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THE WALL STREET JOURNAL.

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What's News

Business & Finance

Fannie and Freddie are finding booming demand for a new type of security that transfers the risk of mortgage defaults from taxpayers to investors. **A1**

◆ **Beijing is pushing** to establish the Communist Party's role in Chinese state companies in Hong Kong, raising concerns about corporate governance. **B1**

◆ **SpaceX's cargo launch** to the international space station highlights the steady expansion of scientific research on the orbiting lab. **B1**

◆ **North Face parent VF** said that it reached a deal to buy apparel maker Williamson-Dickie for $820 million in cash. **B3**

◆ **European companies** have stepped up the sale of securities directly to investors as they seek to diversify their funding amid fears of tighter monetary policy. **B5**

◆ **China's JD plans** to open a luxury e-commerce platform on its website, ratcheting up its competition with Alibaba. **B4**

◆ **Chinese economic data** indicated a slowdown in July as Beijing cracked down on property speculation and rising debt levels. **A4**

◆ **Uber was suspended** from the Philippines for one month for failing to comply with an order to stop accepting new drivers. **B4**

◆ **Google said** it canceled the website-hosting registration for the neo-Nazi website Daily Stormer after it was ousted by GoDaddy. **B4**

World-Wide

◆ **Trump explicitly** denounced white-nationalist groups for the deadly violence in Charlottesville, Va., after stopping short of doing so two days earlier. **A1**

◆ **Merck's CEO quit** a Trump advisory panel to protest the president's failure to quickly condemn white supremacists. **A7**

◆ **China is banning** imports of North Korean coal, iron and seafood, a move that could assuage U.S. demands that Beijing comply with U.N. sanctions. **A1**

◆ **The rapid advance** of North Korea's ICBM program has prompted questions over whether Pyongyang obtained rocket engines illicitly from Ukraine or Russia. **A2**

◆ **Pence played down** threats of U.S. military intervention in Venezuela amid concern in Latin America about such comments. **A5**

◆ **Aid groups suspended** Mediterranean migrant rescue operations due to fears that their ships are threatened by Libya. **A3**

◆ **The U.K. will signal** it is open to creating a temporary customs union with the EU as it prepares for fresh Brexit talks. **A3**

◆ **Argentina's leader** got a show of support in a primary vote, a blow to Kirchner's comeback plans. **A5**

◆ **An Israeli billionaire** was detained for questioning in a fraud probe. **A5**

◆ **Heavy rains** and floods killed at least 200 people in Sierra Leone's capital. **A5**

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NICHOLAS KAMM/AGENCE FRANCE-PRESSE/GETTY IMAGES

President Donald Trump speaks at the White House about the violence in Charlottesville, Va.

Trump Calls Hate Groups 'Repugnant'

WASHINGTON—President Donald Trump, under pressure to explicitly denounce hate groups involved in the weekend's deadly racial violence in Virginia, singled out white-nationalist groups by name for condemnation Monday after stopping short of doing so two days earlier.

By Peter Nicholas, Eli Stokols and Ben Kesling

"Racism is evil," Mr. Trump said. "Those who cause violence in its name are criminals and thugs, including the KKK, neo-Nazis, white supremacists and other hate groups that are repugnant to everything we hold dear as Americans. We are a nation founded on the truth that all of us are created equal."

In his initial remarks two days earlier, Mr. Trump ascribed blame to actors "on many sides." The GOP president's decision Saturday not to single out neo-Nazis or white nationalists, who organized the weekend rally in Charlottesville, sparked outrage from civic leaders and politicians in both parties.

Mr. Trump's comments Monday, which weren't scheduled, came in the diplomatic greeting room at the White House after a meeting with Federal Bureau of Investigation Director Christopher Wray and Attorney General Jeff Sessions.

The Justice Department is opening a civil-rights investigation into the death of a woman who was run over by a car that drove into a crowd of people protesting the white-nationalist rally at the University of Virginia in Charlottesville.

"Justice will be delivered," Mr. Trump said. "As I said on Saturday, we condemn in the strongest possible terms this egregious display of hatred, bigotry and violence. It has no place in America."

Mr. Trump immediately left the room after his five-minute

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◆ Monument advocates worry about being co-opted..... A7

China Bans Major North Korean Imports

By Chun Han Wong And Lingling Wei

BEIJING—China is banning imports of North Korean coal, iron and seafood, starting Tuesday, in a move that could assuage U.S. demands while enforcing new United Nations sanctions targeting Pyongyang's nuclear-arms program.

The trade halt, announced Monday by China's Commerce Ministry and customs agency, follows a weekend phone call between Chinese President Xi Jinping and his U.S. counterpart Donald Trump on how to deal with North Korea's advances in developing nuclear weapons and missiles.

Beijing had been expected to disclose steps to comply with the new sanctions passed unanimously by the U.N. Security Council this month. Beijing disclosed the ban days after the Trump administration said it would order a formal probe into China's alleged theft of U.S. intellectual property—a move some Chinese observers saw as an attempt to push Beijing into ramping up economic pressure on its impoverished ally.

Mr. Trump initiated the probe in a White House signing ceremony on Monday afternoon, in the first formal China trade action taken by a president who has long blasted the country for improperly aggressive commercial practices.

China is by far North Korea's biggest trading partner, accounting for more than 80% of North Korea's external trade for the past five years. Mr.

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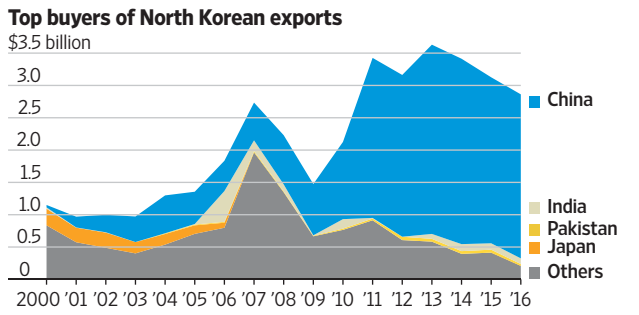
Fuel for North Korea's Fire

China has been by far the biggest buyer of North Korean resources.



Note: Based on other countries' import data.
Source: U.N. Comtrade (countries)

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Fannie, Freddie Sell Off Risk From Mortgages

By Sam Goldfarb

Investors are snapping up a new type of security sold by Fannie Mae and Freddie Mac, increasingly assuming the risks of mortgage defaults from taxpayers and powering a quiet transformation of the housing giants after almost a decade of government control.

Fannie and Freddie have sold roughly $48 billion of the securities since 2013 to a broadening group of buyers, including asset managers and insurance companies. Sales are expected to reach a fresh high of $15 billion this year, up from the previous record $13 billion last year, according to J.P. Morgan Securities.

The sales mark an early step toward reducing the government's role in the $14.4 trillion U.S. mortgage market. The amount of mortgage debt funneled through Fannie and Freddie and other taxpayer-backed entities roughly doubled after the financial crisis, to around 70%.

The progress has come despite a long-running stalemate in Congress, which has stumbled in its effort to design a replacement for the decades-old housing-finance system that centers on Fannie and Freddie.

It may not be happening as people anticipated, but "the government's footprint in the mortgage market is receding quickly and significantly," said Mark Zandi, chief economist at

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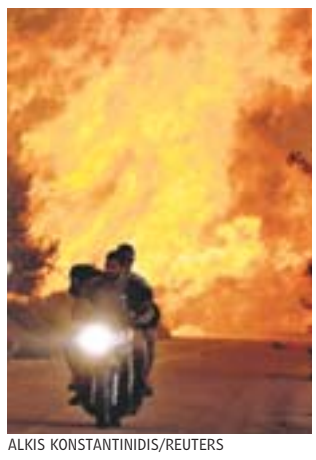
Wildfires Rage Across Greece



ALKIS KONSTANTINIDIS/REUTERS

ON THE MOVE: More than 90 forest fires broke out across Greece on Monday because of dry winds and hot weather. Above, two men and a dog flee a blaze near Athens. **A5**

Early Peeks at Drug Trials Can Give Investors Whiplash

By Peter Loftus And Denise Roland

Roche Holding AG shares jumped 6.5% on a single day in early March when the drugmaker said its new breast-cancer treatment, Perjeta, helped prolong average patient survival in a clinical study.

But the stock gave up nearly all those gains three months later, when the Swiss company disclosed full details of the trial at a medical conference. The study, dubbed Aphinity, showed what some doctors said was only a marginal benefit for Perjeta, and investors, initially hopeful of a big sales boost for the drug, lowered their expectations.

"The stock-market reaction was not joyful for shareholders," said Denise Anderson, vice president of research and investment management at Sit Investment Associates, a Minneapolis firm that owns Roche shares.

The episode throws light on the peculiar drip-feed way drug companies often disclose the results of clinical trials.

To comply with securities requirements of timely disclosure of material information, companies often issue brief "top line" news releases stating whether a study has met a goal, such as prolonging life in cancer patients or preventing heart attacks. Weeks or months later, however, companies often reveal the full details—such as the magnitude of a new drug's benefit—in medical-journal articles or at medical conferences.

If positive top-line results aren't borne out in the subsequent details, investors sometimes lash out. In the Roche case, the disconnect triggered a shareholder lawsuit, filed in New Jersey federal court in June, claiming Roche misled investors and violated securities laws when it didn't immediately disclose that Perjeta's

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Honk If You Flunked Harley's Motorcycle-Ed Class

* * *

Hogs look fun but are hard to drive; lesson one: turning without falling over

By Andrew Tangel

GLENVIEW, Ill.—Look before you turn. Straighten the handlebars when you brake. Don't kick dogs that chase you.

Those should be simple things to remember when learning to ride a motorcycle. It's not as easy as it sounds: Many people flunk out of Harley-Davidson Inc.'s drivers-ed class for riding Hogs. Even the Harley manager who oversees the courses for the Milwaukee motorcycle maker dropped out on her first try.

A Harley class in suburban Chicago last month drew 11 aspiring riders ranging from a police officer in his 40s to a college-bound teenager. Of those, seven brave souls stuck with it through the course's four days. Only four earned a safety certification. The lessons can help riders prepare to pass the state licensing test.

Riding a motorcycle is trickier than riding a bicycle or driving a car. It's a full-body exercise, full of squeezing, pressing and leaning.

Newbies can find it tough to master the clutch with their

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INSIDE

HANI AMARA/REUTERS

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Mattis-Tillerson Show Is Key to North Korea

CAPITAL JOURNAL
By Gerald F. Seib

BANGOR, Wash.—Defense Secretary Jim Mattis was wrapping up a talk a few days ago to sailors of the submarine Kentucky, which carries two dozen nuclear-tipped intercontinental ballistic missiles, when he sent them off with this sober message: "If we've got to turn something off in a hurry," he said, "we're counting on you to turn it off in a hurry."

Mr. Mattis didn't specifically mention North Korea and its nuclear program, but nobody on the pier here in Washington state, facing the Pacific Ocean, was in doubt. After all, the defense secretary had just issued a stern formal statement warning North Korea to "cease any consideration of actions that would lead to the end of its regime and the destruction of its people" and declaring it "would lose any arms race or conflict it initiates."

Meantime, far across that Pacific Ocean, Secretary of State Rex Tillerson was sounding a different tone as he headed toward the U.S. island territory of Guam, which had just been threatened by North Korea.

"I think Americans should sleep well at night, have no concerns about this particular rhetoric of the last few days," Mr. Tillerson said. The Trump administration, he said, was engaged in "a very active, ongoing diplomatic effort, most of which is behind the scenes because that's where diplomacy is most effective."

US NAVY/REX/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

Defense Secretary Jim Mattis spoke with the crew of the ballistic missile submarine USS Kentucky in Washington state last week.

Mixed messages? Yes and no. Messrs. Mattis and Tillerson talk almost every day, usually share their comments with each other beforehand, and have met jointly with their Chinese counterparts to discuss North Korean strategy. They are engaged in a classic good-cop-bad-cop approach.

That was reflected in a joint op-ed piece they wrote for Monday's Wall Street Journal, in which they asserted that "diplomacy is our preferred means of changing North Korea's course of action" but that the approach is "backed by military options."

The real message to North Korea's leaders, officials say, is that if they don't like the tough message they are hearing from the American defense chief, they need to start listening more closely to America's top diplomat, Mr. Tillerson. And what he is saying, as he did that day in the Pacific, is that the way out of the current tense standoff over the Korean nuclear program is "talks," adding that "diplomatically, you never like to have someone in a corner without a way for them to get out."

Indeed, if you listened closely to Mr. Mattis on his West Coast tour last week, he said on a couple of occasions that the approach to North Korea is "diplomatically led" and that the U.S. had just scored a giant diplomatic success by persuading Russia and China to join it in enacting new United Nations economic sanctions on North Korea.

So there are, in fact, mixed messages, and intentionally so. Still, there are two problems with this method-to-the-madness approach.

The first is that, while Messrs. Mattis and Tillerson coordinate with each other, they have a much harder time coordinating messaging with the commander in chief, President Donald Trump. They aren't sure exactly what he's going to say on North Korea, in tweets and off the cuff, or precisely what kind of tone he will strike.

They often are left in reactive mode, either compelled to fall in behind his message or to subtly counter it.

Last week, the combined effect was to create almost a state of global alarm, and a sense that conflict with North Korea was closer than it really is. The impression was that the president was rushing blindly past the diplomatic opening the U.N. sanctions resolution had provided him and his administration, failing to walk through a door his own administration had worked hard to open.

The second problem is that the administration hasn't been clear how it wants to pursue that opening. What is the goal of its combination of bluster and diplomacy?

If North Korea's way to escape international pressure is, as Mr. Tillerson said last week, through "talks," what does that mean exactly? Is the goal a resumption of the six-party talks held periodically between 2003 and 2008 with the U.S., South Korea, Japan, China and Russia sitting down with North Korea?

Or is the administration open to direct talks with the North? Remember that just three months ago, Mr. Trump himself said he'd be "honored" to meet with North Korean leader Kim Jong Un "under the right circumstances."

Nominally, the American goal remains to roll back entirely the North Korean nuclear program, leaving a "nuclear-free Korean Peninsula." It's less and less clear that goal is attainable, though, absent North Korean regime change, which Messrs. Mattis and Tillerson say isn't the goal.

The sliver of good news in all this lies in the fact that Russia and China finally seemed suitably concerned about North Korea to act. Indeed, U.S. officials say the Chinese have begun doing more to pressure Mr. Kim than is commonly realized. On Monday, China announced it is banning imports of North Korean coal, iron and seafood.

The situation remains tense and dangerous, and there are more moving parts than are apparent. To track them, keep a close eye on the Tillerson-Mattis show.

Risk From Pyongyang Weighed by U.S., Seoul

By Gordon Lubold And Jonathan Cheng

SEOUL—Gen. Joe Dunford, chairman of the U.S. Joint Chiefs of Staff, said the U.S. must take threats from North Korea seriously, despite fresh skepticism from South Korea that Pyongyang has the ability to reliably deliver an intercontinental ballistic missile to the U.S.

"I honestly think it's an academic issue whether it can happen today or happen tomorrow," Gen. Dunford told reporters Monday in Seoul after wrapping up meetings with South Korea's president and defense officials.

Gen. Dunford noted that North Korea had conducted missile and nuclear tests "at a historic rate"—at least 15 tests in the past year.

But uncertainty remains about the North's ability to endanger the American homeland or even the U.S. territory of Guam, which North Korea threatened last week with an "enveloping fire" of intermediate-range missiles.

Those doubts were underscored Sunday by a senior South Korean defense official, who said that both Seoul and Washington had concluded Pyongyang lacks the missile re-entry technology to successfully launch an intercontinental ballistic missile at the continental U.S.

The remarks by Suh Choosuk, Seoul's vice defense minister, added another voice of skepticism about whether North Korea has attained a critical capability central to his missile ambitions.

In order for a long-range nuclear missile to reach the continental U.S., the missile would exit the earth's atmosphere, and the warhead would have to be able to survive the punishing journey back through the atmosphere.

"Both the United States and South Korea do not believe North Korea has yet completely gained re-entry technology in material engineering terms," Mr. Suh said.

KOREA

Continued from Page One

Trump has said he would cut Beijing slack over trade disputes if he felt the Chinese were being helpful in reining in Pyongyang.

He offered no indication at Monday's ceremony that Beijing's new import ban was a step in that direction. Instead, he said as he signed the directive that "this is just the beginning."

The measures announced by Beijing on Monday don't go beyond the U.N.-approved curbs, and China has long shied from severe punitive steps—such as cutting off fuel and food supplies—that it fears could trigger the collapse of the North Korean regime.

The timing of China's disclosure, though, was aimed as a response to Mr. Trump's plans for a trade probe, according to people with knowledge of the leadership's thinking. "This action on North Korea should help ease the renewed trade tensions," a government adviser involved in making policy said.

In a statement, the Chinese government said it was acting to comply with the new U.N. sanctions—proposed by the U.S. and endorsed by China—which are aimed at slashing about $1 billion off North Korea's annual foreign revenue.

CHINATOPIX/ASSOCIATED PRESS

Imported iron ore at the dock in Rizhao, China, in 2015.

"The North Korean nuclear issue and the China-U. S. trade issue are totally different and it is not appropriate to use one as a tool to keep pressure on the other issue," Chinese Foreign Ministry spokeswoman Hua Chunying said Monday. She said China has been improving its regulations on intellectual property rights, while boosting social awareness of the issue.

North Korean state media didn't immediately comment on China's announcement.

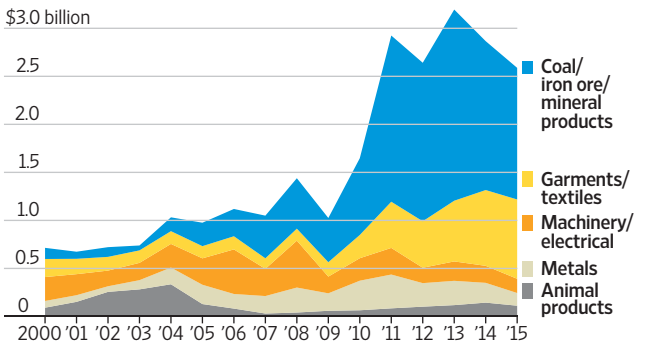
President Trump has repeatedly questioned China's willingness to ratchet up pressure on North Korea. In recent months, his administration moved toward unilaterally tightening sanctions, targeting Chinese companies and banks the U.S. says are funneling cash into Pyongyang's weapons program.

Beijing has resisted Washington's suggestions that it isn't doing enough to pressure Pyongyang, saying the U.S. must directly engage North Korea to curb its nuclear ambitions.

In July, Beijing reported a 10.5% rise in trade with North Korea in the first half of this year, an increase Chinese officials defended as part of its economic relationship in areas not covered by U.N. sanctions.

China's new import ban covers North Korean coal, iron and iron ore, lead and lead ore, and seafood products, according to a government statement.

The country's top five exports by product type



Note: Based on other countries' import data.
Sources: The Atlas of Economic Complexity

THE WALL STREET JOURNAL.

Some analysts are skeptical of the ban's potency, even if it is strictly enforced. Anbound Consulting, an independent economics think tank in Beijing, said signs of resilience in North Korea's economy suggest that it will be able to endure the new U.N. sanctions.

It also remains to be seen whether China's gesture will help avoid heightened economic confrontation with the U.S., which comes at an inconvenient time for Beijing.

The ruling Communist Party is gearing up for a leadership shuffle in the fall, when Mr. Xi is expected to defend his record ahead of a second five-year term and consolidate power by promoting allies to top posts. This means Beijing is eager to project national strength to its domestic audience, and loath to enter a trade conflict with Washington that could destabilize the economy, analysts said.

For the past few months, Beijing has taken steps to allow U.S. beef producers, credit-rating companies and others greater access to the Chinese markets. On Monday, the Commerce Ministry said in a faxed statement that it wouldn't force foreign investors to transfer technology to China—reiterating official rhetoric on an issue that some U.S. companies have expressed recent concern about.

The Chinese "don't want to turn up the heat," said Andrew Polk, a founding partner of Trivium/China, a Beijing-based research firm. "They want to match whatever heat Donald Trump gives them."

—Liyan Qi contributed to this article.

Ukraine, Russia Tie Seen in Rockets

By Paul Sonne in Washington And James Marson in Kiev

The rapid advance of North Korea's intercontinental ballistic missile program has prompted questions about whether Kim Jong Un's regime obtained Soviet-designed rocket engines illicitly from Ukraine or Russia.

The liquid-propellant rocket engines North Korea has been using in recent tests resemble the RD-250 and were probably acquired through illicit channels originating in Ukraine or Russia, where the rocket engine was designed, a report from the International Institute for Strategic Studies said Monday.

Michael Elleman, author of the report, said the single combustion-chamber version of the RD-250 rocket engine that resembles what the North Koreans are testing likely traces back to Ukraine's Yuzhnoye State Design Office or Russia's Energomash, two state defense companies involved in designing the engine in the past.

Both defense contractors played critical roles in the Soviet Union's ballistic-missile program.

Mr. Elleman said in an interview it was unlikely the Ukrainian or Russian governments knew about a rocket engine sale to North Korea and posited that Mr. Kim's regime obtained the engines through illicit networks.

Energomash didn't respond to a request for comment.

Whether North Korea has the capacity to produce such rocket engines itself domestically is a matter of debate. Mr. Elleman believes it's far more likely Pyongyang smuggled dozens of engines from a place such as Ukraine, where they may have been available in factories or storage facilities, given the complexity of the technology.

"The engine itself could fit into a box that's one by one by two meters," Mr. Elleman said. "You could load them onto an aircraft, trains or even trucks."

Such a transaction would explain why North Korea has advanced its missile program so quickly. Mr. Kim's regime conducted two intercontinental ballistic missile tests last month, an indication that the country is rapidly approaching the ability to strike the continental U.S. with nuclear weapons.

—Felicia Schwartz in Washington contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Susan Bro is Heather Heyer's mother. Articles on Monday on Page One and in U.S. News about weekend violence in Charlottesville, Va., incorrectly referred to her as Susan Heyer.

Primland resort is in southern Virginia. An Off Duty article in the Friday-Sunday edition about spa getaways for men incorrectly said the resort was in northern Virginia.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com**.

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WORLD NEWS

Aid Groups Halt Mediterranean Rescues

Humanitarian groups cite threat from Libyan Coast Guard after it asserted control

By Drew Hinshaw

Humanitarian groups suspended migrant search-and-rescue operations in the Mediterranean over concerns their ships are threatened by the Libyan Coast Guard after it asserted authority last week in international waters off its coast.

Doctors Without Borders, Save the Children and Sea Eye retreated to nearby ports over the weekend, marking a potential shift in rescue operations for Europe's migration crisis.

The aid groups said the decision stemmed from concerns their members and ships could be detained or attacked. Several NGOs have accused the Libyan Coast Guard of shooting in the direction of their rescue boats, including the Spanish non-governmental organization Proactiva Open Arms last week.

Libyan Coast Guard officials couldn't be reached to comment.

Rob MacGillivray, the regional humanitarian director for Save the Children, said a lack of clarity over the geographical and legal limits of Libyan Coast Guard operations is prompting operational uncertainty for rescuers.

"It is possible we could have the boat impounded. It is possible we could have the staff detained," he said. "We've had to make some fairly serious decisions on what to do next."

ANGELOS TZORTZINIS/AGENCE FRANCE-PRESSE/GETTY IMAGES

Migrants on a ship in the Mediterranean near Libya's coast waited to be rescued by humanitarian groups this month.

The nongovernmental organizations predict a rise in deaths because the Libyan authorities have far fewer boats, personnel and experience rescuing migrants. "We're really talking about stopping the flow by having people drown," said Operations Coordinator Stefano Argenziano for Doctors Without Borders.

However, Italian authorities, which oversee Mediterranean rescue operations, see a benefit to the new approach. After four years, and 600,000 people crossing over, the Libya-to-Italy migrant route appears to be slowing. In July, arrivals fell by more than half to 11,500 compared with the year-earlier period. So far in August, about 2,000 migrants have arrived in Italy, 69% lower than last year's period.

Rome attributes that in part to Libya's coast guard, which it is supplying with training and supplies to fight human traffickers and conduct rescue operations. European officials have also positioned a navy ship just inside Libyan waters, supported the voluntary repatriation of migrants and pledged millions of euros in aid to Libyan tribes to help suppress human smuggling.

"The decision by [the NGOs] is part of a new equilibrium," said Italian Foreign Minister Angelino Alfano in a interview with an Italian newspaper over the weekend.

Since 2013, people have fled Libya in large numbers usually on blow-up rubber dinghies that don't have enough fuel in their engines to reach Italy. Smugglers convince migrants that a nearby ship will pick them up.

At first, commercial ships and war vessels undertook the bulk of those rescues, until last year, when NGOs including Doctors Without Borders took the lead. Those charity ships now conduct nearly half of rescues, according to Italian government data.

Italian officials say the presence of those NGOs so close to Libya has encouraged more people to attempt the deadly passage. To illustrate their point, these officials point to three days at the end of June when search-and-rescue crews—including a number of NGO vessels—saved 12,000 migrants aboard 27 different boats in distress, a near record.

Since then, Italy has begun restricting the movements of rescue ships and empowering coast guard of Libya's internationally recognized government, which the European Union pledged the equivalent of $235 million for border patrol operations.

In July, the Italian government drafted a new code of conduct for NGOs sailing to Italy. Among other things, it would require them to return to Italy in order to disembark migrants, rather than transferring them to other ships that would bring them to dry land. The NGOs argued that would curtail their search-and-rescue efforts by causing them to spend days in transit to Italy.

The German NGO Sea Eye, which last year had two of its members detained in Libya by a group claiming to be the coast guard, said on Monday it was considering moving its rescue operations to other countries due to the danger.

"The victims are the refugees now because they are in a very deadly trap," said Sea Eye spokesman Hans-Peter Buschheuer. "They are in a situation where they can't stay in Libya and they can't leave. What will happen to them?"

Italy's strategy has raised concerns about whether it is ethical to return migrants to a country where many have been tortured, raped, or sold into slavery. A recent survey of migrants in Libya by British advocacy group Oxfam found that 74% had witnessed a fellow migrant's murder or torturing. Nearly all women said they had been raped.

"This is how European governments decided to deal with the situation," said Oxfam Humanitarian Policy Adviser Josephine Liebl. "The policy seems to be to have Libya doing the dirty job for them."

Meanwhile commercial shippers said Monday they were worried that the lack of NGO ships would force them to resume conducting rescues, much as they did in 2014 and 2015.

"It is of the utmost concern to us: It means the burden of conducting rescues will fall on merchant ships," said Secretary-General Peter Hinchliffe of London's International Chamber of Shipping.

U.K. Is Open to Temporary Customs Union With EU

By Jason Douglas

LONDON—The U.K. government on Tuesday will formally signal it is open to creating a temporary customs union with the European Union after Brexit as it prepares for fresh talks this month on its separation from the bloc.

In a statement, the U.K.'s department for exiting the EU said that its forthcoming paper will set out two long-term options for post-Brexit customs arrangements with the EU aimed at making trade in goods as "frictionless" as possible after the U.K. formally withdraws from the bloc in early 2019.

One option calls for a "highly streamlined" customs arrangement aimed at simplifying border checks on goods moving between the U.K. and the EU. The second envisages a new "customs partnership" that would "negate the need for a customs border between the U.K. and the EU," according to the statement. Further details were due to be published later Tuesday. EU officials have warned however that Britain won't be able to achieve frictionless trade with the bloc once it leaves.

The department said that in an interim period, after Brexit but before the long-term arrangements come into force, "One possible approach would be a temporary customs union between the U.K. and the EU."

Such a time-limited period of implementation would ensure that businesses have to adjust only once to a new customs relationship, it said.

The department added that it will on Wednesday publish proposals for managing the border between EU member Ireland and Northern Ireland after Brexit. The paper "will make clear the commitment to maintain a seamless and frictionless border with no return to the hard borders of the past," it said.

The publication of the U.K. government's negotiating position on these issues highlights an increasing push by the British government to set out its view of a future EU-U.K. relationship. Talks resume in late August, with both sides hoping to make significant progress by the time EU leaders next meet in October.

While the U.K. paper focuses on future customs arrangements, the EU has said it won't discuss the future relationship until it sees sufficient progress on a trio of issues: the Irish border, the rights of EU and U.K. citizens after Brexit, and a settlement of the U.K.'s past financial commitments to the bloc that haven't yet been paid.

Post-Brexit customs arrangements present particular challenges. U.K. Prime Minister Theresa May has said the U.K. will leave both the EU's single market for goods and services, which sets common rules and standards, and the bloc's customs union, which levies common tariffs on imports.

EU officials say U.K. won't be able to have frictionless trade with the bloc post-Brexit.

