Index	2682.86	2657.99	2670.29	0.15	0.01	2872.87	2357.03	12.5	-0.1	8.1
MidCap 400	1912.12	1893.42	1900.96	0.46	0.02	1995.23	1691.67	9.4	0.02	7.3
SmallCap 600	968.02	958.01	961.77	0.01	0.001	979.57	817.25	13.2	2.7	9.8
Other Indexes										
Russell 2000	1571.47	1556.27	1562.12	-2.00	-0.13	1610.71	1355.89	11.7	1.7	7.1
NYSE Composite	12640.16	12567.22	12610.77	3.62	0.03	13637.02	11423.53	9.4	-1.5	4.1
Value Line	559.00	554.02	555.99	-0.27	-0.05	589.69	503.24	6.3	-1.1	2.2
NYSE Arca Biotech	4608.10	4539.81	4569.10	3.24	0.07	4939.86	3507.64	29.0	8.2	3.4
NYSE Arca Pharma	528.07	524.78	526.61	1.58	0.30	593.12	505.16	4.2	-3.4	-3.7
KBW Bank	108.30	107.45	107.85	0.46	0.43	116.52	88.87	17.4	1.1	13.7
PHLX§ Gold/Silver	83.99	83.04	83.25	-1.86	-2.19	93.26	76.42	-2.6	-2.4	5.6
PHLX§ Oil Service	154.76	151.74	154.66	0.48	0.31	165.78	117.79	-1.7	3.4	-10.4
PHLX§ Semiconductor	1278.45	1251.22	1253.98	-16.85	-1.33	1445.90	1004.62	24.4	0.1	21.1
Cboe Volatility	17.56	15.79	16.34	-0.54	-3.20	37.32	9.14	50.7	48.0	9.4

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. 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 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	9,274.5	266.81	0.24	0.09	266.95	266.14
Industrial Select Sector	XLI	9,005.2	75.53	0.02	0.03	75.53	75.51
Technology Sel Sector	XLK	8,352.5	66.15	0.18	0.27	66.62	65.95
General Electric	GE	5,858.1	14.58	0.06	0.41	14.58	14.50
Pfizer	PFE	3,964.9	36.80	...	unch.	37.10	36.38
Health Care Sel Sector	XLV	3,528.5	82.43	0.02	0.02	82.57	82.41
Consumer Disc Sel Sector	XLY	3,506.2	103.20	...	unch.	103.32	103.19
Merck	MRK	3,095.7	60.30	0.05	0.08	60.39	60.05

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Sanmina	SANM	58.4	31.50	3.80	13.70	32.60	27.69
Cadence Design Systems	CDNS	81.0	40.81	4.07	11.08	42.70	36.74
Denbury Resources	DNR	58.8	3.26	0.07	2.19	3.26	3.19
Cheniere Energy	LNG	104.5	59.41	1.10	1.89	59.41	58.18
Sibanye-Stillwater ADR	SBGL	93.4	3.56	0.05	1.32	3.56	3.51

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Epizyme Inc.	EPZM	212.1	12.55	-2.75	-17.97	15.30	10.10
Incyte	INCY	181.2	65.71	-2.43	-3.57	69.04	62.70
Assured Guaranty	AGO	60.4	34.90	-1.03	-2.87	35.93	33.65
TD Ameritrade Holding	AMTD	177.7	59.55	-1.65	-2.70	61.48	58.00
Zoetis Inc.	ZTS	95.1	83.90	-1.40	-1.64	85.30	83.90

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	728,774,702	8,143,652
Adv. volume*	376,897,341	2,411,469
Decl. volume*	339,939,761	5,480,159
Issues traded	3,066	331
Advances	1,331	112
Declines	1,588	194
Unchanged	147	25
New highs	63	7
New lows	108	18
Closing tick	211	3
Closing Arms†	0.76	1.35
Block trades*	5,391	137

	Nasdaq	NYSE Arca
Total volume*	1,666,098,372	221,558,539
Adv. volume*	677,945,795	55,555,110
Decl. volume*	962,893,665	164,464,820
Issues traded	2,955	1,318
Advances	1,176	486
Declines	1,630	808
Unchanged	149	24
New highs	68	10
New lows	98	72
Closing tick	78	1
Closing Arms†	1.02	1.45
Block trades*	6,444	1,214

*Primary market NYSE, NYSE American 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	Net chg	Latest % chg	YTD % chg
World	**The Global Dow**	3078.25	-4.87	-0.16	-0.3
	DJ Global Index	396.43	-0.93	-0.23	-0.2
	DJ Global ex U.S.	265.62	-1.22	-0.46	-0.4
Americas	**DJ Americas**	641.08	-0.32	-0.05	-0.2
Brazil	**Sao Paulo Bovespa**	85602.50	52.41	0.06	12.0
Canada	**S&P/TSX Comp**	15552.06	67.74	0.44	-4.1
Mexico	**S&P/BMV IPC**	48442.22	10.64	0.02	-1.8
Chile	**Santiago IPSA**	4278.33	6.90	0.16	1.6
EMEA	**Stoxx Europe 600**	383.18	1.34	0.35	-1.5
Eurozone	**Euro Stoxx**	388.67	1.39	0.36	0.8
Belgium	**Bel-20**	3933.64	12.44	0.32	-1.1
Denmark	**OMX Copenhagen**	882.57	3.83	0.44	-4.8
France	**CAC 40**	5438.55	25.72	0.48	2.4
Germany	**DAX**	12572.39	31.89	0.25	-2.7
Israel	**Tel Aviv**	1480.67	-11.15	-0.75	-1.9
Italy	**FTSE MIB**	23982.52	153.18	0.64	9.7
Netherlands	**AEX**	554.25	3.87	0.70	1.8
Russia	**RTS Index**	1144.66	-1.14	-0.10	-0.8
South Africa	**FTSE/JSE All-Share**	57679.51	97.78	0.17	-3.1
Spain	**IBEX 35**	9922.00	37.80	0.38	-1.2
Sweden	**OMX Stockholm**	580.80	4.79	0.83	2.1
Switzerland	**Swiss Market**	8806.63	-1.17	-0.01	-6.1
Turkey	**BIST 100**	110932.48	...	Closed	-3.8
U.K.	**FTSE 100**	7398.87	30.70	0.42	-3.8
U.K.	**FTSE 250**	20316.37	95.60	0.47	-2.0
Asia-Pacific					
Australia	**S&P/ASX 200**	5886.00	17.20	0.29	-3.0
China	**Shanghai Composite**	3068.01	-3.53	-0.11	-7.2
Hong Kong	**Hang Seng**	30254.40	-163.93	-0.54	1.1
India	**S&P BSE Sensex**	34450.77	35.19	0.10	1.2
Japan	**Nikkei Stock Avg**	22088.04	-74.20	-0.33	-3.0
Singapore	**Straits Times**	3579.54	6.16	0.17	5.2
South Korea	**Kospi**	2474.11	-2.22	-0.09	0.3
Taiwan	**TAIEX**	10697.13	-82.25	-0.76	0.5
Thailand	**SET**	1790.14	-11.14	-0.62	2.1

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Check-Cap	CHEK	7.26	3.21	79.26	26.40	3.12	-72.1
Foresight Autonomous ADR	FRSX	3.61	0.59	19.54	11.70	2.44	...
GEE Group	JOB	2.36	0.36	18.00	6.50	2.00	-59.7
Evofem Biosciences	EVFM	7.29	1.04	16.64	15.78	1.80	-38.3
McDermott International	MDR	7.00	0.95	15.70	9.07	5.38	10.6
Stars Group	TSG	33.45	4.15	14.16	33.50	15.85	90.1
China Internet Nationwide	CIFS	25.58	2.90	12.79	66.10	10.81	...
Cohbar	CWBR	4.99	0.55	12.39	6.97	4.44	...
Nautilus	NLS	15.00	1.55	11.52	19.80	11.30	-14.8
Box Cl A	BOX	22.91	2.26	10.94	24.50	16.76	34.7
Insmed	INSM	26.05	2.53	10.75	33.94	11.49	41.2
Clementia Pharm	CMTA	19.47	1.84	10.44	20.15	11.72	...
NextDecade	NEXT	6.48	0.59	10.02	10.99	3.95	-36.4
Zedge Cl B	ZDGE	3.82	0.34	9.86	3.85	1.65	26.2
Zealand Pharma ADR	ZEAL	16.36	1.46	9.80	20.37	12.45	...

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Prothena Corp. PLC	PRTA	11.50	-25.34	-68.78	70.00	11.05	-78.7
Flotek Industries	FTK	4.15	-2.17	-34.34	12.52	3.82	-64.8
Akorn	AKRX	13.05	-6.65	-33.76	34.00	12.40	-60.1
Integrated Media Tech	IMTE	2.42	-0.58	-19.33	10.00	2.42	...
Arcadia Biosciences	RKDA	19.85	-4.47	-18.38	66.56	3.60	43.8
Valeritas Holdings	VLRX	2.55	-0.57	-18.27	7.30	1.19	-62.7
Volaris ADR	VLRS	5.75	-1.26	-17.97	16.00	5.59	-57.5
LSI Industries	LYTS	6.30	-1.35	-17.65	10.00	4.99	-36.7
Gridsum Holding ADR	GSUM	6.12	-1.17	-16.05	13.99	3.68	-51.2
Atossa Genetics	ATOS	2.99	-0.53	-15.06	4.29	2.85	-60.0
Innovate Biopharm	INNT	17.64	-3.02	-14.62	50.50	3.43	138.4
Landmark Infr Partners	LMRK	14.80	-2.45	-14.20	18.75	14.23	-7.2
Alcoa	AA	51.90	-8.11	-13.51	62.35	29.55	55.8
AzurRx BioPharma	AZRX	3.03	-0.41	-11.92	5.25	2.31	-21.1
Krystal Biotech	KRYS	8.99	-1.11	-10.99	12.00	8.03	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
iShares MSCI Emg Markets	EEM	71,534	-6.4	46.88	-0.80	52.08	39.75
McDermott International	MDR	71,090	690.4	7.00	15.70	9.07	5.38
General Electric	GE	67,444	-23.8	14.52	-0.14	29.93	12.73
SPDR S&P 500	SPY	56,228	-53.6	266.57	-0.02	286.63	235.43
Neovasc	NVCN	54,280	-10.8	0.05	-4.29	1.89	0.03
Bank of America	BAC	49,385	-35.2	30.32	0.20	33.05	22.07
Finl Select Sector SPDR	XLF	45,567	-31.0	27.85	-0.11	30.33	22.97
Micron Technology	MU	43,153	-20.3	49.02	-3.16	63.42	26.37
Advanced Micro Devices	AMD	40,086	-33.5	10.04	0.50	15.65	9.04
VanEck Vectors Gold Miner	GDX	35,401	-17.2	22.41	-1.32	25.58	20.84

*Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

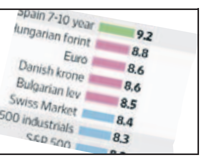
Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
KraneShares EM Cons Tech	KEMQ	552	3732	25.82	0.04	28.97	23.87
USAA MSCI USA ValUE Mom	ULVM	1,037	2988	51.82	0.14	55.24	48.81
Prothena Corp. PLC	PRTA	15,125	2578	11.50	-68.78	70.00	11.05
Hartford Multi US Equity	ROUS	378	1740	31.25	0.03	33.42	26.68
Sprott Jr Gold Miners ETF	SGDJ	746	1617	30.87	-2.96	38.94	27.95
Box Cl A	BOX	29,628	1363	22.91	10.94	24.50	16.76
PwrShrs FTSE RAFI ex-U.S.	PXF	1,240	1286	45.96	-0.04	48.75	40.56
Gridsum Holding ADR	GSUM	7,413	1257	6.12	-16.05	13.99	3.68
Landmark Infr Partners	LMRK	511	1245	14.80	-14.20	18.75	14.23
Vectren Corp	VVC	6,577	1093	70.31	7.26	70.32	57.48

*Common stocks priced at $2 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

Track the Markets

Compare the performance of selected global stock indexes, bond ETFs, currencies and commodities at **WSJ.com/TrackTheMarkets**

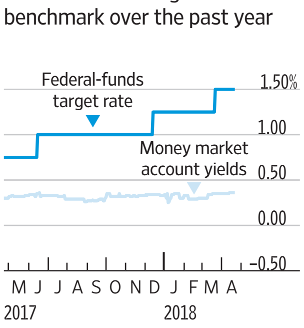


CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Money market accounts

Bankrate.com avg†:	0.36%
Barclays	1.50%
Wilmington, DE	888-720-8756
EverBank	1.50%
Jacksonville, FL	866-242-1924
My eBanc, A Division of BAC Florida Bank	1.50%
Coral Gables, FL	855-512-0989
Radius Bank	1.50%
Boston, MA	800-242-0272
American Express National Bank	1.55%
New York, NY	866-215-8754

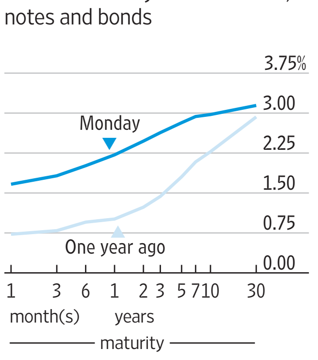
Interest rate	Yield/Rate (%) Last	(●)Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.50-1.75	1.50-1.75	0.75	1.50	1.50
Prime rate*	4.75	4.75	4.00	4.75	1.50
Libor, 3-month	2.36	2.36	1.17	2.36	2.08
Money market, annual yield	0.36	0.36	0.25	0.36	-0.02
Five-year CD, annual yield	1.68	1.68	1.29	1.69	0.20
30-year mortgage, fixed†	4.51	4.44	3.73	4.51	0.74
15-year mortgage, fixed†	3.98	3.92	2.99	3.98	0.93
Jumbo mortgages, $424,100-plus†	4.77	4.69	4.21	4.96	0.77
Five-year adj mortgage (ARM)†	4.46	4.40	3.22	4.50	1.19
New-car loan, 48-month	3.82	3.86	2.85	3.82	0.89

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

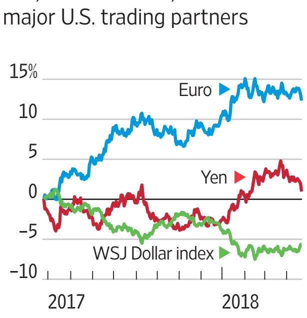
Treasury yield curve

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	1421.771	2.830	2.706	2.830	1.818	-1.783	-0.116
10-yr Treasury, Ryan ALM	1659.438	2.973	2.834	2.973	2.058	-3.756	-1.080
DJ Corporate	368.999	3.855	3.715	3.855	2.879	0.230	1.703
Aggregate, Barclays Capital	1897.460	3.300	3.190	3.300	2.380	-0.675	0.845
High Yield 100, Merrill Lynch	2851.248	5.939	5.756	6.319	4.948	2.877	3.307
Fixed-Rate MBS, Barclays	1949.210	3.440	3.350	3.440	2.660	-0.720	0.812
Muni Master, Merrill	515.300	2.585	2.533	2.585	1.736	0.987	1.801
EMBI Global, J.P. Morgan	n.a.	n.a.	6.045	n.a.	n.a.	n.a.	n.a.

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Mon in US$	Mon per US$	US$ vs. YTD chg (%)
Americas			
Argentina peso	.0494	20.2513	8.9
Brazil real	.2897	3.4521	4.2
Canada dollar	.7782	1.2850	2.2
Chile peso	.001658	603.00	-2.0
Ecuador US dollar	1	1	unch
Mexico peso	.0528	18.9407	-3.7
Uruguay peso	.03541	28.2400	-1.9
Venezuela b. fuerte	.00001759	56425.0001	574507.1
Asia-Pacific			
Australian dollar	.7604	1.3151	2.7
China yuan	.1583	6.3171	-2.9
Hong Kong dollar	.1275	7.8422	0.4
India rupee	.01503	66.553	4.2
Indonesia rupiah	.0000716	13971	3.6
Japan yen	.009200	108.70	-3.6
Kazakhstan tenge	.003057	327.16	-1.7
Macau pataca	.1237	8.0815	0.4
Malaysia ringgit	.2558	3.9090	-3.8
New Zealand dollar	.7144	1.3998	-0.7
Pakistan rupee	.00864	115.715	4.6
Philippines peso	.0191	52.486	5.0
Singapore dollar	.7545	1.3254	-0.9
South Korea won	.0009249	1081.20	1.3
Sri Lanka rupee	.0063792	156.76	2.1
Taiwan dollar	.03377	29.609	-0.2
Thailand baht	.03172	31.530	-3.3

Country/currency	Mon in US$	Mon per US$	US$ vs. YTD chg (%)
Vietnam dong	.00004392	22771	0.3
Europe			
Czech Rep. koruna	.04802	20.825	-2.1
Denmark krone	.1639	6.1006	-1.7
Euro area euro	1.2209	.8191	-1.7
Hungary forint	.003909	255.85	-1.2
Iceland krona	.009909	100.92	-2.5
Norway krone	.1268	7.8882	-3.9
Poland zloty	.2906	3.4416	-1.1
Russia ruble	.01616	61.878	7.3
Sweden krona	.1174	8.5201	4.1
Switzerland franc	1.0224	.9781	0.4
Turkey lira	.2434	4.1084	8.3
Ukraine hryvnia	.0381	26.2250	-6.8
UK pound	1.3939	.7174	-3.1
Middle East/Africa			
Bahrain dinar	2.6518	.3771	unch
Egypt pound	.0565	17.6915	-0.5
Israel shekel	.2820	3.5459	1.9
Kuwait dinar	3.3302	.3003	-0.4
Oman sul rial	2.5977	.3850	unch
Qatar rial	.2745	3.642	-0.2
Saudi Arabia riyal	.2654	3.7676	0.5
South Africa rand	.0809	12.3539	-0.1

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	84.97	0.61	0.72	-1.17

Sources: Tullett Prebon, WSJ Market Data Group

Commodities

	Close	Monday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	649.31	-4.49	-0.69	658.32	532.01	16.20	3.83
TR/CC CRB Index	200.73	-1.19	-0.59	202.97	166.50	10.94	3.54
Crude oil, $ per barrel	68.64	0.24	0.35	68.64	42.53	39.43	13.60
Natural gas, $/MMBtu	2.740	0.001	0.04	3.63	2.55	-10.63	-7.21
Gold, $ per troy oz.	1322.50	-14.20	-1.06	1362.40	1208.60	3.66	1.24