Two government ministers—Treasury chief Philip Hammond, who campaigned to stay in the EU, and trade secretary Liam Fox, who campaigned to leave—declared at the weekend that the U.K. wouldn't stay either in the single market or customs union during the planned "interim" period meant to enable an orderly transition to a new economic relationship.

Exiting the customs union—as well as leaving any subsequent interim customs-union agreement with the EU—is essential if the U.K. is to enter into its own free-trade deals, which pro-Brexit lawmakers say is one of the principal benefits of withdrawal.

Some EU officials have acknowledged the benefits of some kind of transitional access to the EU's customs union for Britain after its scheduled departure in March 2019. They note that both British and European ports, airports and other transport hubs are unlikely to be ready to process the large-scale customs checks required if it were to exit abruptly.

Yet Michel Barnier, the EU's top Brexit negotiator, has repeatedly warned the U.K. that it can't expect to exit from the EU and maintain the economic benefits of membership of the single market and the customs union, a point EU officials believe isn't clearly understood in some quarters in the U.K.

"I have heard some people in the U.K. argue that one can leave the single market and build a customs union to achieve frictionless trade. That is not possible," Mr. Barnier said in July.

"The decision to leave the EU has consequences."

—Laurence Norman contributed to this article.

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Kiwi Dairy Growth Fuels Pollution Fear

Environment damage threatens the clean image New Zealand projects to tourists

By Ben Collins

CHRISTCHURCH, New Zealand—This South Pacific country markets itself to international tourists as "100% pure," but a rapid expansion of its dairy industry is endangering its clean, green image.

The shift threatens to pit the nation's No. 2 export, tourism, against dairy, its No. 1.

"Agriculture is the major cause of issues we have with freshwater," said John Quinn, chief freshwater scientist at the National Institute of Water and Atmospheric Research. "Dairying is part of that."

Seven out of 10 of New Zealand's monitored rivers—mostly in lowland areas—are now potentially unsafe for swimmers, according to a government report this year on freshwater quality, which highlighted increased nitrogen levels and algal blooms.

Some in the tourism industry, and some scientists, fear the pivot by New Zealand, long recognized for its sheep and wool, to producing milk from cows to take advantage of soaring demand from Asia is contributing to the problem. Rising incomes in the region, notably in China and India, have lifted millions into the middle class and driven up appetite for protein, including milk and other dairy products.

Global milk prices have surged as a result, prompting some New Zealand farmers to switch from sheep to dairy cattle. In the decade through 2016, the number of dairy cows rose 28% to 6.6 million while the sheep flock shrank 45% to 27.6 million, official data show.

Cattle produce more waste than sheep, and some of it gets into rivers during heavy rain or over-irrigation of pastures.

The Tourism Export Council of New Zealand, a trade lobby, said it fears the country is "heading down a path where freshwater quality could lead to reputational damage to our 'clean, green' marketing promise we share with the world."

Nowhere is the environmental challenge greater than in the Canterbury region, which includes Christchurch, on New Zealand's South Island. Dairy used to be a bit player here, with sheep and crops dominating agriculture.

Between 2002 and 2016, the number of dairy cows in Canterbury more than doubled to 1.27 million, according to official data.

Over roughly the same period, water quality deteriorated. About half of 56 water-testing sites on farmed land in Canterbury showed signs of rising nitrogen levels between 2004 and 2013, the most recent national data available, with levels improving in just three. A trend couldn't be established in the others.

"Fifteen years ago, when I started to guide in the region, there was not a river where I would hesitate to have a drink of the water," said Serge Bonnafoux, a fly-fishing guide. "Nowadays there are only rivers in remote areas, where I know there are no cows above me, where I will drink."

Scientists say dairy has played a big part in fouling waterways, though it isn't the only cause: clearance of native vegetation and population growth are contributing factors, as are other agriculture.

The dairy industry acknowledges it is part of the problem and says farmers are addressing environmental concerns.

Besides fencing off rivers, dairy farmers have been planting vegetation along river banks, which can help reduce the volume of bacteria and sediment running into the water, said Theo Spierings, chief executive of Fonterra Cooperative Group Ltd., the world's largest dairy exporter.

Fonterra accounts for much of the nation's dairy exports, which in the year through June 2017 were valued at 12.5 billion New Zealand dollars (US$9.1 billion).

New Zealand's reliance on exporting commodities is pushing the country close to its environmental limit and threatening its biodiversity, the Organization for Economic Cooperation and Development said in March.

Under pressure from tourism operators and community groups, New Zealand's government in February launched a program to make 90% of rivers safe for recreational swimming by 2040, through measures such as planting vegetation around rivers, new rules on fencing off pastures, and implementing stronger environmental guidelines for local authorities.

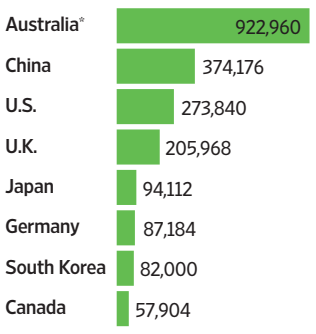
Environmental groups and some lawmakers say the initiative doesn't go far enough and that water-quality standards fall short of those in other developed countries.

Lawmakers are reluctant to criticize the dairy industry, which dominates many rural towns.

Tourist Trail

Tourism is among New Zealand's top export earners.

Visitor arrivals by country of citizenship in 2016



*Australians and New Zealanders have free movement between their respective countries under a bilateral agreement.

Source: Statistics New Zealand

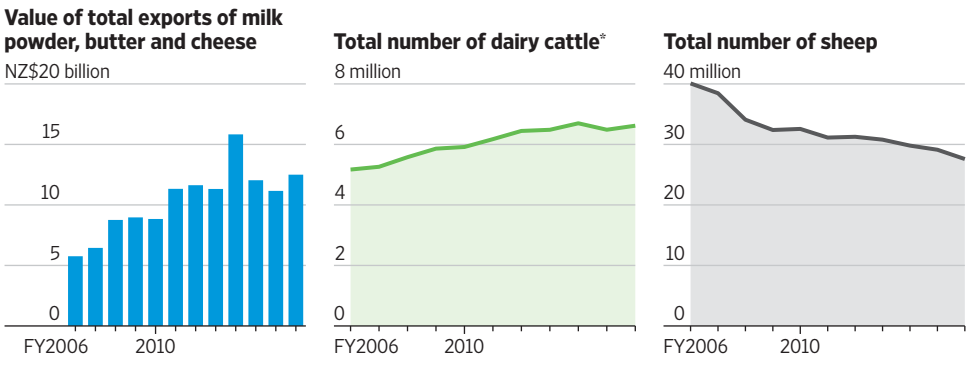
THE WALL STREET JOURNAL.

BIRGIT KRIPPNER FOR THE WALL STREET JOURNAL

Calves graze next to waterways on a farm in South Waikato, New Zealand.

Cash Cows

New Zealand's dairy exports have grown rapidly; some farmers have switched from sheep to cattle.



Note: Fiscal year ends June 30; NZ$10 billion = $7.4 billion *Includes bobby calves

Source: Statistics New Zealand

THE WALL STREET JOURNAL.

Australian's Discovered Roots Imperil Government

WILLIAM WEST/AGENCE FRANCE-PRESSE/GETTY IMAGES

Australian deputy premier Barnaby Joyce, a critic of foreign investment, learned he is a New Zealand national.

By Rob Taylor

CANBERRA, Australia—Australia's tough-talking agriculture minister, Barnaby Joyce, has fought for biosecurity laws barring overseas fruit imports and once accused actor Johnny Depp of smuggling his Yorkshire terriers into the country aboard a private jet, breaching strict quarantine regulations.

As it turns out, he too may be an overseas arrival.

Mr. Joyce, who is also Australia's deputy prime minister, is the highest-ranking lawmaker so far to be snagged by an obscure constitutional rule stating that lawmakers must not owe allegiance to a foreign power.

He discovered the breach when New Zealand diplomats informed him he was a dual citizen because his father was born there. On Monday, New Zealand Prime Minister Bill English confirmed that Mr. Joyce is a Kiwi.

Mr. Joyce's citizenship status could threaten the government's narrow grip on power. He leads the Nationals, the junior partner in Prime Minister Malcolm Turnbull's ruling conservative coalition. His disqualification would likely trigger a by-election, potentially imperiling the government's one-seat majority in the lower house.

Until July, only two lawmakers in history had run afoul of the divided loyalty clause in Australia's 116-year-old constitution. But in the past month, thanks to a wave of investigations, five more lawmakers have been scooped up in its net.

Born in the Outback and representing a vast swath of rural voters, Mr. Joyce has long been a vocal critic of foreign investment, especially in farmland. He has also sprung to Australia's defense on the sports field: once taking on a team of New Zealand lawmakers at rugby—a hallowed sport here.

"After all those times Barnaby Joyce was red-faced, ranting and raving in Parliament he was actually doing a haka," Peter Broelman, a local cartoonist wrote on Twitter, likening Mr. Joyce's combative debating style to the ritual war dance New Zealand's burly rugby players perform before kickoff.

Australia allows people to hold multiple citizenships, just not elected officials, because they may not act in the country's best interests. Since citizenship varies in other countries—sometimes by descent, sometimes requiring paperwork—the onus is on lawmakers to determine if they are citizens anywhere else.

Never mind that Mr. Joyce's father migrated to Australia in 1947, before Australian citizenship even existed. Before 1949, Australians and New Zealanders were British subjects.

"Needless to say, I was shocked to receive this information," Mr. Joyce told Parliament on Monday. "I've always been an Australian citizen. Neither my parents nor I have ever applied to register me as a New Zealand citizen."

Mr. Joyce said he had asked the High Court to clarify his status, but wouldn't step down, safeguarding the government's majority for now.

"We want to give the court the opportunity to clarify the operation of the law in this vitally important area, which goes, obviously, to the heart of our democracy," Mr. Turnbull said Monday.

The divided loyalty rule is especially inconvenient in a country where nearly half of the population was either born overseas or had at least one parent born abroad, according to the latest census.

China's Economy Cooled in July

BEIJING—Chinese economic data indicated a slowdown in July as Beijing's crackdown on property speculation and rising debt levels started to filter through into the world's second-largest economy.

The pace of industrial output, retail and housing sales, and fixed-asset investment decelerated in July from June, according to official data Monday. All were lower than economists' forecasts.

Together, the figures illustrate the dilemma for the central government in achieving economic growth targets while clamping down on risky lending.

Value-added industrial output, a rough proxy for economic growth, rose by 6.4% in July from a year earlier, compared with a 7.6% increase in June, the National Bureau of Statistics said. July's figure was the slowest pace in five months.

Fixed-asset investment, which includes expenditure on roads, new apartments and factories, grew 8.3% in the first seven months of 2017 from a year earlier, slowing from a pace of 8.6% over the January-June period.

Retail sales, meanwhile, increased 10.4% in July from a year earlier, slowing from an 11.0% gain in June.

Property investment, which slowed to 7.9% expansion in the January-July period from 8.5% in the first six months, was one of the major forces that weighed on growth in July, economists said.

In an effort to rein in a property bubble, policy makers imposed measures this year to restrict home purchases in big cities and to raise interest rates charged for buyers. These moves are believed to put the economy on a healthier footing, economists say, but are also expected to hurt growth: The real-estate sector, including construction and home furnishings, now accounts for almost one-third of China's gross domestic product.

The property market is cooling and housing speculation is being curbed, said Mao Shengyong, a spokesman for the statistics bureau. The data showed property sales and construction starts decelerating in July. Economists have anticipated a broad slowdown as China's leaders signaled they would continue to tackle rising debt levels and curb home speculation. The economy has heavily relied on borrowed money and government-led investment since Beijing launched a stimulus package amid plummeting external demand in the wake of the global financial crisis.

Government officials and economists have said the debt-fueled growth model is hard to sustain and has left the economy increasingly overleveraged while delivering a diminished effect on growth.

—*Grace Zhu and Liyan Qi*

BONDS

Continued from Page One

Moody's Analytics.

The market for the so-called credit-risk transfers has boomed even as the one for privately issued mortgage-backed securities has remained mostly dormant, a sign that investors have greater comfort in the standards and transparency of these deals than in those issued by Wall Street banks that performed so poorly after the housing bust.

Fannie and Freddie don't make loans, but buy them from lenders and bundle them into securities. Those bonds typically carry a guarantee that Fannie and Freddie will pay investors if the underlying mortgages default, leaving investors with only the risk that the bonds will lose value if interest rates rise.

The credit-risk transfers don't carry that guarantee. Nevertheless, they have proved popular with investors, who have concluded that the yields they offer are worth the added risk. As the market has developed, banks have been willing to trade them, easing concerns that they would need to offer premium yields because they would be difficult for buyers to unload.

Reflecting the strong interest, the average yield that investors have demanded to hold one version of the instrument has fallen by more than half in just two years, to roughly 1.5 percentage points on top of a benchmark floating interest rate, according to J.P. Morgan Securities.

The pool of investors buying the securities is also widening to what many consider more stable sources of capital, a sign of their changing status. While hedge funds made up the largest group of early investors, that distinction now belongs to more traditional money managers, according to J.P. Morgan Securities. Though still small players in the market, insurance companies and real-estate investment trusts have also increased their buying in some recent deals.

Gene Tannuzzo, senior portfolio manager at Columbia Threadneedle, said he bought both Fannie and Freddie risk transfers for the firm's Strategic Income Fund and then sold them as the market rallied.

"Liquidity has definitely improved as more securities have been issued," he said.

The mortgage giants are transferring risk on the loans most likely to default—those of more than 20 years where homeowners have made less than a 40% down payment. Last year, such mortgages accounted for 60% of all of the single-family mortgages they acquired, according to the Federal Housing Finance Agency, which oversees the companies.

The securities are part of a government effort to revamp the housing giants.

How much risk Fannie and Freddie have shed depends in part on the severity of defaults. In a normal economic expansion, investors would likely shoulder around 20% of the losses in the mortgages underlying the securities, according to a new report by Moody's Analytics. But that number would jump to around 60% to 70% if there were another severe recession comparable to the last one—enough, if the firms were private, to possibly avoid a federal bailout, according to the Moody's report, which was written by analysts including Mr. Zandi.

The variability is a result of the securities' structure. Each comprises several tranches, linked to a pool of mortgages, with losses from defaults hitting the bottom tranche first and the top tranche last.

On almost all securities, Fannie and Freddie still own the riskiest and the safest tranches, seeing it as uneconomical to sell them to investors. That means they are exposed to mild losses, largely shielded from moderate to severe losses, but vulnerable again once defaults reach a catastrophic level.

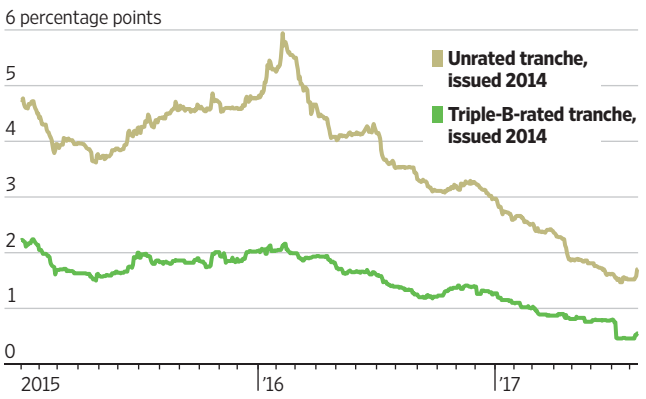
The securities are one part of a government effort to revamp the housing giants. Since being placed under conservatorship in 2008, the firms have adopted a more stable business model by shrinking their once huge investment portfolios and raising the fees they charge lenders to guarantee mortgages. They have also joined forces to build a common system for securitizing home loans.

The securities aren't without controversy. Some observers have expressed concerns that Fannie and Freddie are paying investors too much for the risk they are shedding. The securities have also been drawn into a larger debate about what the government should do with Fannie and Freddie, which stand in limbo between the public and private sectors.

Popular Bonds

Investor demand for credit-risk transfers has driven down yields, which fall as prices rise.

Yield in addition to 1-month London interbank offered rate



Note: Assumes an annual 10% prepayment rate on underlying pool of mortgages.

Source: J.P. Morgan Securities

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Pence Dials Back Venezuela Rhetoric

By Louise Radnofsky And Juan Forero

CARTAGENA, Colombia—Vice President Mike Pence tamped down President Donald Trump's threats of U.S. military intervention in Venezuela amid growing regional fears that such comments have strengthened that country's president, Nicolás Maduro.

Mr. Pence spoke Sunday night in neighboring Colombia, two days after Mr. Trump jolted the region by saying he was considering a military operation to resolve a growing political crisis over Mr. Maduro's regime, which the U.S. and Colombia have both characterized as increasingly dictatorial.

Colombian President Juan Manuel Santos, speaking before Mr. Pence at a joint press conference, said he had told the American frankly, as a friend, that such a move shouldn't be considered.

"Every country in Latin America would not favor any form of military intervention," Mr. Santos said. "A transition in the Venezuelan regime toward democracy must be a peaceful transition. It must be hopefully a democratic transition. And it must be done quickly."

Mr. Pence, on the first stop of a six-day tour of Latin America, replied that the U.S. was confident that peaceful solutions could be found, and that Mr. Trump's remarks on Friday had merely reflected his resolve to address the situation.

"We have many options for Venezuela, but the president also remains confident that working with all of our allies across Latin America we can achieve a peaceable solution," Mr. Pence said. "We will continue to act together.

"The president sent me here to continue to marshal the unprecedented support of countries across Latin America to achieve by peaceable means the restoration of democracy in Latin America, and we believe it is achievable by those means," Mr. Pence said in a response to a subsequent question.

Argentina Primary Lifts President

By Taos Turner And Alberto Messer

DAVID FERNANDEZ/REX/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

Former President Cristina Kirchner waved an Argentine flag in Buenos Aires Monday after her quest for a Senate seat was dealt a setback.

BUENOS AIRES—President Mauricio Macri got an unexpected show of support in a primary election, boosting the Argentine peso and local stocks on hopes his government will push forward with plans to overhaul the country's economy.

Sunday's nationwide primary, where voters cast a single ballot for their choice among a raft of candidates from each party, determines which parties are eligible to run for midterm congressional elections in October, providing an indication of voter preference ahead of the midterms.

With more than 97% of votes counted early Monday, Mr. Macri's Let's Change coalition beat opponents in half of Argentina's provinces, dealing a setback to former President Cristina Kirchner's plans for a political comeback.

In Buenos Aires, where Mrs. Kirchner is seeking a Senate seat, she was in a technical tie with the candidate from the governing coalition. Pre-election polls indicated Mrs. Kirchner would beat Esteban Bullrich, the top Let's Change Senate candidate, by several points. With close to 96% of votes tallied in the province, Mr. Bullrich had 34.19% of the vote, compared with 34.11% for Mrs. Kirchner. Mr. Macri's candidates also beat opponents in Santa Cruz, Mrs. Kirchner's home province.

The results were seen as a vote of confidence by investors, who feared Mrs. Kirchner would win big and weaken support for Mr. Macri's pro-business policies. Argentine shares rose on Monday, with the benchmark Merval index climbing 3.5%. The peso also appreciated against the dollar, rising 3.2% to 17.165 pesos per dollar, its strongest position in four weeks.

Yields on Argentina's benchmark bond due 2026 fell to 6% on Monday from 6.5% on Friday, and to 5.7% from 6% on its bond due 2027. Yields fall when prices rise.

"The Argentine peso has been depreciating over the past two months, leading the Central Bank of Argentina to sell almost $2 billion. Most probably that trend will revert this week," said Rafael Di Giorno, director of Proficio Investment Management, a Buenos Aires-based asset-investment firm.

The results indicate that the governing coalition will pick up seats in both houses of Congress, where no party currently has a majority, in October's election. Mr. Macri's coalition would increase its number of seats in the 257-member Lower House to 104 from 92, according to Teneo Intelligence. In the 72-member Senate, the Let's Change coalition would increase to 24 seats from 17, the consulting firm estimated.

Analysts said even if Mrs. Kirchner pulled ahead, she wouldn't be able to claim an authoritative role in the Peronist political movement that has dominated Argentina since its founding by Juan Domingo Perón in the 1940s.

"The margins will get closer as the votes are counted, but the former president needed a better performance to give herself a bigger role in the future," said Juan Cruz Díaz, managing director of Cefeidas, a risk-advisory firm.

"From now on, the government can begin pursuing additional reforms that it has been planning," Mr. Díaz added, citing broad-based national support for Mr. Macri and his congressional candidates.

Although Mrs. Kirchner has a solid base of support in Buenos Aires province, she is deeply unpopular elsewhere in the country. Pollsters say she has little chance of returning to the presidency in 2019.

When Mrs. Kirchner left office, the country was facing double-digit inflation and rising poverty, but she has maintained a loyal following among the urban poor. Corruption scandals have also dogged her and many officials in her administration. She has been indicted in several federal corruption, money-laundering and fraud cases.

Mrs. Kirchner claims the accusations against her are a conspiracy by Mr. Macri and federal judges to prevent her return to power.

Susana Valdez, a 39-year-old employee at a bakery in the country's capital, said she voted for Mrs. Kirchner because poverty and drug use have increased since Mr. Macri took office in late 2015. "I voted for Cristina because she is the only one who can return our dignity," she said.

But Let's Change candidates won not only in Buenos Aires but also in Argentina's four other most-populated provinces, including Cordoba, Mendoza and Santa Fe. They also won in San Luis, which has for decades been dominated by the Peronist Saa family.

"I think Macri represents what the youth want today. A modern country, closer to what is happening in the world, with the intention to provide opportunities for youth who are just starting out," said Manuel Porto, a 25-year-old student in Buenos Aires.

Mr. Macri's coalition is benefiting from an economy that began growing in the second half of last year. In May, output expanded 3.3% from a year earlier. Inflation, which was above 45% a year ago, has decelerated to about 23%.

The percentage of people living below the poverty level, which rose to more than 32% after Mr. Macri devalued the peso days after taking office, has begun to decline. And wages are beginning to rise. These trends appear likely to improve, analysts say, and could further benefit Mr. Macri in the October midterms.

"At a national level, Macri is clearly winning," said Juan Germano, a political analyst at pollster Isonomia.

But Mr. Germano cautioned that Let's Change will have to achieve much more, and keep the economy humming, to maintain support from voters who are proving to be more unpredictable than in previous elections.

On Monday, Mr. Macri asked Argentines to keep supporting his effort to gradually overhaul the economy.

"Surely, the markets that were scared that Argentina would return to the past are now going to realize that we've made a decision with not only intelligence, but also heart," Mr. Macri said in comments to local media.

—Ryan Dube contributed to this article.

Israeli Authorities Question Billionaire In Fraud Investigation

By Rory Jones

TEL AVIV—Israeli authorities detained billionaire Beny Steinmetz for questioning in a fraud probe, a police official said, months after the diamond magnate was taken into custody and released in connection to an international corruption investigation.

The police on Monday said five suspects were asked about allegations of fraud, money laundering and creating fictitious contracts in a foreign country. They didn't name any of the individuals questioned. A police official, however, later identified Mr. Steinmetz as one of the five.

"The police have been investigating a number of suspects on suspicions that they worked systematically with the main suspect to produce and present fictitious contracts and transactions, including real estate in a foreign country," they said. The homes and offices of the suspects also were searched, they added.

A lawyer for Mr. Steinmetz couldn't be reached for comment.

Mr. Steinmetz was taken into custody by Israeli police in December on suspicion of paying bribes in 2008 to government officials in Guinea to secure mining rights in the West African nation. He was placed under house arrest and released weeks later without charge.

SHAUN CURRY/I-IMAGES/ZUMA PRESS

Beny Steinmetz in 2012

Monday's arrest of Mr. Steinmetz marks another dramatic turn in the saga surrounding a lucrative vein of iron ore in Guinea's remote Simandou mountain range. Its hills hold some of the world's largest and highest-quality deposits of the ore—a key ingredient for making steel—and have lured mining companies competing to exploit China's booming need.

In 2008, Mr. Steinmetz's mining company, **BSG Resources** Ltd., won the rights to mine Simandou after the Guinea government, then led by President Lansana Conte, stripped them from British-Australian mining giant Rio Tinto PLC.

BSGR then agreed on a $2.5 billion deal with Brazil's state mining firm, Vale SA, to split development of the Simandou range. But in 2014, the new Guinea government rescinded BSGR's mining rights and accused people connected to it of paying bribes to officials in Mr. Conte's administration.

A BSGR representative declined to comment on Monday.

Rio Tinto eventually won back the Simandou rights. But it has also faced questions of corruption related to its activities in Guinea.

Before Mr. Steinmetz's arrest in December, Rio dismissed two executives and turned over evidence to law-enforcement officials after emails were made public that detailed a $10.5 million payment the mining company had made to a man with close ties to Guinea's government.

—Scott Patterson in London contributed to this article.

WORLD WATCH

YORGOS KARAHALIS/ASSOCIATED PRESS

GREEK DRAMA: A plane doused a forest fire near Athens, on Monday. The wildfire, fed by high winds, threatened houses north of the capital as it swept through the forest for a second day.

SIERRA LEONE

At Least 200 People Die in Heavy Floods

Relatives dug through mud in search of loved ones and a morgue overflowed with bodies after heavy rains and flooding early in the day killed at least 200 people in the capital.

Bodies were spread out on the floor of a morgue, Sinneh Kamara, a coroner technician at the Connaught Hospital mortuary, told the national broadcaster. He urged the health department to deploy more ambulances, saying his mortuary has only four.

The national broadcaster showed scenes of people trying to retrieve relatives' bodies. Others were seen carting remains in rice sacks to the morgue.

—Associated Press

BURKINA FASO

Suspected Militants Attack Restaurant

Suspected Islamist militants attacked a Turkish restaurant in the capital, killing at least 18 people in the second such attack in the past two years.

There was no immediate claim of responsibility for the violence.

Officials said at least 18 people were dead and at least 22 others wounded.

Eight of the dead in Sunday's attack on the Aziz Istanbul, an upscale Turkish restaurant patronized by many foreigners, were citizens of Burkina Faso, authorities said. Three Lebanese and two Canadians were also killed, according to the victims' respective foreign ministries. Other victims came from Kuwait, Senegal, Nigeria, Turkey and France, state prosecutor Maizan Sereme said.

Security forces arrived at the scene with armored vehicles after reports of shots fired near Aziz Istanbul, an upscale restaurant in Ouagadougou.

The attack brought back painful memories of the January 2016 attack at a cafe that left 30 people dead.

—Associated Press

KENYA

Leader Moves to Ease Postelection Crisis

The re-elected president urged the country's opposition leader to order his supporters off the streets and to take his claims of vote-rigging to the courts.

President Uhuru Kenyatta's appeal came after a weekend of election-related violence in some of Nairobi's poorest areas and a death toll that by Monday had reached 17, according to the Kenyan Red Cross.

Street battles between riot police and supporters of the opposition leader, Raila Odinga, began escalating on Friday, hours after the election commission declared Mr. Kenyatta the winner of the Aug. 8 vote by a wide margin.

Mr. Odinga, already the loser in three previous presidential bids, refused to accept the result, claiming the computer system tallying the vote had been hacked. He has offered no concrete evidence of vote-rigging.

—Matina Stevis

EUROZONE

Industrial Output Declined in June

Activity at the eurozone's factories, mines and utilities fell at its sharpest pace in 2017 during June, an indication that the economy may be settling down after an acceleration in growth during the first half of the year.

The European Union's statistics agency said industrial production was 0.6% lower in June than in May, while being 2.6% higher than June 2016. The decline in output was the largest since December 2016, and more than the 0.4% forecast by economists.

Industrial production can be highly volatile from one month to the next, and the June fall still leaves it significantly higher during the second quarter than it was in the first.

Partly as a result of that pickup, the eurozone economy grew at a quarter-to-quarter rate of 0.6% in the three months through June. That acceleration has surprised many economists, who had expected growth to ease this year in response to higher oil prices and heightened political uncertainty.

—Paul Hannon

JAPAN

Economic Growth Outpaces Forecasts

The economy grew at a faster-than-expected pace of 4% in the April-June period, with strong spending by consumers and businesses driving the sixth straight quarter of growth under Prime Minister Shinzo Abe.

The figure gave the world's third-largest economy its longest expansion streak since 2006 and was faster than 2.6% growth in the U.S. in the same quarter.

Japan's pace of expansion, its quickest since January-March 2015, was also faster than the 2.5% growth expected by economists polled by The Wall Street Journal. Unlike recent quarters, strong private spending was the key factor in the April-June period. Household spending grew at an annualized 3.7% pace.

The improvement is a welcome sign for Mr. Abe, who this month said boosting the economy was his priority. Since he took office in late 2012, Mr. Abe has been trying to end decades of sluggish growth and deflation through his Abenomics policy package.

—Yoko Kubota

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U.S. NEWS

An Army of Observers Gets Set for Eclipse

Astronomers say event will be a nationwide experiment as citizen scientists get involved

By Robert Lee Hotz

Astronomers say a total eclipse of the sun this month, the first to be visible across the continental U.S. in almost a century, will be an experiment in solar physics conducted on a national scale as citizen scientists join researchers in scrutinizing the star that helps make life on Earth possible.

The total solar eclipse on Aug. 21 will fall across 14 states, each of which will experience more than two minutes of daytime darkness. Those in the U.S. outside the 70-mile-wide zone that stretches from Oregon to South Carolina will see at least a partial eclipse. Solar eclipses occur when the orbit of the moon aligns in front of the sun to block its light.

Although an eclipse lasts mere minutes, the event offers scientists a rare opportunity to study the sun and its properties, including the corona, the wispy fringe of outer atmosphere normally obscured by the star's blinding brightness.

ROBERT B. SLOBINS

Researchers hope to glean valuable information about the sun during a solar eclipse this month.

Researchers say understanding the sun is key to unlocking many mysteries of space. "It is the Rosetta Stone of all stars," says astrophysicist Thomas Zurbuchen, the National Aeronautics and Space Administration's associate administrator for science, who plans to watch the eclipse aboard an agency jet off the coast of Oregon.

At NASA and the National Oceanic and Atmospheric Administration, scientists plan to marshal 50 high-altitude balloons, 11 orbiting satellites, the international space station and thousands of ground-based telescopes. Scientists from the Southwest Research Institute in Boulder, Colo., will fly two converted tactical bombers at an altitude of 50,000 feet, where they expect to get the clearest pictures yet of the sun's outer atmosphere.

Researchers will be joined by student astronomers and volunteer sky watchers using telescopes, other high-altitude balloons and smartphone cameras to capture data and images, creating a continuous panorama of the event.

So many people are volunteering to conduct observations that scientists anticipate a record harvest of solar data. "We are expecting that millions of people will get involved," says Carrie Black, who oversees solar research at the National Science Foundation. "Images and data collected from this will be analyzed for years to come."

Cameras aboard high-altitude balloons launched from 25 sites around the country will transmit live video and images, which will be available for streaming, as onboard sensors collect data on temperatures and other effects.

As part of a project called the Citizen Continental-America Telescopic Eclipse Experiment, volunteers will use 68 telescopes along the 2,400-mile path of the eclipse to collect images of the sun's corona, which astronomer Matt Penn and his colleagues at the National Solar Observatory in Tucson, Ariz., will then splice together into an uninterrupted, 90-minute video that will, at least initially, be used purely for research.

More than 1,000 photographers and amateur astronomers, meanwhile, have signed up for the Eclipse Megamovie Project, led by the University of California at Berkeley's Space Sciences Laboratory and Google's Making & Science initiative. Organizers plan to stitch together the images, uploaded to a special site, to capture how the sun's corona changes over time. The data will be made available to scientists and the public.

Amateur scientists and astronomers involved in the Do-It-Yourself Relativity Project hope to duplicate and confirm an original test of Einstein's relativity theory, which was conducted during a 1919 solar eclipse, by measuring how the sun's gravitational pull bends the light of nearby stars.

And volunteers with the International Occultation Timing Association, an international group of researchers who specialize in the study of astronomical events like an eclipse, plan to measure the width of the shadow cast by the eclipse near Minden, Neb., helping them gauge the sun's diameter. In the past, such measurements appeared to reveal that the star pulsates.

The sheer volume of observations from the eclipse may help resolve key questions about the brightest object in the sky: Is the sun growing or shrinking? Why is its outer atmosphere so much hotter than its surface? What role does its flickering corona play in the powerful electromagnetic storms that can disrupt electronics, power grids, radio and communications on Earth?

U.S. WATCH

CALIFORNIA

State, City Suing Over Immigration Policies

California and San Francisco are challenging the Trump administration through separate lawsuits over its decision to withhold federal grant money from cities that refuse to cooperate with federal immigration enforcement.

San Francisco City Attorney Dennis Herrera announced the move Monday at City Hall with state Attorney General Xavier Becerra. San Francisco filed its suit Friday. Mr. Becerra said the state planned to file its suit Monday.

The lawsuits are the latest attempts by cities and states to push back against the immigration actions of President Donald Trump's administration. So-called sanctuary cities have vowed to protect undocumented immigrants, who they say are integral to their economies and communities.

Some cities and police departments refuse to detain illegal immigrants at the request of federal officials, for political and legal reasons. Chicago already has filed suit over the move by the Justice Department to withhold a federal crime grant.

"The president is bent on trying to vilify immigrants and punish cities that prioritize real, effective public safety over splitting up hard-working families," said San Francisco's Mr. Herrera.

Mr. Becerra said the Trump administration can't use federal grant-fund requirements to pressure cities to cooperate with its immigration crackdown.

A spokesperson for the Justice Department didn't respond to a request for comment.

—Alejandro Lazo

DRUG TRAFFICKING

'El Chapo' Lawyers Not Assured Payment

Joaquín "El Chapo" Guzmán, the Mexican drug lord awaiting trial in New York, wants to hire private lawyers. But they may have to join the case without any assurance of getting paid.

The U.S. government wants to seize $14 billion of Mr. Guzmán's alleged drug profits if he is convicted, which could make his payments to lawyers vulnerable to forfeiture.

In a court filing last week, the U.S. government refused to give a "blanket, prospective assurance" that prosecutors won't try to seize legal fees paid by Mr. Guzmán. Mr. Guzmán has entered into retainer agreements with four private lawyers, who want to know they can get paid before they agree to formally join the case.

At a hearing Monday in Brooklyn federal court, U.S. District Judge Brian Cogan said he wouldn't pressure the government to make such a promise to the lawyers.

He said the private lawyers have to decide soon whether they want to represent Mr. Guzmán to ensure no delay in the trial, which is scheduled to begin April 16, 2018.

Since Mr. Guzmán's extradition in January to New York, he has been represented by federal defenders, who are paid with taxpayer dollars.

Mr. Guzmán has pleaded not guilty to 17 criminal charges, including drug trafficking, money laundering and murder conspiracy.

—Nicole Hong

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Merck CEO Quits Trump Advisory Group

By Peter Loftus

The head of drugmaker **Merck** & Co. resigned from a manufacturing-advisory council to the Trump administration in an apparent protest of the president's failure to quickly condemn the white supremacists who marched and waged violence in Charlottesville, Va., over the weekend.

Merck issued a statement Monday morning on Twitter from Chairman and Chief Executive Kenneth Frazier, saying, "America's leaders must honor our fundamental values by clearly rejecting expressions of hatred, bigotry and group supremacy, which run counter to the American ideal that all people are created equal."

"As CEO of Merck and as a matter of personal conscience, I feel a responsibility to take a stand against intolerance and extremism," Mr. Frazier said in the statement. A Merck spokeswoman said the company had no comment beyond Mr. Frazier's statement.

Almost an hour later, President Donald Trump posted on Twitter: "Now that Ken Frazier of Merck Pharma has resigned from President's Manufacturing Council, he will have more time to LOWER RIPOFF DRUG PRICES!"

Later Monday, Mr. Trump singled out white-nationalist groups by name for condemnation after stopping short of doing so two days earlier. Such groups had largely supported his presidential campaign, and Mr. Trump was widely criticized on Saturday for saying there was a display of hatred and violence in Charlottesville by "many sides."

Other CEOs who made statements on Twitter in response to the weekend violence included Lloyd Blankfein, chairman and CEO of Goldman Sachs Group Inc. The Wall Street chief quoted Abraham Lincoln in tweeting: "A house divided against itself cannot stand." He added: "Isolate those who try to separate us. No equivalence w/ those who bring us together."

ANDREW HARRER/BLOOMBERG NEWS

Ken Frazier, CEO of drugmaker Merck, center, visited the White House in July for an event with President Donald Trump.

Mr. Frazier, who is African-American, was one of 28 business and union leaders the president named to an advisory council in January aimed at helping him boost U.S. manufacturing jobs. It has been known variously as the American Manufacturing Council and the Manufacturing Jobs Initiative and is led by Dow Chemical Co. CEO Andrew Liveris.

Mr. Liveris said in a statement that he condemns the violence in Charlottesville and that there is no room for hatred, racism or bigotry at the company. His statement didn't address Mr. Frazier's resignation from the manufacturing council or his own status with the group, but he said Dow Chemical would continue to support job-creation policies.

General Electric Co. Chairman Jeff Immelt will remain on the manufacturing council, according to the company, which issued a statement saying, "GE has no tolerance for hate, bigotry or racism, and we strongly condemn the violent extremism in Charlottesville over the weekend." The statement said, "It is important for GE to participate in the discussion on how to drive growth and productivity in the U.S."

Stephen Schwarzman, CEO of private-equity firm Blackstone Group LP and the chairman of Mr. Trump's Strategic and Policy Forum, a group of executives tapped to advise the president on how government policy affects business and the economy, condemned "bigotry, hatred and extremism" in a statement. He will remain chairman of the panel, a spokeswoman said.

"Encouraging tolerance and understanding must be a core national imperative and I will work to further that goal," Mr. Schwarzman said.

Mr. Frazier is the latest CEO to step down from a role advising the White House. In June, Elon Musk of Tesla Inc. and Robert Iger of Walt Disney Co. resigned from advisory roles after Mr. Trump said the U.S. would withdraw from the Paris climate accord.

Mr. Musk tweeted at the time: "Leaving Paris is not good for America or the world." Mr. Iger said at the time that he was resigning from the president's business advisory council as "a matter of principle."

Mr. Frazier, a Merck veteran and its CEO since 2011, has met in the past with Mr. Trump at the White House, including a gathering of pharmaceutical CEOs in January when Mr. Trump told them drug prices were too high.

Their public interactions appeared more cordial before Monday. At the January meeting, Mr. Frazier shook hands with the president and told him Merck, based in Kenilworth, N.J., employed thousands of Americans in manufacturing and research jobs. In February, Mr. Frazier met with Mr. Trump to discuss possible changes to U.S. tax and trade policies that Mr. Frazier said would promote U.S. growth.

In July, Mr. Frazier attended a White House event with the president to announce a new glass-packaging product for drugs that Corning Inc. co-developed with Merck and Pfizer Inc.

Mr. Frazier, an attorney, is one of two African-American CEOs of companies in the S&P 500 index, according to the Executive Leadership Council, an organization that supports increasing the number of black executives.

Merck makes diabetes drug Januvia, cancer treatment Keytruda and human papillomavirus vaccine Gardasil. It is the second-biggest U.S. drugmaker by sales, behind Pfizer.

—Nikki Waller, Tom Gryta and Nathan Becker contributed to this article

Monument Advocates Worry About Being Co-Opted

By Cameron McWhirter And Jennifer Levitz

At a Saturday rally to preserve an obelisk honoring Confederate soldiers in San Antonio, monuments activist Marshall Davis grew concerned because most of those in attendance were white nationalists.

Mr. Davis, spokesman for the Texas branch of the Sons of Confederate Veterans, said on Sunday that his group's "mission, purpose and beliefs are being overshadowed and misinterpreted in the court of public opinion with the presence of hate groups including white-supremacist and neo-Nazi groups."

To other groups, the weekend violence that broke out in Charlottesville, Va., over a statue of Robert E. Lee in a city park, and the resistance to getting rid of Confederate monuments in many U.S. cities, show that the symbols do little besides promote white supremacy.

"To the white community, where is your moral voice?" James Muwakkil, the head of the NAACP chapter in Lee County, Fla., said in a local television interview this weekend, saying he would renew calls to have a Robert E. Lee statue in Fort Myers moved to a museum.

GERALD HERBERT/ASSOCIATED PRESS

Workers removing a statue of Confederate Gen. Robert E. Lee in New Orleans in May.

The Charlottesville violence—which included a white supremacist allegedly killing a woman and injuring 19 others when he drove his car into a group of counterprotesters—is prompting fresh calls in other cities, including Baltimore and Lexington, Ky., to remove or relocate local monuments.

This year alone, controversies have continued or erupted in all 11 former Confederate states over monuments and emblems honoring men who fought for secession from the U.S. in the Civil War.

As the population of the South has changed in recent decades, with an influx of immigrants and northern migrants, debates over the role of such symbols have increased. Supporters say they want to honor Civil War bravery and portray history fully, however unpleasant. Critics say the symbols whitewash the region's past of slavery and segregation.

Pressure to remove rebel symbols from public spaces gained steam in 2015 after Dylann Roof, a white nationalist who exalted Confederate flags, shot and killed nine African-American churchgoers in Charleston, S.C. South Carolina's then-governor, Republican Nikki Haley, now U.S. ambassador to the United Nations, and state legislators agreed to take down the Confederate battle flag flying in front of the state capitol.

In many places, groups arose to push back against such efforts, lobbying legislatures and city governments, as well as going to court to prevent monument removals. Several Southern states have passed legislation prohibiting local governments from removing monuments without state approval.

This year, New Orleans Mayor Mitch Landrieu and the city council had Confederate monuments removed despite legal challenges and protests.

"These monuments purposefully celebrate a fictional, sanitized Confederacy; ignoring the death, ignoring the enslavement, and the terror that it actually stood for," Mr. Landrieu, a Democrat, said in a speech in May.

The resistance often runs deep and is typically divided along racial lines. In Louisiana, 68% of likely voters opposed removing monuments honoring Confederate leaders and soldiers in a 2015 poll for the Advocate newspaper and WWL-TV.

On Facebook and other social media, and in interviews over the weekend, many opponents of monument removal in the South and elsewhere said they fear the growing unrest taints their overall movement.

Julie Brewington, a real-estate agent in Salisbury, Md., said she supported the Lee statue staying in Charlottesville, as well as other markers and statues elsewhere. Ms. Brewington said she worried that after the events in Charlottesville, what she said started "as a just cause" would lead many to liken fighting to preserve monuments with being racist.

"It's gone much past trying to save art and trying to save history—this is taking it to a whole new level, and it's very concerning," said Kimberly Land, a 47-year-old white postal worker in Louisville, Ky., who advocates preserving Confederate monuments in Kentucky.

Ms. Land, who said her ancestors fought on both sides of the Civil War, believes city officials should keep monuments in downtown Lexington but turn them into displays that add context. She is open to the idea of moving the monuments to other locations—such as a cemetery—if it means they wouldn't be vandalized.

On Monday, Baltimore Mayor Catherine Pugh said that city would be moving forward with plans to relocate Confederate statues to cemeteries in Maryland that contain the graves of Confederate soldiers.

Added Ms. Land: "I'm not in any way, shape or form condemning or criticizing anyone who feels uncomfortable. However, I think that anytime you lose art, you lose history, you lose things of beauty."

TRUMP

Continued from Page One

statement, ignoring shouted questions about why he hadn't explicitly condemned such groups earlier.

Later, after making a statement on examining China's commercial practices, Mr. Trump again faced questions from reporters about why he needed two days to condemn the hate groups by name.

"They've been condemned," he answered. "They've been condemned."

Mr. Trump's initial statement Saturday on the violence prompted Republican and Democratic leaders to say the president seemed to improperly spread blame equally between the white nationalists, some of whom were self-described Nazi sympathizers, and those who protested against them.

The White House issued a statement on Sunday saying Mr. Trump "condemns all forms of violence, bigotry and hatred and of course that includes white supremacists, KKK, neo-Nazi and all extremist groups."

Earlier Monday, a judge in Charlottesville General District Court denied bail to James Alex Fields Jr., the man accused of ramming the crowd with his car, killing the 32-year-old woman.

During a brief arraignment, Judge Robert Downer assigned a court-appointed attorney to the 20-year-old Ohio man, who faces a murder charge and other counts.

In a packed district court, Mr. Fields appeared by a video link, wearing a black-and-white striped prison shirt, bowing his head and occasionally looking up at the camera before the hearing began.

Mr. Fields testified he makes $650 every two weeks, can't afford his own lawyer and needed to have one appointed.

After the arraignment, two white nationalists criticized the media outside the courtroom while a woman crowded in to chant, "Nazis go home!"

White nationalists flocked to Mr. Trump early in his candidacy and even before then, when he became a central figure in falsely questioning whether former president Barack Obama, a Democrat, was born in the U.S. During Mr. Trump's presidency, such fringe groups have become increasingly vocal.

Mr. Trump's comments on Saturday were cited on the neo-Nazi website the Daily Stormer as evidence of "no condemnation at all" of such groups by the president.

'Racism is evil. And those who cause violence in its name are criminals and thugs.'

That dynamic is causing friction between Mr. Trump and many leaders of the Republican Party whom Mr. Trump now needs to advance his agenda in Congress.

"I would urge the president to dissuade these groups that he's their friend," Sen. Lindsey Graham (R., S.C.) told **Fox News** on Sunday.

Pointed condemnations of such groups also came Saturday from many GOP leaders including House Speaker Paul Ryan of Wisconsin as well as Senate conservatives such as Ted Cruz of Texas and Orrin Hatch of Utah.

"We should call evil by its name," Mr. Hatch wrote on Twitter. "My brother didn't give his life fighting Hitler for Nazi ideas to go unchallenged here at home."

Other Republicans sought a middle ground between denouncing the president and seeming unwilling to single out racists and neo-Nazis.

"I stand with President Trump and leaders from both parties condemning these actions and encourage Americans to stand together in opposition to those who encourage hate or promote violence," Sen. Luther Strange (R., Ala.) said.

Many white nationalists made themselves known at Mr. Trump's rallies last year, although some took pains to conceal their affiliation for fear that it would embarrass his campaign. At a convocation of white nationalists in Tennessee last year, various attendees identified themselves as Trump campaign volunteers but said they kept secret their affiliation even from some fellow supporters.

"White nationalists were suspicious of candidate Trump in the early part of his campaign, but they were won over by a steady stream of signaling from the campaign, and later from the administration," said J.M. Berger, who studies extremist ideologies and is a fellow with the International Centre for Counter-Terrorism—The Hague.

David Duke, a former **Ku Klux Klan** leader, in response to a tweet from Mr. Trump on Saturday that called for unity and condemned "hate," tweeted in reply: "I would recommend you take a good look in the mirror & remember it was White Americans who put you in the presidency, not radical leftists."

As a candidate, Mr. Trump's campaign said it didn't rely on white nationalists to win. "The president has never considered this fringe to be part of his coalition," said Michael Caputo, who was an aide on Mr. Trump's campaign.

Some critics said that, as a candidate, he didn't denounce such supporters in unequivocal terms. They also said messages from the campaign seemed aimed at a white nationalist audience.

Democrats, for their part, saw the Virginia episode as evidence of the Trump-era Republican Party as beholden to extremists.

"The President's talk of violence 'on many sides' ignores the shameful reality of white supremacism in our country today, and continues a disturbing pattern of complacency around such acts of hate," Rep. Nancy Pelosi of California, the House Democratic leader, said in a statement.

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SPORTS

OLYMPICS | By Jason Gay

The Harshest Hangover in Sports

We need to talk about the Olympics. Again.

A year ago, Rio was popping. The Summer Games were entering their second week, and despite anxieties about preparation, environmental hazards, security and Zika, the Olympics did that thing the Olympics tend to do, which is to push back against all the bad press with a stirring wave of athletic greatness. There was plenty of it last August: Michael Phelps, Katie Ledecky, Usain Bolt, Simone Biles, Monica Puig, the host country's men's soccer team, and on and on.

There were still traces of skepticism and protest, and of course, Ryan Lochte's daffy service station imbroglio, but by fortnight's end, Rio 2016 mostly got the headline it coveted: it rose to the challenge. Once more, the Olympics seemed flawed but undeniable.

It's barely a year later, and any lingering good feeling appears to have crumbled. Literally. A staggering new report from ESPN's Wayne Drehs and Mariana Lajolo found the 2016 host country's Olympic legacy racing toward ruin—vacant stadiums, decaying infrastructure and a sprawling athlete village that is effectively a ghost town. Plans to convert properties into schools and housing have been ditched. A solicitation to manage the country's suburban Olympic Park drew zero bids. The Rio Olympic Committee is still $40 million in the hole.

"Well what did you think would happen?" is likely what you're saying, and you're far from alone. Critics both inside and outside Brazil saw this disaster coming long before the Games arrived—cash-strapped, environmentally fragile Rio declared a "State of Public Calamity" prior to the torch lighting—and they are not the first host to see a gargantuan investment go to rot. The 2014 Winter Games in Sochi were a punch line from the beginning—remember all the groaning about busted doorknobs and toilet handles—and much of the lavish Putin-ordered development is in similar decay, a Russian white elephant with a reported cost of $51 billion.

An aerial view of the Velodrome, right, in Rio's Olympic park. Its roof partially burned in a fire.

RICARDO MORAES/REUTERS

The Games claim to be wising up. As Rio 2016 kicked off, the Journal's Matthew Futterman and Will Connors reported that a regretful International Olympic Committee planned to steer clear of awarding another Games to an unstable host. The romantic notion of using the Olympic flame as a beacon in the developing world—as an alleged signal of future prosperity; Brazil was betting on itself here, too—was effectively kaput. Recently, the 2024 and 2028 Summer Games were awarded to Paris and Los Angeles, with the presumption both cities will be impeccable hosts.

The queasy feeling lingers, however. Is a migratory, multibillion-dollar, two-week sporting event an egregiously wasteful idea in these (supposedly) conscientious times? The Summer Games maintain an appeal, but you can barely give the Winter Games away—the winter host after Pyeongchang 2018 is Beijing, a former summer host which emerged to take on 2022 after other cities panicked and skated away. Closer to home, Boston won the right to make the U.S. bid on the 2024 Summer Games, only to bow out after public outcry over spending and traffic. It was embarrassing—but maybe, prudent.

Paris and L.A. make sturdy cases that they'll be ready, partly because they already have a lot of the necessary facilities, and are not trying to do this from scratch. The hazard of shiny new hosts, however, is how easy they make it to move on from the fiascos. Rio feels like a crisis on top of a crisis. ESPN's Drehs and Lajolo describe a defeated host city that has already turned its back on the pledges it sold its Games on. Budgets for athletic development programs have already been slashed; the idea of the 2016 as a powerful launchpad is too depressing to be funny. "We missed the opportunity to transform sports in Brazil, to grow all of the sports to a professional level, and to engage children...to build the next champions," the Brazilian silver medal-winning shooter Felipe Wu told ESPN. "It's all so disappointing."

I admit I'm a bit of a sap for the Olympics—despite the repeated corruption and headaches (and we haven't even touched the doping scandals), I am habitually moved by its stories of athletic perseverance. The Olympics can be ugly behind the scenes, but in the arena, they are theater like nothing else in sports. Still, it's difficult to not feel they need a drastic reimagining. Count me as another person who'd like to consider permanent Summer and Winter hosts, or at least a much smaller rotation. At the same time, there must be consequences for a post-Games mess like Rio. The Olympics may be a circus, but they cannot simply move on, putting out the flame, then turning a back on the promises left behind.

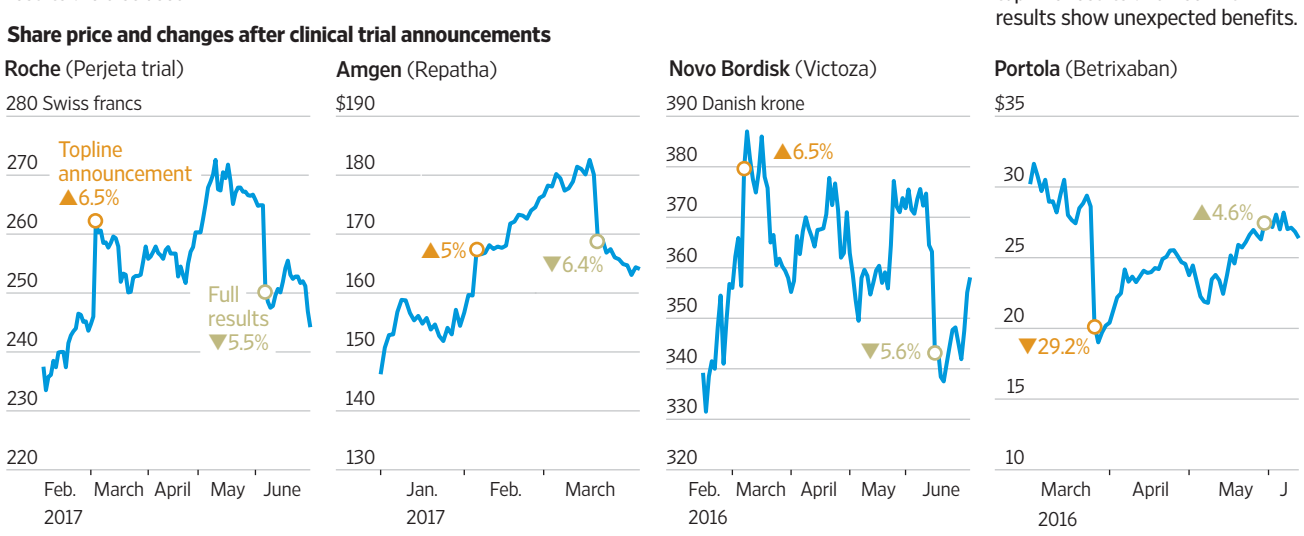
FROM PAGE ONE

Stock-Price Seesaw

Shares might rise after a drugmaker reveals basic 'top line' results of a clinical trial—and then sink when full results are disclosed...

...or might sink on disappointing top-line results and rise if full results show unexpected benefits.

Share price and changes after clinical trial announcements



Source: FactSet

THE WALL STREET JOURNAL.

DRUGS

Continued from Page One

benefit was only modest. The suit seeks class-action status on behalf of investors who bought Roche shares during the three months between the top-line and full reports.

Spokesman Nicolas Dunant said Roche releases key information as soon as possible to comply with Swiss stock market requirements and would defend itself "vigorously" in any lawsuit. He said the company holds back details of clinical trials to satisfy medical journals' and associations' restrictions against making full reports until publication or presentation to the medical community.

A company that released full data ahead of a medical meeting could face less prominent positioning of its study, said Richard Schilsky, chief medical officer at the American Society of Clinical Oncology, whose medical conference featured the full report of Roche's Perjeta trial. Confidentiality is critical both to the peer-review process that takes place before studies are published and to scientific debate at a meeting, he said.

Meanwhile, a buzzworthy display of trial results and reprints of journal articles can be key to a new drug's marketing.

The window between top-line report and full disclosure is a risky time for drug-company insiders to trade shares. "To the extent that the executives are in possession of more material information regarding the clinical study that has not been disclosed yet to the investing public, then trading during that interim period is perilous," said Daniel Sommers, a securities-litigation attorney with Cohen Milstein Sellers & Toll in Washington. He said the two-step disclosure process runs counter to the logic of disclosure principles in federal securities law.

Several Roche insiders profited on trades between the top-line Aphinity trial results announcement and the full report, according to Swiss stock market disclosures. In that period, there were 10 Roche insider stock sales with a combined value of 12.8 million Swiss francs ($13.1 million) that weren't linked to the expiration of a share plan, and four insider purchases valued at a combined 1.8 million francs ($1.85 million). In the same period a year earlier, there was one insider sale valued at around 2 million francs and one insider purchase of 304,200 francs.

The disclosures don't specify which executives or board members made the transactions nor whether they knew details of the clinical trial.

Roche's Mr. Dunant said the level of insider activity wasn't unusual. Some stock sales can appear as multiple transactions when an individual exercises options and then sells shares, or sells a mix of voting and nonvoting shares. Roche restricted executives who had knowledge of the Aphinity results from trading shares immediately before the top-line results were made public and lifted the restrictions as soon as the top-line results were published, according to a Roche spokeswoman.

Roche's American depositary receipts traded recently at $31.53, about 8% below the close of $34.37 on the last trading day before full results were released.

'A Good Argument' For Fuller Disclosure

Credit Suisse has identified since 2015 at least nine instances of drugmakers issuing top-line results followed by full data where the stock price moved significantly on both events.

In some cases, companies initially released negative top-line study news, followed by full results that were viewed more positively. In March 2016, shares of Portola Pharmaceuticals Inc. plunged 29% after the company said its experimental anticoagulant betrixaban didn't meet a main goal of reducing risk of blood clots in heart patients. But in late May 2016, full results showed the drug benefited a patient subset in the study, and the stock rose 4.6%.

Guy Wilkes, a financial regulation lawyer at Mayer Brown LLP and former regulator at the U.K.'s Financial Conduct Authority, said if the second report about a clinical trial triggers a significant price swing, "there's a good argument that those details were also price-sensitive and should have been published initially."

—Peter Loftus and Denise Roland

HARLEY

Continued from Page One

left hand and shift with their left foot, while rolling on the throttle with their right hand—at least when not using that hand to brake along with the right foot. Oh, and don't look down! Keep those eyes fixed on the road ahead.