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COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
April	3.0850	3.1065		3.0850	**3.1080**	−0.0235	342
July	3.1520	3.1825		3.0985	**3.1315**	−0.0240	101,616
Gold (CMX)-100 troy oz.; $ per troy oz.							
April	1334.00	1334.40		1323.50	**1322.50**	−14.20	827
June	1336.20	1337.60		1323.80	**1324.00**	−14.30	386,525
Aug	1343.00	1343.40		1329.90	**1330.20**	−14.30	47,798
Oct	1347.70	1348.00		1336.10	**1336.30**	−14.40	8,275
Dec	1356.00	1356.00		1342.70	**1342.90**	−14.30	57,011
Dec'19	1395.10	1395.10		1383.60	**1382.70**	−14.20	3,528
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
June	1021.25	1027.10		966.25	**979.55**	−50.65	21,186
Sept	1014.45	1016.25		961.65	**975.35**	−46.95	4,082
Dec	1009.15	1009.15		966.05	**971.25**	−45.75	242
Platinum (NYM)-50 troy oz.; $ per troy oz.							
April	919.30	919.30		917.10	**916.30**	−9.30	4
July	930.40	931.10		917.30	**922.40**	−9.40	72,633
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
April	16.825	16.830		16.825	**16.571**	−0.576	146
July	17.170	17.200		16.650	**16.658**	−0.563	96,612
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
June	68.28	69.03		67.14	**68.64**	0.24	567,940
July	68.08	68.85		67.02	**68.47**	0.29	233,949
Aug	67.58	68.38		66.62	**68.02**	0.36	167,445
Sept	66.99	67.77		66.07	**67.43**	0.38	229,319
Dec	65.22	65.98	▲	64.41	**65.69**	0.41	261,651
Dec'19	59.22	59.67	▲	58.62	**59.58**	0.34	150,550
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
May	2.1201	2.1510	▲	2.1006	**2.1409**	.0179	50,166
June	2.1126	2.1420	▲	2.0923	**2.1324**	.0172	137,914
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
May	2.0891	2.1367	▲	2.0741	**2.1237**	.0278	52,469
June	2.0946	2.1387	▲	2.0780	**2.1267**	.0271	151,288
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
May	2.751	2.757		2.706	**2.740**	.001	59,740
June	2.777	2.783		2.737	**2.775**	.008	283,430
July	2.818	2.825		2.780	**2.812**	.004	187,148
Sept	2.815	2.819		2.779	**2.807**	.003	138,822
Oct	2.826	2.830		2.792	**2.820**	.003	117,735
April'19	2.597	2.610		2.588	**2.600**	−.002	86,324

Agriculture Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	376.50	379.25		376.25	**378.50**	2.00	243,950
July	385.25	388.00		385.25	**387.50**	2.00	713,454
Oats (CBT)-5,000 bu.; cents per bu.							
May	232.75	235.00		221.75	**226.75**	−5.75	1,687
July	235.50	236.50	▼	220.75	**227.75**	−8.25	3,613
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	1027.50	1033.25		1017.25	**1020.75**	−8.00	124,296
July	1038.75	1045.00		1029.00	**1032.25**	−8.00	427,985
Soybean Meal (CBT)-100 tons; $ per ton.							
May	374.10	376.70		370.90	**371.80**	−2.30	49,114
July	379.10	381.30		375.30	**376.20**	−2.40	245,946
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	31.26	31.40	▼	30.89	**31.04**	−.26	65,068
July	31.52	31.65	▼	31.15	**31.30**	−.26	229,666
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
May	1300.00	1312.50		1290.00	**1306.50**	7.50	2,645
July	1302.00	1318.00		1300.50	**1314.50**	7.50	4,257
Wheat (CBT)-5,000 bu.; cents per bu.							
May	464.25	469.00		458.75	**461.50**	−1.75	47,916
July	478.00	483.25		472.25	**474.50**	−2.75	229,596
Wheat (KC)-5,000 bu.; cents per bu.							
May	482.75	489.75		480.00	**483.25**	.50	29,286
July	500.75	509.00		499.00	**502.75**	.75	127,878
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	600.50	603.50		587.75	**588.00**	−12.00	13,187
July	605.00	609.50		594.75	**595.00**	−10.75	30,288
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
April	139.250	139.750		138.825	**139.025**	1.725	2,734
Aug	145.300	147.450		145.175	**147.125**	2.625	21,285
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	119.825	121.800		119.625	**121.725**	2.375	6,472
June	104.550	105.475		104.300	**104.875**	1.150	151,301
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
May	69.425	69.425		67.750	**68.000**	−1.950	3,511
June	76.750	77.300		76.100	**76.375**	−1.175	93,575
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
May	547.20	551.00		542.00	**546.70**	−1.90	3,394
July	535.70	536.80		531.20	**535.30**	−1.00	2,999
Milk (CME)-200,000 lbs., cents per lb.							
April	14.53	14.53		14.52	**14.52**	...	3,274
May	14.97	15.13		14.93	**15.09**	.19	3,972

	Open	High	hi lo	Low	Settle	Chg	Open interest
Cocoa (ICE-US)-10 metric tons; $ per ton.							
May	2,805	2,805		2,741	**2,746**	−3	220
July	2,715	2,755		2,698	**2,726**	−3	133,981
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
May	116.30	117.10		116.30	**117.00**	1.25	483
July	118.10	119.25		118.05	**118.95**	1.25	152,292
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
May	11.67	11.68	▼	11.18	**11.21**	−.43	90,494
July	11.91	11.91	▼	11.37	**11.40**	−.47	491,107
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
July	24.95	24.95		24.95	**24.95**	...	2,889
Sept	25.55	25.56		25.55	**25.55**	.03	1,433
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
May	85.70	86.44		82.90	**83.19**	−2.28	3,126
July	84.89	85.39		84.04	**84.12**	−.61	134,103
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
May	142.55	146.20		142.05	**145.85**	2.60	3,769
July	142.40	146.40		142.10	**145.95**	2.90	7,314

Interest Rate Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
June	142-310	143-020		142-090	**142-310**	−4.0	813,149
Sept	142-040	142-070		141-200	**142-040**	−4.0	5,424
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	119-155	119-160		119-065	**119-105**	−7.0	3,766,840
Sept	119-015	119-030		118-295	**118-315**	−7.5	12,329
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	113-132	113-135		113-090	**113-107**	−3.5	3,543,973
Sept	113-015	113-015		113-000	**113-010**	−3.5	20,832
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
June	106-005	106-010		105-315	**106-002**	−.5	2,005,097
Sept	105-255	105-255		105-247	**105-252**	−1.2	1,105
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
April	98.310	98.310	▼	98.308	**98.310**	−.002	331,309
July	98.085	98.085	▼	98.075	**98.075**	−.010	314,065
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
June	92.906	93.063	▼	92.859	**93.016**	−.125	29,832
1 Month Libor (CME)-$3,000,000; pts of 100%							
June	97.9075	97.9075		97.9050	**97.8925**	−.0100	742
July	97.8900	97.8900		97.8900	**97.8800**	.0050	682
Eurodollar (CME)-$1,000,000; pts of 100%							
May	97.6525	97.6575		97.6500	**97.6525**	.0025	394,069
June	97.6200	97.6400		97.6200	**97.6300**	.0100	1,710,730
Dec	97.3600	97.3650	▼	97.3400	**97.3550**	−.0050	2,076,845
Dec'19	97.0150	97.0150	▼	96.9850	**97.0050**	−.0150	2,082,770

Currency Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
May	.9285	.9288		.9209	**.9217**	−.0090	168
June	.9313	.9321		.9227	**.9238**	−.0090	146,858
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
May	.7839	.7839		.7782	**.7786**	−.0061	119
June	.7848	.7851		.7785	**.7791**	−.0061	118,917
British Pound (CME)-£62,500; $ per £							
May	1.4027	1.4031		1.3946	**1.3950**	−.0085	1,251
June	1.4032	1.4064		1.3959	**1.3970**	−.0085	182,258
Swiss Franc (CME)-CHF 125,000; $ per CHF							
June	1.0297	1.0305	▼	1.0262	**1.0266**	−.0038	63,800
Australian Dollar (CME)-AUD 100,000; $ per AUD							
May	.7660	.7680	▼	.7601	**.7602**	−.0122	431
June	.7667	.7683	▼	.7600	**.7602**	−.0066	106,505
July	.7668	.7678	▼	.7612	**.7604**	−.0122	228
Aug	.7656	.7678	▼	.7612	**.7605**	−.0122	105
Sept	.7666	.7685	▼	.7605	**.7607**	−.0122	997
Dec	.7643	.7643	▼	.7615	**.7614**	−.0122	395
Mexican Peso (CME)-MXN 500,000; $ per MXN							
June	.05343	.05352		.05229	**.05246**	−.00095	235,803
Sept	.05220	.05276	▼	.05161	**.05173**	−.00094	1,095
Euro (CME)-€125,000; $ per €							
May	1.2300	1.2304	▼	1.2220	**1.2223**	−.0079	1,150
June	1.2330	1.2339		1.2247	**1.2254**	−.0079	493,444

Index Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
June	24542	24554		24290	**24414**	−19	96,488
Sept	24539	24581		24314	**24433**	−22	2,400
S&P 500 Index (CME)-$250 x index							
June	2681.60	2683.60		2657.80	**2671.30**	−0.30	70,753
Mini S&P 500 (CME)-$50 x index							
June	2683.00	2684.75		2657.25	**2671.25**	−0.25	2,897,639
Sept	2687.75	2689.25		2661.75	**2676.00**	−0.50	90,036
Mini S&P Midcap 400 (CME)-$100 x index							
June	1909.00	1913.50		1893.30	**1901.90**	.50	75,891
Mini Nasdaq 100 (CME)-$20 x index							
June	6705.5	6728.0		6616.8	**6667.0**	−9.3	228,733
Sept	6741.3	6755.5		6644.0	**6693.0**	−9.8	10,347
Mini Russell 2000 (ICE-US)-$100 x index							
June	1573.20	1574.20		1556.70	**1565.30**	−1.50	9,985
Mini Russell 1000 (ICE-US)-$100 x index							
June	1481.50	1488.00		1476.60	**1482.00**	.80	56
U.S. Dollar Index (ICE-US)-$1,000 x index							
June	90.14	90.75		90.08	**90.71**	.63	29,519
Sept	89.66	90.31		89.64	**90.26**	.63	1,308

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Monday, April 23, 2018

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.

	Monday
Energy	
Propane,tet,Mont Belvieu-g	**0.8325**
Butane,normal,Mont Belvieu-g	**0.9542**
NaturalGas,HenryHub-i	**2.740**
NaturalGas,TranscoZone3-i	**2.680**
NaturalGas,TranscoZone6NY-i	**2.710**
NaturalGas,PanhandleEast-i	**2.030**
NaturalGas,Opal-i	**1.920**
NaturalGas,MarcellusNE PA-i	**1.880**
NaturalGas,HaynesvilleN.LA-i	**2.630**
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	**61.450**
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	**12.450**
Metals	
Gold, per troy oz	
Engelhard industrial	**1328.90**
Engelhard fabricated	**1428.57**
Handy & Harman base	**1324.30**
Handy & Harman fabricated	**1469.97**
LBMA Gold Price AM	***1340.15**
LBMA Gold Price PM	***1336.75**
Krugerrand,wholesale-e	**1375.14**
Maple Leaf-e	**1388.36**
American Eagle-e	**1388.36**
Mexican peso-e	**1602.24**
Austria crown-e	**1299.07**
Austria phil-e	**1388.36**
Silver, troy oz.	
Engelhard industrial	**16.7800**
Engelhard fabricated	**20.1360**
Handy & Harman base	**16.6510**
Handy & Harman fabricated	**20.8140**
LBMA spot price	***£12.1500**
(U.S.$ equivalent)	***17.1100**
Coins,wholesale $1,000 face-a	**12272**
Other metals	
LBMA Platinum Price PM	***933.0**
Platinum,Engelhard industrial	**923.0**
Platinum,Engelhard fabricated	**1023.0**
Palladium,Engelhard industrial	**986.0**
Palladium,Engelhard fabricated	**1086.0**
Aluminum, LME, $ per metric ton	***2463.0**
Copper,Comex spot	**3.1080**
Iron Ore, 62% Fe CFR China-s	**67.6**
Shredded Scrap, US Midwest-s,m	**381**
Steel, HRC USA, FOB Midwest Mill-s	**878**
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	**0.5925**
Cotton,1 1/16 std lw-mdMphs-u	**0.8312**
Cotlook 'A' Index-t	***91.95**
Hides,hvy native steers piece fob-u	**n.a.**
Wool,64s,staple,Terr del-u,w	**n.a.**
Grains and Feeds	
Barley,top-quality Mnpls-u	**n.a.**
Bran,wheat middlings, KC-u	**103**
Corn,No. 2 yellow,Cent IL-bp,u	**3.4900**
Corn gluten feed,Midwest-u,w	**123.7**
Corn gluten meal,Midwest-u,w	**518.3**
Cottonseed meal-u,w	**258**
Hominy feed,Cent IL-u,w	**102**
Meat-bonemeal,50% pro Mnpls-u,w	**295**
Oats,No.2 milling,Mnpls-u	**2.7175**
Rice, Long Grain Milled, No. 2 AR-u,w	**25.75**
Sorghum,(Milo) No.2 Gulf-u	**n.a.**
SoybeanMeal,Cent IL,rail,ton48%-u	**376.80**
Soybeans,No.1 yllw IL-bp,u	**9.8350**
Wheat,Spring14%-pro Mnpls-u	**7.4800**
Wheat,No.2 soft red,St.Louis-bp,u	**4.6150**
Wheat - Hard - KC (USDA) $ per bu-u	**4.8325**
Wheat,No.1soft white,Portld,OR-u	**5.8075**
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	**193.32**
select 1-3,600-900 lbs.-u	**180.16**
Broilers, National comp wghtd-u,w	**1.0875**
Butter,AA Chicago	**2.3200**
Cheddar cheese,bbl,Chicago	**149.00**
Cheddar cheese,blk,Chicago	**163.00**
Milk,Nonfat dry,Chicago lb.	**83.25**
Cocoa,Ivory Coast-w	**n.a.**
Coffee,Brazilian,Comp	**1.1749**
Coffee,Colombian, NY	**1.3801**
Eggs,large white,Chicago-u	**1.2650**
Flour,hard winter KC	**15.20**
Hams,17-20 lbs,Mid-US fob-u	**n.a.**
Hogs,Iowa-So. Minnesota-u	**60.24**
Pork bellies,12-14 lb MidUS-u	**1.2410**
Pork loins,13-19 lb MidUS-u	**0.8582**
Steers,Tex.-Okla. Choice-u	**n.a.**
Steers,feeder,Okla. City-u,w	**165.63**
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	**28.9800**
Grease,choice white,Chicago-h	**0.2200**
Lard,Chicago-u	**n.a.**
Soybean oil,crude;Centl IL-u	**0.2939**
Tallow,bleach;Chicago-h	**0.2475**
Tallow,edible,Chicago-u	**0.2950**

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 4/20

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					
1897.46	-2.4	U.S. Aggregate	**3.300**	2.380	3.300
U.S. Corporate Indexes Bloomberg Barclays					
2705.75	-3.3	U.S. Corporate	**3.930**	3.030	3.930
2565.97	-2.0	Intermediate	**3.630**	2.530	3.630
3701.51	-6.0	Long term	**4.570**	3.990	4.570
552.75	-2.6	Double-A-rated	**3.380**	2.470	3.380
698.67	-3.1	Triple-B-rated	**4.210**	3.340	4.210
High Yield Bonds Merrill Lynch					
417.39	-0.1	High Yield Constrained	**6.191**	5.373	6.417
428.21	1.9	Triple-C-rated	**9.883**	9.607	11.091
2851.25	-0.3	High Yield 100	**5.939**	4.948	6.319
378.43	-0.1	Global High Yield Constrained	**5.617**	4.934	5.755
306.88	0.2	Europe High Yield Constrained	**2.805**	1.897	2.957
U.S Agency Bloomberg Barclays					
1617.10	-1.2	U.S Agency	**2.770**	1.690	2.770
1450.98	-0.7	10-20 years	**2.660**	1.510	2.660
3252.79	-3.9	20-plus years	**3.400**	2.730	3.400
2408.91	-2.2	Yankee	**3.590**	2.610	3.590

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Mortgage-Backed Bloomberg Barclays					
1949.21	-1.9	Mortgage-Backed	**3.440**	2.660	3.440
1916.43	-1.9	Ginnie Mae (GNMA)	**3.410**	2.630	3.410
1142.68	-2.0	Fannie mae (FNMA)	**3.440**	2.670	3.440
1760.13	-2.0	Freddie Mac (FHLMC)	**3.460**	2.680	3.460
515.30	-1.3	Muni Master	**2.585**	1.736	2.585
358.51	-1.9	7-12 year	**2.641**	1.744	2.641
404.99	-1.7	12-22 year	**2.925**	2.213	2.925
392.56	-1.9	22-plus year	**3.326**	2.716	3.326
Global Government J.P. Morgan†					
539.87	-0.8	Global Government	**1.600**	1.300	1.650
748.38	-0.9	Canada	**2.320**	1.570	2.340
373.46	0.8	EMU§	**1.128**	0.956	1.311
710.24	-0.03	France	**0.920**	0.690	1.040
504.03	-0.7	Germany	**0.640**	0.330	0.740
289.74	0.4	Japan	**0.380**	0.350	0.460
557.01	-0.6	Netherlands	**0.730**	0.460	0.830
912.42	-2.0	U.K.	**1.730**	1.340	1.830
n.a.	n.a.	Emerging Markets **	**n.a.**	n.a.	n.a.