Sometimes the bikes not so gently remind riders of their power. "It literally just knocked me on my ass," said Jeff Mappa, 47 years old, a Chicago police lieutenant who had never driven a car with a stick shift. He let up too quickly on the clutch, inadvertently engaging the engine, which rocketed the bike forward. For the rest of the course, he walked with a limp.

"It's fun, but no one said it was easy," said Rick Matus, one of the riding instructors at the Chicago Harley-Davidson dealership in the suburb of Glenview, tasked with pointing out how you're doing it wrong.

About 3% of all registered vehicles in the U.S. are motorcycles, according to federal data. Some analysts see a long-term decline in motorcycling. Harley said its U.S. retail motorcycle sales fell 9% in the second quarter from the year-earlier period.

The iconic American manufacturer is making a big push to cultivate its next generation of riders through the academies, which follow a training regimen by the Motorcycle Safety Foundation. Other manufacturers also offer training, and riders can take other safety courses.

The class at the suburban Chicago dealer costs $350, with discounts for veterans and others, and students can retake the class if they fail or quit. More than half a million students have taken the Harley courses since they were first offered in 2000, the company said.

The lessons are part of Chief Executive Matt Levatich's strategy to make Harley a company that produces longtime riders. The goal is to draw more potential customers by giving them the confidence to ride safely.

Harley could make it easier, but said it prefers a tougher course to prepare riders for the long haul. It said about 80% of its riding students last year eventually passed.

At the recent course held in a classroom and in a back lot at the Chicago Harley dealership, Scott Fradin, 53, attended with his son for an 18th-birthday present. The attorney was notching another thrill after he went skydiving three years ago with his daughter when she reached the same milestone.

Sandra Holmes, 49, one of those who passed, was ready to grab the handlebars after riding for about five years as her husband's passenger. "I was more comfortable than most," she said.

Students rode on entry-level Hogs with protective bumpers and modified to keep a lid on their speeds in first and second gear. (They also signed waivers acknowledging the potential for injuries.)

Some were naturals. Among them was Josue Avila, a Marine reservist who also drives semi-trailers loaded with flour, sugar and wheat for a living. He was at ease turning and wanted to move into third gear early into the training. He passed.

Other students, however, tipped over their bikes, or nearly did, during tight U-turns. There were also struggles shifting, braking and using the clutch's "friction zone" to navigate at slow speeds.

Some lessons that sounded simple were among the hardest to master. Riders should look before turning, so the bike follows where you aim. Straightening the handlebars before braking can help you stop upright. And with yapping dogs, best to slow down and then speed up, to throw them off their trajectory.

Both Mr. Fradin and his son, Sam, passed; last weekend they rented Harleys and took a trip to Wisconsin. The elder Mr. Fradin said he might have purchased his own bike, but that he would have to overcome a challenge unrelated to riding skills: "I value my marriage," he said.

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LIFE & ARTS

WEEKEND CONFIDENTIAL | By Alexandra Wolfe

Phil Hellmuth's Game Face

The 'poker brat' on the ups and downs of life as a professional player

PROFESSIONAL poker player Phil Hellmuth says that he got out of a slump eight years ago when he changed his email address. His luck turned, he explains, when he switched from the aspirational email moniker "tryingtobethegreatest" to the more self-assured "beingthegreatest." "I just wasn't winning anything," but then "I just started smashing," he says. "I'm a big believer in the power of your own words."

Over the course of his career, Mr. Hellmuth has won a record 14 World Series of Poker championships and more than $21 million in prize money from live tournaments (as opposed to online gambling). His earnings from those tournaments currently place him in the all-time top 10 of professional poker players.

Last month, he released a new autobiography, "Poker Brat"—which is his nickname because of his many animated temper tantrums in nationally televised tournaments. When he loses, the 6-foot-6 player sometimes spirals into profanity-laced tirades, berating dealers, his opponents or himself. He threw a fit recently when he was eliminated on the second day of the main event at this year's World Series of Poker.

Now 53, Mr. Hellmuth grew up in Madison, Wis., where his father was a college dean and his mother a sculptor. He got bad grades in high school and preferred playing games such as Scrabble, Monopoly and poker with his grandmother to studying. While a student at the University of Wisconsin-Madison, he started playing cards with local doctors and lawyers for money.

After three years of college, he told his father that he wanted to drop out and play poker professionally. His father, who has a Ph.D., a J.D. and an M.B.A., didn't react well. "There's no such thing as being a professional poker player," he told his son. "That's like being a drug dealer."

Nevertheless, Mr. Hellmuth dropped out in 1985 and started playing in bigger games in Las Vegas. He found that he could make $10,000 in a single night and was able to support himself with his poker winnings. Four years later, at age 24, he became the youngest person to win the World Series of Poker's main event. After that tournament, his father came around to his profession, and Mr. Hellmuth bought him a new Mercedes with his winnings. His parents now go to Las Vegas to watch him in at least one World Series of Poker event each year, Mr. Hellmuth says.

Much of his talent, he says, comes from his ability to detect patterns of behavior and read people. He often plays private, high-stakes poker games on the side. Sponsors have helped to fund him in some tournaments, but he says he's paid his own way for most of the 30-some years he's played in the World Series of Poker. The fees add up: Players must buy into each event (a seat at the main event, Texas Hold'em, costs $10,000) and cover travel and living expenses during the series, which can last up to two months.

> His father didn't approve of his career at first.

Mr. Hellmuth says that he is always thinking about the reasons behind a mistake so that he can avoid making a similar one the next time. "Did I drink too much that night? Did I do this? Did I do that?" he says. "There are rules and lines and limits, and you struggle to negotiate and figure that out."

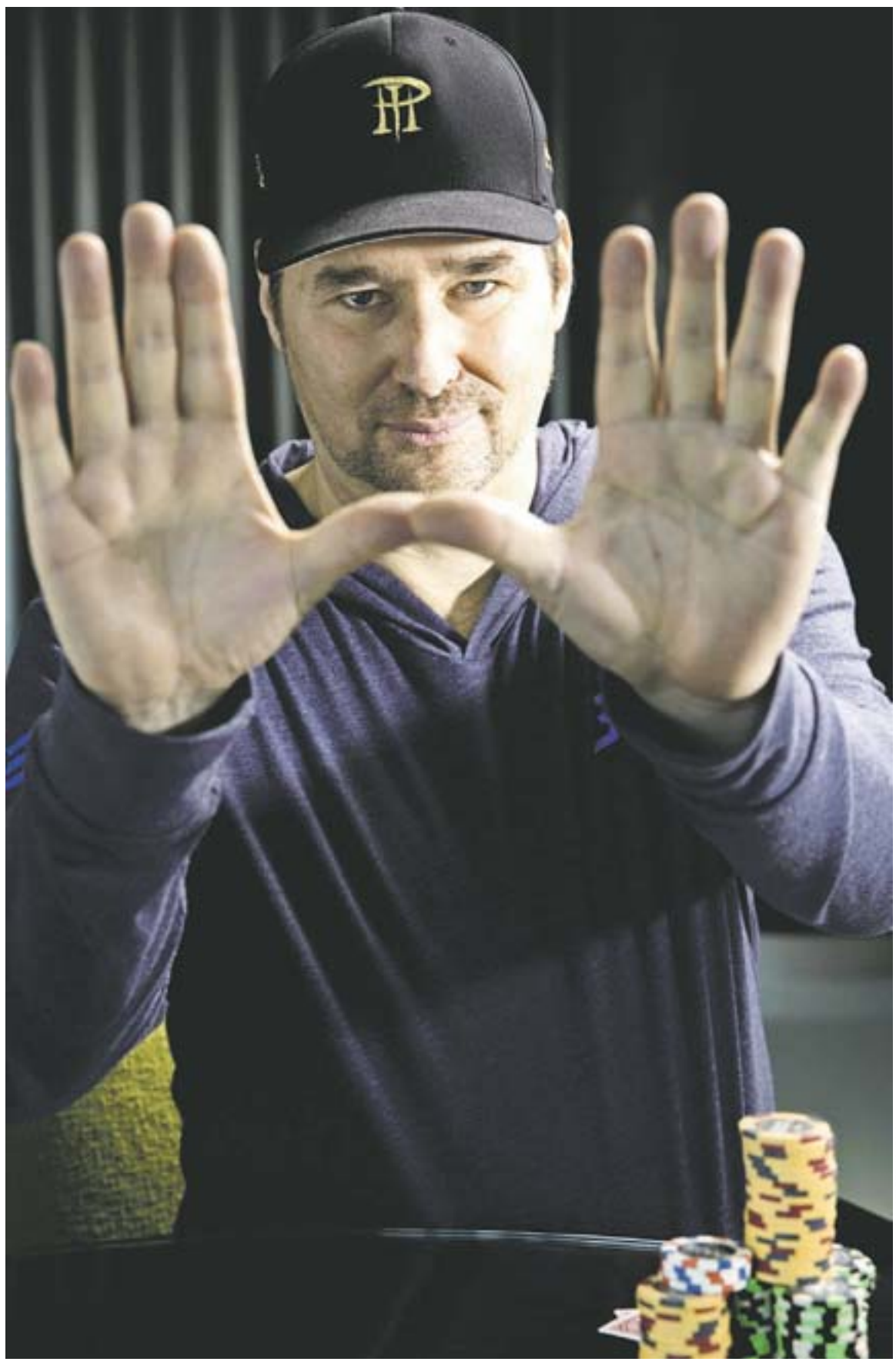
The stress of making big errors, as well as the ups and downs of making an income from tournaments, can dramatically affect poker players, he says. Some get depressed, while others have panic attacks. Mr. Hellmuth says that he has a panic attack roughly every four years. It's been three years since his last one.

Mr. Hellmuth and his wife, a doctor, have two grown sons and live in Palo Alto, Calif. When he's not playing poker, Mr. Hellmuth likes playing golf and watching basketball games. He's a big fan of the Golden State Warriors. He plays poker with some of the team members, though he won't reveal which ones.

His day-to-day schedule is unpredictable. He spends about half of his time traveling to poker games and to appearances at events, where he may be paid $50,000 a night. He generally plays five or six tournaments a year outside of the World Series of Poker. He often plays late into the night and then sleeps in.

He'd like to improve his poker-brat behavior, though not everyone wants him to. Twenty years ago, when games weren't televised as often as they are now, poker officials used to tell him to work on his temper. But when the games started attracting more viewers on television, producers told him just to be himself. "What do you mean?" Mr. Hellmuth asked. "We need you to be the poker brat," they told him. He says his behavior isn't a strategy to throw off his opponents; he just can't help it.

Mr. Hellmuth accepts that people find his rants entertaining (as YouTube videos like "Top 5 Phil Hellmuth Meltdowns" attest), even though he insists that they don't show who he really is. "That's less than 1% of my life," he says. He thinks he's succeeded in becoming calmer, in part by focusing on the game in front of him rather than what happened earlier. But he knows he could do better. "I talk about how I've changed," he says, "but then I still lose it."



EMILY WILSON FOR THE WALL STREET JOURNAL

Mr. Hellmuth says much of his talent comes from his ability to detect patterns of behavior and read people.

FILM

'HITMAN'S BODYGUARD': A SHOT AT THE TITLE

BY MICHAEL SALFINO

WHOM WOULD YOU TAKE in a box-office brawl: the preacher's wife or the devil's advocate?

Those are two of the most famous examples of how filmmakers have leaned on possessive titles repeatedly, if not always successfully, over the years. Call them "The Someone's Something" movies.

Up next: Ryan Reynolds and Samuel L. Jackson in Lionsgate's action comedy "The Hitman's Bodyguard," which opens Friday. Mr. Reynolds plays Michael Bryce, a bodyguard who has risked his life protecting clients from Darius Kincaid, an assassin played by Mr. Jackson. Bryce reluctantly agrees to protect Kincaid as he prepares to testify against a dictator.

The filmmakers can only hope the title proves a better marketing tool than others of its type. Earlier this year, "The Zookeeper's Wife" pulled in only $17 million. That's nearly 10 times as much as the prior eight iterations dating back to the one blockbuster on the list, "The King's Speech," which hauled in $139 million while winning the Oscar for Best Picture.

"The Hitman's Bodyguard" is the 61st example of this type of title for a feature film in the IMDb database, according to a search by Darin Hawley of the website HugeQuiz.

SUMMIT ENTERTAINMENT/MILLENIUM MEDIA

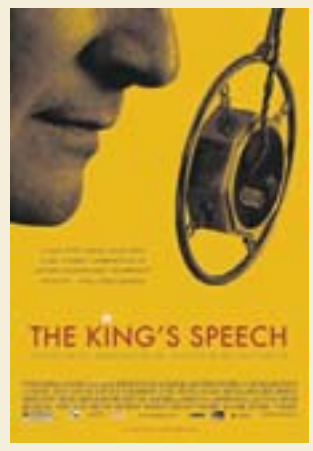
Samuel L. Jackson and Ryan Reynolds in 'The Hitman's Bodyguard,' the latest example of a possessive title.

"The General's Daughter," released in 1999, also grossed over $100 million. That's one of 14 instances where the title character is identified as a child or spouse of a man whose occupations include preacher, bishop and farmer. Male characters have been identified this way in titles just twice in recent history, both in French films: "The Grocer's Son" (2007) and "The Hairdresser's Husband" (1990).

Then there's the devil, who's in the details of movie titles going back to the 1933 Laurel and Hardy comedy "The Devil's Brother." The biggest winner there? His lawyer. "The Devil's Advocate," starring Al Pacino and Keanu Reeves, grossed $61 million in 1997.

Mr. Jackson has been down this road before. "The Caveman's Valentine" flopped in 2001, taking in $1.1 million. BoxOfficePro forecasts an opening weekend for "Bodyguard" in the $19 million range.

'The Someone's Something' Movie Hall of Fame



The King's Speech *(2010)*
$139 million

The General's Daughter *(1999)*
$103 million

The Emperor's New Groove *(2000)*
$89 million

The Time Traveler's Wife *(2009)*
$63 million

The Sorcerer's Apprentice *(2010)*
$63 million

The Devil's Advocate *(1997)*
$61 million

Source: BoxOfficeMojo

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OPINION

REVIEW & OUTLOOK

The Poison of Identity Politics

As ever in this age of Donald Trump, politicians and journalists are reducing the violence in Charlottesville, Virginia, on Saturday to a debate over Mr. Trump's words and intentions. That's a mistake no matter what you think of the President, because the larger poison driving events like those in Virginia is identity politics and it won't go away when Mr. Trump inevitably does.

The return of white nationalism is part of a deeper ailment.

The particular pathology on display in Virginia was the white nationalist movement led today by the likes of Richard Spencer, David Duke and Brad Griffin. They alone are to blame for the violence that occurred when one of their own drove a car into peaceful protesters, killing a young woman and injuring 19 others.

The Spencer crowd courts publicity and protests, and they chose the progressive university town of Charlottesville with malice aforethought. They used the unsubtle Ku Klux Klan symbolism of torches in a Friday night march, and they seek to appear as political martyrs as a way to recruit more alienated young white men.

Political conservatives even more than liberals need to renounce these racist impulses, and the good news is that this is happening. The driver has been charged with murder under Virginia law, and Attorney General Jeff Sessions opened a federal civil-rights investigation and issued a statement condemning the violence: "When such actions arise from racial bigotry and hatred, they betray our core values and cannot be tolerated." Many prominent conservatives also denounced the white-nationalist movement.

Mr. Trump was widely criticized for his initial statement Saturday afternoon that condemned the hatred "on many sides" but failed to single out the white nationalists. Notably, David Duke and his allies read Mr. Trump's statement as attacking them and criticized the President for doing so.

The White House nonetheless issued a statement Sunday saying Mr. Trump "includes white supremacists, KKK, Neo-Nazi and all extremist groups" in his condemnation. As so often with Mr. Trump, his original statement missed an opportunity to speak like a unifying political leader.

Yet the focus on Mr. Trump is also a cop-out because it lets everyone duck the deeper and growing problem of identity politics on the right and left. The politics of white supremacy was a poison on the right for many decades, but the civil-rights movement rose to overcome it, and it finally did so in the mid-1960s with Martin Luther King Jr.'s language of equal opportunity and color-blind justice.

That principle has since been abandoned, however, in favor of a new identity politics that again seeks to divide Americans by race, ethnicity, gender and even religion. "Diversity" is now the all-purpose justification for these divisions, and the irony is that America is more diverse and tolerant than ever.

The problem is that the identity obsessives want to boil down everything in American life to these categories. In practice this means allocating political power, contracts, jobs and now even salaries in the private economy based on the politics of skin color or gender rather than merit or performance. Down this road lies crude political tribalism, and James Damore's recent Google dissent is best understood as a *cri de coeur* that we should aspire to something better. Yet he lost his job merely for raising the issue.

A politics fixated on indelible differences will inevitably lead to resentments that extremists can exploit in ugly ways on the right and left. The extremists were on the right in Charlottesville, but there have been examples on the left in Berkeley, Oakland and numerous college campuses. When Democratic politicians can't even say "all lives matter" without being denounced as bigots, American politics has a problem.

Mr. Trump didn't create this identity obsession even if as a candidate he did try to exploit it. He is more symptom than cause, though as President he now has a particular obligation to renounce it. So do other politicians. Yet the only mission of nearly every Democrat we observed on the weekend was to use the "white supremacist" cudgel against Mr. Trump—as if that is the end of the story.

It isn't, and it won't be unless we confront this underlying politics of division. Not long ago we were rereading Justice Clarence Thomas's prophetic opinion in *Holder v. Hall*, a 1994 Supreme Court ruling on dividing voting districts by race.

"As a practical political matter," he wrote, "our drive to segregate political districts by race can only serve to deepen racial divisions by destroying any need for voters or candidates to build bridges between racial groups or to form voting coalitions." Writ large, Justice Thomas was warning that identity politics can destroy democratic trust and consent.

A Lesson in Soda-Tax Economics

The best laid plans of politicians often go awry, and then there's Philadelphia's soda tax. A new Tax Foundation report finds that the 1.5-cent-an-ounce levy that took effect in January is hurting low-income workers and producing less revenue than promised, but at least it's helping beer sales. Allow us to explain.

Fewer jobs, lower revenues, but a boost for beer sales.

Mayor James Kenney and the City Council sold the tax as a revenue boon that would finance universal pre-K education. But the Tax Foundation reports that only 49% of the revenue is going to pre-K in practice in the first five years while the rest is going to fund government-worker benefits and other city programs. Actual soda-tax collections in the first six months were already $6.9 million below the city's estimate of $46.2 million.

This is no surprise to anyone who knows the iron economic law that when you tax something you get less of it. In this case that means fewer soda sales. Daniel Grace, secretary-treasurer of Teamsters Local 830, estimates that soft-drink sales within the city are down by as much as 45%. His truck drivers earn money based in part on how many cases of soda they deliver, and he says the tax has halved their income. As bodegas, supermarkets and gas stations struggle to make up the lost sales of a core item, 165 of his members are out of work. Several ShopRite stores slashed employee hours this spring, and in March Pepsi announced it was laying off about 20% of its local workforce. Both blamed the soda tax.

The oddest twist is the beer boon. Pennsylvania's excise tax for beer is eight cents a gallon, but in Philadelphia the tax on the same unit of soda amounts to $1.92, including on diet drinks. That means low-cost beer has a slight price advantage over soda for the thirsty.

This is also no surprise given that a 2013 Cornell study, "From Coke to Coors," examined a small-town soda tax and concluded that while long-term soft-drink consumption didn't diminish, ale purchases increased. We'll await a future report on whether these trends continue, but other cities might note that excise taxes don't repeal the laws of economics.

Dan Loeb's Political Offense

Most of the world knows Daniel Loeb as the activist hedge-fund investor who sometimes shakes up complacent corporate managers. But he's also a disrupter of the status quo in New York education as a major supporter of charter schools. This explains why he has become a target of progressive politicians for a single ill-phrased Facebook post.

The investor is a target because he supports charter schools.

Mr. Loeb donates to New York politicians of both parties who support charter schools, including Governor Andrew Cuomo. Most Albany Democrats are beholden to the teachers unions, including Senator Andrea Stewart-Cousins, who is opposed by a group of independent Democrats led by Jeffrey Klein who sometimes join with Republicans on education policy.

Mr. Loeb responded with a Facebook post. "Thank God for Jeff Klein and those who stand for educational choice and support Charter funding," Mr. Loeb wrote. "Meanwhile hypocrites like Stewart-Cousins who pay fealty to powerful union thugs and bosses do more damage to people of color than anyone who has ever donned a hood."

The hood reference was unfortunate, not least because it gave unions and the left a chance to pounce. Mayor Bill de Blasio, who tries to undermine charters at every opportunity, demanded that Mr. Loeb resign as chair of Success Academy schools. Randi Weingarten, the union chief who recently said the school-choice movement has its roots in "racism, sexism, classism, xenophobia and homophobia," also piled on. Mr. Loeb took down his Facebook post and apologized by saying "I regret the language I used in expressing my passion for educational choice."

But Mr. Loeb has the right enemies, and no one should think their main objection is his Facebook post. Mr. Loeb's real offense is that he donates his time and money to providing children, especially poor and minority children, a path out of the dead end that is so many failing New York public schools.

Union leaders and their political subsidiaries know they can't defend their school record on moral grounds, so they seek to label anyone who favors choice as racists. That's the point of Ms. Weingarten's recent speeches.

Ms. Weingarten has also bullied government pension funds to stop investing in Mr. Loeb's Third Point hedge fund and other funds whose owners donate to charters. Mr. Loeb has the investing track record to withstand such a boycott, and to his credit he has remained a public supporter of charters. The shame is that so few other rich Americans are willing to stand up to political bullies on behalf of poor children.

Imperialists Invade Venezuela

AMERICAS
By Mary Anastasia O'Grady

Asked on Friday about the deteriorating situation in Venezuela, President Trump said "I'm not going to rule out a military option." But he has yet to articulate the geopolitical dimension of the Venezuelan crisis.

An Aug. 5 rebel raid on a weapons arsenal at Fort Paramacay, Valencia, suggests that factions of the armed forces are ready to break with strongman Nicolás Maduro. This is logical since rank-and-file military from middle-class families have been hit hard by food shortages. And some soldiers are constitutional loyalists. They have kept silent to preserve their careers, but they are surely unhappy.

Venezuela's civilian population, particularly in rural areas, is well-armed. With 80% of the country opposed to the Maduro regime, a fracture inside the military raises the odds that a popular rebellion might succeed.

But the opposition has an uphill climb. Some of the army's would-be rebels oppose Mr. Maduro only because they believe he sold out the revolutionary values of Hugo Chávez. If they prevail, the democrats get nowhere.

Consider also that although a counterrevolution threatens the status quo, it also presents opportunities for the dictatorship. The regime is likely to respond to an uprising by unleashing unprecedented repression.

The opposition to Mr. Maduro also is up against an array of international antidemocratic forces. The cabal is run by Cuba on the ground but backed financially and strategically by Iran, Russia and Syria. These countries have been preparing for many years for a conflict that would establish Latin America's "new world order." They would also welcome the inevitable refugee crisis.

The key to understanding the danger is to assess properly Venezuela's vice president, Tarek El Aissami. He is close to Raúl Castro but also to Iran and Syria.

Back in 2014 he was governor of the state of Aragua, where two companies owned by the Iranian military were engaged in secretive joint ventures with the Venezuelan military industry.

Mr. El Aissami's immigrant father is from Syria's As-Suwayda governorate, a stronghold of Bashar Assad. The younger Mr. El Aissami maintains close ties to the area.

In 2003, before Mr. El Aissami was a governor, Chávez assigned him to work with Cuban intelligence to overhaul the Venezuelan immigration agency. Earlier this year I interviewed Misael López Soto, a former legal attaché in the Venezuelan Embassy in Iraq. He told me he left the job in 2015 because he objected to selling Venezuelan documents to people suspected of membership in foreign terrorist organizations.

The regime pushed back against that claim, but CNN reported in April that six Venezuelans had been arrested for selling passports to Syrians.

A former director of Venezuela's immigration agency, Vladimir Medrano Rengifo, has asserted that Mr. El Aissami turned the office into a passport mill for Middle Easterners. Mr. Medrano told the Miami Herald in April that when he tried to detain and deport Syrians with irregular documents, Mr. El Aissami wouldn't allow it: "He pressured us in an excessive manner so that these procedures would not be carried out and to let his 'cousins,' as he called them, pass."

Mr. Medrano estimated that within one year Venezuela issued some 10,000 illegal passports. "Today we don't know where these people are, nor what they are doing," he said. "They could be anywhere in the world, traveling with Venezuelan documentation."

Maduro depends on Russia, Iran and Syria for financial and strategic backing.

During Mr. El Aissami's 2007 stint as vice minister of the interior and then as minister of the interior from 2008 to 2012, he created the Bolivarian National Police and took charge of training law enforcement. Joseph Humire, executive director of the Washington-based Center for a Secure Free Society, says field research suggests a high probability that Mr. El Aissami places his imported Middle Eastern extremists in Hezbollah-style training camps around the country.

"Hezbollah/Iranian operatives turned Venezuelan police and military instructors" conduct arms, internal defense, and specialized technical training, he says. They also travel between Venezuela and the Middle East.

The ideology of Venezuela's minister of defense, Vladimir Padrino López, is captured in a 2015 photo of him kneeling before Fidel Castro. But he is reputed to be even closer to the Kremlin. In January, Venezuela launched a series of civil-military exercises around the country, dubbed Plan Zamora, under the guidance of advisers from Iran, Russia and Cuba.

Russia supplies arms to Venezuela. In November the Kremlin sent new aviation and air-defense technology to Caracas. Reuters reported in May that Venezuela now has "5,000 Russian-made MANPADS surface-to-air weapons," referring to the shoulder-launched missiles. This represents "the largest known stockpile in Latin America."

Venezuelan democrats are ready to rebel. But they are starving, and also confronting an invasion by some of the world's most experienced dictators. Perhaps the place for the free world to begin a rescue is to name the enemy.

Write to O'Grady@wsj.com.

Qatar Will Not Be Intimidated

By Mutlaq Al-Qathani

As the Gulf crisis enters its third month, it is clear the blockade against Qatar has not succeeded.

If Saudi Arabia and the United Arab Emirates—the countries driving the confrontation, despite the appearance of a unified bloc—hoped to bring Qatar to its knees, they have failed. If they hoped to damage Qatar's reputation and improve their own, they have failed. If they hoped to enhance their relationship with the U.S. at Qatar's expense, again, they have failed.

Instead, the anti-Qatar smear campaign has put a spotlight on the shameful history and unsavory practices of the Saudis and Emiratis themselves.

Saudi Arabia justifies the blockade by alleging that Qatari authorities "support extremists and terrorist organizations." But the accusation only reminds observers that the Saudis have consistently failed to prevent the radicalization of their citizens.

Fifteen of the 19 hijackers in the 9/11 attacks were Saudis. Thousands of Saudi citizens have taken up arms to join Islamic State and other radical groups. Saudi textbooks are used in Islamic State schools. Many of the five dozen groups that the U.S. State Department designates as terror organizations are funded by Saudi nationals.

The Emirates have taken a similarly hypocritical stance. While the U.A.E. falsely portrays itself as America's best ally in the region, its track record is no better than Saudi Arabia's. Two Emiratis participated in the Sept. 11 hijackings, and the staff report to the 9/11 Commission revealed that much of the funding for the attacks flowed through the U.A.E., which was a world hub for money laundering.

The U.A.E. has fared no better with regard to freedom of speech and press. In 2014 authorities arrested a man for plotting a terrorist attack on a Formula One racetrack in Abu Dhabi. But the Emirates prohibited international media outlets from reporting on the trial.

The U.A.E.'s recent clampdown on free speech has been widely condemned, especially after the country's Justice Ministry said in June that supporting Qatar on social media could be punishable by fines and even prison time.

It's time to resolve the dispute, which is driven by Saudi and Emirati hypocrisy.

Meanwhile, leaked emails show that Emirati officials were conspiring with a variety of interest groups and lobbyists on a campaign to slander Qatar long before the blockade was imposed. Now intelligence experts and Qatar's cybersecurity services have identified the U.A.E. as the perpetrator of the hacking of Qatar News Agency, which set the entire Gulf crisis in motion.

Surely this kind of publicity can't be what the Saudis and Emiratis hoped for when they instigated this crisis. Yet the longer the blockade goes on, the more damaging information the world will learn about them—and the more difficult it will be to resolve their differences with Qatar.

It's time to abandon the public-relations campaigns, the blockade, the ultimatums and the pressure tactics and meet at the negotiating table, so we can broker a fair and just resolution to the Gulf crisis.

Mr. Al-Qathani is special envoy for Qatar's foreign minister for counterterrorism and mediation of conflict resolution.

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OPINION

We're Holding Pyongyang to Account

By Jim Mattis
And Rex Tillerson

In the past few months, multiple illegal North Korean ballistic-missile and ICBM tests—coupled with the most recent bellicose language from Pyongyang about striking the U.S., Guam, our allies and our interests in the Asia-Pacific region—have escalated tensions between North Korea and America to levels not experienced since the Korean War.

In response, the Trump administration, with the support of the international community, is applying diplomatic and economic pressure on North Korea to achieve the complete, verifiable and irreversible denuclearization of the Korean Peninsula and a dismantling of the regime's ballistic-missile programs. We are replacing the failed policy of "strategic patience," which expedited the North Korean threat, with a new policy of strategic accountability.

The U.S., its allies and the world are united in our pursuit of a denuclearized Korean Peninsula.

The object of our peaceful pressure campaign is the denuclearization of the Korean Peninsula. The U.S. has no interest in regime change or accelerated reunification of Korea. We do not seek an excuse to garrison U.S. troops north of the Demilitarized Zone. We have no desire to inflict harm on the long-suffering North Korean people, who are distinct from the hostile regime in Pyongyang.

Our diplomatic approach is shared by many nations supporting our goals, including China, which has dominant economic leverage over Pyongyang. China is North Korea's neighbor, sole treaty ally and main commercial partner. Chinese entities are, in one way or another, involved with roughly 90% of North Korean trade. This affords China an unparalleled opportunity to assert its influence with the regime. Recent statements by members of the Association of Southeast Asian Nations, as well as other regional and global voices, have made clear the international community holds one view regarding North Korea's provocative and dangerous actions: They must stop. Pyongyang must stand down on those actions.

ZUMA PRESS

A rally on Aug. 11 in Pyongyang demonstrating against United Nations sanctions.

China has a strong incentive to pursue the same goals as the U.S. The North Korean regime's actions and the prospect of nuclear proliferation or conflict threaten the economic, political and military security China has worked to build over decades. North Korea's behavior further threatens China's long-term interest in regional peace and stability.

If China wishes to play a more active role in securing regional peace and stability—from which all of us, especially China, derive such great benefit—it must make the decision to exercise its decisive diplomatic and economic leverage over North Korea.

Our diplomatic approach also proceeds through the United Nations. The Security Council's recent unanimous vote imposes new sanctions on North Korea and underscores the extent to which the regime has chosen to isolate itself from the international community. This vote, which also had Russia's support, reflects the international will to confront the North Korean regime's continuing threat to global security and stability.

We urge all nations to honor their commitments to enforce U.N. Security Council sanctions against North Korea and to increase diplomatic, economic and political pressure on the regime, specifically through the abandonment of trade, which finances the development of ballistic and nuclear weapons. The U.S. continues to consolidate international unity on the North Korean issue through increased engagement at the U.N., at regional diplomatic forums, and in capitals around the world.

While diplomacy is our preferred means of changing North Korea's course of action, it is backed by military options. The U.S. alliances with South Korea and Japan are strong. But Pyongyang has persistently rebuffed Seoul's attempts to create conditions whereby peaceful dialogue can occur, and has instead proceeded on its reckless course of threats and provocation.

As a result of these dangers, South Korea's new government is moving forward with the deployment of U.S. Terminal High-Altitude Area Defense against the threat. We commend South Korea's decision to deploy this purely defensive capability.

Installing Thaad launchers on the Korean Peninsula and conducting joint military exercises are defensive preparations against the acute threat of military actions directed against the U.S., our allies and other nations. China's demand for the U.S. and South Korea not to deploy Thaad is unrealistic. Technically astute Chinese military officers understand the system poses no danger to their homeland.

Absent China using its influence to show the world how a great power should act to resolve such a well-defined problem as North Korea's pursuit of nuclear weapons and long-range missile capability, others in the region are obliged to pursue prudent defensive measures to protect their people. China's Security Council vote was a step in the right direction. The region and world need and expect China to do more.

The U.S. is willing to negotiate with Pyongyang. But given the long record of North Korea's dishonesty in negotiations and repeated violations of international agreements, it is incumbent upon the regime to signal its desire to negotiate in good faith. A sincere indication would be the immediate cessation of its provocative threats, nuclear tests, missile launches and other weapons tests.

The U.S. will continue to work with our allies and partners to deepen diplomatic and military cooperation, and to hold nations accountable to their commitments to isolate the regime. That will include rigorous enforcement of sanctions, leaving no North Korean source of revenue untouched. In particular, the U.S. will continue to request Chinese and Russian commitments not to provide the regime with economic lifelines and to persuade it to abandon its dangerous path.

As always, we will embrace military preparedness in the defense of our homeland, our citizens and our allies, and in the preservation of stability and security in Northeast Asia. And we will say again here: Any attack will be defeated, and any use of nuclear weapons will be met with an effective and overwhelming response.

North Korea now faces a choice. Take a new path toward peace, prosperity and international acceptance, or continue further down the dead alley of belligerence, poverty and isolation. The U.S. will aspire and work for the former, and will remain vigilant against the latter.

Mr. Mattis is U.S. secretary of defense. Mr. Tillerson is U.S. secretary of state.

Business Rivals Agree On Policy

By David Abney
And Frederick W. Smith

At a time when the U.S. needs unity and bold reforms, American businesses must be partners in building the future. While the business community has diverse interests, every company should agree on basic policy priorities if we want to be globally competitive. That's why we are speaking out together—two fierce competitors, UPS and FedEx, who battle daily in the global marketplace but stand shoulder to shoulder on the need to make government policies more equitable, growth-oriented and simple.

The U.S. is at an inflection point as we experience an explosion of technological innovation and urban population growth. But we aren't seizing the opportunity to grow our economy fast enough. From our discussions with diverse audiences—entry-level workers to fellow CEOs, from city councils to the highest levels in Washington—we believe that business and government can forge a consensus on policies that work for America.

Simplify taxes, invest in transport infrastructure, and expand international trade while keeping it fair.

Broadly, we need to embrace ambitious targets for growth in our national economy. The 2% annual growth of recent years isn't enough. Thinking bigger will encourage company planners to innovate and unleash productivity. Both UPS and FedEx are competing to stay ahead of the booming e-commerce market by expanding and launching new technologies. With the right policies in place, everyone can prosper:

• *Simplify taxes.* The principles of simple, fair and progressive taxation are vital. If you lower rates, eliminate loopholes and otherwise simplify the code, you create opportunity for growth. Studies show that permanently lowering the corporate rate by even 10 percentage points would increase GDP by 1% to 2% without lowering tax revenue. That means our government could still fund programs critical to success while allowing individuals and businesses to invest more for growth.

• *Invest in infrastructure.* We must expand and modernize our roads, bridges, airports, seaports and other modes of transportation. China, India, and others are investing big in infrastructure while the U.S. lags. We need a long-term national approach with accountability and multiple funding mechanisms, including user fees and innovative partnerships with the private sector.

UPS and FedEx are major users of the transportation system, and we are prepared to pay our share for the use of new roads, bridges and aviation systems. But we also believe those funds should be dedicated specifically to transportation infrastructure. And the time is now to find new ways of encouraging productivity, such as longer combination vehicles and safety enhancements.

• *Free and fair trade.* In a globally interconnected world, trade is vital to every American. With 95% of the world's consumers located outside the U.S., we need to lead globalization through negotiation of high-standard free-trade agreements. Similarly, policies like Open Skies have enabled companies like ours to serve a global marketplace.

The effort to negotiate new, modern trade deals, like the renegotiation of the North American Free Trade Agreement, will be game-changers in moving beyond tariff barriers to enable U.S. export and e-commerce growth. Establishing the right framework for commercial ties with all countries is an essential part of American competitiveness. U.S. companies don't fear competition, but we need policies that keep it fair.

Some may think that American business and the administration are out of sync on trade. We're not. We all agree on the need to grow and reach new markets, and we recognize the importance of not just making but enforcing fair and objective rules. If we can all play by the same rules, competition will thrive, and so will innovation, entrepreneurship and growth.

Now is the time for Americans to think and act boldly. By coming together and rallying around these key initiatives, we can increase global prosperity. If fierce competitors can agree on these fundamental policy priorities, can't we all?

Mr. Abney is chairman and CEO of UPS. Mr. Smith is chairman and CEO of FedEx Corp.

White Nationalists Give Up Trying to Be Respectable

By Benjamin R. Teitelbaum

Amid the chaos of Saturday's "Unite the Right" rally in Charlottesville, Va., one white nationalist, Daniel Friberg, walked the streets with relative ease. Dapper in a smart suit and sunglasses, and speaking to camera crews calmly with a Johnny Cash bass voice, he stood out from the howling, baton-wielding masses that surrounded him.

Mr. Friberg, 39, has been a central figure of radical anti-immigrant activism in his native Sweden for more than two decades, and he is no stranger to confrontation. Still, his appearance in Charlottesville was a surprise. Virtually all of his projects from the early 1990s until recently have focused on moderating and mainstreaming the white-nationalist cause—on counteracting the stereotypes of brutishness and chauvinism that were on display in Charlottesville.

His participation in the rally reflects a shifting zeitgeist within organized white nationalism, which is moving from accommodating critics to ignoring them. Although the media coverage of Saturday's events focused on its scenes of violence, the appearance of figures like Mr. Friberg has the most to teach us about the current state and future of this movement.

More so than the careers of sensationalized figures like David Duke and Richard Spencer, Mr. Friberg's path shows the broader trends and transformations of latter-day white nationalism in the West. He grew up during the 1990s, when skinhead subculture attracted waves of disgruntled young white men.

Despite its mobilizing power, skinhead subculture rarely led to much beyond petty violence and rabble-rousing, especially in Mr. Friberg's home country. By 2000, Sweden had an oversize nationalist skinhead scene with a world-leading white-power music industry but no serious anti-immigrant political party in Parliament to show for it.

And while Mr. Friberg had entered activism through neo-Nazi skinheadism—shaving his head and doing most of his political networking at concerts—he quickly began cultivating alternatives, striving, like many of his reformist-minded colleagues, to be everything skinheads were not.

He co-founded newspapers, book wholesalers, blog portals, publishing houses and an online encyclopedia. Whereas he once staged music-centered festivals, he gradually turned toward organizing seminars.

He likewise sought to transform the rhetorical and ideological content in these channels. Some of his early projects voiced Third Reich nostalgia and demonized nonwhite minority groups, but anti-Semitism and racial supremacy later were replaced with calls for a purportedly nonchauvinistic ethnic separatism. His campaign of reform even trafficked in fashion: Throughout these years he moved from looking like a skinhead, to an "average Joe" in jeans and sneakers, to a sharp banker.

Mr. Friberg's assumption—that a white nationalism cast in this methodological, ideological and stylistic mold would be more politically formidable—seemed validated. By 2015 his portfolio of projects included Arktos Publishing and the Wikipedia-inspired site Metapedia, both of which command a considerable global following. His ideas and the language featured in his initiatives have shaped the activism of anti-immigrant causes, both mainstream and fringe.

Daniel Friberg, a media-savvy Swede, stood there in Charlottesville alongside the hooligans.

Then came the alt-right and Donald Trump's candidacy. The movements of 2016 suggested to white nationalists that major political advance was possible even when striking an unrefined and unapologetic posture. The alt-right, after all, doesn't project the erudite, upstanding and inoffensive image to which people like Mr. Friberg once aspired.

Nor did Mr. Trump. The alt-right's true distinguishing features aren't ideological but methodological and stylistic—its tactics of vulgar antagonism waged in the lowbrow, juvenile arenas of online trolling and meme culture. Sympathetic spectators were also able to witness Mr. Trump challenge feminist and multiculturalist dogma with unabashed swagger while vying for power in the liberal West—and win.

All this is poised to change white nationalists' calculation that only accommodation and covert infiltration of the mainstream can lead to success. Perhaps now they will move about the public square as their true selves, whatever that may mean.

While they may be wrong to draw such conclusions—overestimating the acceptance of explicit white identity politics in Western society—figures like Mr. Friberg seem to be acting on what they see as a newfound freedom to appear wherever and however they like.

Don't expect to see them at their rallies with shaved heads and swastika armbands. But do expect to see them walking next to the hooligans, now unashamed.

Mr. Teitelbaum is a professor of ethnomusicology at the University of Colorado, Boulder, and author of "Lions of the North: Sounds of the New Nordic Radical Nationalism."

Notable & Quotable: A Fringe

From "Is Charlottesville What's Really Going on in the USA?" by Roger Simon, PJMedia.com, Aug. 12:

Being a Jewish fella, I don't hold much brief for white supremacists and neo-Nazis. But until this Saturday, I hadn't seen a lot of them around lately. And I've been going about the country quite a bit for the last couple of years, hitting roughly half the states, including some like Mississippi where the Klan was once riding high.

I'm happy to report that on my visit to the black-owned Two Sister's Kitchen in the capital of that state, Jackson, blacks and whites were both equally, and contentedly in my eyes, braving the criticism of their cardiologists for what is reputed to be the best fried chicken in town. I recommend it wholeheartedly (no pun intended).

Nevertheless, the types who surfaced in Charlottesville on Saturday are certainly human beings of the most repellent and disgusting sort, murderous too—pretty much violent, evil sociopaths. I wouldn't mind if they were all rounded up, put in a space ship, and sent on a one-way trip to Alpha Centauri.

But how many of them are there really in this land of ours and is this an epidemic?

Well, it's hard to tell because statistics are scant and various organizations have their reasons for inflating or deflating the numbers. But we could start with the History Channel . . . which informs us that the KKK, at its height in the 1920s, had four million members. Since the population then was just over one hundred million, that's close to four percent of the country. . . .

By the 1990s, however, the same source tells us the Klan was down to a paltry 6,000-10,000 . . . nationwide. Has it gone up since then? Hard to say, but if so, not much.

Well, okay, the Klan, although it's the most famous and features the ever-popular David Duke, is not the only organization of wretched white supremacist nut cases. There are a number of others. So for the sake of argument, let's say there are as many as 100,000 white supremacists in America today. (This is undoubtedly a vast exaggeration, but let's use it, as I said, for the sake of argument.)

Meanwhile, since the 1920s, our population has more than tripled to some 325 million. Using the figure of 100,000 white supremacists (not many of whom made it to Charlottesville, fortunately), this puts the percentage of white supremacists in the U.S. at a puny 0.03%. Terrible people, yes, but no epidemic by any stretch of the imagination.

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ART

An Artist's Moment in the Sun

A new exhibit focuses on Charles Burchfield's strikingly precise depictions of weather

BY SUSAN DELSON

LIKE EVERYONE ELSE, Charles Burchfield couldn't do much about the weather. But he could paint it—which he did, gloriously, imaginatively and, according to Stephen Vermette, quite accurately.

Dr. Vermette, a professor at Buffalo State College, is the rare climatologist who has also co-curated an art exhibition: "Charles E. Burchfield: Weather Event," opening Sept. 16 at the Montclair Art Museum in Montclair, N.J.

Burchfield (1893–1967) was "one of the great visionary modern artists of the 20th century," said Montclair's chief curator, Gail Stavitsky. He was also a link between 19th-century naturalists like Henry David Thoreau and the modern environmental movement, said the show's other co-curator, Tullis Johnson of the Burchfield Penney Art Center at SUNY Buffalo State, where the exhibition originated. Drawn almost entirely from the center's collections, the show's 40-some watercolors, sketches and other works reflect both the visionary quality of Burchfield's art and his precision in depicting meteorological phenomena.

Raised in Salem, Ohio, in the eastern part of the state, Burchfield studied at the Cleveland School of Art before briefly serving in the Army—where he designed camouflage for tanks and other objects—in 1918. He painted and sketched throughout the late 1910s, depicting nature and weather in an outpouring of detailed, imaginative landscapes.

In 1921 he moved to Buffalo, N.Y. There Burchfield worked as a wallpaper designer before quitting in 1929 to paint full-time, in a style that reflected the rise of realism in the Depression era. Along with his friend Edward Hopper, he quickly established a reputation as an interpreter of American life, with paintings that depicted downtown Buffalo, industrial scenes and the like. In 1936, Life magazine named Burchfield one of America's 10 greatest painters.

A few years earlier, in 1930, the newly established Museum of Modern Art gave Burchfield a show—its first one-person exhibition since opening the previous November. But the art that caught MoMA director Alfred Barr's eye was his earlier landscapes—his most modern work up to that point, said Dr. Stavitsky. In the mid-1940s Burchfield returned to the themes of that earlier work, continuing to explore landscape, nature and weather until his death in 1967. Those bookended chapters of his creative life are the basis of "Weather Event."

Loosely chronological, the show opens with a sustained look at Burchfield's youthful output in Salem before jumping to the later years in Buffalo. Within those two sections, the works are grouped by theme—cloud studies, seasonal transitions, haloed moons and more. The accompanying wall and label texts highlight not only art-related themes but meteorological aspects as well.

Take, for example, the drawings that Burchfield called "all-day sketches." In 1915, he did dozens of them, each a timeline of the changing weather on a specific day. "Looking at the dates and the actual weather data," said Dr. Vermette, it was possible to confirm that "yes, this is a visual depiction of what the data says is happening."

For some of the works, visitors can listen on their cellphones to a simulated weather broadcast for the date and location being depicted—a touch of verisimilitude that the artist himself might have appreciated.

CHARLES E. BURCHFIELD FOUNDATION/BURCHFIELD PENNEY ART CENTER

In Burchfiled's 1952 'July Sunlight Pouring Down,' shafts of light appear to become nearly solid.

Two 1915 works, both titled "Flaming Orange Northern Sky at Sunset/V-4," seemed far too vividly colored to be accurate—until Dr. Vermette discovered that Lassen Peak, a volcano in California, had erupted in May 1915, two months earlier. "Brilliant sky colors, especially at sunset, often occur after volcanic eruptions," he noted. While it isn't possible to make a definitive connection between the eruption and Burchfield's fiery sunsets, "it makes sense," he said. "It fits."

Beyond weather conditions, Burchfield's works convey a deeper sense of what he experienced in nature. As early as 1917, he began developing a vocabulary of symbols to visually represent emotions, and some of them "are not so dissimilar from the ways a meteorologist might represent the weather," said Mr. Johnson. One such symbol appears in "Clearing Sky," a watercolor dated July 1, 1917. A strong wind, blowing right to left, is indicated by curved chevrons pushing across the picture—for Burchfield, emblems of movement and change that, in simplified form, might not appear out of place on a weather map.

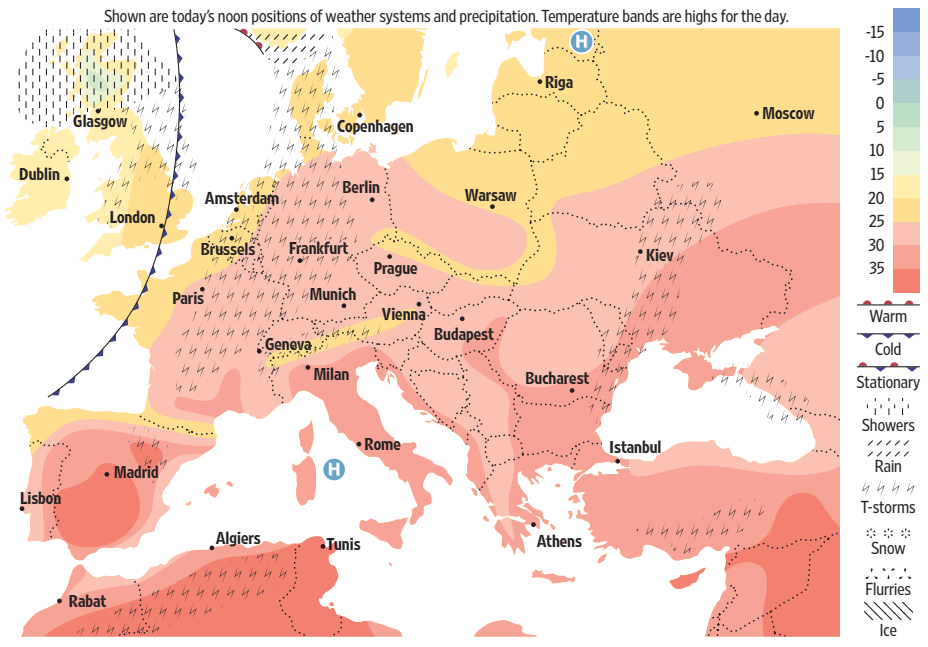
Burchfield continually looked for ways to depict non-visible aspects of nature, including sound and energy. The shafts of yellow light in the 1952 watercolor "July Sunlight Pouring Down" become nearly solid as they reach the ground, while the tree at the center bends under its burden of light as if under a heavy snowfall, and the vegetation below appears to release heat in undulating waves. In the 1950 drawing "Sun Over Wheatfield," a vista of ripe, heavy grain undulates with the heat, but the sun itself—small, dark and canopied with free-form, abstract rays—dominates the composition.

Burchfield's concern for nature extended beyond simply painting it. Even as a young man, said Mr. Johnson, "he would often write about the sulfur leaching out of the coal mines in Salem, and lament the loss of the fish from the streams there." He was a member of the Nature Conservancy, and had he lived another 10 years, Mr. Johnson added, "he would have probably fit into the role of an environmentalist." As it is, Burchfield fits elegantly into the role of visionary artist and interpreter of the natural world. And as "Weather Event" demonstrates, he's not a bad meteorologist, either.

Weather

AccuWeather.com

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

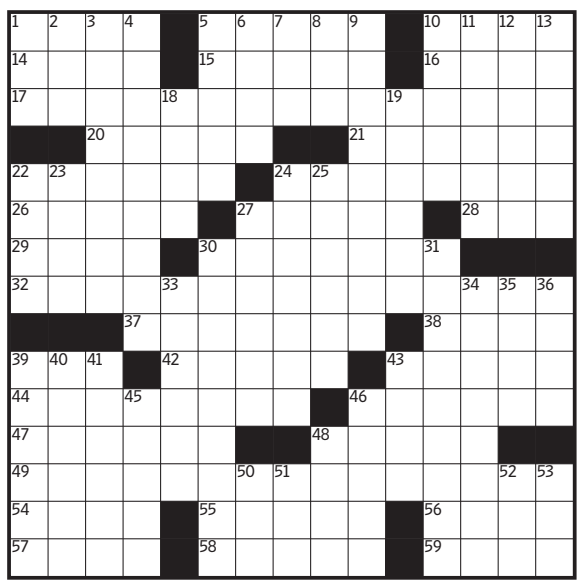


Global Forecasts

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

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Amsterdam	23	14	t	23	15	pc
Anchorage	17	11	pc	14	9	r
Athens	33	26	s	34	26	s
Atlanta	31	23	t	33	24	t
Baghdad	45	28	s	46	32	s
Baltimore	29	20	pc	31	21	pc
Bangkok	35	26	t	33	26	t
Beijing	31	22	pc	29	20	t
Berlin	28	18	pc	24	15	pc
Bogota	20	9	c	20	9	t
Boise	30	14	s	30	15	s
Boston	28	20	pc	29	17	s
Brussels	24	13	t	23	16	pc
Buenos Aires	20	6	s	16	4	s
Cairo	34	25	s	34	25	s
Calgary	21	9	pc	23	10	pc
Caracas	32	25	pc	32	26	t
Charlotte	32	22	pc	33	22	t
Chicago	29	21	pc	30	22	t
Dallas	36	27	pc	37	26	s
Denver	29	13	t	27	13	t
Detroit	30	19	t	31	21	t
Dubai	43	34	s	40	33	s
Dublin	18	12	sh	17	12	r
Edinburgh	18	9	sh	18	13	r
Frankfurt	28	16	t	24	16	pc
Geneva	30	16	pc	28	17	t
Hanoi	32	25	t	30	25	t
Havana	32	23	pc	33	23	pc
Hong Kong	33	29	pc	33	28	t
Honolulu	31	24	pc	32	24	pc
Houston	35	26	pc	35	26	pc
Istanbul	30	24	pc	30	24	sh
Jakarta	32	25	pc	32	24	pc
Johannesburg	22	9	s	23	2	s
Kansas City	30	22	pc	30	20	t
Las Vegas	36	24	pc	37	25	s
Lima	21	15	pc	20	15	s
London	23	12	pc	22	16	pc
Los Angeles	23	17	sh	24	17	pc
Madrid	36	19	pc	36	19	s
Manila	34	27	t	34	27	t
Melbourne	17	11	sh	15	10	s
Mexico City	25	13	pc	24	13	pc
Miami	33	26	sh	33	26	t
Milan	32	19	pc	34	21	pc
Minneapolis	26	19	pc	26	19	t
Monterrey	37	22	pc	37	22	pc
Montreal	27	15	c	24	14	s
Moscow	23	11	s	23	12	s
Mumbai	31	25	sh	31	27	sh
Nashville	31	23	pc	32	24	t
New Delhi	34	28	pc	36	28	pc
New Orleans	31	25	t	32	25	t
New York City	28	21	pc	31	21	s
Omaha	31	22	t	28	18	t
Orlando	33	24	t	33	24	t
Ottawa	27	13	sh	24	13	pc
Paris	26	12	t	26	17	pc
Philadelphia	29	21	pc	32	22	s
Phoenix	39	25	s	39	24	s
Pittsburgh	29	19	pc	30	21	t
Port-au-Prince	35	24	t	37	23	pc
Portland, Ore.	25	13	s	24	14	pc
Rio de Janeiro	26	20	r	27	20	sh
Riyadh	44	31	pc	44	29	s
Rome	31	20	s	32	20	pc
Salt Lake City	28	18	t	30	19	t
San Diego	23	19	sh	23	18	pc
San Francisco	21	15	pc	23	15	pc
San Juan	33	27	pc	32	26	sh
Santiago	16	4	pc	20	5	s
Santo Domingo	31	25	t	34	24	pc
Sao Paulo	18	16	r	21	16	t
Seattle	23	13	pc	24	14	pc
Seoul	25	23	r	27	23	sh
Shanghai	34	27	sh	32	27	sh
Singapore	29	26	t	30	26	c
Stockholm	21	12	pc	20	13	r
Sydney	23	19	pc	23	12	s
Taipei	38	27	pc	37	28	pc
Tehran	37	26	s	36	26	s
Tel Aviv	32	25	s	31	25	s
Tokyo	28	23	r	27	23	r
Toronto	26	15	t	25	17	s
Vancouver	20	13	pc	20	13	pc
Washington, D.C.	30	23	pc	32	24	pc
Zurich	29	16	pc	27	15	t

The WSJ Daily Crossword | Edited by Mike Shenk



TV SERVICE | By Nancy Cole Stuart

Across

1 Dudley's "Arthur" co-star
5 Radar screen flashes
10 Appendectomy reminder
14 Reply from the congregation
15 1966 hit "Walk Away ___"
16 Bull, in Barcelona
17 CBS kids program from 1955 to 1984
20 Spotted horse
21 Begin a journey
22 Perfumery products
24 False show
26 Radiant circles
27 Angora and cashmere
28 ___ Lingus (Irish carrier)
29 Tel ___
30 Rabies vaccine developer
32 ABC soap opera from 1963 to the present
37 Dog deliveries
38 Pundit
39 Service address
42 Hybrid
43 Staff markings
44 0° Celsius
46 Rubber
47 Hawaiian "thank you"
48 Kitchen gadget
49 ABC medical drama from 2007 to 2013
54 Tackle box item
55 Perfect
56 Kite attachment
57 River of Flanders
58 Keeps in check
59 Brand with Regenerist skin products

Down

1 Lancelot du ___
2 "___ little teapot..."
3 The Hindenburg, for one
4 Convention-defying read
5 Yanks' allies
6 Carson's successor
7 Calligrapher's need
8 Casserole tidbit
9 Lacking purpose
10 Put into words
11 Radiant circle
12 Kindle
13 Enthusiastic fan
18 Kitchen invaders
19 Avoids a knockout
22 Carpet type
23 Lair for a bear
24 Most upscale
25 Helicopter parts
27 1978 NBA MVP Bill
30 Like country fans?
31 Operatic jester
33 Swiss cough drop brand
34 Helpful software feature
35 Brother of Athena
36 Thick with vegetation
39 Just
40 Ill-fated flyer
41 Put back on the payroll
43 Traffic cop?
45 One who makes a lot?
46 Net results?
48 Zodiac animal
50 End of a coll. address
51 According to
52 MI6 counterpart
53 English cathedral city

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

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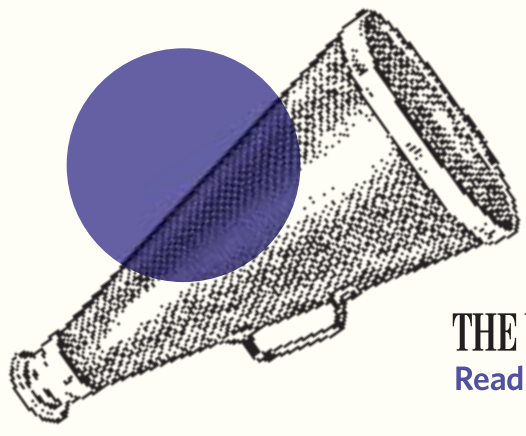

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Read ambitiously

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TECHNOLOGY: ACCESS TO QUARTERLY RESULTS BECOMES FASTER B4

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, August 15, 2017 | B1

Euro vs. Dollar 1.1777 ▼ 0.39% **FTSE 100** 7353.89 ▲ 0.60% **Gold** 1284.20 ▼ 0.27% **WTI crude** 47.59 ▼ 2.52% **German Bund** yield 0.408% **10-Year Treasury** yield 2.217%

SpaceX Mission Pushes Research

By Andy Pasztor

A successful cargo launch on Monday by SpaceX, the company's 12th such mission to the international space station, highlights the steady expansion of scientific research on the orbiting laboratory.