*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	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.250	**U.S.** 2	**2.474** ▲	2.466	2.266	1.188			
2.750	10	**2.974** ▲	2.962	2.817	2.248			
4.500	**Australia** 2	**2.136** ▲	2.113	2.038	1.666	**-33.8**	-35.3	**47.8**
2.250	10	**2.875** ▲	2.817	2.660	2.549	**-9.9**	-14.4	**30.1**
0.000	**France** 2	**-0.473** ▲	-0.483	-0.493	-0.303	**-294.8**	-294.9	**-149.1**
0.750	10	**0.849** ▲	0.808	0.764	0.939	**-212.5**	-215.4	**-130.9**
0.000	**Germany** 2	**-0.552** ▲	-0.562	-0.609	-0.790	**-302.7**	-302.8	**-197.9**
0.500	10	**0.640** ▲	0.592	0.529	0.255	**-233.4**	-237.0	**-199.3**
0.050	**Italy** 2	**-0.309** ▲	-0.314	-0.308	-0.012	**-278.4**	-278.0	**-120.0**
2.000	10	**1.796** ▲	1.771	1.880	2.280	**-117**	-119.1	**3.2**
0.100	**Japan** 2	**-0.128** ▲	-0.131	-0.156	-0.220	**-260.2**	-259.7	**-140.8**
0.100	10	**0.062** ▲	0.060	0.021	0.016	**-291.2**	-290.2	**-223.2**
1.400	**Spain** 2	**-0.322** ▼	-0.311	-0.335	-0.180	**-279.6**	-277.7	**-136.9**
1.400	10	**1.316** ▲	1.288	1.267	1.695	**-165.8**	-167.4	**-55.3**
2.000	**U.K.** 2	**0.873** ▲	0.832	0.893	0.099	**-160.1**	-163.4	**-108.9**
4.250	10	**1.538** ▲	1.482	1.447	1.036	**-143.**	-148.0	**-121.3**

Source: Tullett Prebon

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

April 23, 2018

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. '18	March '17
U.S. consumer price index			
All items	**249.554**	0.23	2.4
Core	**256.610**	0.32	2.1

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	**4.75**	4.75	4.75	4.00
Canada	**3.45**	3.45	3.45	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	**0.50**	0.50	0.50	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.69**	1.80	2.18	0.76

U.S. government rates

	Latest	Week ago	52-Week High	Low
Discount				
	2.25	2.25	2.25	1.50
Federal funds				
Effective rate	**1.7100**	1.7100	1.7100	0.8600
High	**1.9000**	1.9000	1.9000	1.0625
Low	**1.6800**	1.6500	1.7100	0.7000
Bid	**1.6800**	1.6800	1.7000	0.8200
Offer	**1.7100**	1.7100	1.7200	0.8300
Treasury bill auction				
4 weeks	**1.630**	1.620	1.720	0.695
13 weeks	**1.830**	1.760	1.830	0.820
26 weeks	**1.985**	1.945	1.985	0.955

Secondary market

	Latest	Week ago	52-Week High	Low
Fannie Mae				
30-year mortgage yields				
30 days	**4.205**	4.096	4.205	3.253
60 days	**4.233**	4.125	4.233	3.281

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money				
	3.50	3.50	3.50	2.75
Commercial paper (AA financial)				
90 days	**1.95**	2.29	2.31	1.01
Libor				
One month	**1.89711**	1.89426	1.89826	0.98856
Three month	**2.35954**	2.35509	2.36156	1.16650
Six month	**2.51563**	2.50313	2.51563	1.39906
One year	**2.76875**	2.74406	2.76875	1.69511
Euro Libor				
One month	**-0.402**	-0.402	-0.396	-0.420
Three month	**-0.365**	-0.365	-0.359	-0.389
Six month	**-0.321**	-0.324	-0.259	-0.339
One year	**-0.244**	-0.246	-0.138	-0.263
Euro interbank offered rate (Euribor)				
One month	**-0.372**	-0.371	-0.366	-0.374
Three month	**-0.328**	-0.329	-0.325	-0.332
Six month	**-0.270**	-0.270	-0.247	-0.279
One year	**-0.189**	-0.189	-0.121	-0.194

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**1.742**	33.500	2.068	0.791
MBS	**1.763**	113.380	1.971	0.794

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Apr	**98.185**	0.005	5376	1.815
Treasury May	**98.190**	unch.	1043	1.810
Treasury Jun	**98.060**	-0.005	609	1.940

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 22, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective March 22, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

	Week Ended Apr 20	Apr 13	52-Week High	Low
Federal funds (effective)				
	1.69	1.69	1.69	0.88
Commercial paper				
Nonfinancial				
1-month	**1.83**	1.81	1.86	0.83
2-month	**1.88**	1.89	1.90	0.86
3-month	**1.99**	2.00	2.01	0.91
Financial				
1-month	**1.85**	1.83	1.85	0.93
2-month	**1.99**	1.99	2.05	0.97
3-month	**2.17**	2.22	2.28	1.02
Discount window primary credit				
	2.25	2.25	2.25	1.50
Conventional mortgages				
	n.a.	n.a.	n.a.	n.a.
Treasury yields at constant maturities				
1-month	**1.66**	1.65	1.71	0.71
3-month	**1.81**	1.75	1.81	0.81
6-month	**2.01**	1.95	2.01	0.93
1-year	**2.18**	2.10	2.18	1.02
2-year	**2.42**	2.33	2.42	1.20
3-year	**2.56**	2.47	2.56	1.39
5-year	**2.73**	2.64	2.73	1.65
7-year	**2.83**	2.75	2.83	1.90
10-year	**2.88**	2.80	2.91	2.07
20-year	**2.96**	2.90	3.07	2.43

	Week Ended Apr 20	Apr 13	52-Week High	Low
Treasury yields (secondary market)				
1-month	**1.63**	1.62	1.68	0.69
3-month	**1.78**	1.72	1.78	0.80
6-month	**1.96**	1.90	1.96	0.91
TIPS				
5-year	**0.66**	0.61	0.68	0.01
7-year	**0.72**	0.68	0.78	0.20
10-year	**0.73**	0.70	0.79	0.28
20-year	**0.82**	0.82	0.94	0.60
Long-term avg	**0.86**	0.84	0.96	0.65
Interest rate swaps				
1-year	**n.a.**	n.a.	n.a.	n.a.
2-year	**n.a.**	n.a.	n.a.	n.a.
3-year	**n.a.**	n.a.	n.a.	n.a.
4-year	**n.a.**	n.a.	n.a.	n.a.
5-year	**n.a.**	n.a.	n.a.	n.a.
7-year	**n.a.**	n.a.	n.a.	n.a.
10-year	**n.a.**	n.a.	n.a.	n.a.
30-year	**n.a.**	n.a.	n.a.	n.a.
Corporate bonds, Moody's seasoned				
Aaa	**n.a.**	n.a.	n.a.	n.a.
Baa	**n.a.**	n.a.	n.a.	n.a.
State and local bonds				
	n.a.	n.a.	n.a.	n.a.
Eurodollars				
1 month	**n.a.**	n.a.	n.a.	n.a.
3 month	**n.a.**	n.a.	n.a.	n.a.
6 month	**n.a.**	n.a.	n.a.	n.a.

Notes on data:

Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; **Commercial paper rates** are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; **Discount window primary credit rate** is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; **rate** is average for seven days ended Wednesday; **Inflation-indexed long-term TIPS** average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more; **Swap rates** are International Swaps and Derivatives Association (ISDA(R)) mid-market par rates for a fixed-rate payer, who in return receives three-month Libor, and are based on rates collected at 11:00 a.m. ET by Garban Intercapital PLC; Source is Reuters; **Moody's triple-AAA** rates are averages of industrial bonds only; **Muni rates** are Thursday quotes based on the Bond Buyer Index for general obligation, 20 years to maturity, mixed quality debt; **Mortgage rates** are contract rates on commitments for fixed-rate first mortgages

Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, www.federalreserve.gov/releases/h15/data.htm

Corporate Debt

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
NextEra Energy Capital Holdings	NEE	3.550	May 1, '27	91	−16	n.a.	161.13	0.21
Citigroup	C	6.300	May 15, '49	228	−15	n.a.	69.48	−0.74
Juniper Networks	JNPR	4.600	March 15, '21	79	−15	n.a.	24.33	−0.08
Allergan	AGN	3.375	Sept. 15, '20	90	−11	n.a.	159.89	0.87
Syngenta Finance AG	SYNNVX	4.441	April 24, '23	162	−9	n.a.	...	...
Amazon.com	AMZN	1.900	Aug. 21, '20	35	−7	42	1517.86	−0.63
Ford Motor Credit	F	3.157	Aug. 4, '20	82	−7	n.a.	...	...
General Electric	GE	6.750	March 15, '32	155	−7	160	14.52	−0.14

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Exxon Mobil	XOM	2.222	March 1, '21	21	30	22	79.57	0.72
Barclays	BACR	4.337	Jan. 10, '28	165	28	156	...	...
CBS	CBS	4.000	Jan. 15, '26	136	27	128	49.71	0.77
Morgan Stanley	MS	4.350	Sept. 8, '26	149	24	n.a.	53.64	−1.51
Citigroup	C	4.000	Aug. 5, '24	133	20	n.a.	69.48	−0.74
BPCE S.A.	BPCEGP	4.875	April 1, '26	189	18	n.a.	...	...
AT&T	T	2.450	June 30, '20	58	15	n.a.	34.89	0.63
Qualcomm	QCOM	4.650	May 20, '35	161	14	n.a.	50.53	−1.77

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
Level 3 Financing	LVLT	5.250	March 15, '26	101.625	4.38	97.500	...	...
Sears Holdings	SHLD	6.625	Oct. 15, '18	85.000	2.00	n.a.	3.24	7.64
Community Choice Financial	CCFI	10.750	May 1, '19	72.000	0.75	65.000	...	...
Consolidated Communications	CNSL	6.500	Oct. 1, '22	92.500	0.75	92.000	10.93	−0.36
Micron Tech*	MU	5.250	Jan. 15, '24	103.938	0.60	103.637	49.02	−3.16
PetSmart	PETM	7.125	March 15, '23	58.813	0.56	58.500	...	...
Aker Bp Asa	DETNOR	5.875	March 31, '25	103.750	0.50	104.000	...	...
Denbury Resources	DNR	4.625	July 15, '23	82.000	0.50	79.250	3.19	2.90

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
McDermott Escrow 1	MDR	10.625	May 1, '24	99.250	−2.53	98.875	...	...
Sanchez Energy	SN	6.125	Jan. 15, '23	73.781	−2.47	77.250	3.16	−0.32
Staples	SPLS	8.500	Sept. 15, '25	93.500	−2.00	96.000	...	...
Weatherford International	WFT	5.950	April 15, '42	70.750	−2.00	73.500	2.59	0.78
Ultra Resources	UPL	7.125	April 15, '25	68.875	−1.63	73.375	2.61	−0.76
DISH DBS	DISH	5.875	Nov. 15, '24	89.250	−1.50	92.750	...	...
Sprint Communications	S	6.000	Nov. 15, '22	100.125	−1.50	102.750	...	...
TRU Taj	TOY	12.000	Aug. 15, '21	88.500	−1.50	89.500	...	...

*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

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

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:
- ▲-New 52-week high.
- ▼-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.

Monday, April 23, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	24.16	-0.04
ADT	ADT	8.95	-0.35
AES	AES	11.86	0.24
Aflac	AFL	45.30	0.02
AGNC Invt	AGNC	18.79	0.13
Arconic	ARNC	22.05	-1.21
AristaNetworks	ANET	254.18	-6.47
ArrowElec	ARW	77.63	-0.22
AspenTech	AZPN	86.32	0.48
AstraZeneca	AZN	35.52	0.18
AthenaHealth	ATHN	143.25	-2.82
Athene	ATH	49.65	0.31
Atlassian	TEAM	58.98	0.77
CH Robinson	CHRW	93.71	0.03
CIT Group	CIT	53.16	0.19
CME Group	CME	164.20	-0.88
CMS Energy	CMS	45.37	0.18
CNA Fin	CNA	49.91	-0.01
CNOOC	CEO	166.11	-1.72
CPFLEnergia	CPL	13.85	-0.17
CRH	CRH	35.11	-0.23
CSX	CSX	60.34	0.30
Markel	MKL	1165.11	12.03
MarketAxess	MKTX	202.06	-0.44
Marriott	MAR	137.63	0.15
Marsh&McLen	MMC	83.48	0.58
MartinMarietta	MLM	196.93	0.21
MarvellTech	MRVL	20.36	-0.18
Masco	MAS	39.45	0.21
Mastercard	MA	175.43	-1.65
MatchGroup	MTCH	46.41	-0.30
MaximIntProducts	MXIM	53.80	-0.60
PPL	PPL	28.08	0.19
PTC	PTC	84.96	0.91
PVH	PVH	160.26	0.78
Paccar	PCAR	69.41	0.23
PackagingCpAm	PKG	117.31	1.18
PacWestBancorp	PACW	52.07	1.09
PagSeguroDig	PAGS	35.72	-1.02
PaloAltoNtwks	PANW	192.27	0.20
ParkerHannifin	PH	171.96	-4.43
SemicondctrMfg	SMI	6.51	-0.14
SempraEnergy	SRE	109.30	-0.51
ServiceCorp	SCI	38.60	-0.01
ServiceMaster	SERV	50.98	-0.59
ServiceNow	NOW	167.51	-1.39
ShawComm B	SJR	21.00	0.12
SherwinWilliams	SHW	387.71	-4.68
ShinhanFin	SHG	42.99	0.43
Shire	SHPG	160.08	-4.29
21stCenturyFoxA	FOXA	36.49	-0.19
Twitter	TWTR	31.22	-0.69
▲ TylerTech	TYL	227.50	0.97
TysonFoods	TSN	70.22	1.02
UBS Group	UBS	17.13	-0.52
UDR	UDR	35.12	-0.03
UGI	UGI	46.90	0.57
US Foods	USFD	33.85	-0.25
UbiquitiNetworks	UBNT	72.19	-2.05
YumChina	YUMC	39.75	-0.98
ZTO Express	ZTO	16.68	0.20
ZayoGroup	ZAYO	37.56	0.31
ZebraTech	ZBRA	139.56	-2.59
Zillow A	ZG	47.69	0.99
Zillow C	Z	47.94	0.76
ZimmerBiomet	ZBH	111.24	0.92
ZionsBancorp	ZION	54.26	0.46
Zoetis	ZTS	85.30	-0.15

Dividend Changes

Dividend announcements from April 23.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
American Water Works	AWK	2.2	.455/.415	Q	Jun01/May11
Cross Timbers Royalty Tr	CRT	11.5	.1311/.08966	M	May14/Apr30
Dominion Energy Midstream	DM	8.9	.334/.318	Q	May15/May04
Enduro Royalty Trust	NDRO	20.4	.0596/.0405	M	May14/Apr30
Green Plains Partners Un	GPP	10.8	.475/.47	Q	May11/May04
Hi-Crush Partners	HCLP	7.5	.225/.20	Q	May15/May01
Holly Energy Partners	HEP	8.7	.655/.65	Q	May10/Apr30
Park National	PRK	3.5	.96/.94	Q	Jun08/May18
People's United Finl	PBCT	3.8	.175/.1725	Q	May15/May01
San Juan Basin Royalty Tr	SJT	6.9	.0392/.0308	M	May14/Apr30
Value Line	VALU	3.5	.19/.18	Q	May10/Apr30
VOC Energy Trust	VOC	14.5	.18/.11	Q	May15/Apr30
Reduced					
Permian Basin Royalty Tr	PBT	6.2	.0522/.07452	M	May14/Apr30
Stocks					
Atossa Genetics	ATOS		1:12		/Apr20
Foreign					
Braskem ADR	BAK	2.8	1.10883		/May03
CPFL Energia ADR	CPL	2.3	.16162	SA	/May01
Hoegh LNG Partners	HMLP	9.8	.44	Q	May15/May04
Itau Unibanco Holding ADR	ITUB	0.4	.00443		Jun11/May03
Southern Copper	SCCO	2.2	.30	Q	May23/May09
TIM Participacoes ADR	TSU	0.3	.06264	A	Jun26/Apr30
Transalta Corp	TAC	2.4	.03184	Q	Jul03/Jun01
Unilever ADR	UN		.4789		Jun06/May04
Unilever ADR	UL	3.3	.4789		Jun06/May04
Special					
Park National	PRK	3.5	.25		Jun08/May18
Suspended					
Hugoton Royalty Trust Un	HGT			M	May14/

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Monday, April 23, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
HamiltonLane	HLNE	41.21	1.5
HarvardBioSci	HBIO	6.15	3.5
Heico A	HEI.A	78.65	0.2
Heico	HEI	93.16	0.2
HighPointResources	HPR	6.40	4.9
HollyFrontier	HFC	59.14	1.4
ICF Intl	ICFI	68.05	0.5
IcahnEnterprises	IEP	64.44	3.3
IndepBankMI	IBCP	24.80	2.7
RichardsonElec	RELL	9.00	0.6
RingEnergy	REI	17.03	3.0
RuthsHospitality	RUTH	26.90	...
SINOPEC	SHI	65.68	0.7
SRC Energy	SRCI	11.28	2.7
SodaStream	SODA	97.57	0.8
SouthernFirstBcsh	SFST	47.50	0.1
StarsGroup	TSG	33.50	14.2
StateBankFin	STBZ	32.20	1.1
AlaskaCommSys	ALSK	1.39	-3.9
AllianceResource	ARLP	16.15	-0.9
Altimmune	ALT	0.65	-1.1
Amarin	AMRN	2.76	-4.1
AmElecTch	AETI	0.70	-7.2
ArgosTherap	ARGS	0.26	-2.1
Atento	ATTO	7.45	-1.3
AtossaGenetics	ATOS	2.85	-15.1
AxovantSciences	AXON	1.02	-2.8

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Monday, April 23, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
iShMSCI EAFE SC	SCZ	66.14	–0.21	2.5
SchwabUS LC	SCHX	63.83	–0.02	0.1
SPDR DJIA Tr	DIA	244.35	–0.05	–1.2
SPDR S&PMdCpTr	MDY	345.80	–0.01	0.1
SPDR S&P 500	SPY	266.57	–0.02	–0.1

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least $500 million each.

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.

Monday, April 23, 2018

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	45.52	-0.11	4.8
American Funds Cl A			
AmcpA p	33.15	-0.04	5.3
AMutlA p	40.18	+0.09	-1.1
BalA p	26.90	...	-0.6
BondA p	12.50	-0.01	-2.4
CapIBA p	60.81	+0.03	-2.4
CapWGrA	51.78	-0.10	1.7
Baird Funds			
AggBdInst	10.55	-0.01	-2.4
CorBdInst	10.90	-0.01	-2.2
BlackRock Funds A			
GlblAlloc p	19.62	-0.06	-0.4
BlackRock Funds Inst			
EqtyDivd	22.63	+0.05	-0.2
GlblAlloc	19.75	-0.06	-0.3
StratIncOpptyIns	9.88	-0.01	0.2
US Small	36.19	...	0.9
US SmCpVal	38.15	+0.07	0.6
US TgdVal	24.94	+0.05	0.3
USLgVa	38.74	+0.04	-0.5
Dodge & Cox			
Balanced	105.14	+0.15	-0.1
GblStock	13.78	+0.01	-0.6
Income	13.44	-0.01	-1.4
Intl Stk	46.35	-0.02	0.1

UBS Group Earnings Jump 19%

By Brian Blackstone And Pietro Lombardi

UBS Group AG reported a sharp rise in first-quarter profit, driven by strong growth in wealth management and investment banking, although a rise in costs and decline in invested assets prompted shares to fall.

The Swiss banking giant said net profit rose 19% to 1.51 billion Swiss francs ($1.55 billion), beating analysts' forecasts of 1.38 billion francs. Operating income rose to about 7.70 billion francs from 7.53 billion francs a year earlier.

The profit comes after UBS posted a loss of 2.3 billion francs in the final quarter of 2017 because of a write-down of deferred-tax assets as a result of U.S. tax overhauls.

"In absolute terms, these are decent results," analysts at Morgan Stanley said, while noting costs were higher than expected.

Total invested assets were 3.16 trillion francs in the latest quarter, down from 3.18 trillion francs in the fourth quarter.

UBS shares fell 2.5% in Zurich trading Monday.

The bank's global wealth-management unit reported a 7% increase in adjusted pretax profit, at 1.13 billion francs, with 19 billion francs in net new money in the quarter. That just missed analysts' expectations of 1.2 billion francs, according to a consensus forecast provided by the company.

The investment-banking division reported a pretax profit of 589 million francs, well above the 463 million francs expected, according the consensus.

The bank cited "increased client activity" among the factors driving growth in wealth management.

The first three months of 2018 were characterized by volatile swings in equity markets, with stocks rising to start the year, plunging in early February, then recouping much of those losses.

UBS in recent years has shifted toward managing money for wealthy clients while streamlining its investment bank. In January, UBS combined its wealth-management business for the Americas with its global wealth-management division, a move analysts said should cut costs.

The bank on Monday said the outlook for global economic growth remains supported, "even though geopolitical tensions and the rise of protectionism remain a threat to investor confidence."

UBS cautioned that "while higher compared with last year's historic lows, market volatility remains muted overall" which is typically less beneficial in terms of client activity.

California Treasurer Assails Wells CEO

By Emily Glazer

California state Treasurer John Chiang called for the removal of Wells Fargo & Co. Chief Executive Timothy Sloan, citing the bank's widespread problems.

Mr. Chiang, who has been voicing his frustrations since Wells Fargo's sales-practices scandal erupted in September 2016, described the bank as one that "reeks of betrayal" and is a "shadow of its former self" due to a "laundry list of misdeeds."

A Wells Fargo spokesman said the San Francisco-based bank has made "significant progress on making things right for our customers, and strengthening operational processes, compliance and oversight." He also cited work the bank has done for its home state, including in 2009 during the state's cash shortfall and a 2017 loan to the state for repairs to Oroville Dam north of Sacramento. The bank also noted its work assisting lower-income consumers with homeownership.

Wells Fargo is one of the top employers in California, with 40,000 workers. Mr. Chiang spoke Monday at an event in San Francisco scheduled a day before Wells Fargo's annual shareholder meeting in Des Moines, Iowa.

Mr. Chiang spent much of his speech questioning where the bank's management and board have been during its problems.

He said the lack of leadership has become more pronounced since Wells Fargo agreed last week to a $1 billion settlement with the Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency over its failure to manage risk, which led to more than $140 million in improper customer charges in its auto-lending and mortgage businesses.

Mr. Chiang also said he plans to ask board director John D. Baker at the bank's shareholder meeting Tuesday why he didn't do more to prevent the widespread problems. Mr. Baker, who joined Wells Fargo's board in 2009, is one of the longest-serving directors who hasn't indicated plans to step down.

Volkswagen Aims to Sell Bonds in the U.S.

By Nina Trentmann

CFO JOURNAL

Volkswagen AG is looking to return to the U.S. bond market for the first time since its emissions scandal, a move that would seal a successful turnaround for the German auto maker.

A frequent debt issuer before the diesel scandal, Volkswagen has relied on a €20 billion ($24.6 billion) bridge loan, asset-backed securities and commercial paper to cover its financial needs.

The company already has tested the waters in Europe, where its €8 billion bond issued a little over a year ago was snapped up by investors. It isn't clear when the U.S. deal would come to market or what the size of such an offering would be.

The auto maker's chief financial officer, Frank Witter, said reopening access to the bond market was a key focus of his job, which he took on less than a month after it was revealed in September 2015 that the auto maker systematically cheated on emissions tests in the U.S.

The recent management shake-up at Volkswagen hasn't altered its debt plans, the company said. Herbert Diess was appointed as chief executive of the auto maker earlier this month, abruptly replacing Matthias Müller. Mr. Witter also took on oversight of the company's information-technology unit as part of the changes. VW is scheduled to report earnings on Thursday.

Mr. Witter has been laying the groundwork for a comeback over the past 2½ years, meeting with scores of investors, bankers and analysts. He said he was "bluntly open" about the company's strengths and weaknesses with them.

KRISZTIAN BOCSI/BLOOMBERG NEWS

U.S. debt was last issued by Volkswagen in May 2015, before the disclosure it cheated on emissions tests. A VW factory in Germany.

"The communication we have seen from [Mr.] Witter has been a huge improvement compared with what we saw from Volkswagen in the past," said Kristina Church, an analyst at Barclays PLC.

Still, there is more work ahead to rehabilitate the company's reputation with investors. Default insurance on Volkswagen debt is more expensive than for other car makers, including Japanese competitor **Toyota Motor** Corp., a sign that investors remain cautious.

Volkswagen, which last issued U.S. debt in May 2015, has $1.8 billion of bonds maturing this year and another $1.75 billion in 2019. The auto maker could issue between $1.5 billion to $2 billion in dollar-denominated debt this year, said a banker familiar with the company.

Volkswagen at group level had €18.03 billion in cash at the end of 2017, but the company also faces high spending requirements. The diesel scandal cost over €19.1 billion as of Dec. 31, 2017. The company also pledged to spend €34 billion by 2022 on a wide-ranging mobility and digitization effort. Volkswagen had total borrowings of €163.47 billion, versus earnings of €11.63 billion as of Dec. 31, 2017.

Similar to its competitors, Volkswagen is still adjusting to the changes transforming the auto industry, including the move toward electric and self-driving vehicles and potential alterations to global trade networks.

"We are experimenting like many others with what the customer really wants," Mr. Witter said. Volkswagen invested in ride-hailing company Gett and in car-sharing company Moya under his watch.

The car maker set up a pilot factory in Salzgitter, around 33 miles away from its home in Wolfsburg, where it builds battery cells for electric cars. Volkswagen currently sources such batteries from third-party suppliers such as **LG Electronics** Inc. The company could make its own batteries in the future if there is a cost benefit or a technological advantage to it, Mr. Witter said.

CHINA

Continued from page B1

sold $3 billion of similar debt, the issue was nearly four times oversubscribed. The drop in demand occurred even though the more recent deal offered higher yields.

Chinese state-owned steel producer Shougang Group issued $500 million of one-year debt in late March, with a yield of 3.95%, attracting $1.4 billion of orders. When it issued $400 million of five-year debt last September, at a lower yield of 3.478%, orders totaled $2.8 billion.

"Those kinds of 10 times oversubscribed order books, those are a thing of the past," said Terence Chia, head of the Asia-Pacific debt capital-markets syndicate at Credit Suisse in Hong Kong.

Some Chinese companies are facing higher offshore borrowing costs, especially real-estate firms, which have in recent years turned to these markets for funding.

ANDY WONG/ASSOCIATED PRESS

Demand fell for a recent bond by China National Chemical although yields were higher than last year.

Fantasia Holdings Group Co., a Chinese property developer, has tapped the dollar bond market multiple times over the past year to refinance existing debt. In February, the company sold $300 million in dollar notes that mature in 364 days at a yield of 7.25%. That was nearly 2 percentage points higher than the 5.5% it paid to issue the same short-dated dollar debt in June 2017.

Chinese property developer **Guangzhou R&F Properties** Co. priced $600 million in three-year dollar debt at a yield of 7% recently. It paid less to issue longer-dated debt back in November, when it sold $500 million in dollar debt that matures in 2023 at a yield of 5.875%. That's unusual, because investors usually demand higher yields for longer-term bonds because of the greater risk involved.

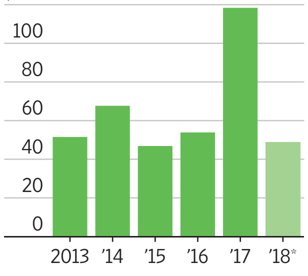
The higher yields are attracting investors, said Paul Lukaszewski, head of Asian corporate debt and emerging-market credit research at Aberdeen Standard Investments in Singapore, "as they give a decent yield pickup over their Asian counterparts."

The difference, or spread, between yields on Asian emerging-market corporate bonds over U.S. government bonds was 1.67 percentage points recently, lower than the 2.25 percentage-point spread for global emerging-market bonds, according to data from ICE.

Meanwhile, Chinese investors are finding it harder to borrow money to buy offshore bonds to juice returns, thanks to higher dollar funding costs and Beijing's crackdown on leverage, or investing with borrowed money. The three-month London interbank offered rate to borrow dollars has surged to 2.36%, a nearly 10-year high, from 1.69% at the end of last year.

Tapping the Brakes

Dollar bonds issued by Chinese companies



*Through April 23
Source: Dealogic

THE WALL STREET JOURNAL.

China's domestic bond market, where bonds are denominated in yuan, has started to look attractive by comparison. The average yield on AAA-rated, three-year Chinese corporate bonds has fallen by 0.89 percentage point to 4.4% this year. Yields fall when bond prices rise.

The pullback has created room for other investors in Chinese corporate dollar bonds. Shaw Yann Ho, head of Asian fixed income at J.P. Morgan Asset Management in Hong Kong, said she can now buy bigger amounts of the bonds she likes. For example, she can typically get up to $25 million of bonds in the primary market, up from $2 million to $5 million last year.

"Now, everyone gets a bigger share," she said.

Small-Cap Trading Plan Is Criticized

By Alexander Osipovich

A proposal backed by the Trump administration to make the U.S. stock market more attractive for smaller companies came under criticism on Monday, as rivals called it a give-away to **Nasdaq** Inc. and the New York Stock Exchange.

The proposal would allow small-cap firms to restrict trading in their shares to the exchange where they are listed, instead of the 12 exchanges currently in operation. Proponents say it would boost liquidity for small-cap stocks by funneling activity in their shares to one exchange.

That would also benefit Nasdaq and the NYSE, which dominate the market for U.S. corporate listings and could gain market share at the expense of competitors. Nasdaq floated the idea last year, and the Treasury Department endorsed it in October.

Securities and Exchange Commission Chairman Jay Clayton, a Trump appointee, has vowed to make the U.S. stock market work better for smaller companies. In a speech last week, he questioned whether small-caps were well served by a highly fragmented U.S. stock market.

Brad Katsuyama, chief executive of upstart stock exchange **IEX Group** Inc., blasted the Nasdaq plan in a meeting at the SEC on Monday.

"It's anticompetitive, in a way the commission has historically rejected," he said. IEX is seeking to start its own corporate-listings business.

Virtu Financial Inc., a high-speed trading firm, voiced doubt that tinkering with the plumbing of the U.S. stock market would stimulate trading in small-caps. "Liquidity in these names is actually pretty good," Stephen Cavoli, a senior vice president at Virtu, said at the SEC meeting.

Virtu runs a massive off-exchange trading business that executes many of the orders entered by customers of retail brokers. Such "internalizers" handle orders that otherwise might get executed at exchanges like the NYSE and Nasdaq. Internalizers could lose business if regulators push more trading onto exchanges.

Currently, around a dozen exchanges and more than 30 off-exchange "dark pools" compete for trades in U.S. equities. Much of that fragmentation resulted from past SEC efforts to break the dominance of the NYSE and Nasdaq and bring more competition to the trading space.

Nasdaq says that brokers who specialize in small-cap trades have a tough time navigating the complexity of U.S. markets. For such brokers, "having to trade potentially in 13 places is a challenge," Nasdaq chief economist Frank Hatheway said on Monday.

Advocates for small-caps say that thin liquidity hurts the sector. Light trading volumes in a company's shares can make it harder for the company to raise capital, said Adam Epstein, founder of Third Creek Advisors, which advises small-cap firms.

"It's a pretty austere challenge for these companies," he said at the SEC meeting.

Stock Trading Volume Hits 2018 Nadir

Correction in S&P 500 reaches 51st day, as higher bond yields deter risk taking

By Michael Wursthorn And Riva Gold

The S&P 500 was largely unchanged Monday as a stock-market rally that once appeared unstoppable entered its longest stretch of vulnerability since the financial crisis.

MONDAY'S MARKETS

Monday's increase of less than 0.1% marked the 51st trading day since the index suffered a correction—a decline of at least 10% from a recent high—its longest stretch in correction territory since 2008.

Investors tepidly traded most of the day, with the fewest number of shares changing hands since Dec. 29. Analysts said many investors held off on making any meaningful changes to their stock portfolios to see whether a selloff in government bonds would push the benchmark 10-year U.S. Treasury note past the milestone of 3%, a level it hasn't reached since 2013.

The long-dated Treasury note reached as high as 2.996% in early trading Monday before moving back down to 2.973%.

The 10-year Treasury yield is a key metric affecting borrowing costs for companies and consumers, and some analysts worry that rising rates can threaten economic growth and corporate profitability.

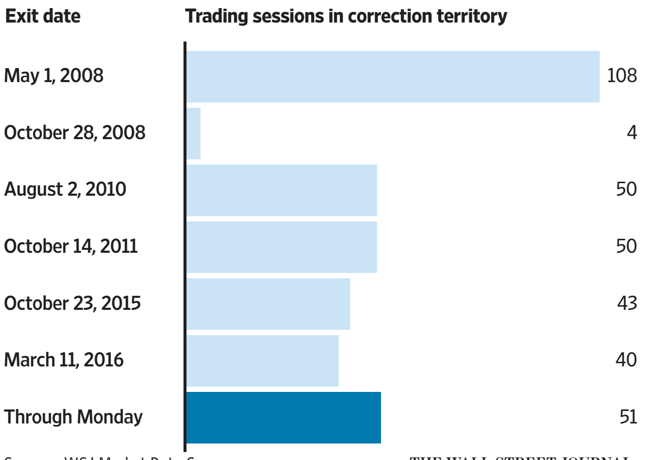
"This has investors debating whether the rise in Treasury rates will be enough to downgrade the strength of the economy," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management.

Mr. Schutte and other analysts say rates would have to move meaningfully higher to significantly disrupt the U.S. economy.

Key economic indicators, from manufacturing activity to retail sales, remain strong despite recent data showing some signs of slowing, he added.

Injured Index

The S&P 500 has been in correction territory for 51 trading days through Monday.



Sources: WSJ Market Data Group THE WALL STREET JOURNAL.

Still, money managers are bracing for continued volatility as a raft of other inflationary pressures, including billions of dollars in tariffs on goods and signs of rising wages, are likely to force investors to consider big changes to their stock portfolios.

The S&P 500 rose 0.15 point, or less than 0.1%, to 2670.29, while the Dow Jones Industrial Average fell 14.25 points, or less than 0.1%, to 24448.69. The Nasdaq Composite declined 17.52 points, or 0.2%, to 7128.60.

Energy stocks, which tend to benefit from some inflationary pressures such as rising commodity prices, rose 0.6% in the S&P 500, extending the sector's gain for the month to 9.3%, the best of any other industry in the index.

A half percentage-point increase in the 10-year U.S. Treasury note earlier this year forced investors to consider whether the run-up in stock valuations could still be supported in an environment where less-risky assets offer a greater yield. That contributed heavily to the February selloff that initially knocked the Dow industrials and S&P 500 into correction territory.

Major indexes have attempted to mount a recovery since then as many investors said strong corporate earnings and continuing global growth would help keep equity valuations desirable.

But if the 10-year Treasury note climbs past 3% and shows signs of moving toward 3.25% and higher, investors will again be forced to ask whether it makes sense to stay invested in riskier assets with lower yields. The yield on the S&P 500 was about 2% earlier this month, according to S&P Dow Jones Indices.

Earlier, the Stoxx Europe 600 rose 0.4%, while most indexes in Asia inched lower. Early Tuesday, Japan's Nikkei Stock Average was up 0.7% and Hong Kong's Hang Seng was up 1.2%.

Also early Tuesday, Chinese markets rallied on a statement from the country's Politburo vowing policies to meet growth targets. At midday, the Shanghai Composite was up 2.1% and the Shenzhen Composite was up 1.8%.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	$143,260,910,500	$137,531,039,200
Accepted bids	$48,000,350,500	$42,000,244,700
" noncomp	$775,273,300	$750,467,500
" foreign noncomp	$1,000,000,000	$1,000,000,000
Auction price (rate)	99.537417	98.996472
	(1.830%)	(1.985%)
Coupon equivalent	1.864%	2.033%
Bids at clearing yield accepted	2.26%	76.71%
Cusip number	912796PR4	912796QE2

Both issues are dated April 26, 2018. The 13-week bills mature on July 26, 2018; the 26-week bills mature on Oct. 25, 2018.

Investors Flock to Vietnam as Curbs Ease

By Jake Maxwell Watts And P.R. Venkat

Global private-equity firms and sovereign-wealth funds are pouring record sums of money into Vietnam, fueled by a loosening of ownership restrictions in the communist nation's largest companies and accelerating economic growth.

At least $3 billion of stock sales by Vietnamese companies are taking place or being planned in coming weeks, including large initial public offerings by closely held companies. The government is also preparing to sell stakes in dozens of state-owned enterprises to domestic and foreign investors. Helping to underpin the deal activity is a recent surge in Vietnamese stocks that has seen the country's benchmark index become one of the world's best performers in 2018, gaining nearly 14%.

One of Vietnam's largest private-sector banks, **Techcombank**, on Monday priced a $922 million initial public offering, the country's largest-ever IPO. The shares were priced at $5.61 apiece, at the top end of their offered price range, reflecting strong investor demand for exposure to the Southeast Asian frontier market, bankers on the deal said.

Techcombank's offering drew investments from private-equity firm **Warburg Pincus** LLC, which came in as a pre-IPO investor. Singapore sovereign-wealth fund **GIC** Pte. Ltd. and Fidelity Management & Research Co. took up shares in the IPO, the bankers said.

Foreign funds took nearly 75% of the IPO shares, and the company will have a market capitalization of $6.5 billion when it begins trading on the country's main Ho Chi Minh Stock Exchange on June 4.

Morgan Stanley, **Deutsche Bank** AG and **Viet Capital Securities** are among the banks advising Techcombank on its offering, people familiar with the IPO said.

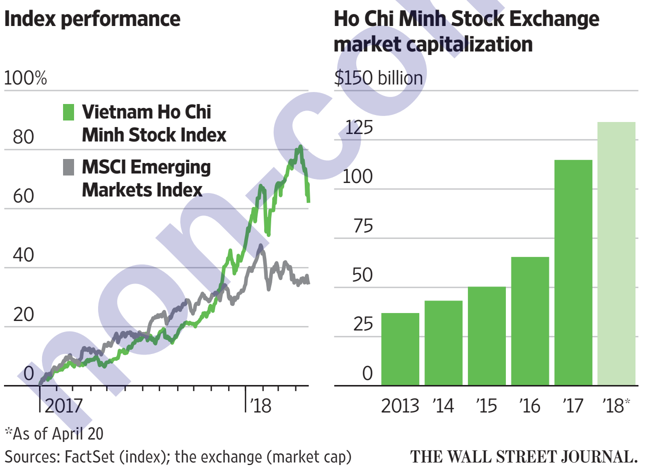
In what could be an even larger IPO, property developer

ORE HUYING/BLOOMBERG NEWS

Vietnam's economy expanded 6.8% last year, while the nation's main stock index is one of the world's top performers in 2018.

Ahead of the Pack

Vietnam's main stock index is outpacing peers. Newly listed companies, too, have added more depth to the Vietnamese market, attracting new investors.



Sources: FactSet (index); the exchange (market cap) THE WALL STREET JOURNAL.

Vingroup JSC is talking to potential cornerstone investors about a listing of its residential property business, Vinhomes, people familiar with the situation said. Such an offering could raise more than $2 billion, the people said.

Cornerstone investors are allotted shares in an IPO in exchange for committing to hold the stake for a specified period once a company has listed.

Singapore's GIC has already agreed to invest $1.3 billion in Vinhomes by purchasing stock in its IPO and a debt-like instrument in the company, Vingroup said last week. Malaysia's Employees Provident Fund is also looking to invest, people familiar with that deal said.

Vietnam, a country of 93 million people with a large, young and tech-savvy population, presents a rare opportunity for investors. Inefficient state conglomerates traditionally dominated the economy, until the government several years ago began restructuring the firms, saying it would sell or list hundreds of them to raise money for infrastructure spending.

"Recent deal activity represents a major inflection point for international investor interest in capital markets in Vietnam," said Vijay Vaidyanathan, Morgan Stanley's head of capital markets for Southeast Asia. "Investors are focusing on the compelling arguments on demographics, which are expected to drive strong growth across sectors."

Government companies for sale this year include large telecommunications operator **MobiFone** Corp., two electricity companies and other firms in sectors spanning health to transportation to manufacturing. The stake sales have helped boost the country's stock market. Daily turnover on Vietnam's largest exchange has soared from about $80 million in early 2017 to as high as $300 million this year.

Economic growth is humming, with the economy expanding 6.8% last year, according to official data. It is a stark turnaround from Vietnam's previously high levels of inflation and bad loans that crippled the banking industry before the government began rolling out overhauls.

The activity marks a sharp pickup from 2017, when private-equity and sovereign-wealth funds invested $260 million in a handful of deals, a fraction of the $32.2 billion across Southeast Asia, according to data provider Dealogic.

Crude Oil Claws Back To Notch Small Gain

By Alison Sider And Christopher Alessi

Oil prices rose to three-year highs, as tightening supplies and escalating geopolitical risks helped the market climb back from earlier losses.

U.S. crude for June delivery gained 24 cents, or 0.4%, to $68.64 a barrel on the New York Mercantile Exchange.

COMMODITIES

Brent, the global benchmark, advanced 65 cents, or 0.9%, to $74.71 a barrel on ICE Futures Europe.