In addition to routine supplies such as replacement parts and food, the more than three tons of cargo that blasted off midday from Florida included nearly two dozen ambitious government and corporate experiments delving into issues ranging from the causes of Parkinson's disease to the origins of cosmic rays.

Unlike earlier cargo deliveries, the focus of Monday's launch from the Kennedy Space Center was less on the anticipated feats of **Space Exploration Technologies** Corp.'s partly reusable Falcon 9 rocket than on the contents of the Dragon capsule. Before launch, one senior official with the National Aeronautics and Space Administration told reporters experiments amounted to a record 75% of the cargo's overall weight.

"It sets a new bar for the amount of research we've been able to get" on a cargo flight, said Dan Hartman, deputy manager of the international space station. He told reporters over the weekend that some 85 new experiments are expected to launch through January.

At 12:31 p.m. local time, a modified Falcon 9 with slightly more thrust than earlier versions lifted off into mostly clear skies. It reached supersonic speed in roughly one minute, and the main engines shut off as designed about 90 seconds later. The upper stage propelled the capsule into its planned orbit, as the rocket's lower stage gently landed vertically back on earth.

JOHN RAOUX/ASSOCIATED PRESS

Monday's launch in Florida was headed for the space station.

Tom Praderio, a SpaceX engineer narrating the launch on the company's website, called it "yet another picture perfect landing."

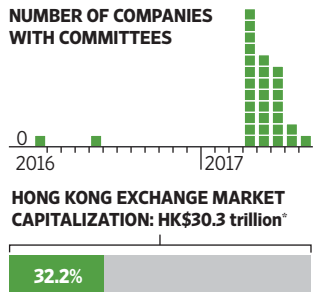
Monday's launch marked the 14th time SpaceX has managed to safely return that portion of the booster for refurbishment for a subsequent flight.

Biological experiments on board included one sponsored by the foundation set up by actor Michael J. Fox, targeting potential genetic causes of Parkinson's disease. **Eli Lilly**

Please see SPACEX page B2

Recruiting Drive

More Chinese state companies listed in Hong Kong are adding Communist Party committees.



*As of July 31
Note: HK$10 trillion = US$1.28 trillion

Sources: Hong Kong Exchanges and Clearing (total market cap); Thomson Reuters (companies' market cap)

THE WALL STREET JOURNAL.

Beijing Tightens Control Of Firms

By Gregor Stuart Hunter And Steven Russolillo

A push to establish the Communist Party in Chinese state enterprises is rolling through Hong Kong, raising corporate-governance concerns in one of the year's best-performing stock markets.

Since 2016, at least 32 Chinese state-owned companies or units listed in Hong Kong have proposed changes to their corporate structures to install Communist Party committees that advise their boards of directors. The moves, most coming in recent months, are prompting questions from market participants about who holds power at these companies and whether they will be run for the benefit of investors.

The changes follow directives from Beijing, which has been pushing to establish the Communist Party's role in corporate charters on the mainland. They make explicit what many had already assumed: that China's ruling party—the country's sole governing authority despite the existence of several other political parties—keeps a tight grip on the country's state-owned firms. Those firms now make up the bulk of Hong Kong's market.

For the past two decades, Beijing has listed the stocks and bonds of its state-owned enterprises in Hong Kong—the offshore finance center with a separate business-friendly legal system—as a means of raising capital from global investors to fuel China's economic expansion.

The companies now placing their boards under party guidance include some of the biggest listed in Hong Kong, with a combined market capitalization of 9.7 trillion Hong Kong dollars (US$1.2 trillion)—almost a third of the total value of stocks listed on the city's exchange.

They include China's biggest bank, **Industrial & Commercial Bank of China**, its largest brokerage, **Citic Securities**, and oil-and-gas giant **China Petroleum & Chemical** Corp., better known as Sinopec.

Many of the companies have passed amendments to their

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STREETWISE
By James Mackintosh

Trading In Volatility Resembles Gambling

When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.
—John Maynard Keynes

The stock-market selloff last Thursday was a classic example of Casino Capitalism. U.S. President Donald Trump descended into a war of words with North Korea's Kim Jong Un, and analysts decided nuclear apocalypse wasn't funny at all.

Stocks fell a bit, but the focus was on whether geopolitics meant the era of superlow volatility was coming to an end, rather than on the prospects for individual companies.

Trading in three big exchange-traded funds and notes pegged to volatility futures totaled $9.3 billion—higher than in any single stock, and second only to the main S&P 500 ETF. Individually, the three funds ranked 10th, 11th and 12th among the most-traded companies by value in the U.S.

There is a decent case to be made that being short volatility—that is, betting against the Vix index of implied volatility—is a solid long-run investment, akin to selling insurance policies. It comes with big occasional losses, but the hope is that over time losses are more than offset by the steady premiums collected. I'm skeptical that the argument holds after the incredible gains made by the strategy in the past year, with the main vehicle for betting against the Vix up 104%, after losing 21% last week. But even for true believers, there is no need to trade furiously.

Left-wing critics have spent much of the past 10 years blaming the 2007-'08 financial crisis on rampant speculation, even though the problems lay more in banking and debt than in the equity markets. Yet, stock-market transactions today are dominated by traders with a get-rich-quick mentality, not by investors hoping quietly to accumulate savings for the long run.

The short-term nature of most trading is shown best by the volatility funds, where daily trading is as close to gambling as to make no difference. It isn't only volatility funds, and isn't only Thursday: This year the junior gold miners' ETF has been the 24th most-traded stock in the U.S., even though by value it wouldn't even feature in the S&P 500.

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Cycling-Apparel Firm Speeds Up

Rapha, an upscale British retailer, prepares to expand in U.S. after attracting new investment

CHRIS RATCLIFFE/BLOOMBERG NEWS

A cyclist used a climactic simulation chamber to test cycling gear at a Rapha outlet in London last year. Rapha plans to add stores.

By Saabira Chaudhuri

LONDON—A bike-apparel retailer favored by Britain's cycling elite is hoping the grandsons of **Wal-Mart Stores** Inc.'s founder can help it pedal into the big leagues in the U.S. and beyond.

London-based **Rapha** said last week that it had sold a majority stake to a U.S. investment firm founded last year by the grandsons of Wal-Mart founder Sam Walton in a deal valuing the business at over $225 million, said a person familiar with the matter.

The investment by Bentonville, Ark.-based **RZC Investments**, backed by Tom and Steuart Walton, comes as the 13-year-old apparel brand looks to accelerate in the U.S. to tap Americans' seeming willingness to pay top dollar for upmarket cycling clothes and accessories.

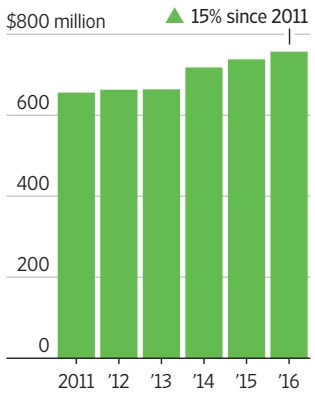
Through its stores, which it calls "clubhouses," Rapha aims to foster a sense of community—and sell memberships—that will keep customers coming back for its $295 cycling glasses and $385 bib shorts. It is a strategy that has been deployed successfully in recent years by other luxury athletic brands, such as Lululemon Athletica Inc.

Rapha and other upscale bicycle-apparel retailers such as Pearl Izumi and Assos are looking to exploit a U.S. cycling-apparel market that climbed 15% between 2000 and 2016 to hit $757 million, according to the National Sporting Goods Association, despite adult ridership numbers staying flat over the past decade at 25.5 million.

While some might balk at Rapha's price tags, the retailer is counting on a crop of largely male consumers with high disposable incomes and a love of recreational cycling. In Britain, such men are popularly called Mamils, or middle-aged men in Lycra.

Rolling Higher

U.S. cycling-apparel sales



Source: National Sporting Goods Association

THE WALL STREET JOURNAL.

OC&C Strategy Consultants estimates that 70% of U.S. spending on bike apparel comes from enthusiasts who cycle at least once a month.

"I have no interest in a customer who just buys a jersey and disappears," says Rapha founder Simon Mottram.

"Our customers don't just buy products," he adds. "They come on rides, buy food and drink at clubhouses, consume publishing from us."

The company's sales rose 37% to £67 million ($87 million) for the year ended Jan. 31 and are forecast to roughly double over the next three years to £131 million. Last year, Rapha made a profit of £4.5 million in earnings before interest, taxes, depreciation and amortization, up 6.7% from a year earlier.

Mr. Mottram plans to use RZC's investment to open more stores—including adding

Please see RAPHA page B2

HEARD ON THE STREET | By Nathaniel Taplin

Slowdown in China's Growth Has Arrived

After a year of positive surprises, the specter of a China slowdown is back.

During the first half of 2017, deflation was banished, debt defaults slowed and growth rebounded.

Nonetheless, China watchers have long warned that tighter credit would eventually mean slowing growth again. This month, the first real evidence of that arrived: China's official purchasing-managers index was sharply lower than expected, and July industrial-production and retail-sales data released Monday were the weakest since February. Investment growth was the weakest since December.

The weakness revealed by Monday's numbers was broad-based—with the notable exception of the steel sector, where growth continues to accelerate after capacity cuts, which have helped to boost margins.

China watchers have long warned tighter credit would eventually mean slowing growth.

Real-estate and infrastructure investment both weakened, with the former growing at its slowest pace since June 2016.

Growth in China's massive information-technology sector—a good indicator of export strength—also slowed, in line with July's PMI, which showed growth in new export orders weakening abruptly.

Combined with the weak retail-sales data, this isn't encouraging news. There are, however, two big reasons to expect a mild rather than sharp slowdown.

The first and most important is credit growth, which nearly always leads the overall growth trajectory in China. Here the news is good: In contrast to past tightening cycles in 2010 and 2013, the slowdown in credit growth has been quite mild.

The other reason for optimism is the political calendar.

China is about to hold a key Communist Party meeting this fall to select its next generation of leaders. President Xi Jinping and his allies want slower growth and lower leverage, but they don't want a dramatic drop at such a sensitive time.

The odds remain good that 2018, rather than late 2017, will be when China worries start to plague markets again.

But investors should still expect some volatility in the days ahead as markets digest the first clear signs of stumbling growth in China this year.

INSIDE

PRIVATE PLACEMENTS RISE IN EUROPE

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CHRIS RATCLIFFE/BLOOMBERG NEWS

Rapha founder Simon Mottram sees scope for growth in the U.S.

RAPHA

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to the five already in the U.S.—and potentially expand into new areas, such as nutrition, speed tracking and physiotherapy services.

Other high-end cycling-apparel retailers have also attracted investor interest. In 2015, New York-based private-equity firm TZP Group was part of a consortium that bought a majority stake in Swiss brand Assos, which makes shorts, jackets and helmets, and whose motto is "suffer in comfort."

"We believe there is a significant business opportunity at the intersection of innovative, performance-driven apparel and luxury experience," TZP partner Dan Galpern said at the time.

Jonathon Puleston-Jones, a London-based Deutsche Bank executive, is what Rapha describes as a typical customer. A member of the company's cycling club, he comes by Rapha stores to shop, socialize and go on rides.

"Socially, I feel a sense of community being part of the club," said Mr. Puleston-Jones.

Rapha has invested heavily in its 17 stores in Europe, Asia, Australia and the U.S., using them largely as product showrooms, with television sets showing races and cafes serving coffee and quick eats such as avocado on toast.

About 70% of the company's sales are generated online. Its 11,000-person-strong cycling club gives members free in-store coffee, a biannual magazine, access to special rides, and the ability to rent high-end canyon bikes, among other perks.

"Going in there reminds you of what you like about cycling," said Swen Graham, a Foursquare employee based in New York. "If you're in the know about Rapha, you kind of know your shit."

Other sports brands have adopted similar approaches, using their stores to position themselves as purveyors of a lifestyle.

Lululemon has stores in big cities such as New York, London and Toronto that offer weekly classes, cafes serving protein shakes and experts to give advice on activities.

Nike organizes runs departing from its stores, while Puma's Boston store provides workout sessions involving Pilates, barre, cycling and other activities.

BUSINESS & FINANCE

Edgy Tour Packages Offered

Vice Media joins with Airbnb to develop customized global travel experiences

By Lukas I. Alpert

Vice Media has always tried to show what living on the edge looks like, but now it is inviting people to experience it for themselves.

The youth-focused digital media company is joining with **Airbnb** Inc. to offer custom-made travel packages in keeping with Vice's "punk 'zine" ethos.

"Vice has long gone all over the world to find the most unique stories with reporters on the ground, but we have never given our audience a chance to experience it," said Spencer Baim, Vice's chief strategy officer.

The partnership will kick off with a contest in which 100 people will receive one of four customized tours in South Africa, Paris, New York and Tokyo free of charge. A fee will be charged for future tours.

Going forward, profit from tour fees will be kept by Airbnb, while Vice will receive advertising spending from Airbnb to market its "Experiences" offerings and other products.

"This is something a bit different than a typical ad relationship, in that we are both putting in money and time to develop the offerings," Mr. Baim said. "We've done a ton of research on this and given that we are in 80 countries, our ability to send viewers on incredible trips seems pretty endless."

VICE MEDIA

A 'voguing' class in Harlem will be part of a visit to New York.

The pilot offerings include a look at the electronic-music scene in Cape Town led by DJs Spoek Mathambo and Yolanda Fyrus, a tour of Tokyo's LGBTQ nightlife culture and an inside look at the voguing dance world in Harlem. In Paris, the tour will focus on cabaret and burlesque events.

The tours will be part of Airbnb's "Experiences" packages, which it launched last year to offer travelers the opportunity to take part in aspects of a destination's culture—for example, drum lessons in Cuba or glitter face-painting workshops in London. Airbnb offers 2,500 experience packages in 35 cities.

"The experiences side of our business appeals more to a younger, more exploratory, more innovative human mindset and that seems like it would fit well with Vice's core audience," said Jonathan Mildenhall, Airbnb's chief marketing officer.

MARKET

Continued from the prior page

corporate structures, and others are being put to shareholder vote in the next few weeks.

"When making decisions on significant matters, the Board shall seek advice from the Party committee of the Company," reads the amended article of association of Beijing-based engineering contractor **China Machinery Engineering** Corp.

Not all big state-owned enterprises have changed their charters. **PetroChina** Co., the listed unit of China's biggest oil company, whose shares trade in Shanghai, Hong Kong and New York, hasn't done so. PetroChina declined to comment.

So far, the Hong Kong stock market has largely ignored the moves, with the benchmark Hang Seng Index up 22% this year and hovering near a two-year high.

The stocks and bonds those companies issue account for a major chunk of some benchmarks widely used by global investors, such as the MSCI Emerging Markets Index. The development is making some fund managers uneasy.

These latest disclosures provide "more questions than answers," said Jamie Grant, head of Asia fixed income at **First State Investments**. Mr. Grant said his firm has been assessing whether the changes affect the value of some of its stock and bond portfolios since it noticed the amendments being implemented quietly this summer.

If the changes reflect an advance in Chinese President Xi Jinping's corruption crackdown, they may ultimately benefit investors, Mr. Grant said. Alternatively, they could be part of an attempt by the Communist Party to curb high debt levels, he added.

Outspoken private investor and former Hong Kong stock exchange director David Webb is more critical.

Making the Communist Party's role official provides companies "with cover to follow party instructions and reduces the chance that they will prioritize shareholder value," Mr. Webb wrote in an email. "It underlines the falsity of [Chinese] leaders' claims to be 'letting market forces play a greater role' and 'deepening reforms.' "

None of the Chinese companies that disclosed these changes responded to requests for comment. The Chinese body that oversees state enterprises, State-Owned Assets Supervision and Administration Commission, or SASAC, wasn't available to comment.

The amendments underscore the growing dominance of mainland companies and capital in Hong Kong. Mainland investors have flooded into Hong Kong's property market and are buying up an increasing proportion of the stock market via new trading links with Shanghai and Shenzhen.

Chinese government agencies have also blocked accountancy firms in Hong Kong from producing mainland-company documents that have been requested by regulators in other countries, citing national secrecy concerns.

President Xi is pushing the Communist Party to take a more visible leadership role in society, with state-owned enterprises at the forefront. Two years ago, the government called for "strengthened party leadership and improved corporate governance."

Shareholders who object to the increased Communist Party influence can't do much about it.

SASAC ordered state firms under central government control to make the changes by the end of June. The push has accelerated since April, Hong Kong and Shanghai exchange filings indicate. Several of the Hong Kong-listed companies that have mandated the creation of Communist Party committees said their boards would take into account the opinions of those committees "before making decisions on major matters." Some stated that the chairman of the board and the secretary of the party committee should be the same person. Many of the companies also established disciplinary committees to police corruption.

China Aluminum International Engineering Corp. stated in its amended articles of association that its Communist Party committee would help create "an effective system under which no one dares to, or can be corrupted, or thinks of committing corruption."

As a group, the 32 companies that have allowed the Communist party greater influence currently are valued roughly 24% cheaper than the Hang Seng Index.

But shareholders of state companies who object to the increased Communist Party influence can't do much about it. Most state-owned enterprises are majority-owned by Beijing, which has enough voting rights to force through the changes.

Hong Kong's market regulator, the Securities and Futures Commission, declined to comment on the trend.

A spokeswoman for **Hong Kong Exchanges and Clearing**, the city's stock market operator, said the Chinese state firms were following listing rules, though it had noted some "minor variations" in their articles of association.

—Fanfan Wang and Yifan Xie contributed to this article.

STREET

Continued from the prior page

It shows up in some of the most speculative stocks, too: Trading in **Tesla** this year has been five times its market value, while trading in **Nvidia** has been four times its market value. Some people might be trying to make sensible assessments of the long-run cash flows from Tesla's electric cars or Nvidia's graphics chips, but a lot have just been betting on how sentiment toward the companies will change.

As economist John Maynard Keynes put it in 1936: "Americans are apt to be unduly interested in discovering what average opinion believes average opinion to be; and this national weakness finds its nemesis in the stock market."

There are three obvious questions about market speculation. First, does it matter? Second, is there anything to be done about it? And third, how can those who recognize it profit?

Clearly excessive speculation matters. The market fulfills a social function as well as a way to make money, and the social function is to provide a way to raise capital, and a guide to asset allocation. Successful companies are rewarded with a higher share price, and the effort to make money—or greed, if you're on the left—pushes more capital toward that area. Tesla is able easily to raise new equity to finance electric-vehicle development because its shares are in demand; at the same time, investor interest in electric cars pushes the rest of the auto industry toward battery power, too.

The Volatile Bet Against Volatility

The VelocityShares Daily Inverse VIX exchange-traded note, or XIV, has plummeted as North Korean tensions stoked volatility.

Source: Thomson Reuters Datastream THE WALL STREET JOURNAL.

Excessive speculation would mean markets become less effective at directing capital toward profitable endeavors, harming the economy as effort is wasted on projects such as dot-com disaster Pets.com.

But that doesn't mean anything should be done about it. Keynes advocated a trading tax to reduce speculation, an idea recently revived by the European left. The 81 years since have given countries with stock markets the biggest uplifts in living standards of any period in history—mostly without such taxes.

Some speculation is essential, to provide the ease of trading that makes a listed stock more attractive to buyers than an identical private investment. It felt to Keynes like there was too much speculation, it felt to 19th-century British politicians like there was too much and it feels today like there is too much. But no one really knows, and the main risk of speculation is to the speculators themselves; regulations should stick to ensuring fair markets and avoiding damage to the banking system.

Investors should try to avoid behaving like Capt. Renault in "Casablanca," who was "shocked—shocked!—to find that gambling is going on in here." If speculators are putting the wrong price on a stock, that is an opportunity to buy it cheap or sell it above its value. The long-term investor has to accept that share prices can always become even further removed from reality, but they should regard excessive speculation as an opportunity, and hold their nerve.

SPACEX

Continued from the prior page

Co. is testing whether freeze-drying pharmaceuticals can prolong their shelf life, and a Boeing Co. scientist is delving into how roundworm genes react to prolonged radiation exposure.

A Florida State University team is part of a multi-university experiment using rodents to explore human health problems—particularly degradation of eyesight—during prolonged space voyages. Astronauts stand to benefit the most initially, but Michael Delp, one of the principal researchers, told reporters there could be longer-term benefits for patients with various eye diseases.

Hewlett Packard Enterprise Co. is sending the first commercial supercomputer outside the atmosphere. And U.S. Army researchers will dissect the performance of a tactical, super-flexible surveillance satellite intended to beam images to troops on the ground within two minutes of receiving a request.

This mission demonstrates the space station's function as "an innovative platform" for cutting-edge research in diverse disciplines, Gregory Johnson, a former astronaut who now heads an organization helping NASA maximize research on the space station, told reporters during a press conference Sunday.

The U.S. space agency is emphasizing the breadth and value of scientific work under way on the station. Making that case is vital for proponents who want to keep the international orbiting laboratory—assembled at a cost of roughly $100 billion—operating through most of the next decade.

White House officials and NASA's current leadership, headed by a holdover from President Barack Obama's administration, seek to transform the station into a thriving commercial platform. Industry officials say that requires demonstrating the promise of research conducted in the microgravity of space.

President Donald Trump hasn't yet nominated a NASA chief or No. 2 agency administrator.

Charles Bolden, NASA's last permanent administrator, last fall complained about what he described as undue emphasis on lower costs and increased availability of launch services to get to the station. Speaking at a conference in Long Beach, Calif., he urged a shift to emphasizing a "stable, sustainable on-orbit environment" for entrepreneurs and companies intent on developing businesses in space.

NASA has related programs under way to boost private investment in research projects in orbit. But increasingly, agency officials hope to use experiments on the manifest of such cargo launches to showcase acceleration of research.

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North Face Parent to Buy Dickies Owner

By Cara Lombardo

VF Corp., the owner of clothing brands such as the North Face and Timberland, said that it has reached a deal to buy **Williamson-Dickie Manufacturing** Co. for $820 million in cash, in a deal VF says will double its presence in the workwear-apparel market.

Williamson-Dickie, a private company best known for Dickies scrubs and Walls outdoor coveralls, generated $875 million in revenue in the past 12 months, VF said.

VF Chief Executive Steve Rendle said the acquisition, expected to close in the fourth quarter, will create a company with about $1.7 billion in annual revenue.

VF, whose apparel and accessories offerings range from Nautica sportswear to Smartwool socks, has been tweaking its portfolio in recent months, shedding a group of luxury brands and a licensed sportswear company.

Chief Financial Officer Scott Roe said on a conference call Monday to expect more changes to the company's portfolio. "We're not finished," he said. "Stay tuned."

Analysts expect continued momentum in career apparel, which VF estimates to be a $30 billion-a-year industry, as the U.S. job market expands. Williamson-Dickie's large peers in the industry include Carhartt brand parent **Carhartt** Inc. and Duluth Trading parent **Duluth Holdings** Inc.

VF said buying Williamson-Dickie will especially increase its sales for health-care and service apparel. Williamson-Dickie also operates manufacturing plants in Mexico and Honduras.

Williamson-Dickie has 400 retail stores and a presence in more than 100 countries, though 66% of its sales are in the U.S. Williamson-Dickie Chief Executive Philip Williamson and the company's 7,000 employees are expected to remain with the combined company.

As a result of the Williamson-Dickie deal, VF raised its forecast on annual revenue by $200 million to $11.85 billion and lifted its adjusted earnings guidance by 2 cents to $2.96 a share.

VF shares, up 18% so far this year, rose 2% to $62.96 in afternoon trading on Monday.

RICHARD B. LEVINE/AVALON/ZUMA PRESS

A North Face store in New York last year. The brand's owner, VF, is acquiring Williamson-Dickie.

Airlines Stuff Big Money Into Seats

By Doug Cameron

Airlines are making bigger bets with premium passengers, offering luxury seats loaded with doodads that could boost the cost of outfitting a plane by millions of dollars.

The new breed of seats for business fliers can convert to a lie-flat bed, with 15-inch display screens, entertainment systems that offer hundreds of channels and privacy panels sealing off fellow passengers. Some of these posh seats can be grouped together to form a walled "mini suite."

Such seats cost the carrier anywhere from about $50,000 to $500,000 apiece, according to industry officials. Carriers, including **Delta Air Lines** Inc., **Qatar Airways** and **United Continental Holdings** Inc., are vying to offer these latest innovations even as they find ways to squeeze more revenue out of coach cabins with tighter seating.

Business-class passengers remain airlines' biggest source of profit, and keeping them comfortable for hours on long-haul flights has become a high-stakes game for carriers facing a bill of $20 million or more to outfit a single widebody jet.

"It's become fundamental to how the airlines compete and separate themselves with their brand," said Kelly Ortberg, chief executive of **Rockwell Collins** Inc.

Rockwell Collins has become the market leader in aircraft seating with its $8.6 billion deal this year to buy B/E Aerospace Inc., joining plane interiors to its aerospace-electronics business.

The bulked-up company is now being eyed as a potential target for **United Technologies** Corp, which is eager to consolidate its own position in the aerospace-supply chain, according to people familiar with the situation. Both companies have declined comment.

Premium models can cost carriers anywhere from $50,000 to $500,000 apiece.

Most airlines buy seats and other interior fittings such as lavatories and in-flight entertainment systems directly from their manufacturers such as Rockwell, and France's **Zodiac Aerospace** SA, and have them shipped to plane makers such as Airbus SE and **Boeing** Co. for installation.

Since the introduction in the early 1990s of seats that turned into lie-flat beds, prices have risen as the product has become increasingly complex. A business-class seat can have as many as 5,000 parts, including electric motors and hundreds of feet of wiring.

Development and safety testing adds to the cost, and airlines' preference for unique seats means production runs may be less than a dozen for the most exclusive offerings, and seldom reach into the hundreds.

Qatar Airways spent three years with the Rockwell unit that is designing its new Qsuite product, which allows four seats facing each other to be converted into a single space for families or colleagues traveling together or even into two double beds. The airline and the manufacturer won't disclose the cost of the seats.

Just adding a reading lamp requires more testing and certification, including full-scale crash tests that Rockwell performs with a sled that mimics the forces of 16 times gravity attending a simulated crash landing. Parts that fly off and could injure passengers or crew have to be redesigned.

"The regulations do constantly evolve and rise over time," said Elijah Dobrusin, vice president of strategy at **Lift by EnCore**, a startup that has been working with Boeing on a new line of seats.

Testing during design and production has become more rigorous as the cost of the seats has climbed. Airlines' selection process goes beyond the factory visits by executives and front-line employees such as flight attendants. John Cornell, head of research and development at seat maker **Jamco America** Inc., said it sends sample seats on worldwide tours for airlines to try.

Some airlines even use testing of seats as a perk for their most valued customers, giving them the first chance to try them out and suggest tweaks before they are purchased by the carrier. One Asian carrier asks some of its most frequent fliers in transit through its main hub to visit a nearby testing facility during layovers to sample new seats.

Rockwell Collins employs robots for wear-and-tear tests, such as placing a 30-pound weight on a tray table thousands of times, but has found human sampling adds valuable insight. People can break things in ways the designers never expected, said Glenn Johnson, director of engineering at Rockwell's interiors business.

PASCAL ROSSIGNOL/REUTERS

A Qatar Airways crew member presented business-class seats on a Boeing 777 aircraft at the Paris Air Show in June.

Regional U.S. Grocers Feel Squeeze

By Heather Haddon
And Lillian Rizzo

Recent upheaval in the U.S. grocery business is proving to be especially painful for regional supermarkets and their suppliers, creating opportunities for big-food retailers to further consolidate their position in the market.

Increased consumer spending at discount grocers, club chains and e-commerce sites is forcing middle-market grocers and distributors to take stock of their finances, resulting in store closures or other steps to pare down debt. Traditional chains captured 44% of spending on food and beverages last year, down 6 percentage points from a decade ago, according to Inmar Willard Bishop Analytics, a market-research firm.

There were 25,380 stores offering a full range of groceries with at least $2 million in annual sales last year, down 6% from 2015, Inmar Willard Bishop found. The number of stores is expected to drop to roughly 19,000 by 2021, the firm says.

Bankers who handle food-retail deals say the squeeze is creating more acquisition opportunities for big grocers, particularly as smaller family-run companies face an older generation of leaders stepping back.

"The U.S. is clearly in another wave of grocery-store consolidation," said Mike Fordney, managing director of the Food, Consumer and Retail Group at BMO Harris Bank, whose clients include many family-run grocers in the Midwest.

Grocers have weathered previous rounds of bankruptcies over the past decade, but executives say the headwinds are stronger this year. Already, **Marsh Supermarkets** LLC and **Central Grocers** Inc. have sought bankruptcy protection in 2017.

Other food retailers, such as Gordy's Market and Brennan's Market in Wisconsin, have closed locations or sold stores to bigger chains to cut losses. Several grocers have been added to distressed-asset watch lists that circulate among investment bankers and lawyers, according to people familiar with the matter.

S&P Global Market Intelligence found a food-retailer default within a year was 30% more likely given the increased competition after **Amazon.com** Inc. announced it was buying **Whole Foods Market** Inc. **Moody's Investors Service** said regional chains with high debt are at risk. Moody's has downgraded debt owned by four smaller food-retail chains in the past year.

Marsh and Central Grocers, once major Midwest food sellers, filed for bankruptcy protection in May. Central Grocers declined to comment, and Marsh didn't respond to requests for comment.

Larger grocery chains, **Kroger** Co. and Fresh Encounter Markets, received court approval in June to buy 26 of the 44 Marsh locations. "It's never been this busy," said Scott Moses, managing director for Peter J. Solomon Company, the investment bank selling Marsh's and Central Grocers' assets.

Central Grocers, the Illinois-based wholesaler, laid off hundreds of workers and stopped supplying more than 100 grocers. The company's troubles accelerated after news of financial stress prompted some suppliers to demand deposits and payments in advance, according to court papers. Suppliers including **Coca-Cola** Co., **General Mills** Inc., and Mars Financial Services had earlier filed an involuntary chapter 7 petition for Central Grocers claiming they were collectively owed $1.8 million. General Mills, Coke and Mars declined to comment.

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BUSINESS OPPORTUNITY

NAME OF THE ORGANISTION
DETAILED TENDER NOTICE AND INSTRUCTIONS TO BIDDER
CIRCLE :- COMMAND AREA DEVELOPMENT AUTHORITY, JALGAON
DIVISION :- GIRNA IRRIGATION DIVISION, JALGAON

1. Online electronic bid as below mentioned works are invited by Tapi irrigation Development Corporation, Jalgaon from bidders fulfilling criteria as mentioned in Qualification criteria. Main Tender Documents are available for online bid preparation and submission on website from **Dt. 10/08/2017 to 11/09/2017 (Upto 5.45 P.M).** The time schedule for various bidding phases is as given below in time schedule. The pre-tender conference will be held in the office of the chief Engineer, Tapi Irrigation Development corporation, Jalgaon on Dt.24/08/2017 (17.45 Hrs.) The Tender opening will be held in the office of the superintending Engineer and Administrator, Command Area Development Authority, Jalgaon on Dt.22/09/2017 (12.00 Noon)

Sr. No.	Name Of Work	Earnest money Deposit (Rs Lakhs)	Time Limit For Completion	Cost of Tender Form (Rs.)
1	Restoration of storage capacity of Girna Dam by removing silt and silt mixed sand by means of Mechanical operations	Rs 25/- Lacs	180 Months	Rs 50,000/-

2. The qualification process is applicable for this tender work.
3. The forms of main Tender documents are available on the website **https://mahatenders.gov.in** The aspiring bidders has to purchase tender document online by paying appropriate fee.
4. The Bidder has to fill in online format and upload information.
5. Only scanned from original document information will be accepted. Scanned copy from other Than original will not be accepted.
6. while submitting the duly filled Tender Documents the Bidder is required to deposit Tender fee amount of Rs.50,000/- and E.M.D of Rs. 25.00/- Lacks through e-payment gateway.
7. The bidder has to prepare & submit Main Tender Documents Online as per schedule.
8. The Bidder shall submit online two separate (Envelope), Cover-& Cover-II online.
9. The Bidder shall upload 'Technical Bid' i.e (Envelope-1) along with Qualification information, prescribed forms and other documents.
10. 'Financial Bid' i.e (Envelope 2) is to be filled online with offer of the Bidder.
11. The Bidder shall upload the documents in readable form, He shall take trial of uploads by taking printout. The unreadable documents will be treated as null & void. The remaining documents will be evaluated. The decision of opening Authority regarding this will be binding to all contractors.
12. All rights are reserved to reject any or all Main Tender documents without assigning any reason by the competent authority.
13. Time schedule for various bidding process as follows.

GIRNA IRRIGATION DIVISION, JALGAON
TIME SCHEDULE

Sr. No.	Details	Start Date	Hrs.	End Date	Hrs.
1	Publication of Tender	Before 10/08/2017			
2	Document Purchase Period	10/08/2017	10.00 A.M	11/09/2017	5.45 P.M
3	Pre-Bid Conference	24/08/2017	----	Upto	5.45 P.M
4	Bid Submission	16/09/2017	----	Upto	3.00 P.M
5	Opening of Bid	22/09/2017	----	----	12.00 noon

14. If any assistance is required regarding e-Tendering (upload and download) refer the website and it's helpdesk.

Executive Engineer,
Girna Irrigation Division,
Jalgaon.

DGIPR/2017-2018/2044

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Quicker Counting Pays Off

Technology helps speed up tallying of quarterly results—and decision-making

By Tatyana Shumsky

MONICA HERNDON/ZUMA PRESS

Duke Energy is among companies that have accelerated their access to performance data.

As accounting becomes more reliant on technology, finance chiefs across a range of sectors are reaping substantial benefits from closing their books faster.

Companies including **Red Hat** Inc., **Duke Energy** Corp. and **Dun & Bradstreet** Corp. have sped up their quarterly close to gain quicker access to their results.

It takes most companies four-and-half days to capture a quarterly snapshot of their financial position in 2017, down from six days in 2009, according to **PricewaterhouseCoopers** LLP benchmarking studies. The consulting and accounting firm examined the practices of roughly 500 companies around the world with a median revenue of $2.5 billion.

Companies that have accelerated their quarterly close say having results in hand earlier makes decision-making easier and helps the organization become more nimble. The extra time allows the finance team to perform a deeper analysis, catch errors and invest more time in planning for the next quarter.

A faster quarterly close was the priority for Eric Shander when he joined open-source software solutions company Red Hat as chief accounting officer in 2015. Mr. Shander and his team spent 14 months streamlining and accelerating the process.

Tasks such as account reconciliation were previously left to the end of the reporting period, contributing to the last-minute rush. Now, accounts are reconciled every few weeks. Mr. Shander also redistributed book-closing responsibilities across the finance team to ensure a more equitable workload.

Red Hat now closes its books comfortably in two days, down from five days previously, said Mr. Shander, who was named chief financial officer in April.

The finance team has been more productive as a result of the extra time, Mr. Shander said.

"We're actually considering moving up some of our earnings announcements as a result of it," he said. "It's been a huge success."

Advances in technologies are helping companies accelerate their book-closing process. More companies are automating their close to reduce the amount of manual activities, such as journal entries, said William Marchionni, senior business adviser at consulting firm **Hackett Group** Inc.'s Finance Operations Advisory Program.

"Some top performers are getting management reporting data on revenue, shipments, cost for goods sold, and other key metrics on a daily basis from their information systems," Mr. Marchionni said.

For Dun & Bradstreet CFO Rich Veldran, the lure of cost savings has prompted investments in robotics and automation technology that accelerate the quarterly reporting process. The data and analytics company closes its books in four days, despite operating across more than 200 countries, which adds to the complexity of its financial reporting process.

"There's a real opportunity for us to do things in a much more automated, faster way, within finance," Mr. Veldran said, adding that his team is already testing several potential applications for robotic process automation in the finance function.

A new software system was key to helping Duke Energy streamline its quarterly close, said CFO Steven Young. The electric utility in 2007 launched a three-year revamp of its financial infrastructure, after a series of acquisitions burdened the company with a patchwork of financial systems and processes, Mr. Young said. The company has continued to improve its quarterly close through new technologies.

"The advantage is that you get data disseminated through the organization quicker, you can then communicate trends, patterns and that can result in quicker decisions to take tactical actions in response to the data," Mr. Young said.

CFOs in a particular sector, such as airlines, autos or retail, often aim to close their books and report results around the same time to keep in line with industry norms.

"There's a view that they need to be consistent with their peers because if you're lagging, it could lead people to wonder why," PwC partner Beth Paul said.

JD.com Makes a Play For Luxury Shoppers

By Liza Lin

Chinese e-commerce company **JD.com** Inc. plans to open a luxury platform on its retail website, ratcheting up its competition with larger rival **Alibaba Group Holding** Ltd. for China's high-end shoppers.

Chinese consumers account for 30% of global luxury spending, and they are increasingly doing their high-ticket shopping at home as the Chinese government looks to stem capital outflows.

JD invested about $400 million for a stake in U.K.-based high-end e-commerce platform Farfetch in June. JD's chief executive, Richard Liu, announced plans for the new platform as the company reported second-quarter earnings Monday, but didn't provide further details.

Larger rival Alibaba introduced a luxury platform early this month, selling brands such as Spanish fashion brand Loewe and U.K. label Burberry.

JD reported a loss of 496 million yuan, or $74.4 million, for the three-month period ended June 30—nearly double its loss of 252 million yuan for the year-earlier quarter.

Revenue rose 44% to 93.2 billion yuan in the second quarter and is expected to grow as much as 40% this quarter, JD said.

In May, JD reported its first profitable quarter since going public in 2014, but its chief financial officer warned at the time that investments into new businesses and warehouses would weigh on profit this year.

Beijing-based JD, whose shareholders include **Wal-Mart Stores** Inc. and **Tencent Holdings** Ltd., runs an online direct sales business in addition to an e-commerce marketplace. Alibaba, led by Chairman Jack Ma, operates like an internet marketplace, running platforms for individual sellers, small and big businesses to connect with sellers.

JD.com's Nasdaq-listed shares have rallied more than 80% this year, as the online retailer has wooed customers by adding imported items to its offerings and expanding its product range to include apparel, luxury goods and baby products.

QILAI SHEN/BLOOMBERG NEWS

JD.com delivery employees with packages in Beijing last year.

Neo-Nazi Site Gets Booted by Web Hosts

By Jack Nicas

Google on Monday said it canceled the website-hosting registration for the neo-Nazi website Daily Stormer, hours after **GoDaddy** Inc. told the site it needed to find a new host.

Google, a unit of **Alphabet** Inc., said it canceled the Daily Stormer's registration because the site violated its policies against inciting violence. A spokesman declined to specify what content on the site violated the policy.

The Daily Stormer for years has posted hateful content criticizing Jewish and non-white people. On Sunday, the site ridiculed a woman who was killed protesting a white nationalist rally over the weekend in Charlottesville, Va.

Late Sunday, GoDaddy said on Twitter it had given the Daily Stormer 24 hours to find a new web host for violating the company's terms of service.

On Monday, the Daily Stormer registered its site with Google via an automated process shortly before 11 a.m. ET. About three hours later, Google said it had canceled the registration, but that it may take up to 48 hours to take effect. As of 3:20 p.m. ET, the site was still live.

Daily Stormer didn't respond to a request for comment.

The moves by Google and GoDaddy to crack down on the far-right website come in the wake of violent clashes in Virginia between white nationalists and counter-protesters, and they could signal increasing hurdles to maintaining a presence online.

MIKE BLAKE/REUTERS

GoDaddy cut off the Daily Stormer.

Uber Investor Explains Its Lawsuit

By Greg Bensinger

Days after it sued **Uber Technologies** Inc.'s former chief executive, investor **Benchmark Capital** sent a letter to the ride-hailing company's employees on Monday saying it took action in part to prevent him from undermining the search for his successor.

Benchmark, one of Uber's early investors, also said in the letter that its suit against Travis Kalanick was intended to hasten cultural changes at the ride-hailing firm following a series of scandals during Mr. Kalanick's tenure.

Benchmark last week sued Mr. Kalanick, saying he had defrauded investors by keeping secret bad business practices. The venture-capital firm said it hopes to push Mr. Kalanick off the board of directors and to return three board seats he effectively controls.

"It's easy to reduce this situation to a battle of personalities. But this isn't about Benchmark versus Travis," the Benchmark letter on Monday said. "It's about ensuring that Uber can reach its full potential as a company."

An Uber spokesman and a spokesman for Mr. Kalanick didn't immediately respond to requests for comment.

ERIC GAY/ASSOCIATED PRESS

Uber allegedly failed to comply with a prohibition on accepting new drivers. The ride-hailing firm was ordered to cease operations for one month.

Philippines Suspends Firm's Activities

By Jake Maxwell Watts

Uber Technologies Inc. was suspended from operating in the Philippines for one month after the ride-hailing firm allegedly failed to comply with regulatory requirements to stop accepting new drivers.

The suspension on Monday marks an escalation of a dispute between Uber and regulators in the Philippines who are grappling with how to accommodate ride-hailing apps and traditional taxi companies.

Uber was ordered "to cease and desist its operation of their online booking operation," according to a statement Monday from the Land Transportation Franchising & Regulatory Board. The regulator advised Uber to financially assist its drivers as they "would not have suffered the current predicament were it not for the predatory actions" of the company.

The U.S.-based technology firm said that it had received and was studying the order.

The move is the latest twist in a dispute involving ride-hailing firms such as Uber and its main competitor in Southeast Asia, Singapore-based GrabTaxi Holdings Pte., and authorities in the Philippines. Regulators say they welcome innovation and want ride-hailing services to exist to the benefit of consumers, but seek to find a balance between innovation and regulation.

A year ago, the regulator suspended acceptance and issuance of vehicle registrations for ride-hailing firms like Uber in Manila pending a policy review. Last month, the regulator stressed that firms like Uber are prohibited from accepting new drivers and would need to deactivate all drivers on their networks registered after June 30. Grab and Uber were fined five million pesos, or about $98,000, each for allegedly allowing drivers to continue to operate without permits.

During a congressional hearing this month, Uber and Grab surprised regulators by stating that, combined, they had more than 100,000 vehicles registered to drive on their platforms, of which only about 6,000 were accredited by the regulator.

The regulator said in its statement Monday that it found Uber had still been accepting and activating new drivers on its network, despite orders to the contrary. On Aug. 1, Uber said on its Philippines Twitter account that it was accepting new driver applications but not processing them.

Inadequate public transportation in the Philippines and complaints about overcharging by conventional taxis have driven commuters toward other services. But growth of those services upended a regulated environment that was once the exclusive domain of taxi firms that claim Uber and Grab are able to operate by a different set of rules.

The temporary ban is another blow to Uber in a tumultuous year. The firm has suffered withering criticism of its internal culture, the ouster of its founder and former chief executive, and a series of high-level executive departures.

Uber has been found in violation of transportation laws in countries such as South Korea and France. In the U.S., it defied California regulators last year by putting self-driving cars on San Francisco streets without proper permits, and it remains beset by legal challenges and a corporate culture stung by sexual-harassment allegations.

BUSINESS WATCH

A+E NETWORKS

New Ads Expected To Set Channel Apart

A+E Networks' namesake TV channel is launching a new advertising campaign in an effort to stand out in an increasingly crowded TV marketplace.

The campaign, dubbed "Brave Storytellers," promotes A&E's unscripted shows and highlights A&E stars such as Leah Remini from "Scientology and the Aftermath" and Donnie Wahlberg from "Wahlburgers" talking about what motivates them to tell their stories.

The ad push, which begins Tuesday, seeks to reinforce what the A&E brand stands for in hopes of drawing in more viewers in a highly competitive landscape.

—Alexandra Bruell

CROWN RESORTS

China Frees Head of Crown VIP Program

A senior **Crown Resorts** Ltd. executive—the last of three Australians held in China after being convicted of gambling-related crimes—has been released from prison, the Australian government said Saturday.

When Jason O'Connor, who led the international VIP program for the Australian casino operator, walked free, it capped a case that captivated the global casino industry. One of 19 current and former Crown employees detained starting in October last year, Mr. O'Connor's release was expected.

—Mike Cherney

NEWCREST MINING

Profit at Miner Declines by 7.2%

Newcrest Mining Ltd. pledged to at least hold its annual dividend payout steady and forecast a rise in gold output after its fiscal year profit declined.

Net profit for the year ended in June fell 7.2% to US$308 million from US$332 million a year earlier. Revenue rose 5.5% to $3.48 billion. The Melbourne-based miner plans to pay a final dividend of 7.5 cents a share, steady with the previous year.

—Robb M. Stewart

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Europe Ramps Up Private Placements

Companies pursue Asian investors as they prepare for higher rates and costs

By Nina Trentmann

European companies have stepped up the sale of securities directly to investors as they seek to diversify their funding amid fears of tighter monetary policy.

German rail operator **Deutsche Bahn** AG, **Vodafone Group** PLC and **Deutsche Telekom** AG are among the companies pursuing investors from Asia as they prepare for interest rates, and debt costs, to turn higher.

The rise in private placements highlights that finance chiefs in Europe are preparing for a change in monetary policy after a prolonged period of ultralow and negative interest rates.

Many companies have loaded up on debt, taking advantage of low borrowing costs. CFOs now worry that a shift to less accommodative monetary policies—expected for 2018—could trigger market volatility similar to America's taper tantrum that dominated the summer of 2013.

In the U.S., the Federal Reserve wind-down of monetary stimulus was accompanied by a decline in liquidity in the bond market and an uptick in yields.

To limit such risks, CFOs of European companies are working to broaden their funding sources by developing closer links to investors in Asia.

RALPH ORLOWSKI/REUTERS

German rail operator Deutsche Bahn did a private placement of $65 million in Swedish kronor for institutional investors in South Korea.

Deutsche Bahn, the German rail operator, in July did a private placement in Swedish kronor for institutional investors in South Korea. The 15-year placement had a volume of SEK530 million ($65 million) with a coupon of 2.2%, according to Deutsche Bahn.

"We want to broaden our investor base and reap cost benefits," said Christian Große Erdmann, head of capital markets and risk management at Deutsche Bahn. The company for a number of years has worked with investors from Japan, Hong Kong and Australia and has now begun to develop ties with investors in South Korea. "This is new," Mr. Große Erdmann said.

Vodafone Group, the British telecommunications firm, this summer did private placements in Japanese yen and in Hong Kong dollars. The two placements in Hong Kong dollars had a total volume of HK$1.005 billion ($128.5 million), whereas the placement in yen was worth around $92 million. "This is the first time we ever did a placement in" Hong Kong dollars a member of the company's treasury department said.

Vodafone is actively seeking to diversify its investor base in a bid to reduce the reliance on bond sales, he added.

Other companies are following suit. European firms issued private placements in euro worth $12.79 billion during the first half of the year, up from $10.95 billion during the first half of 2016, according to Dealogic Ltd. The volume of placements in other European currencies also went up, from $10.63 billion to $13.98 billion. Private placements by Asian subsidiaries of European companies rose from $28 million to $334 million during that time.

"We have been watching this trend for a while," said Isabelle Toledano-Koutsouris, head of corporate debt capital markets and derivatives for Europe, Middle East and Africa at UBS Group AG in London. It illustrates that both corporates and investors are willing to explore new avenues, Ms. Toledano-Koutsouris said.

The trend comes on the back of rising bond sales by European companies in Asia.

"A lot of Asian investors want to diversify their investment portfolio," Ms. Toledano-Koutsouris said. This and the search for yield makes Asian investors—in particular South Korean life insurance companies—seek opportunities in Europe.

Due to the nature of private placements, only the dealer, the issuer and the investor are familiar with the rationale and the exact details of a certain deal, according to Marko Milos, managing director at Goldman Sachs Group Inc. in London. The bank executed at least one of these placements recently.

So far, the impact on markets has been limited, as private placements make up less than one-tenth of the volume of corporate bonds. European firms issued Eurobonds worth $175.42 billion during the first half of 2017, up from $157.23 billion during the same period in 2016. The volume of issuances in other European currencies also ticked up, from $30.78 billion in the first half of 2016 to $52.87 billion in the first six months of 2017, according to Dealogic.

Private placements on average range from €25 million ($29.4 million) to €150 million, Ms. Toledano-Koutsouris said.

Deutsche Telekom, the German telecommunications firm, said it doesn't want to rely on certain investor groups too heavily. "This requires smart diversification in terms of the volume, the currency, the duration and the financial instrument," a spokesman said. Deutsche Telekom recently issued private placements in Hong Kong dollars and Norwegian kroner, the spokesman said. The combined value of these amounted to $294 million, he added.

Fiduciary Rule Casualty: Brokers' Fund Offerings

By Daisy Maxey

Is less more when it comes to investor choice? That is the question facing brokerage firms and investment advisers as they look to comply with a landmark retirement-savings rule.

Large brokerage firms typically offer thousands of mutual funds to clients. But compliance demands of the fiduciary rule, which began to take effect in June and requires stewards of tax-advantaged retirement savings to act in clients' best interests rather than their own, are causing some firms to review their offerings.

Conducting the due diligence and documentation required on so many investments can be onerous, and under the rule, some firms may face increased litigation risks. As a result, brokerages may remove some funds—including those with higher fees or those that present perceived risks—from their sales platforms.

"If you have more than 5,000 mutual funds on your platform, that oversight is a lot of work," said Alma Piscitello, executive vice president of Northern Lights Distributors, which provides underwriting services and counsels investment managers on fund distribution.

Some brokerage and advisory firms have already told Northern Lights of funds being pulled from brokerage platforms because of the fiduciary rule, generally because of size or expense, Ms. Piscitello said.

Under the Obama-era regulation, which aims to eliminate conflicted advice that can arise based on incentives to sell financial products, those offering financial advice to retirement savers may earn commissions and compensation that might give them an incentive to recommend one product over another, but must do so under an exemption.

For advisers who use the exemption, any fees must be level with similar investment products or services. That has put mutual funds, with their varying share classes and costs, under the spotlight.

'If you have more than 5,000 mutual funds on your platform, that oversight is a lot of work.'

Advocates of the rule say weeding out high-cost or risky funds would benefit investors. But some managers fear the fund review will cause sales of their products to suffer and that fund expenses may be used as the key metric in the process, while financial advisers worry that funds they have used in clients' portfolios for years will be discontinued.

USA Financial hasn't cut any funds from its brokerage platform, but the Michigan-based financial-services firm has vetted its investment offerings with the fiduciary rule in mind, said Matt McGrew, the firm's chief operations officer.

If nothing changes and the rule takes full effect in January as planned, USA Financial anticipates cutting its more than 350 sales agreements across mutual funds, variable annuities, alternative investment and asset managers to "well less than 150," Mr. McGrew said.

But the rule remains in flux, with the Labor Department last Wednesday proposing to delay the compliance deadline by 18 months, which experts say suggests the rule still may undergo significant revisions.

Mark Travis, president and chief executive of **Intrepid Capital Management** in Jacksonville Beach, Fla., said some advisers who have sold his funds for years told him recently their firms plan to stop. Clients who already have money invested in Intrepid's funds will be able to stay invested, the advisers said, but no new money will be allowed on some brokerage platforms after the rule takes full effect.

Mr. Travis said one adviser is pushing back, telling his home office that he wants to continue offering Intrepid's funds as portfolio protection for clients. But, Mr. Travis said, the adviser has been told to have "a plan B" ready.

Investor shares of Intrepid's flagship $421.9 million Intrepid Capital Fund have an expense ratio of 1.4% compared with 0.91% for the median fund in its category, according to Morningstar Inc.

"That's a significant fee hurdle," said Jason Kephart, a senior analyst at Morningstar. Still, the fund's long-term performance has been solid, he added.

The fund, which focuses on protecting investors' capital, lost just 16.7% in 2008 during the financial crisis as its average peer shed 28%.

Former Trader Seeks Redemption for 'Intellectual Grift'

By Matt Wirz

"God it smells like dead animal in here," says Chris Arnade, a former bond trader, as he opens the doors of his battered minivan in an attempt to clear the baked-in stink.

It's 105 degrees in the parking lot of a Bakersfield, Calif., McDonald's on a recent Saturday. Homeless men and women pass by on their way to get breakfast, free ice or to sit in the air conditioning.

Mr. Arnade walked away from Wall Street after 20 years to photograph and write about America's disaffected poor. His work, especially on how economic inequality contributed to Donald Trump's political ascent, has garnered a large following of fans—and detractors—across the political spectrum.

Mr. Arnade's unusual bipartisan appeal—both Arkansas Republican Sen. Tom Cotton and billionaire Democratic fundraiser Chris Sacca invited him to lunch this spring—reflects the contradictions of a life spent straddling social and economic divides.

He grew up lower middle class in the rural South, where his family stuck out for its civil-rights activism. He made millions on Wall Street from what he calls "intellectual grift," while spending his days arguing for liberal economic changes with conservative coworkers.

The 52-year-old Mr. Arnade says the new career is a conscious attempt to reconcile his multiple identities, and perhaps atone for his time in finance.

"This is more comfortable to me," he says, waving his hand at the foot traffic around the Bakersfield McDonald's. "This is what I grew up with."

Most nights on the road he sleeps in the van or at cut-rate motels. He woke to yelling on a recent night at a Bakersfield Days Inn and found police officers investigating a murder across the hall. "I peeked into the room and there was a lot of blood," Mr. Arnade says. "Then I went back to bed."

The journey from bond trader to the Bakersfield parking lot began in a ramshackle house in San Antonio, Fla. Mr. Arnade's father, a Jewish university professor who escaped Nazi Germany, and mother, a socialist activist, raised him and six siblings in the conservative, Catholic town.

There he played high-school football and baseball and learned to shoot guns. But he was also teased for his bookishness and called a "n— lover," he says. His parents skimped on new clothes and car repairs so they could take the family on far-flung academic research trips and all of the children went to college, a rarity in San Antonio at the time, he says.

"Being caught in the middle you end up something of a watcher," says Mr. Arnade. "You never fit in entirely."

He also felt like an outsider on Wall Street, where he landed in 1993 after receiving a doctorate in particle physics from Johns Hopkins University, borrowing money to buy the suit he needed for his interview with Salomon Smith Barney.

"He was very rural Florida and different from anyone else we were working with, these lacrosse players who grew up well off in the suburbs," says Jeff Lox, a former colleague of Mr. Arnade.

RICHARD BEAVEN FOR THE WALL STREET JOURNAL

Chris Arnade's work has garnered many fans—and detractors.

Financial analysis came easy to him, Mr. Arnade says, and he enjoyed the problem-solving aspects of his job trading emerging-market bonds, a then-nascent industry. He traveled to countries such as Brazil and Argentina and enjoyed perks like getting a table at sushi restaurant Nobu without reservations.

As he climbed the ranks, Mr. Arnade frequently argued politics with other traders, most of who leaned toward the "libertarian wing of the Republican Party," says Peter Besold, a former co-worker who now trades for hedge fund Millennium Management.

Mr. Arnade lost money in the 2008 financial crisis—his only down year in two decades—but that wasn't what turned him off trading.

"The thing that got to him was hearing [traders] who had lost millions and gotten bailed out complaining that Obamacare raised their taxes," Mr. Lox says.

Mr. Arnade says he stayed on Wall Street so long because he and his family grew accustomed to their affluent lifestyle in Brooklyn, including private schools and luxury vacations. "I stuck it out as much by inertia as anything else," he says. To escape, he took half-day walks through New York photographing immigrant and poor communities. A turning point came in 2012 when Citigroup shut down Mr. Arnade's proprietary trading desk because of new bank regulation. Around the same time, his mother died of pancreatic cancer. "Let's just say I don't think my mom ever approved of my career," he says.

He decided to quit finance and focus on photo essays, starting with addicts and prostitutes he had befriended on walks in the Bronx. The move caused anxiety at home. "I'm not the clingy type but there's a panic about 'where's the money going to come from?' " said Valerie Arnade, Mr. Arnade's wife. The family cut expenses by relocating to a house in New Paltz, in the Hudson Valley.

He spent several years working on the streets, in squats and in rehabs getting to know his subjects for the series, which has been viewed about 1.5 million times on Flickr. Mrs. Arnade became his editor, catching mistakes and offering feedback on his writing, a partnership that continues today.

Some attacked his work on social media, calling it exploitative, and Mr. Arnade grew nostalgic for the arguments he used to have on Wall Street. "Everybody I ever dealt with on the trading floor would acknowledge when they were wrong," he says. "That doesn't happen on Twitter."

He began reporting for newspapers and magazines and in late 2014 started traveling to towns across the country with high rates of poverty and drug addiction. He met residents on the street, in churches and mosques, community colleges and McDonald's franchises. Many felt abandoned economically and angry enough about Wall Street bailouts to support Mr. Trump.