Oil prices are at their highest since late 2014, but trading Friday and Monday has been volatile. President Donald Trump weighed in via Twitter Friday, blaming OPEC for what he called "artificially high" oil prices. On Monday, Iran's oil minister indicated that rising crude prices could mean OPEC's efforts are no longer needed, pressuring prices early in the session.

But investors are still bullish, as the factors that have driven prices, including strong demand, continued production cuts by the Organization of the Petroleum Exporting Countries and other major producers, as well as geopolitical risk to supply, remained intact. Bets on rising U.S. crude prices outnumber bets on falling prices more than 14 to 1, according to the most recent data from the Commodity Futures Trading Commission.

OPEC and its allies last week committed to keeping a tight grip on output for the rest of this year. Meanwhile, on Monday, Saudi Arabia said it intercepted two ballistic missiles fired at a Saudi Arabian Oil Co. facility by Yemen's Houthi rebels.

◆ Heard on the Street: New winners in the oil rally...... B14

STREET

Continued from page B1

poor, with sales per share for the S&P 500 rising at an annualized 4.5% since the 2009 trough, helped by buybacks. But even in the long boom of the 1990s, they grew only 4.9% a year. It is true that in the 2002-07 period the growth rate approached 10%, but that proved horribly unsustainable when the housing bubble burst. Over 25 years, sales have grown at only 3.7% a year when recessions are included.

Worse, we should expect economywide sales to grow roughly at the speed of the economy itself, including inflation. That would make 5% sales growth an optimistic upper bound, combining the Federal Reserve's 2% inflation target and 3% real economy growth—a speed not reached in a full year in more than a decade.

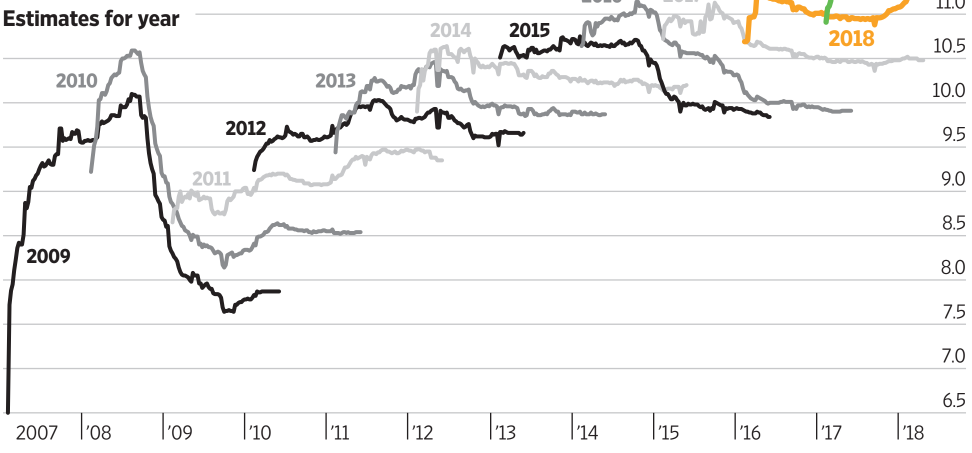
On this optimistic view, if margins drop back to 8%, it would be seven years before profits rose back to where they stand now.

The more bearish view is that margins will fall even further, perhaps back to the norms of the 1980s. "If you're going to cut the margin in half, you need a hell of a lot of productivity and sales growth to offset that," says Edward Perkin, chief equity investment officer at Eaton Vance Management in Boston. He expects falling margins to hurt eventually.

The reason for hope is that the S&P 500 isn't the U.S. economy. Big listed companies make half of their revenue overseas, where many economies are growing faster. The index has more exposure to tech than to the wider economy, and tech both has faster sales growth, thanks to disruption of old-line businesses, and fatter margins. More controversially, it is possible that

Selling More

Analysts are predicting higher total revenues for S&P 500 companies after years of disappointment.



Source: Thomson Reuters THE WALL STREET JOURNAL.

big companies face less competitive pressure than in the past, which would allow them to maintain higher margins than smaller businesses and the economy as a whole.

Still, even if we bump up our growth assumption by a full point and assume margins fall only to 9%, it would take five years before profits grew back to their current level.

These calculations are super simplified, but the long-term challenge they expose is being ignored, partly because the short term is expected to be great. The consensus for growth in total revenue and for sales per share is looking more like the start of a cycle than the end. Talk of higher wages hasn't yet shown up in the numbers. Finally, higher corporate debt makes the good times look even better, and so long as there is no recession looming, who cares if it also makes the bad times even worse?

None of this math will matter if capitalism is broken. Fat margins should attract new competitors trying to get their hands on some of the dough, driving margins back down again. But Silicon Valley increasingly looks like an oligopoly. Promising startups are bought by dominant companies, which choose not to compete with each other's core business. Weak antitrust enforcement has allowed companies to grow large in other sectors, too. Perhaps the real threat to margins comes from politics, and it matters whether these are disruptive companies helping the world or nasty monopolies that need dealing with.

MARKETS

Countries Try to Loosen the Dollar's Grip

Iran, China are among those backing other options, but currency's power seems secure

By Mike Bird And Ira Iosebashvili

A small but growing number of countries are stepping up efforts to wean themselves off the dollar, aiming to chip away at the U.S. currency's decadeslong dominance.

Iran last week became the latest when it pledged to replace the dollar with the euro in its foreign-currency accounting.

China introduced the world's first yuan-denominated oil contracts last month, part of a continuing effort to raise its currency's global profile, while Venezuela launched a bitcoin-like cryptocurrency earlier this year. Russia has ramped up its gold reserves to diversify away from the dollar. Still, none of these new efforts has threatened the dollar's global role.

Some analysts say the governments moving against the dollar may be trying to capitalize on growing unease among many nations, including U.S. allies, over recent or perceived shifts in U.S. trade policy, Washington's approach to global alliances and conflicting signals from the Trump administration about its preference for a strong dollar.

Increased uncertainty on those fronts could eventually fuel additional efforts to create an alternative to the dollar. For now, however, the attempts are unlikely to succeed, analysts and economists say, just as previous efforts had little or no success.

"The U.S. has been using financial sanctions very aggressively so, of course, countries like Russia and Iran will do what they can to move away from the dollar," said Kenneth S. Rogoff, a professor at Harvard University and the former chief economist of the International Monetary Fund.

For other nations, boosting use of their currencies would require substantial changes in policy. China's yuan, for example, is unlikely to increase its tiny share in global transactions until Beijing removes longstanding curbs on foreign investment, an effort that could take many years, analysts said.

The dollar's dominance looks secure. Nearly 60% of all countries, accounting for 76% of the world's gross domestic product, had exchange-rate regimes that were in some way anchored to the dollar in 2015, Mr. Rogoff's research found.

The U.S. currency is involved in nearly nine out of every 10 transactions in the daily $5.1 trillion foreign-exchange market, 2016 data from the Bank for International Settlements showed. The dollar makes up nearly two-thirds of the $11.42 trillion in foreign-exchange reserves held by central banks.

Over recent decades, there has been "a stunning rise in the dominance of the dollar," Mr. Rogoff said.

In fact, most nations would agree that there is a global benefit to doing business in one main currency, since it is easier and cheaper for companies to conduct international business and for investors to buy and sell commodities.

The euro gained traction internationally after its introduction in 1999, with a rise in cross-border lending denominated in the currency. But when the eurozone's sovereign-debt crisis raised the specter of countries defaulting on their debt, the chances of it supplanting the dollar were dashed.

In 2009, the euro peaked at 28% of global FX reserves. In data for the fourth quarter of 2017, the common currency made up around 20%, though some analysts expect that to move higher as the European Central Bank winds down stimulus and reverts to more traditional monetary policy.

The dollar's 5% decline in value over the past year reflects in part confusion over the Trump administration's policies on trade and other issues, said Barry Eichengreen, professor of economics at the University of California, Berkeley.

Administration officials also have at times offered conflicting signals on whether the U.S. favors a strong dollar, breaking a decades-old precedent of officials saying that a strong currency is in the country's best interest.

In January, U.S. Treasury Secretary Steven Mnuchin said a weaker dollar in the short term would be good for U.S. trade. Several days later, he said his comments had been taken out of context and reiterated that, in the long run, a stronger dollar "is a sign of the economic success of the U.S."

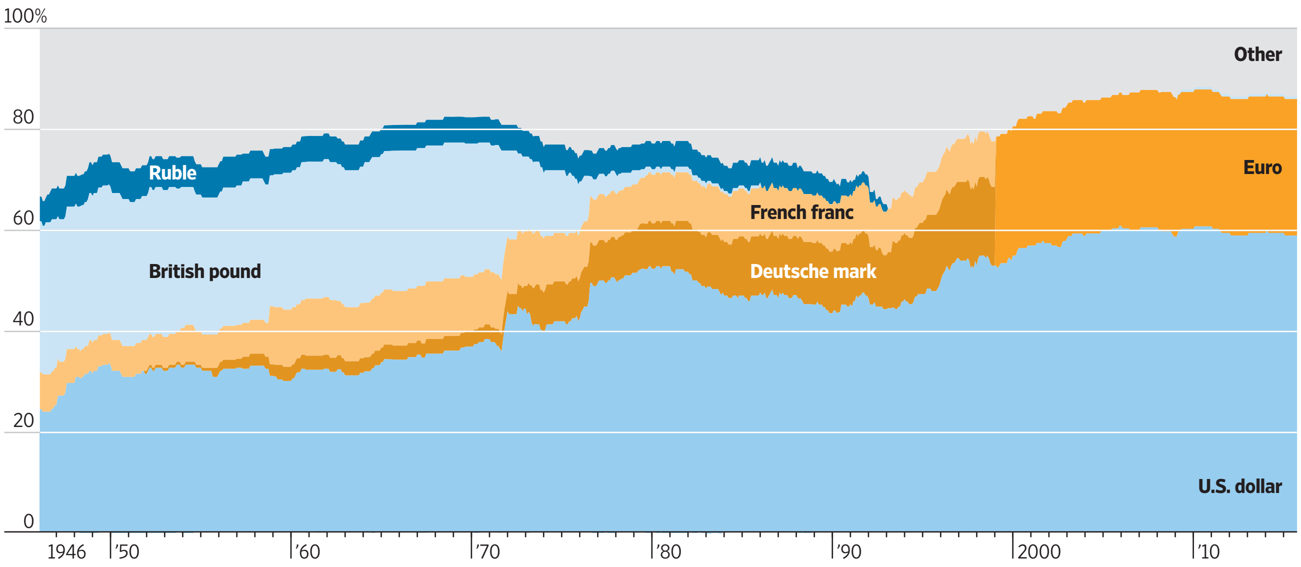
Iran's recent efforts aren't its first attempt to back away from the U.S. currency. And former Venezuelan and Iranian presidents Hugo Chávez and Mahmoud Ahmadinejad in the fall of 2007 cheered earlier declines in the value of the dollar, suggesting oil would be priced better in euros.

Yet oil markets are still overwhelmingly priced in U.S. dollars, as are nearly all other raw materials. The Iranian rial has dropped by more than three-quarters against the dollar since then, declining 14% since the beginning of this year alone, leaving citizens lining up to exchange rials for foreign currency in the capital city earlier this month. The Venezuelan bolivar has lost almost all of its value since 2007.

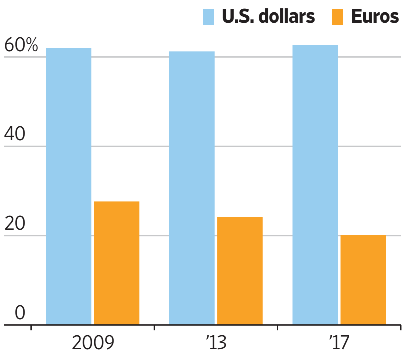
China's efforts to use the yuan to create an oil benchmark that would rival those in New York and London "look to be a nonstarter," the Council on Foreign Relations said in a report. In February, the yuan made up just 1.6% of domestic and international payments, according to financial-transactions firm Swift. As a share of currency reserves, the yuan represents 1.2%.

Those attempts would likely be more successful if officials removed capital controls, as currencies that foreigners can save and invest efficiently are always preferred for international transactions.

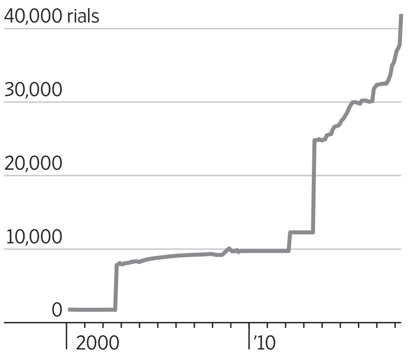
Benchmark currencies by percentage of countries managing their own currencies against them



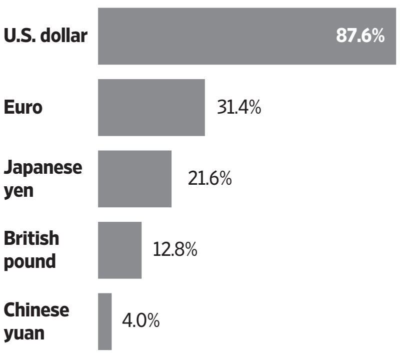
Percentage share of central-bank currency reserves



Number of Iranian rials that one U.S. dollar buys



Percentage of foreign-exchange trading in 2016, by currency



Sources: Ethan Ilzetzki, Carmen M. Reinhart and Kenneth S. Rogoff (benchmark currencies); IMF (reserves); FactSet (rials); Bank for International Settlements (trading)

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Email: heard@wsj.com WSJ.com/Heard

Google's Ad Success Will Turn Heads

The good news is that Google still makes insane amounts of money. That is also the bad news.

That dichotomy hangs over the first-quarter results reported late Monday by **Alphabet** Inc., parent company of the internet giant. Against what seemed like a low bar, the company's results largely beat Wall Street's targets despite a sizable jump in spending. Advertising revenue, which still accounts for 86% of the core Google business, rose 24% year over year to $26.6 billion. That is the fastest rate of growth that business has recorded since 2011, when it was less than half its current size.

It also is more than double what **Facebook** is believed to have generated in ad revenue for the same period. But don't expect Google to tout that fact too loudly; the company has largely escaped the withering public scrutiny that has fallen upon its Silicon Valley rival of late. But that may only be temporary. The business of selling targeted advertising through free internet services accessed by billions of people has come under scrutiny from lawmakers and regulators. New regulations are unlikely to spare the biggest player in this business.

Google's other challenge is the many billions it must spend to maintain the scale that has become its key competitive advantage.

Alphabet's stock has risen barely 2% this year and trades at 22 times forward earnings, excluding nearly $109 billion in net cash. That looks cheap for a huge business still delivering solid double-digit growth. But for investors, Google's many unknowns still aren't clicking.

—Dan Gallagher

Oil Rally Will Yield New Winners

Oil prices may be "artificially Very High," as Donald Trump alleged last week, but that hasn't boosted an industry that should be a key beneficiary.

On Monday morning **Halliburton** rounded out first-quarter earnings season for the world's three largest oil-field-services companies. Like its peers, **Schlumberger** and **Baker Hughes, a General Electric Co.**, it struck an upbeat tone. With international benchmark oil prices hovering near $75 a barrel, near their highest level since 2014, it would be hard to imagine otherwise.

Yet all three have lagged behind the S&P 500 over the past year. That isn't because investors are skeptical about the oil rally's sustainability. Instead it is because of the huge boom in shale drilling in the U.S. and not much excitement in any of the other places where these global companies operate. Halliburton, for example, logged a jump of 58% in North American revenue and just 9% everywhere else. That is likely to continue as the company said customers are "actively redirecting spending" toward North America. It also said that the region's shale deposits are seen supporting "sustainable growth over time" rather than merely being the world's swing producer, prone to boom and bust.

The problem is that too much growth in one region can hamper service providers' ability to profit from it. For example, the demand for fracking sand has overwhelmed rail capacity in parts of the country. A shortage of trained truck drivers and rising wages in key drilling regions also have caused bottlenecks and cost increases. In February, Halliburton warned that sand bottlenecks would slice 10 cents or more off its adjusted quarterly earnings per share. That number was 41 cents in the quarter.

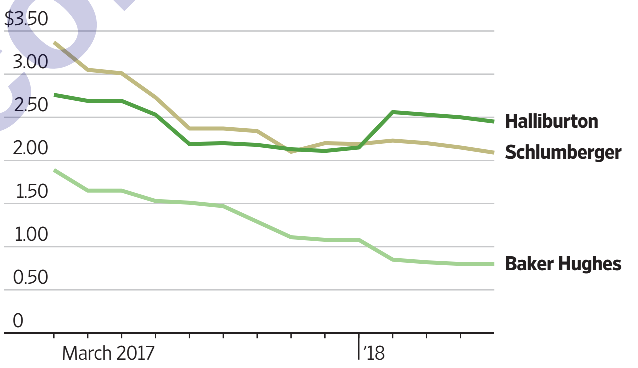
With global crude inventories tightening and major oil exporters sticking to their supply discipline for now, the outlook for crude prices has risen even as the outlook for oil-field-service profits this year has dropped. Excluding one-off items, fiscal 2018 earnings forecasts for the group compiled by FactSet have dropped by between 11% and 58% since March 2017.

While frustrating, investor patience should pay off. Bottlenecks are being sorted out. Costs are another matter, but those "artificially Very High" prices will go a long way toward helping customers dig deep and pay for services accordingly.

—Spencer Jakab

Sand Trap

Fiscal 2018 earnings-per-share forecasts



Source: FactSet, analyst consensus

THE WALL STREET JOURNAL.

OVERHEARD

A U.S. fast-food chain's legal beef may not fly down under.

Hashtag Burgers, the owner of Down N' Out, is facing a lawsuit in Australian federal court. It was accused by U.S. burger chain **In-N-Out Burger** of infringing on its trademark. Down N' Out's motto is "American style burgers, done right."

While the name and the main menu items are similar, U.S.-based In-N-Out doesn't actually have any permanent restaurants in Australia, only one-day pop-up dining venues.

Down N' Out serves diners items such as fried chicken and a vegetarian burger and it uses Wagyu beef in its burgers, not ground chuck.

The company also serves sides unfamiliar to American diners such as death sauce and a deep fried cheese patty.

Hardly an open-n-shut case.

AT&T's Time Warner Deal Defense Cites Big-Tech Terror

Big tech has become the ubiquitous enemy. President Donald Trump blasts **Amazon.com** for hurting the U.S. Postal Service. Media companies resent Google for destroying their advertising model and aggregating news. Everyone hates **Facebook**.

That menace was invoked frequently last week by chief executives Jeff Bewkes of **Time Warner** and Randall Stephenson of **AT&T.**

The two CEOs were testifying as AT&T's final witnesses in the U.S. government's lawsuit to block the merger of the two companies. They argued the deal needs to be approved for their companies to survive the onslaught of tech firms. Yet the imminent doom they conjured to their business doesn't entirely hold up.

It is true, as Mr. Stephenson pointed out, that **Netflix** gained two million domestic subscribers just in the latest quarter, while AT&T's DirecTV lost 1.2 million in 2016. (In its most recent quarter, it lost 147,000.) The trend is toward cutting the cord: Half of all millennials don't have subscription pay-TV service, relying on streaming platforms instead. Mr. Stephenson compared the technological shift to a previous one AT&T weathered: the phone industry's turn to wireless.

The flaw in that argument is both wireless and landlines provide the same service. The tech companies depend on satellite and broadband connections to make their services possible.

"Netflix, Amazon and Google have enormous potential to bring new content to consumers but for at least many years to come, they have to go through AT&T and **Comcast** to get to their customers," said Gene Kimmelman, a former antitrust attorney for the Justice Department. "That gives AT&T enormous market power."

That gets to another point the CEOs tried to make: that companies like Netflix are vertically integrated, as AT&T-Time Warner aims to be. They create and deliver content, gobbling up valuable data on customer habits in the process. But as Messrs. Stephenson and Bewkes were forced to concede in their cross-examinations, those companies have to use others' pipes.

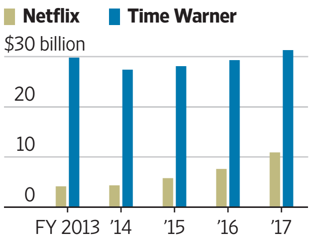
At the same time, the tech firms they cite as threats all have very different business models. Mr. Stephenson is focused on building advertising so AT&T can win back ad dollars from Google and Facebook. But Netflix, the most obvious threat, doesn't have an advertising model. Then there is Amazon, whose investment in video is really about making Prime stickier.

The tech titans may be monsters in some respects. But AT&T is no timid mouse: During his testimony, Mr. Stephenson unveiled the company's plans to launch a new "skinny bundle" of television channels, undercutting his claim that AT&T needs to acquire Time Warner to innovate. (Time Warner already has been doing a good deal of streaming, too.) A battle with big tech may loom down the road, but the question for Judge Richard Leon is whether an AT&T-Time Warner monster can do immediate harm now.

—Elizabeth Winkler

Content Wars

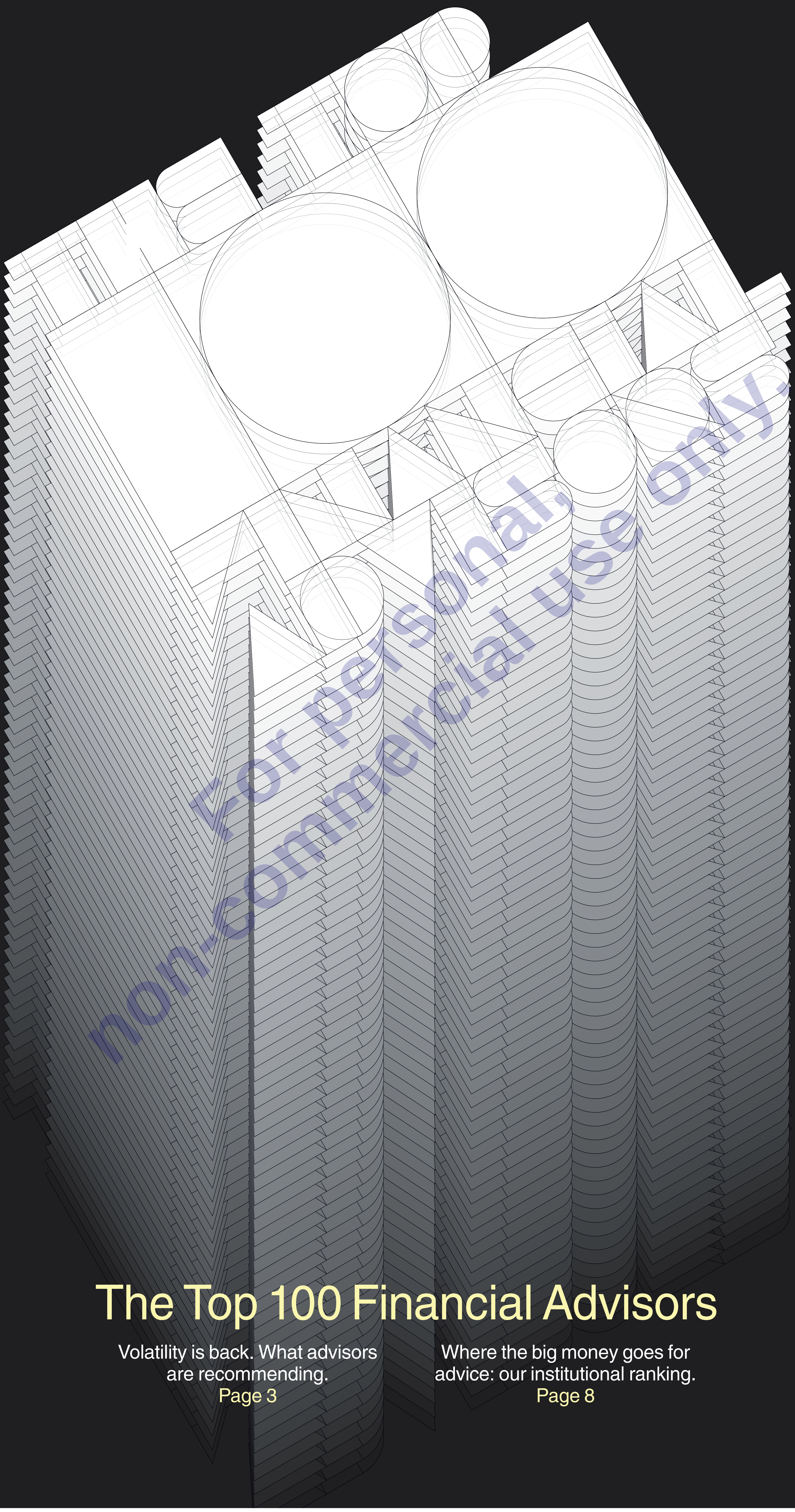
Revenue per fiscal year



Source: the companies

A special supplement provided by Barron's magazine, a Dow Jones publication

BARRON'S
April 24, 2018



The Top 100 Financial Advisors

Volatility is back. What advisors are recommending.
Page 3

Where the big money goes for advice: our institutional ranking.
Page 8

Reprinted from the April 23, 2018 issue of Barron's.
The Wall Street Journal news organization was not involved in the creation of this content.

BARRON'S • SPECIAL SUPPLEMENT

Benedict Evans

Alex. Brown's Steven Grill sees opportunities in the rocky stock market.

TOP 100 FINANCIAL ADVISORS

A *Barron's* ranking of America's best financial advisors. What they're recommending now.

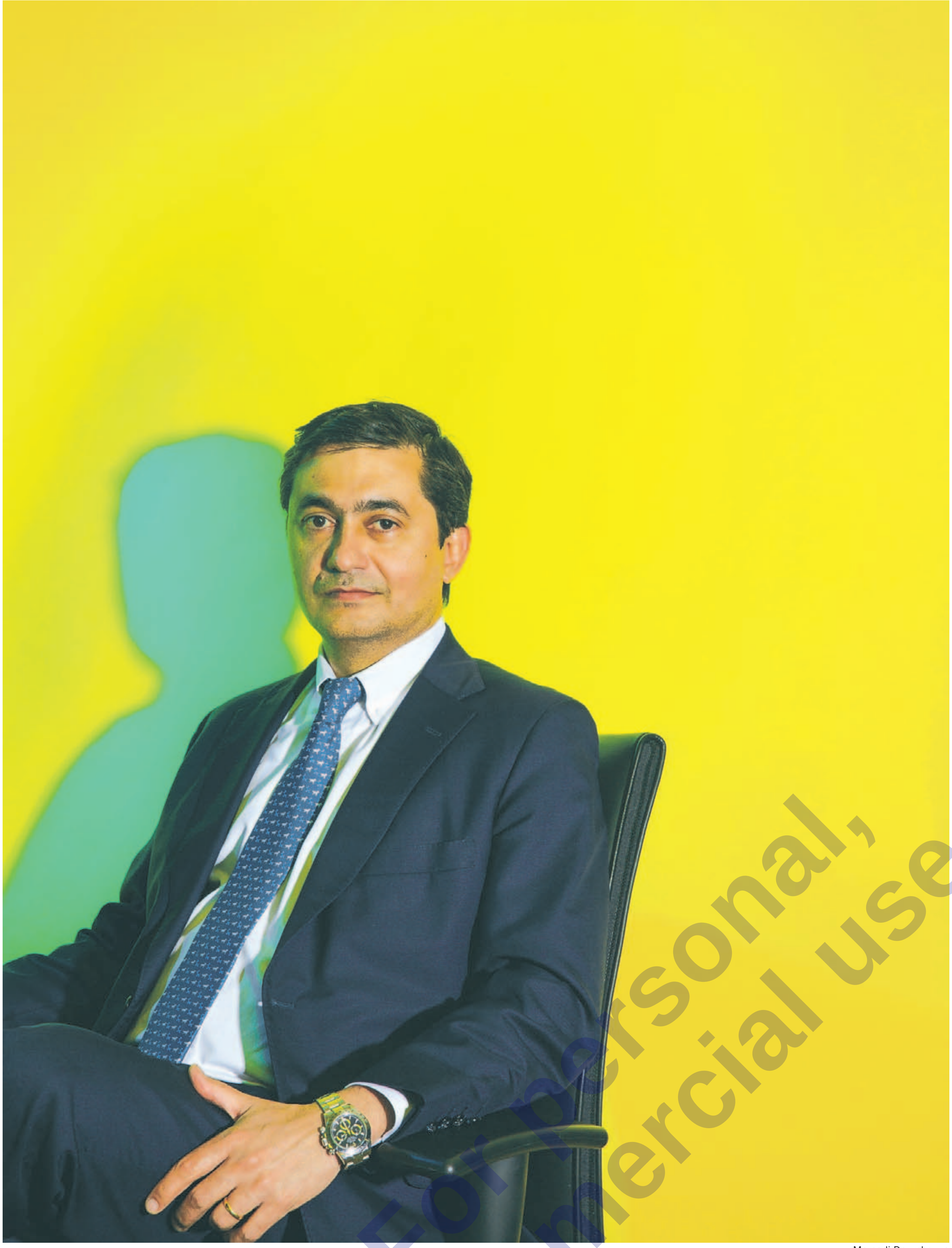
by Steve Garmhausen

FOR THE BEST INVESTMENT ADVISORS, TWO OF THE MOST BEAUTIFUL words in the English language are "market volatility." Lately, these advisors have been swooping in amid the selling to pluck out underpriced shares of great companies. As Alex. Brown's Steven Grill, ranked No. 63 among Barron's Top 100 Financial Advisors, says, "We look at this kind of noise as entry opportunities."

Keeping a cool head and thinking long-term are among the things that this year's Top 100 does best. This group helps everyone from middle-class families to multibillionaires protect and grow wealth, clarify their goals, and fund those goals.

Right now, many of the advisors are selectively buying. They do, however, have some lingering questions about the nine-year-old bull market. In fact, the Top 100 are divided on the market's outlook. Morgan Stanley's Mark Curtis, ranked No. 5, believes fiscal stimulus—government tax cuts and spending—is setting up the economy for sustained growth. He thinks that markets could rise for up to another decade.

BARRON'S • SPECIAL SUPPLEMENT



Mamadi Doumbouya

Ron Basu of Morgan Stanley is finding good value in overseas markets.

Peter Rohr, ranked 59th, isn't so sure. Last year's tax legislation has given corporate earnings a big boost, but it's harder to make a case that the trend is sustainable beyond this year, the Merrill Lynch advisor explains. Rohr and his team are discussing with clients the option of locking in some gains to pay for predetermined goals.

The ranking, now in its 15th year, spotlights the 100 leading financial advisors from across the country. A separate listing we published last month, the Top 1,200, was a collection of 50 state rankings (plus the Disctrict of Columbia). It helps identify high-quality advisors who practice outside wealth centers.

The Top 100 features some of the largest practices at the big brokerage firms, as well as some of the best independent advisory practices. The ranking is based on assets under management, revenue generated for the advisors' firms, and the quality of the advisors' practices. Investment performance isn't an explicit factor because clients have varied goals and risk tolerances. Aggressive clients might earn a double-digit return while a risk-averse investor might be happy to just keep pace with inflation.

Total assets under management are one indicator of investors' satisfaction, or lack thereof. If an investor's specific aims aren't being met, the chances of retaining that person—and his or her assets—are slim. Our Top 100 have annual client turnover of just 1.5%. Speaking of assets, our typical advisor's team manages more than $10 billion. That's a 16% jump from last year's group, and is at least in part due to a brisk tailwind from stocks: The Standard & Poor's 500 index returned 21.8% in 2017.

With rising assets come rising revenues: Our Top 100 and their teams pulled in an average of $19.6 million for the year, up more than 9% year over year.

The 2018 class is well-tenured, with 31 years' average industry experience; each advisor works with a team of 17 on average. This year's ranking features 19 advisors who weren't on the list a year ago. Morgan Stanley's Lyon Polk jumped two spots from last year to top the 2018 list.

Some of the more dramatic leaps were a little further down: Jon Goldstein, with First Republic Investment Management, moved to 10 from 36, and Mark Schulten, with Wells Fargo Advisors, shot to 15 from 55.

The top tier of advisors is a diverse bunch. Morgan Stanley's Ron Basu, ranked No. 13, came to the U.S. from India at age 18. Independent advisor Susan Kaplan, ranked No. 89, was an intensive-care nurse before changing careers. Morgan Stanley's Curtis hit the jackpot—he was born and raised in what would become Silicon Valley, and his practice there has literally grown up with the tech hub.

What's sometimes overlooked about the best advisors is their leadership ability. Even as they deliver value to clients, they must recruit and retain staff, as well as guide and motivate them.

Kaplan recently instituted a revenue-sharing system for her top four people. A quarter of profits are distributed to them each year, and if the business is ever sold, they're in line for 25% of the proceeds. "It was really important to me to marry them to the business, because they're critical to it," Kaplan says.

Each advisor we interviewed for the profiles below emphasized that their teams are indispensable to their success. Indeed, for solving wealthy clients' complex financial puzzles, a team of specialists is a necessity, says Basu. "We feel that in a complex world like this, you need the specialization we have."

There's no question our advisors' clients are comfortable: The average minimum account requirement is nearly $6 million. That doesn't mean that the clients are past worrying, says Basu. "We're still talking about human nature, no matter how many zeros are behind it," he says.

To learn what Basu and his peers are telling clients—and what makes them top advisors—read the profiles below.

Ron Basu

Morgan Stanley Private Wealth Mgmt
Team Assets: $4 billion
Rank: 13

If there's one word to describe Ron Basu's practice, it's global. One day, the New York–based advisor might be helping a U.S.-based manufacturing client with foreign-exchange hedging. On another, he and his team of 14 might be advising a client navigating international tax laws to bequeath assets to beneficiaries living in various countries.

Basu, 51, hesitates to use the word "work" in describing what he does. "The greatest thing about my job is that I don't think it's a job," says the Morgan Stanley Private Wealth Management advisor. "I just enjoy what I do."

Basu and his team serve 50 client households, with typical investment assets of $10million each. Altogether, they manage some $4 billion. Many of these families live or do business around the globe. Few advisors sail in the same multijurisdictional, multigenerational waters as Basu and his team. "We tend to focus on global citizens living on multiple continents and thinking in multiple currencies," he says.

Basu came to the U.S. from India at 18 on a scholarship to Ramapo College, a small liberal-arts school in New Jersey. He went on to earn a master's degree in business management from what was then known as Trenton State College, also in the Garden State.

With an entrepreneurial mind-set, and a "very good understanding of the value of a dollar," he set his sights on the financial-advice industry and joined Smith Barney in 1992.

His international background helped make him a good fit for the clientele he serves today, and it gave him some added investing insight, as well. "Having grown up in an emerging market," he says, "I kind of understood volatility and risk."

Basu leads a team of long-tenured specialists: Rachael Naylor heads fixed income, including running an in-house portfolio, and is an expert in foreign exchange. Christopher Toomey specializes in investment-manager selection and alternative investments. Stuart Dubson helps run the team's equity money. Basu's portfolio includes global macroanalysis and strategy. "We feel that in a complex world like this, you need the specialization we have," he says.

Right now, Basu sees global companies and economies faring quite well. But geopolitical uncertainty is creating a market headwind, he says. With U.S. stocks capping a long run with a stellar 2017, the team now sees more value outside of the U.S. They're overweight alternatives and low-correlation assets like real estate. And they like busted convertible bonds, which tend to trade at a lower price and higher yield than their original coupon.

Basu and his team are emphasizing that the short-term fluctuation in asset prices shouldn't concern long-term investors. "There's a big difference between risk and volatility," he says. "The permanent loss of capital is different from volatility, which is the turbulence you sit through."

The team regularly invests alongside clients—in Basu's words, "feeling the gain and the pain" along with them.

Basu grew up playing tennis on grass; he's a big fan of Wimbledon and still loves to swing the racket. He's also an avid traveler, and often heads for places that are making headlines. A recent example: He was in Barcelona last year during the Catalonia region's bid for independence.

Susan Kaplan

Kaplan Financial Services
Team Assets: $1.8 billion
Rank: 89

Susan Kaplan is out of bed at 4 a.m., and before arriving at the office at 7, she has done some research, hit the gym, had coffee, and read three newspapers. And that's at age 70, after 34 years in the financial-advisory business.

Kaplan's Newton, Mass.–based team of 10 serves 150 households, which typically have $3.5 million to invest. Kaplan started her career as a charge nurse in the cardiac-surgery intensive-care unit of New York Hospital. While taking a break to raise her two children, she managed the family money, and liked it so much that she later earned an M.B.A. in finance and re-entered the workforce in 1984 as a financial advisor.

Kaplan prides herself on being available to her clients at any time; she has helped with everything from family challenges to knotty financial problems. Recently, she dealt with a retired client who was unable to qualify for a mortgage that he needed to buy a beach house—despite owning significant assets in his individual retirement account. The issue: He had no current earned income, which proved to be a deal breaker for the banks. Kaplan then introduced him to companies that allow clients to buy property with their IRA assets. "He bought the beach house, and ever since, he has had his toes in the water," says Kaplan.

On the investment front, Kaplan says her clients remain wary of "the big one." What's that? "No one has forgotten 2008," she says. "They're loving the returns of last year in their portfolios, but they're terrified of this year."

Kaplan cautions clients that big number declines on major indexes usually look modest in percentage terms, which is what really matters. And she shows them that their portfolios have historically weathered downturns pretty well. "That calms them down," she says.

In fact, Kaplan is quite bullish on stocks, despite their gyrations so far year. "I find the volatility less creepy than the no-volatility of last year," she says. She points to growing corporate earnings, strong-enough economic growth, good leadership at the Federal Reserve, and a business-friendly Supreme Court.

Kaplan believes domestic markets are still the place to be. "Even for international [allocations], I'm choosing global funds rather than straight international ones," she explains.

She especially likes defense stocks, which continue to perform well and are buoyed by strong government spending. Tech companies are also favorites. Clients have been calling lately, wanting to buy them on the dips. "I think we all know how dominant they are in our future," Kaplan says.

Meanwhile, over the past two years, she has been backing away from real estate investment trusts, citing their prices and interest-rate sensitivity.

One challenge Kaplan faces today is reassuring clients about the falling values of certain bonds. "The different qualities of bonds are probably the most difficult [thing] to explain to the clients," she says. Kaplan reminds clients that they're long-term investors, and points to bonds' historical resilience. She also points out that as long as bonds are held to maturity, investors will get their principal back.

In her free time, Kaplan is always on the prowl with a group of like-minded friends hunting down vintage costume jewelry. A turn-of-the-century Parisian necklace in the Art Deco style may appear like a resin version of a $40,000 item, she says. In fact, such Galalith pieces are quite valuable in their own right.

Though she's up early, Kaplan doesn't skimp on sleep. "Come 9:30, I'm out like a light," she says.

The average account of the top advisors is $6 million, but that doesn't mean the clients are past worrying. "We're still talking about human nature," says Ron Basu.

Peter Rohr

Merrill Lynch Private Banking and Investment Group
Team Assets: $4.4 billion
Rank: 59

Peter Rohr loves simple, elegant solutions—like his "seven list." Each morning, he sends his 10-person team a list of seven clients he plans to speak with that day. By 8:30 a.m., each team member has provided him with details of any recent interaction, large or small, with these clients. By the time Rohr meets with each client, he's up to speed and able to provide his best advice and guidance.

Such streamlining has helped Rohr, 54, build a $4.4 billion practice serving clients who typically have more than $30 million to invest. A Philadelphia-area native, Rohr started in the financial advisory industry in October 1987, just in time for Black Monday. Right from the start, he saw that he'd have to

Kaplan says her clients remain wary of "the big one." What's that? "No one has forgotten 2008," she says. "They're loving the returns of last year in their portfolios, but they're terrified of this year."

keep a cool head to succeed in the business.

Today, he's preparing clients, ranging from Main Line families to successful Philadelphia entrepreneurs, for what could be a tough 2019 market. This year, he says, is poised to be one of the best ever for S&P 500 earnings, largely due to tax savings from the recent Tax Cuts and Jobs Act. "That stimulus is going to make things look good," he says.

But there's no such rocket fuel on the horizon for 2019, which means investors might want to prepare. For Rohr and his clients, that means doing a "lifeboat drill." If clients are concerned that the market is peaking, they may want to consult with their lawyers and accountants about speeding up charitable contributions, prepaying tuition, or making gifts to the kids. In addition to the tax-management benefits of such moves, they can also be used to strip risk out of a portfolio by selling certain asset types, Rohr says.

The exercise is also an opportunity for clients to acknowledge successes—powered by the strong market of recent years—in creating funding for their goals. "It adds perspective and calm," Rohr says.

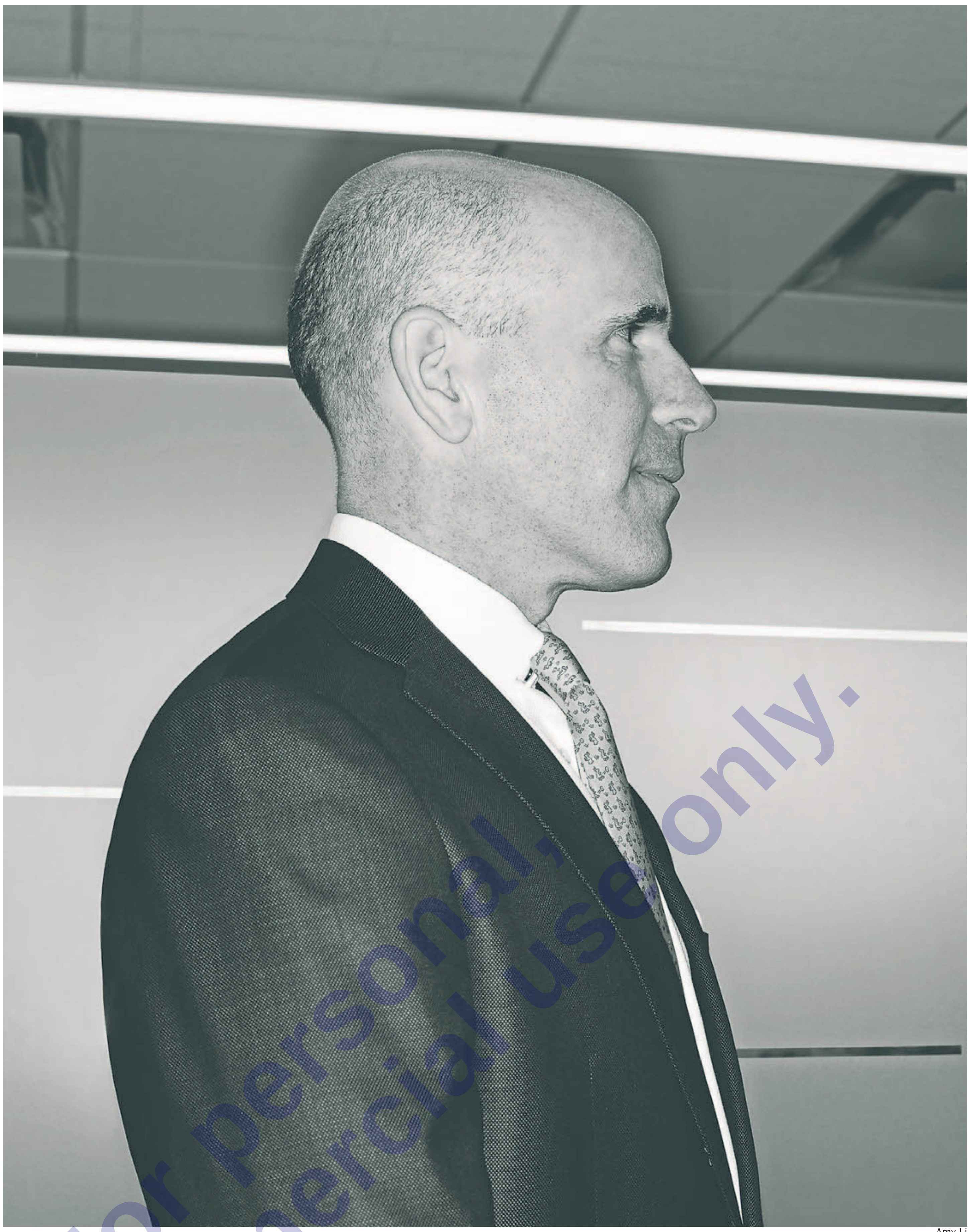
As far as current investing opportunities, Rohr likes tax-free municipal bonds, where demand is outstripping supply for a variety of reasons. "If I believe that in the future SALT [the tax law's capping of state and local tax deductions] is there to stay, or taxes will go higher, then that's a great opportunity," he says. Rohr also has an eye on value stocks, which have been squeezed by growth stocks in recent years, and could bounce back.

In addition, he's looking at small- and mid-cap stocks, which are less exposed to the risks of a trade war, and which are a counterbalance to an S&P 500 that is increasingly dominated by technology giants. "Capitalization

Kaplan says defense stocks are buoyed by strong defense spending.

Adam Glanzman

Rohr says small- and mid-cap stocks are at less risk from a trade war and can counterbalance the tech-heavy S&P 500.



Amy Li

Rohr often recommends exchange-traded funds, which feature low fees.

risk is inherent in the major indexes," Rohr says. "Trees don't grow to the sun."

Rohr is a big fan of exchange-traded funds, which feature low fees and are more tax-efficient than most mutual funds. While no one can control the markets, all investors can control their fees and taxes, effectively adding return regardless of stocks' direction.

Often, Rohr's clients have overlapping investing and philanthropic challenges. One couple had been wary of selling their concentrated stock position because of the tax implications. Meanwhile, their phone has been ringing off the hook with nonprofit organizations seeking contributions. Working with Rohr and other financial professionals, the couple wound up making a multiyear commitment with several charities. In one swoop, they minimized their concentrated stock position, allowing for greater portfolio diversification, and did so without triggering a significant capital gain.

Steven Grill

Alex. Brown / Raymond James
Team Assets: $12.5 billion
Rank: 63

Managing $12.5 billion can be all-consuming, but Steven Grill has a way to avoid that trap. An orthodox Jew, Grill starts each day with prayer and Talmudic study—a practice he says helps him counsel his wealthy clients.

"While their money is important, their families, their beliefs, their health, and their lives are just as important," he says.

Grill, 59, spent his first 19 years in the financial industry focusing on matching assets and liabilities for pensions and insurance companies. He uses a similarly rigorous process to identify client goals, define their cost, and ensure that they will be adequately funded.

Grill grew up in Rockland County, just north of New York, and earned an undergraduate degree in mathematics and biology from Boston University. He later earned a master's degree in statistics and operations research from New York University. He was hired from that program to Merrill Lynch's fixed-income analytics group, making him part of the first wave of quants in the bond market.

Now at Alex. Brown, a unit of Raymond James, he and his team of seven serve 290 well-heeled households; their typical investment account is $15 million. Protecting those clients' wealth is job No. 1. "No one wants to get rich twice," says Grill.

A key moment for his clients is when they've retired, liquidated their businesses, or both. They're sitting on a pile of cash, which they must use to fund their lifestyle, support future generations, and more.

To ensure that all of the goals will be funded, getting the asset allocation right is key. Grill believes that 90% of returns depend on asset allocation—the counterbalancing of bonds, stocks, and other asset classes to maximize return while minimizing risk. Just 9% of performance derives from the individual stocks or funds that an investor selects.

Grill says he's positive on the markets, though cautiously so. Last year, his team lowered its exposure to risk assets—the right move, Grill figures, even if they may have left some money on the table.

Still, Grill and his team don't see the catalyst for a bear market anytime in the near future. "We're always preparing for one, but we don't see one coming," he says.

Grill has been an opportunistic buyer during this year's market volatility. More often than not, market volatility has been in reaction to issues other than corporations' health—from President Donald Trump's legal troubles to trade-war rhetoric—leaving some stocks underpriced. "We look at this kind of noise as entry opportunities," says Grill.

One milestone for Grill's practice came five years ago, when it eliminated most of its sales-commission-based businesses in favor of a flat percentage fee applied to each client's asset base. Critics of the traditional commission sales model have long argued it creates conflicts of interest that work against clients.

An avid swimmer and backgammon player, Grill also supports multiple charities, including Keren Or, a Jerusalem-based program supporting blind children with multiple disabilities.

Mark Curtis

Morgan Stanley Graystone
Team Assets: $77.5 billion
Rank: 5

In a culture that's fascinated by day-to-day market moves, Curtis reminds clients to invest with a long time horizon—really long.

"Your time frame…is really for perpetuity, whether you're 30, 40, or 60," says Curtis, our fifth-ranked advisor. "It's really kind of a mistake for someone to say, 'Well, I'm older now; I have a shorter time frame.'"

Wealthier investors—Curtis specializes in Silicon Valley executives with typical net worths of $30 million—should invest not only with an eye to sustaining their lifestyles, but also to passing assets to the people and institutions they care about. As Curtis says, "Portfolios should be constructed around multiple objectives, whether it's liquidity, lower volatility, or growth."

Curtis, 61, has gleaned and reinforced that insight over a remarkably stable 37-year career. He joined a local E.F. Hutton office in 1981 and then stayed put through a series of mergers and successor firms, the last of which is Morgan Stanley. Curtis is a founding father of sorts for the Barron's Top 100 ranking, appearing on the annual list every year since it was first published in 2004. Only ten other advisors have sustained that same measure of rankings excellence and consistency. Curtis attained a No. 1 ranking twice and only once has fallen outside the top ten. With his team of 24, including two sons, the Palo Alto native now manages $77.5 billion and 325 client relationships with families and institutional entities, such as foundations and endowments.

Damien Maloney

Curtis thinks the bull market has as much as a decade left to run.

Growing his business in parallel with Silicon Valley's rise, Curtis has served as a guide to many newly wealthy individuals. They've come to him with essentially the same question: What do people like me do?

Curtis grabs a pen and a blank sheet of paper, and starts the conversation. "We'll meet to discuss what they should be considering," he says. "It might include philanthropy, legacy, and estate planning, the components of a lifestyle." He regularly talks with clients about how people in their profile work to stay healthy over time. Investing comes later, as a means to help clients achieve the goals they've delineated.

Although markets have been turbulent since mid-January, keeping a portion of clients' portfolios in liquid investments has helped them avoid impulsive decisions to buy or sell. "That dials down a lot of the concerns over short-term volatility," says Curtis.

On the investing front right now, Curtis is weighted to emerging markets more now than anytime in the past five to seven years. He has also been adding to global, go-anywhere bond managers, who can range across different types of fixed income in search of opportunity. "We're probably going to a world where you're going to want more active management, either at the portfolio level or in asset allocation," he says.

Investors everywhere are wondering when the current bull market will end. For his part, Curtis believes it has got as much as a decade left to run. One reason: The global recovery that started in the U.S. in 2009 was fueled by monetary stimulus.

More recently, governments have been providing fiscal stimulus, he says. "We were all disappointed in the growth from those [stimulative monetary] policies because they weren't combined with fiscal, and now we've got that," he says.

Over five, seven, or 10 years, that should be extremely positive for equity markets, although, he predicts, those markets will see historic volatility.

Generally, Curtis believes market trends last longer than investors anticipate. If that's true, interest rates and inflation could stay low for a longer period, U.S. stocks could continue to outperform international ones, and so on. The lesson, says Curtis, is that changing investments each year to capture coming trends could be a trap.

One key to Curtis' long and successful career has been stamina, and it's something he works hard to cultivate. His day starts with an hourlong workout in his home gym, and then another workout at the end of the day. ■

BARRON'S • SPECIAL SUPPLEMENT

The Top 100 Financial Advisors

Here are America's top financial advisors, as identified by *Barron's*. The ranking reflects the volume of assets overseen by the advisors and their teams, revenues generated for the firms, and the quality of the advisors' practices. The scoring system assigns a top score of 100 and rates the rest by comparing them with the top-ranked advisor. A ranking of "N" indicates the advisor was not ranked in the specified year.

RANK '18	RANK '17	Name	Firm	Location	Retail (Up to $1 mil)	High Net Worth ($1-10 mil)	Ultrahigh Net Worth ($10 mil+)	Foundations	Endowments	Institutional	Team Total Assets (mil)	Typical Account Size (mil)	Typical Net Worth (mil)	Score
1.	3.	**Lyon Polk**	Morgan Stanley PWM	New York		●	●	●			$13,230	$50	$100	100.000
2.	2.	**Gregory Vaughan**	Morgan Stanley PWM	Menlo Park, Calif.		●	●	●	●		20,377	75	150	99.983
3.	1.	**Andy Chase**	Morgan Stanley PWM	Menlo Park, Calif.	●	●	●			●	36,800	10	30	99.977
4.	4.	**Brian Pfeifler**	Morgan Stanley PWM	New York		●	●	●	●		11,600	50	100	99.843
5.	5.	**Mark T. Curtis**	Morgan Stanley Graystone	Palo Alto	●	●	●	●	●	●	77,464	15	30	99.799
6.	7.	**Shelley Bergman**	Morgan Stanley Wealth Mgmt	New York		●	●	●	●	●	6,500	15	50	98.582
7.	8.	**Jeff Erdmann**	Merrill Lynch PBIG	Greenwich			●				6,469	40	60	97.752
8.	12.	**Karen McDonald**	Morgan Stanley Wealth Mgmt	Palo Alto	●	●	●			●	52,392	3	10	97.208
9.	16.	**Robert J. Skinner II**	First Republic Inv Mgmt	Palo Alto		●	●	●			10,440	10	50	97.158
10.	36.	**Jon Goldstein**	First Republic Inv Mgmt	Palo Alto		●	●				8,786	50	100	96.842
11.	11.	**Mark Douglass**	Morgan Stanley PWM	Menlo Park, Calif.		●	●	●	●		20,377	75	150	96.763
12.	6.	**Richard Saperstein**	Treasury Partners	New York		●	●	●		●	11,460	10	15	96.496
13.	10.	**Ron Basu**	Morgan Stanley PWM	New York			●	●		●	3,950	10	100	95.701
14.	32.	**Eric Gray**	Merrill Lynch PBIG	Los Angeles		●	●				11,700	60	80	95.685
15.	55.	**Mark Schulten**	Wells Fargo Advisors	Long Beach, Calif.	●	●	●			●	3,370	3	5	95.383
16.	14.	**Kevin Peters**	Morgan Stanley Wealth Mgmt	Purchase, N.Y.		●	●			●	7,380	14.8	39.5	95.283
17.	23.	**James Atwood**	Merrill Lynch PBIG	Boston		●	●				4,540	50	100	95.273
18.	13.	**Steven Hefter**	Wells Fargo Advisors	Highland Park, Ill.		●	●				6,000	15	20	95.091
19.	26.	**Seth Finkel**	Neuberger Berman	New York		●	●			●	3,064	10	20	95.002
20.	9.	**Drew Zager**	Morgan Stanley PWM	Los Angeles			●				10,570	60	200	94.984
21.	83.	**Marvin McIntyre**	Morgan Stanley PWM	Washington, D.C.	●	●	●	●			3,428	7.5	25	94.825
22.	24.	**Michael Klein**	Baird	Milwaukee, Wis.	●	●	●	●	●	●	11,962	27	35	94.598
23.	N	**Ron Vinder**	Morgan Stanley Wealth Mgmt	New York			●	●			6,109	50	150	94.040
24.	N	**Alan Zafran**	First Republic Inv Mgmt	Palo Alto		●	●	●			10,440	12	40	93.602
25.	28.	**Raj Sharma**	Merrill Lynch PBIG	Boston			●				6,321	10	15	93.431
26.	31.	**David Hou**	First Republic Inv Mgmt	Los Angeles		●	●	●			7,631	40	100	93.178
27.	33.	**Thomas Moran**	Wells Fargo Advisors	Naples, Fla.	●	●	●			●	4,212	5	25	93.177
28.	42.	**Dorian McKelvy**	Morgan Stanley Wealth Mgmt	Menlo Park, Calif.	●	●	●				6,450	2	2.5	92.644
29.	30.	**Ed Moldaver**	Stifel	New York		●	●				6,100	10	20	92.378
30.	29.	**Patrick Dwyer**	Merrill Lynch PBIG	Miami		●	●				3,768	25	40	92.376
31.	15.	**Rod Westmoreland**	Merrill Lynch PBIG	Atlanta		●	●				4,831	34	50	92.371
32.	17.	**Scott Wilson**	Morgan Stanley PWM	New York	●	●	●				6,028	7.5	10	92.305
33.	47.	**Stephan Cassaday**	Cassaday & Co.	McLean, Va.	●	●	●				2,593	1.5	2	92.292
34.	21.	**Peter Princi**	Morgan Stanley Graystone	Boston		●	●	●	●	●	5,655	7.5	20	92.290
35.	22.	**Paul Tashima**	UBS Financial Services	Chicago			●	●		●	25,201	78	100	92.243
36.	60.	**Troy Griepp**	Morgan Stanley PWM	San Francisco	●	●	●	●			8,806	30	50	91.530
37.	44.	**Wm. Craig Dobbs**	Morgan Stanley Graystone	Indianapolis						●	26,072	243.64	199.92	91.278
38.	18.	**Robert Stolar**	Morgan Stanley PWM	New York			●	●	●		2,980	50	75	91.201
39.	48.	**Andrew Burish**	UBS Financial Services	Madison, Wis.	●	●	●				4,663	2	3	91.166
40.	38.	**James Wallace**	Merrill Lynch Wealth Mgmt	Atlanta	●	●	●	●	●	●	76,685	4210	9500	90.750
41.	N	**Gregg Fisher**	Gerstein Fisher	New York	●	●	●	●	●	●	2,498	1.51	3.98	90.675
42.	45.	**Martin Halbfinger**	UBS Financial Services	New York		●	●	●		●	3,865	20	35	90.550
43.	34.	**Joseph Montgomery**	Wells Fargo Advisors	Williamsburg, Va.		●	●	●	●	●	12,594	7	15	90.510
44.	20.	**Robert Scherer**	Morgan Stanley Graystone	Potomac, Md.		●	●	●	●	●	8,300	25	25	90.396
45.	52.	**Phil Scott**	Merrill Lynch Wealth Mgmt	Bellevue, Wash.		●	●				3,107	5	20	90.228
46.	98.	**Rich Hassan**	Alex.Brown / Raymond James	Greenwich		●	●				5,700	51	100	90.094
47.	25.	**Richard F. Connolly**	Morgan Stanley PWM	Boston	●	●	●	●	●	●	7,755	15	25	85.994
48.	35.	**L. Marc Shegoski**	UBS Financial Services	Princeton, N.J.		●	●	●		●	23,014	21	89	85.937
49.	57.	**William Peterson**	Neuberger Berman	New York		●	●				1,839	6.5	13	85.920
50.	46.	**Alan Whitman**	Morgan Stanley Wealth Mgmt	Pasadena	●	●	●				2,724	5	15	85.835
51.	19.	**R. Christopher Errico**	UBS Financial Services	New York		●	●				$2,248	$10	$50	85.667
52.	68.	**Paul Tramontano**	First Republic Inv Mgmt	New York			●	●			8,786	40	100	85.655
53.	61.	**John Cultra**	William Blair & Co.	Chicago		●	●	●			2,804	17.5	25	85.630
54.	56.	**Richard Szelc**	Neuberger Berman	Dallas		●	●				1,814	12.5	20	85.602
55.	59.	**James Hansberger**	Morgan Stanley Wealth Mgmt	Atlanta		●	●	●			2,513	40	60	85.501
56.	67.	**Louis Paster**	UBS Financial Services	Chicago			●	●		●	25,201	78	100	85.452
57.	40.	**Noel Weil**	Merrill Lynch PBIG	New York		●	●				11,288	15	50	85.425
58.	N	**Michael Jefferies**	UBS Financial Services	Kansas City	●	●	●			●	4,035	1	3	85.320
59.	50.	**Peter Rohr**	Merrill Lynch PBIG	Philadelphia		●	●				4,435	32	100	85.205
60.	75.	**Richard Jones**	Merrill Lynch PBIG	Los Angeles			●	●	●	●	15,374	50	75	85.190
61.	84.	**Reza Zafari**	Merrill Lynch PBIG	Los Angeles			●	●	●	●	15,374	50	75	85.020
62.	65.	**Brian Frank**	Morgan Stanley PWM	Atlanta		●	●	●			1,834	5	20	84.986
63.	63.	**Steven Grill**	Alex.Brown / Raymond James	New York		●	●				12,500	15	20	84.978
64.	N	**Chad Evans**	Morgan Stanley Wealth Mgmt	Newport Beach, Calif.						●	11,458	150	500	84.977
65.	69.	**Adam Carlin**	Morgan Stanley PWM	Coral Gables, Fla.		●	●	●			2,578	17.5	25	84.946
66.	64.	**Bill Grous**	Alex.Brown / Raymond James	New York		●	●				12,500	15	20	84.908
67.	39.	**Douglas Braff**	UBS Financial Services	New York	●	●	●				9,204	5	20	84.880
68.	N	**Scott Stackman**	UBS Financial Services	New York		●	●	●	●		3,809	50	100	84.865
69.	85.	**Francis X. Malone**	Morgan Stanley PWM	Los Angeles		●	●				4,812	25	75	84.792
70.	79.	**Michael Sawyer**	Morgan Stanley PWM	New York			●				2,112	50	100	84.760
71.	N	**Michael Gallagher**	Morgan Stanley Wealth Mgmt	Chicago	●	●	●			●	3,341	1.5	5	84.715
72.	51.	**Gary Tantleff**	UBS Financial Services	Warren, N.J.		●	●				4,344	9.03	10	84.585
73.	37.	**William Greco**	UBS Financial Services	Hartford, Conn.	●	●	●			●	4,060	10	15	84.560
74.	71.	**Leigh Cohen**	Merrill Lynch PBIG	New York		●	●				11,288	15	50	84.533
75.	54.	**Jonathan Kass**	Merrill Lynch Wealth Mgmt	New York	●	●	●			●	5,492	10	25	84.465
76.	N	**Kevin Grimes**	Grimes & Co.	Westborough, Mass.	●	●	●				2,414	3	10	84.415
77.	N	**Brian Hahn**	Neuberger Berman	Chicago		●	●				1,700	20	50	84.414
78.	81.	**Deborah Howard**	Merrill Lynch Wealth Mgmt	Atlanta	●	●	●	●	●	●	76,685	4210	7000	84.340
79.	N	**Bruce Lee**	Merrill Lynch PBIG	Chicago	●	●	●			●	2,921	40	100	84.265
80.	43.	**Gus Roessler**	Morgan Stanley PWM	New York			●	●	●		2,896	85	100	84.240
81.	N	**Jason Katz**	UBS Financial Services	New York	●	●	●				2,355	10	15	84.238
82.	88.	**David Singer**	Merrill Lynch PBIG	Cincinnati		●	●				3,312	13	25	84.237
83.	76.	**Thomas Parks**	Morgan Stanley Graystone	Milwaukee			●	●		●	9,461	75	75	84.235
84.	N	**Nicholas Kavallieratos**	Morgan Stanley Wealth Mgmt	New York	●	●	●	●		●	2,980	15	35	84.180
85.	74.	**Dana Jackson**	Morgan Stanley Graystone	Menlo Park, Calif.		●	●	●			36,800	30	45	84.175
86.	90.	**Shawn Fowler**	Morgan Stanley PWM	Denver		●	●			●	2,176	35	79	84.075
87.	100.	**Drew Freides**	UBS Financial Services	Los Angeles			●	●	●		4,058	35	50	84.040
88.	N	**Holly Newman Kroft**	Neuberger Berman	New York		●	●	●	●		1,700	8	15	84.020
89.	77.	**Susan Kaplan**	Kaplan Financial Services	Newton, Mass.		●	●				1,840	3.5	11	84.017
90.	N	**Russell Rabito**	UBS Financial Services	New York		●	●				3,963	10	15	84.005
91.	N	**Charles H. Mulfinger II**	Morgan Stanley Graystone	Tampa	●	●	●			●	6,274	9.2	11	83.920
92.	95.	**Brian Strachan**	Morgan Stanley PWM	Boston		●	●	●			1,999	10	15	83.905
93.	N	**Jim Detterick**	Morgan Stanley Graystone	New York		●	●			●	8,194	5	10	83.805
94.	N	**Thomas Wilson**	William Blair & Co.	Chicago		●	●				2,288	10	15	83.735
95.	80.	**Jeffrey Kobernick**	UBS Financial Services	New York		●	●	●			7,217	31	50	83.705
96.	66.	**John Olson**	Merrill Lynch Wealth Mgmt	New York		●	●				2,345	8	15	83.690
97.	N	**Mark Sear**	First Republic Inv Mgmt	Los Angeles		●	●	●			7,631	15	40	83.675
98.	82.	**Robert Sechan**	UBS Financial Services	New York		●	●	●			7,217	31	50	83.560
99.	72.	**Steve Levine**	UBS Financial Services	Los Angeles		●	●	●			3,251	15	30	83.555
100.	N	**Shawn Rubin**	Morgan Stanley PWM	New York		●	●				2,724	10	25	83.532

N=Not Ranked PWM=Private Wealth Management PBIG=Private Banking and Investment Group Note: For more information on Barron's Top Advisors, contact Matt Barthel at matthew.barthel@barrons.com. Barron's publishes four individual financial advisor rankings each year: The Top 100, The Top 100 Women. The Top 100 Independents, and the Top 1,200, which is a state-by-state list. The process of being ranked in Barron's starts with filling out a detailed online survey. For information about our nominations process and the online survey, please contact Jennifer Pedone, manager of FA Research: Jennifer.Pedone@barrons.com.

BARRON'S • SPECIAL SUPPLEMENT

Consultants who help institutions produce returns and achieve social good are finally reaping the benefits, as interest spreads and client engagement grows.

Sustainable Investing, the Big-Money Way

By Carol J. Clouse

Known in the asset management world as the "gatekeepers" who stand between the market and trillions of dollars in retirement and other institutional assets, investment consultants are not well known to the general public, though they are increasingly deciding which options you have in your 401(k), or how the endowment at your daughter's university is invested.

Two big themes are running through their business—increasingly their clients want help with sustainable, or ESG, investing, while heightened awareness regarding fiduciary duty is resulting in more responsibility shifted to consultants' shoulders. Those trends are creating both challenges and opportunities for these behind-the-scenes money managers, whose assets under management far exceed their name recognition.

ESG—for environmental, social, and governance factors—is a multifaceted investment strategy that seeks to uphold investors' values while also outperforming. U.S. funds that use ESG criteria to evaluate investments saw assets under management increase by 58%, to $98 billion, in 2017, according to a Morningstar report released earlier this year. The total amount invested with a sustainable mandate is far larger: Globally, there are now $23 trillion of assets being professionally managed under responsible investment strategies.

Consultants Kristina Van Liew and Linda Stephans have had a front-row seat on ESG's growth, and they are now reaping the benefits as seasoned practitioners. Before moving their practice to Graystone, Morgan Stanley's institutional consulting business, in 2015, they and their partner Erik Oiler spent years honing an impact-investment specialty driven by demand from the wealthy families they served at Merrill Lynch's Private Banking & Investment Group.

"To many advisors, impact investing has become a new category of product—shiny new toys they can dangle in front of their clients," Van Liew says. "For us, impact investing is not a category; it's an approach that actively incorporates environmental and social factors in your investment decisions."

The Chicago-based Stephans, Van Liew and Oiler Group, which is No. 7 in Barron's 2018 ranking of institutional consultants, now oversees more than $5 billion in institutional assets across the nonprofit space, including foundations, endowments, health care, and female religious orders (think: activist nuns). Meanwhile, the team continues to grow its $740 million private wealth business, in which they specialize in serving millennial wealth inheritors, a group partly responsible for forcing a reticent industry to take impact investing seriously.

Van Liew and Stephans say their impact-investing specialty has helped them win institutional business and build stronger relationships with clients, as they focus on values as well as assets. It's more work than traditional consulting, since different groups have different priorities. One Graystone client was concerned about climate change and its disproportionate impact on poor people, so Morgan Stanley designed a portfolio that included investments ranging from water solutions and resource efficiency to clean energy. An order of nuns, meanwhile, might want to screen out firearms and tobacco. Analyzing a company's environmental or social impact on top of all of the traditional investment criteria takes more time and often requires hiring additional analysts.

The payoff: Over the past nine months, the team has won $1.5 billion in institutional mandates, and, in each case the group's impact-investment experience played a primary role in their selection.

Meanwhile, ESG could be coming to your 401(k). Three-quarters of U.S. defined-contribution plan participants surveyed by Natixis Investment Managers in 2016 said they would like to see more socially responsible options included in their retirement plans. And six in 10 participants said they would increase their current contribution rate if they knew their investments were socially beneficial.

And here is where sustainability intersects with fiduciary responsibility, or the requirement to act in the best interest of the investor. Plan sponsors have been reluctant to take the ESG plunge because it can be tough to reconcile the investor's best-interest standard with ESG criteria, which are less standardized. But there is an increasingly strong argument to be made that a high ESG score can indicate better future performance, as companies with good corporate governance practices, for instance, tend to be less risky and better performers over the long haul.

To insulate themselves, some institutional investors have responded by shifting investment discretion—and therefore legal accountability—to consultants. Well-positioned consultants stand to reap the rewards of this increased demand. "You're going to see the trend continue, as more clients want to outsource the risk," says one top consultant. "More and more of our business is taking discretion." ■

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Linda Stephans, left, and Kristina Van Liew of Morgan Stanley Graystone are top guides to institutions. See table on facing page.

BARRON'S • SPECIAL SUPPLEMENT

The Top 50 Institutional Consultants

Our fourth annual ranking of advisory teams who serve institutional clients—pension plans, university endowments, foundations, and other large organizations.

Rank '18	Rank '17	Team	Location	Parent Company	Key Advisors	Team IC Assets (bil)
1.	2.	**UBS Institutional Consulting, Atlanta**	Atlanta	UBS Financial	Earle Dodd, Scott Olsen, Allen Wright	$15.2
2.	4.	**Retirement Benefits Group**	San Diego	LPL Financial	Larry Deatherage, Anthony Franchimone, Sean Ciemiewicz	14.3
3.	1.	**Graystone Consulting, Dobbs Group**	Indianapolis	Morgan Stanley	William Craig Dobbs	26.3
4.	3.	**Sheridan Road Financial**	Northbrook, Ill.	Independent	Jim O'Shaughnessy, Daniel Bryant	12.7
5.	N	**Team Schott**	Hollywood, Fla.	Captrust	Stephen Schott	11.8
6.	N	**Team Esch**	Minneapolis	Captrust	Dan Esch	18.9
7.	15.	**Graystone Consulting, Stephans, Van Liew & Oiler Group**	Chicago	Morgan Stanley	Linda Stephans, Kristina Van Liew, Erik Oiler	5.3
8.	N	**Graystone Consulting, Messner Group**	Birmingham, Mich.	Morgan Stanley	William Messner, John Krakowiak, Jason May	7.5
9.	13.	**Graystone Consulting, Columbus, Ohio**	Columbus	Morgan Stanley	Michael Rosloniec, Jennifer Hamant, Cheryl Carpenter	5.4
10.	22.	**Graystone Consulting, Chicago NW**	Barrington, Ill.	Morgan Stanley	George T. Cook, Carl H. Viard, Mary L. Tomanek	6.9
11.	8.	**Graystone, Metropolitan, D.C.**	Potomac, Md.	Morgan Stanley	Robert S. Scherer, Dean J Eisen, Ross Charkatz	5.5
12.	N	**Team Strickland**	Raleigh, N.C.	Captrust	Jon Strickland	15.8
13.	N	**Team Stanicek**	Raleigh, N.C.	Captrust	Jason Stanicek	17.3
14.	7.	**UBS Institutional Consulting, NW**	Seattle	UBS Financial	Trent Sanden, Shawn Hintz, Frank Gallo	22.0
15.	6.	**Graystone Consulting, Longo Group**	New York	Morgan Stanley	John Longo	15.1
16.	21.	**Graystone Consulting, Parks Group**	Milwaukee	Morgan Stanley	Thomas Parks, Robert Parks, Tina Wisialowski	9.2
17.	23.	**Graystone Consulting, Wyomissing**	Wyomissing, Pa.	Morgan Stanley	Harry J. Herb, Thomas Schatzman	13.3
18.	10.	**Graystone Consulting, Tampa**	Tampa	Morgan Stanley	Charles H. Mulfinger II, David A. Wheeler, Adam H. Palmer	6.6
19.	9.	**Mason Investment Advisory**	Reston, Va.	Mason Cos.	Scott S. George	3.4
20.	19.	**Graystone, Houston**	Houston	Morgan Stanley	John Granger II	13.9
21.	N	**Francis Investment Counsel**	Brookfield, Wisc.	Independent	Michael Francis, Kelli Send, Clifford Dunteman	7.8
22.	5.	**Global Institutional Consulting, Gsell Grp**	Iselin, N.J.	Bank of America / Merrill Lynch	Goran Bojovski	12.0
23.	16.	**Global Institutional Consulting, Starratt Group**	Los Angeles	Bank of America / Merrill Lynch	Michael Starratt, John Carlson, Mark Jacoby	11.3
24.	12.	**Global Institutional Consulting, Dunn, Dunne Group**	Bethesda, Md.	Bank of America / Merrill Lynch	George Dunn, Peter Dunne, Bruce Wall	3.2
25.	24.	**Legacy Strategic Asset Mgmt.**	Hudson, Ohio	Wells Fargo Advisors	James Barsella, Douglas Krapf, Matthew Shannon	5.8
26.	18.	**Cornerstone Advisors Asset Mgmt.**	Bethlehem, Pa.	Independent	Malcolm Cowen II, Thomas Scalici, Christopher McKinley	$4.9
27.	N	**Compass Financial Partners**	Greensboro, N.C.	LPL Financial	Kathleen Kelly, George Hoyle	$8.9
28.	N	**Team Wilt**	Akron, Ohio	Captrust	Steve Wilt	8.1
29.	17.	**Eisen-Sessa Group**	Philadelphia	UBS Financial	David Eisen, Charles Sessa	10.4
30.	N	**Strategic Retirement Group**	White Plains, New York	Independent	David Hinderstein	9.0
31.	25.	**Graystone Consulting, Quantitative Group**	San Antonio, Texas	Morgan Stanley	Ron Kern, Joe Sammons, Myrteel Ward	3.3
32.	N	**Graystone Consulting, Brice Group**	Birmingham, Mich.	Morgan Stanley	Brian Brice, Timothy Brice	5.5
33.	26.	**Optimal Service Group**	Williamsburg, Virginia	Wells Fargo Advisors	Joseph M. Montgomery	11.5
34.	N	**Team Edwards / Schantz**	Bethlehem, Pa.	Captrust	Jim Edwards, Wes Schantz	5.6
35.	N	**Team Davis**	Westlake Village, Calif.	Captrust	Mark A. Davis	6.4
36.	N	**Graystone Consulting, Charleston, W.Va.**	Charleston, W. Va.	Morgan Stanley	John E. Dawson, II, Donald C. Lucci, Michael D. Hill	3.5
37.	20.	**GIC, Veldheer, Long, Mackay & Bernecker Group**	Grand Rapids, Mich.	Bank of America / Merrill Lynch	William Mackay, James Veldheer, Timothy Long	3.9
38.	N	**MRP**	Denver, Colo.	LPL Financial	Chad J. Larsen, M. Corey Whitehead, Kirk Welch	4.7
39.	N	**Private Asset Management**	Milwaukee	Robert W. Baird	Michael G. Klein, Philip C. Dallman	7.4
40.	N	**Graystone Consulting, Pittsburgh, PA / Cleveland, OH**	Pittsburgh	Morgan Stanley	Greg Simakas, Charles Snyder, Josh Dautovic	3.4
41.	N	**Advanced Research Investment Solutions**	Beverly Hills, Calif.	Independent	Alex Shahidi, Damien Bisserier	10.5
42.	N	**Graystone, Consulting, Los Angeles**	Westlake Village, Calif.	Morgan Stanley	Larry Mills, Christopher Venuti, Marc Roggenkamp	5.7
43.	N	**Global Institutional Consulting, Ryan Group**	New York	Bank of America / Merrill Lynch	Courtney Moore	2.2
44.	N	**Princeton Investment Consulting**	Princeton, N.J.	UBS Financial	L. Marc Shegoski, David Sears	3.1
45.	N	**Bickham-Tabb Group**	New Orleans	UBS Financial	Robert Bickham, Hal Tabb	4.3
46.	N	**Willhite Institutional Consulting Group**	The Woodlands, Texas	UBS Financial	Jon Willhite, Robert Vaughan	4.2
47.	11.	**Global Institutional Consulting, Cate Brunton Luc Group**	Indianapolis	Bank of America / Merrill Lynch	John Cate	10.1
48.	N	**Enterprise Retirement Solutions**	Houston	LPL / Amegy Bank	Deborah Lundin	3.5
49.	N	**Graystone Consulting, Detterick Group**	New York	Morgan Stanley	Jim Detterick	4.1
50.	N	**Catanella Institutional Consulting Group**	Philadelphia	UBS Financial	Ken Catanella, Brian Catanella	3.7

N=Not ranked