Driving through Bakersfield's dilapidated downtown, Mr. Arnade pulls over to speak to Ruth Tate, an 87-year-old African-American woman sweeping her sidewalk in the heat. She tells him about her move from Mississippi 50 years ago, her late husband's passing, her disappointment in how the U.S. is "going down the drain."

He listens, then asks, "I don't mean to make you uncomfortable but, is the racism bad here? Who did you vote for in the election?" She avoids the first question, then reluctantly says she voted for Mr. Trump.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited		OT	OT	MUS 08/04	USD	312008.09	3.3	5.5	3.0

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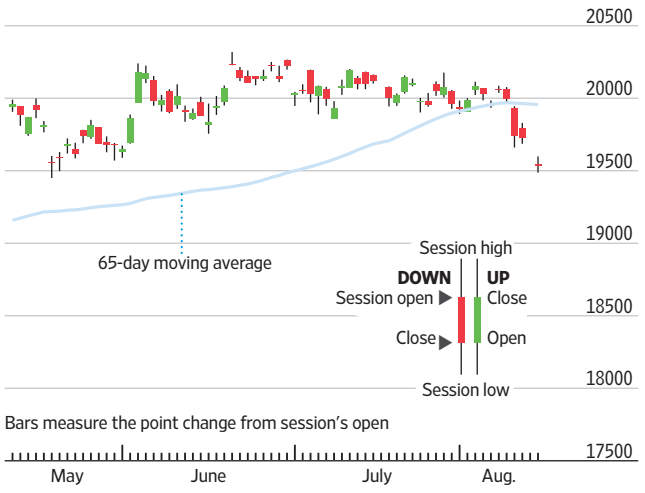
MARKETS DIGEST

Nikkei 225 Index

19537.10 ▼192.64, or 0.98%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲2.21%
52-wk high/low	20230.41	16251.54
All-time high	38915.87	12/29/89



STOXX 600 Index

376.16 ▲4.02, or 1.08%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲4.08%
52-wk high/low	396.45	328.80
All-time high	414.06	4/15/15

S&P 500 Index

Data as of 4 p.m. New York time

2465.84 ▲24.52, or 1.00%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.59	24.91
P/E estimate *	18.78	18.57
Dividend yield	1.99	2.09
All-time high:	2480.91, 08/07/17	

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

International Stock Indexes

Data as of 4 p.m. New York time

Region/Country	Index	Close	Latest NetChg	% chg	52-Week Range Low	Close	High	YTD % chg
World	**The Global Dow**	2839.80	20.78	0.74	2386.93		2881.15	12.3
	MSCI EAFE	1924.00	7.35	0.38	1614.17		1955.39	12.1
	MSCI EM USD	1053.96	11.16	1.07	838.96		1078.53	32.7
Americas	**DJ Americas**	593.10	6.30	1.07	503.44		599.20	9.8
Brazil	**Sao Paulo Bovespa**	68542.64	1184.06	1.76	56459.11		69487.58	13.8
Canada	**S&P/TSX Comp**	15147.42	114.04	0.76	14319.11		15943.09	-0.9
Mexico	**IPC All-Share**	51181.80	536.70	1.06	43998.98		51772.37	12.1
Chile	**Santiago IPSA**	3852.64	28.50	0.75	3120.87		3908.55	19.5
U.S.	**DJIA**	22016.97	158.65	0.73	17883.56		22179.11	11.4
	Nasdaq Composite	6336.42	79.87	1.28	5034.41		6460.84	17.7
	S&P 500	2467.35	26.03	1.07	2083.79		2490.87	10.2
	CBOE Volatility	12.45	-3.06	-19.73	8.84		23.01	-11.3
EMEA	**Stoxx Europe 600**	376.16	4.02	1.08	328.80		396.45	4.1
	Stoxx Europe 50	3059.00	28.17	0.93	2720.66		3279.71	1.6
Austria	**ATX**	3216.33	53.86	1.70	2245.45		3285.00	22.8
Belgium	**Bel-20**	3909.48	43.01	1.11	3384.68		4055.96	8.4
France	**CAC 40**	5121.67	60.75	1.20	4310.88		5442.10	5.3
Germany	**DAX**	12165.12	151.06	1.26	10174.92		12951.54	6.0
Greece	**ATG**	827.77	4.22	0.51	548.72		859.78	28.6
Hungary	**BUX**	36803.02	-9.22	-0.03	27466.59		37119.82	15.0
Israel	**Tel Aviv**	1388.58	22.62	1.66	1346.71		1490.23	-5.6
Italy	**FTSE MIB**	21722.11	368.09	1.72	15923.11		22065.42	12.9
Netherlands	**AEX**	521.10	4.13	0.80	436.28		537.84	7.9
Poland	**WIG**	62313.07	106.62	0.17	46321.24		63351.24	20.4
Russia	**RTS Index**	1031.13	8.72	0.85	944.88		1196.99	-10.5
Spain	**IBEX 35**	10461.20	178.30	1.73	8393.50		11184.40	11.9
Sweden	**SX All Share**	560.62	5.69	1.03	489.12		598.42	4.9
Switzerland	**Swiss Market**	9031.27	147.23	1.66	7585.56		9198.45	9.9
South Africa	**Johannesburg All Share**	55465.65	310.52	0.56	48935.90		56396.24	9.5
Turkey	**BIST 100**	109537.36	2574.26	2.41	71792.96		110321.81	40.2
U.K.	**FTSE 100**	7353.89	43.93	0.60	6654.48		7598.99	3.0
Asia-Pacific								
Australia	**S&P/ASX 200**	5730.40	37.30	0.66	5156.60		5956.50	1.1
China	**Shanghai Composite**	3237.36	28.82	0.90	2980.43		3292.64	4.3
Hong Kong	**Hang Seng**	27250.23	366.72	1.36	21574.76		27854.91	23.9
India	**S&P BSE Sensex**	31449.03	235.44	0.75	25765.14		32575.17	18.1
Japan	**Nikkei Stock Avg**	19537.10	-192.64	-0.98	16251.54		20230.41	2.2
Singapore	**Straits Times**	3308.69	28.97	0.88	2787.27		3354.71	14.9
South Korea	**Kospi**	2334.22	14.51	0.63	1958.38		2451.53	15.2
Taiwan	**Weighted**	10225.28	-104.29	-1.01	8902.30		10579.38	10.5

Source: SIX Financial Information;WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points Latest	Previous	Month Ago	Year ago	Yield Previous	Month ago	Year ago
2.750	**Australia** 2	1.796	47.8	47.4	48.0	76.9	1.772	1.844	1.467
2.750	10	2.627	40.9	40.5	39.0	40.7	2.598	2.725	1.919
3.000	**Belgium** 2	-0.567	-188.5	-186.3	-184.0	-130.4	-0.565	-0.476	-0.606
0.800	10	0.715	-150.3	-150.1	-146.5	-139.5	0.691	0.870	0.117
0.000	**France** 2	-0.496	-181.4	-179.5	-173.8	-127.3	-0.497	-0.374	-0.575
1.000	10	0.701	-151.8	-151.3	-146.7	-139.6	0.679	0.868	0.116
0.000	**Germany** 2	-0.717	-203.5	-201.6	-197.0	-132.3	-0.718	-0.607	-0.625
0.500	10	0.408	-181.1	-180.8	-173.5	-161.7	0.384	0.600	-0.106
0.050	**Italy** 2	-0.055	-137.3	-132.9	-125.9	-78.3	-0.031	0.105	-0.086
2.200	10	2.013	-20.6	-15.8	-4.3	-46.2	2.035	2.292	1.050
0.100	**Japan** 2	-0.105	-142.3	-141.0	-147.0	-89.5	-0.112	-0.107	-0.197
0.100	10	0.055	-216.4	-213.3	-225.5	-161.9	0.059	0.080	-0.107
4.000	**Netherlands** 2	-0.654	-197.2	-195.7	-192.5	-129.7	-0.659	-0.561	-0.599
0.750	10	0.531	-168.7	-168.8	-161.7	-151.4	0.505	0.718	-0.002
4.750	**Portugal** 2	-0.002	-132.0	-130.8	-127.4	-34.4	-0.010	0.089	0.354
4.125	10	2.779	56.0	63.1	79.0	118.0	2.823	3.125	2.692
2.750	**Spain** 2	-0.369	-168.8	-165.1	-159.8	-86.3	-0.353	-0.234	-0.165
1.500	10	1.417	-80.2	-75.7	-68.4	-58.1	1.436	1.651	0.931
4.250	**Sweden** 2	-0.678	-199.7	-199.4	-201.6	-134.2	-0.696	-0.653	-0.644
1.000	10	0.622	-159.7	-161.0	-165.2	-147.6	0.583	0.683	0.036
1.750	**U.K.** 2	0.222	-109.7	-108.8	-103.5	-55.3	0.210	0.328	0.144
4.250	10	1.073	-114.6	-112.8	-102.6	-99.1	1.065	1.309	0.521
1.375	**U.S.** 2	1.318	...	...	...	...	1.298	1.364	0.698
2.250	10	2.219	...	...	...	...	2.192	2.335	1.512

Commodities

Prices of futures contracts with the most open interest 3:30 p.m. New York time

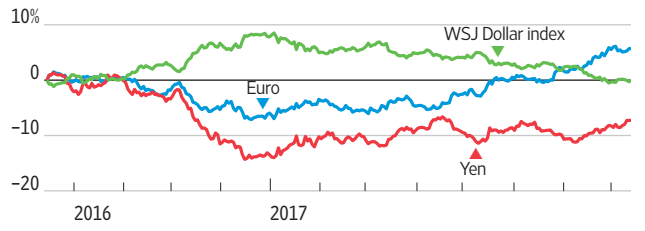
EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 8/11/2017

Commodity	Exchange	Last price	One-Day Change Net	Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	371.25	-3.50	-0.93%	417.25	370.00
Soybeans (cents/bu.)	CBOT	933.00	-12.00	-1.27	1,047.00	907.00
Wheat (cents/bu.)	CBOT	461.00	-6.00	-1.28	592.25	454.75
Live cattle (cents/lb.)	CME	106.550	-0.850	-0.79	122.850	99.125
Cocoa ($/ton)	ICE-US	1,930	-47	-2.38	2,301	1,794
Coffee (cents/lb.)	ICE-US	141.00	-2.85	-1.98	166.75	119.10
Sugar (cents/lb.)	ICE-US	13.27	0.07	0.53%	20.50	12.74
Cotton (cents/lb.)	ICE-US	67.65	-0.60	-0.88	75.72	66.15
Robusta coffee ($/ton)	ICE-EU	2103.00	-30.00	-1.41	2,272.00	1,892.00
Copper ($/lb.)	COMEX	2.9000	-0.0120	-0.41	2.9550	2.4850
Gold ($/troy oz.)	COMEX	1290.00	-4.00	-0.31	1,307.00	1,160.80
Silver ($/troy oz.)	COMEX	17.095	0.025	0.15	18.780	14.340
Aluminum ($/mt)*	LME	2,037.50	7.00	0.34	2,037.50	1,688.50
Tin ($/mt)*	LME	20,330.00	55.00	0.27	21,225.00	18,760.00
Copper ($/mt)*	LME	6,379.00	-65.50	-1.02	6,495.00	5,491.00
Lead ($/mt)*	LME	2,342.00	-36.00	-1.51	2,445.00	2,022.00
Zinc ($/mt)*	LME	2,905.00	-45.00	-1.53	2,962.00	2,450.50
Nickel ($/mt)*	LME	10,640.00	-200.00	-1.85	11,095.00	8,780.00
Rubber (Y.01/ton)	TCE	210.00	-4.10	-1.92	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2676.00	-11.00	-0.41	2950.00	2380.00
Crude oil ($/bbl.)	NYMEX	48.43	-0.54	-1.10	58.34	42.52
NY Harbor ULSD ($/gal.)	NYMEX	1.6280	-0.0066	-0.40	1.8065	1.3703
RBOB gasoline ($/gal.)	NYMEX	1.4991	-0.0188	-1.24	1.6860	1.2902
Natural gas ($/mmBtu)	NYMEX	2.956	-0.053	-1.76	3.5660	2.7990
Brent crude ($/bbl.)	ICE-EU	51.32	-0.62	-1.19	60.08	45.19
Gas oil ($/ton)	ICE-EU	480.75	-2.00	-0.41	534.00	408.25

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



London close on Aug. 14

Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0579	17.2751	8.9
Brazil real	0.3146	1.3786	-2.3
Canada dollar	0.7875	1.2699	-5.5
Chile peso	0.001543	647.90	-3.3
Colombia peso	0.0003373	2964.96	-1.2
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0563	17.7659	-14.3
Peru sol	0.3083	3.2437	-3.3
Uruguay peso-e	0.0347	28.840	-1.7
Venezuela bolivar	0.098619	10.14	1.5
Asia-Pacific			
Australia dollar	0.7861	1.2721	-8.4
China yuan	0.1499	6.6697	-4.0
Hong Kong dollar	0.1279	7.8215	0.9
India rupee	0.0156	64.0900	-5.7
Indonesia rupiah	0.0000749	13349	-1.3
Japan yen	0.009130	109.53	-6.4
Kazakhstan tenge	0.003007	332.59	-0.3
Macau pataca	0.1249	8.0091	1.2
Malaysia ringgit-c	0.2329	4.2935	-4.3
New Zealand dollar	0.7294	1.3710	-5.1
Pakistan rupee	0.0095	105.205	0.8
Philippines peso	0.0195	51.235	3.3
Singapore dollar	0.7341	1.3623	-5.9
South Korea won	0.0008784	1138.48	-5.7
Sri Lanka rupee	0.0065295	153.15	3.2
Taiwan dollar	0.03302	30.285	-6.7
Thailand baht	0.03007	33.260	-7.1
Europe			
Bulgaria lev	0.6026	1.6596	-10.7
Croatia kuna	0.1593	6.279	-12.5
Euro zone euro	1.1777	0.8491	-10.7
Czech Rep. koruna-b	0.0451	22.183	-13.6
Denmark krone	0.1583	6.3157	-10.7
Hungary forint	0.003873	258.21	-12.3
Iceland krona	0.009310	107.41	-4.9
Norway krone	0.1260	7.9367	-8.2
Poland zloty	0.2749	3.6372	-13.1
Russia ruble-d	0.01677	59.635	-2.7
Sweden krona	0.1232	8.1192	-10.8
Switzerland franc	1.0292	0.9716	-4.6
Turkey lira	0.2840	3.5212	-0.1
Ukraine hryvnia	0.0390	25.6275	-5.4
U.K. pound	1.2977	0.7706	-4.9
Middle East/Africa			
Bahrain dinar	2.6522	0.3771	-0.03
Egypt pound-a	0.0563	17.7647	-2.0
Israel shekel	0.2792	3.5822	-6.9
Kuwait dinar	3.3127	0.3019	-1.2
Oman sul rial	2.5978	0.3849	-0.01
Qatar rial	0.2742	3.647	0.2
Saudi Arabia riyal	0.2666	3.7503	-0.01
South Africa rand	0.0752	13.2967	-2.9

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	86.21	0.24	0.28	-7.24

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Aug 14

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2721	1.6510	1.3096	0.0116	0.1627	1.4983	1.0018	...
Canada	1.2699	1.6477	1.3070	0.0116	0.1624	1.4954	...	0.9981
Euro	0.8491	1.1020	0.8740	0.0078	0.1086	...	0.6687	0.6675
Hong Kong	7.8215	10.1499	8.0501	0.0714	...	9.2109	6.1593	6.1484
Japan	109.5270	142.1400	112.7300	...	14.0030	128.9800	86.2500	86.0900
Switzerland	0.9716	1.2607	...	0.0089	0.1242	1.1442	0.7651	0.7636
U.K.	0.7706	...	0.7932	0.0070	0.0985	0.9077	0.6068	0.6058
U.S.	...	1.2977	1.0292	0.0091	0.1279	1.1777	0.7875	0.7861

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**1.22778%**	0.50744%
Three month	**1.31417**	0.80411
Six month	**1.45000**	1.19744
One year	**1.71789**	1.50661
Euro Libor		
One month	**-0.40071%**	-0.37143%
Three month	**-0.37771**	-0.32143
Six month	**-0.30329**	-0.20214
One year	**-0.20357**	-0.07271
Euribor		
One month	**-0.37200%**	-0.36900%
Three month	**-0.32900**	-0.29800
Six month	**-0.27100**	-0.18900
One year	**-0.15800**	-0.05000
Yen Libor		
One month	**-0.04236%**	-0.07000%
Three month	**-0.03643**	-0.02471
Six month	**-0.00314**	0.00500
One year	**0.10757**	0.10286
	Offer	Bid
Eurodollars		
One month	**1.3000%**	1.2000%
Three month	**1.3800**	1.2800
Six month	**1.5300**	1.4300
One year	**1.8200**	1.7200
	Latest	52 wks ago
Prime rates		
U.S.	**4.25%**	3.50%
Canada	**2.95**	2.70
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.00%
Britain	**0.25**	0.25
Switzerland	**0.50**	0.50
Australia	**1.50**	1.50
U.S. discount	**1.75**	1.00
Fed-funds target	**1.00-1.25**	0.25-0.50
Call money	**3.00**	2.25
Overnight repurchase rates		
U.S.	**1.18%**	0.55%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

Top Stock Listings

4 p.m. New York time

Asia Titans

Cur	Stock	Sym	Last	% Chg	YTD% Chg
HK$	AIAGroup	1299	59.25	1.13	35.43
¥	AstellasPharma	4503	1368.50	-1.26	-15.71
AU$	AustNZBk	ANZ	29.43	0.58	-3.25
AU$	BHP	BHP	25.65	0.39	2.35
HK$	BankofChina	3988	3.84	1.59	11.63
HK$	CKHutchison	0001	102.00	0.89	16.04
HK$	CNOOC	0883	8.71	-0.23	-10.21
AU$	CSL	CSL	126.31	0.04	25.79
¥	Canon	7751	3812.00	-1.24	15.69
¥	CentralJapanRwy	9022	18155	-0.33	-5.59
HK$	ChinaConstructnBk	0939	6.45	1.74	8.04
HK$	ChinaLifeInsurance	2628	23.65	0.42	17.08
HK$	ChinaMobile	0941	87.45	-0.29	6.39
HK$	ChinaPetro&Chem	0386	5.86	0.86	6.55
AU$	CmwlthBkAust	CBA	81.31	1.01	-1.33
¥	EastJapanRailway	9020	10200	-1.02	0.99
¥	Fanuc	6954	21765	-0.80	9.84
¥	Hitachi	6501	720.70	0.24	14.03
TW$	Hon Hai Precisn	2317	114.00	-2.15	35.39
¥	HondaMotor	7267	3031.00	-1.53	-11.24
KRW	HyundaiMtr	005380	144500	1.76	-1.03
HK$	Ind&Comml	1398	5.40	1.89	16.13
¥	JapanTobacco	2914	3783.00	-0.53	-1.59
¥	KDDI	9433	2910.00	-0.73	-1.67
¥	Mitsubishi	8058	2523.00	-1.33	1.33
¥	MitsubishiElectric	6503	1671.00	-1.45	2.55
¥	MitsubishiUFJFin	8306	688.50	-1.18	-4.40
¥	Mitsui	8031	1600.50	-2.14	-0.40
¥	Mizuho Fin	8411	188.30	-1.36	-10.25
¥	NTTDoCoMo	9437	2545.00	-0.64	-4.43
AU$	NatAustBnk	NAB	30.71	1.79	0.13
¥	NipponTeleg	9432	5250.00	-2.47	6.88
¥	NissanMotor	7201	1080.50	-0.69	-8.08
¥	Panasonic	6752	1451.50	-1.63	22.03
HK$	PingAnInsofChina	2318	57.35	2.41	47.81
$	RelianceIndsGDR	RIGD	48.80	0.93	54.68
KRW	SamsungElectronics	005930	2250000	0.85	24.86
¥	Seven&I Hldgs	3382	4469.00	...	0.36
¥	SoftBankGroup	9984	8662.00	-1.03	11.55
¥	Sony	6758	4257.00	-1.87	29.98
¥	Sumitomo Mitsui	8316	4101.00	-1.39	-8.05
HK$	SunHngKaiPrp	0016	122.30	1.33	24.80
TW$	TaiwanSemiMfg	2330	211.00	-0.71	16.25
¥	TakedaPharm	4502	5917.00	-1.14	22.38
HK$	TencentHoldings	0700	324.00	4.31	70.80
¥	TokioMarineHldg	8766	4449.00	-0.85	-7.24
¥	ToyotaMtr	7203	6180.00	-1.51	-10.15
AU$	Wesfarmers	WES	41.12	0.66	-2.42
AU$	WestpacBanking	WBC	31.98	1.17	-1.90
AU$	Woolworths	WOW	26.90	0.11	11.62

Stoxx 50

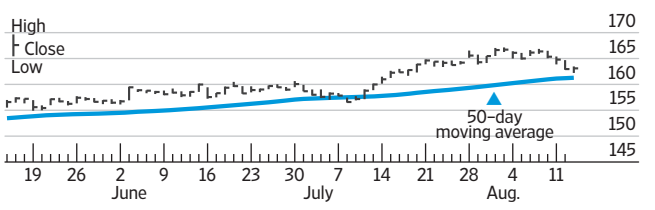
Cur	Stock	Sym	Last	% Chg	YTD% Chg
CHF	ABB	ABBN	22.29	1.41	3.77
€	ASMLHolding	ASML	128.90	1.30	20.86
€	AXA	CS	24.76	0.79	3.23
€	AirLiquide	AI	104.00	1.12	-1.56
€	Allianz	ALV	182.20	1.14	16.05
€	AB InBev	ABI	99.15	0.97	-1.39
£	AstraZeneca	AZN	4410.00	0.59	-0.62
€	BASF	BAS	80.95	1.35	-8.33
€	BNP Paribas	BNP	66.69	1.52	10.14
£	BT Group	BT.A	296.95	0.88	-19.07
€	BancoBilVizAr	BBVA	7.58	1.72	19.36
€	BancoSantander	SAN	5.59	2.23	12.78
£	Barclays	BARC	199.80	0.23	-10.58
€	Bayer	BAYN	107.05	1.28	7.99
£	BP	BP.	446.10	-0.37	-12.46
£	BritishAmTob	BATS	4845.50	-0.21	4.85
€	Daimler	DAI	60.15	0.59	-14.95
€	DeutscheTelekom	DTE	15.77	1.71	-2.64
£	Diageo	DGE	2500.00	1.05	18.48
€	ENI	ENI	13.35	0.38	-13.70
£	GlaxoSmithKline	GSK	1480.50	0.37	-5.22
£	Glencore	GLEN	331.90	3.07	19.67
£	HSBC Hldgs	HSBA	743.10	0.86	13.12
€	INGGroep	INGA	15.27	0.86	14.21
£	ImperialBrands	IMB	3154.50	-0.52	-10.95
€	IntesaSanpaolo	ISP	2.86	0.63	18.05
€	LVMHMoetHennessy	MC	216.60	1.00	19.40
£	LloydsBankingGroup	LLOY	64.86	0.34	3.76
€	LOreal	OR	175.15	0.89	1.01
£	NationalGrid	NG.	963.80	0.92	-7.16
CHF	Nestle	NESN	82.40	1.92	12.80
CHF	Novartis	NOVN	81.50	2.00	9.99
DKK	NovoNordiskB	NOVO-B	287.60	-0.72	12.92
£	Prudential	PRU	1807.50	1.40	11.06
£	ReckittBenckiser	RB.	7421.00	0.94	7.77
£	RioTinto	RIO	3413.00	1.28	8.06
CHF	RocheHldgctf	ROG	244.40	0.87	5.07
£	RoyDtchShell A	RDSA	2135.00	...	-4.79
€	SAP	SAP	89.84	1.59	8.49
€	Sanofi	SAN	81.17	0.71	5.55
€	SchneiderElectric	SU	67.22	1.17	1.68
€	Siemens	SIE	110.20	0.92	-5.65
€	Telefonica	TEF	9.44	2.66	7.03
€	Total	FP	42.86	0.26	-10.26
CHF	UBSGroup	UBSG	16.65	1.65	4.39
€	Unilever	UNA	49.59	0.90	26.77
£	Unilever	ULVR	4412.50	0.88	34.02
€	Vinci	DG	76.79	1.52	18.69
£	VodafoneGroup	VOD	222.10	1.18	11.13
CHF	ZurichInsurance	ZURN	294.00	1.66	4.85

DJIA

Cur	Stock	Sym	Last	% Chg	YTD% Chg
$	AmericanExpress	AXP	85.42	1.34	15.31
$	Apple	AAPL	159.85	1.50	38.02
$	Boeing	BA	236.96	0.89	52.21
$	Caterpillar	CAT	113.71	0.76	22.61
$	Chevron	CVX	108.67	-0.51	-7.67
$	CiscoSystems	CSCO	31.84	1.18	5.36
$	Coca-Cola	KO	45.80	0.46	10.47
$	Disney	DIS	101.35	-0.63	-2.75
$	DuPont	DD	81.15	0.22	10.56
$	ExxonMobil	XOM	78.22	0.02	-13.34
$	GeneralElec	GE	25.36	0.63	-19.75
$	GoldmanSachs	GS	227.31	1.41	-5.07
$	HomeDepot	HD	154.21	-0.43	15.02
$	Intel	INTC	36.34	1.31	0.19
$	IBM	IBM	142.30	0.32	-14.27
$	JPMorganChase	JPM	92.49	1.17	7.19
$	J&J	JNJ	133.41	0.23	15.80
$	McDonalds	MCD	157.21	-0.06	29.16
$	Merck	MRK	62.63	0.40	6.39
$	Microsoft	MSFT	73.59	1.50	18.43
$	Nike	NKE	59.76	1.34	17.57
$	Pfizer	PFE	33.31	0.18	2.56
$	Procter&Gamble	PG	91.61	0.30	8.96
$	3M	MMM	207.30	0.64	16.09
$	Travelers	TRV	128.79	0.48	5.20
$	UnitedTech	UTX	117.11	0.19	6.83
$	UnitedHealth	UNH	193.66	0.33	21.01
$	Visa	V	101.83	1.74	30.52
$	Verizon	VZ	48.76	1.46	-8.65
$	Wal-Mart	WMT	80.67	0.34	16.71

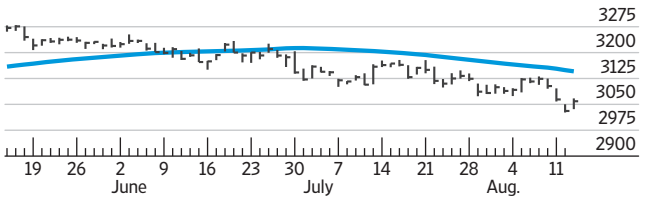
Asia Titans 50

Last: **163.10** ▲ 0.14, or 0.09% YTD ▲ **15.7%**



Stoxx 50

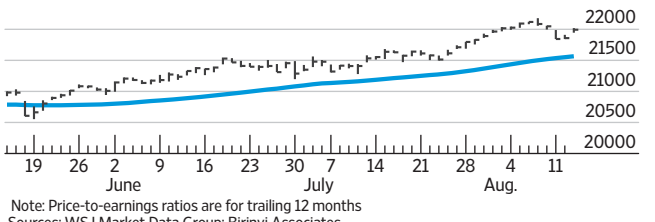
Last: **3059.00** ▲ 28.17, or 0.93% YTD ▲ **1.6%**



Dow Jones Industrial Average

P/E: 20

Last: **21993.71** ▲ 135.39, or 0.62% YTD ▲ **11.3%**



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

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BOB CROSLIN FOR THE WALL STREET JOURNAL

Jeff Julien has been the CFO of brokerage Raymond James Financial for the past 30 years.

Long-Serving CFOs Becoming Less Rare

By Joann S. Lublin

Few chief financial officers hold their high-pressure post for a decade, but that elite club is growing.

Jeff Julien belongs to this rare breed, whose longevity often reflects their sustained performance. Named CFO of brokerage **Raymond James Financial** Inc. 30 years ago, he helped lead his 118th quarterly earnings call last month.

Not a single analyst question surprised the 61-year-old executive. "We prepare days ahead of time for the call," he says.

Mr. Julien's tenure is longer than that of any other finance chief at the 673 biggest U.S. businesses—a group that comprises all companies belonging to the S&P 500 or Fortune 500, or to both—according to an analysis for The Wall Street Journal conducted in late July by executive recruiters Crist|Kolder Associates.

Ten years ago, 64 CFOs of the largest companies had served for more than a decade. Today, 85 have.

"Most of the 85 companies have been efficient users of capital," notes Peter Crist, Crist|/Kolder's chairman.

Seven of the 10 most-tenured finance chiefs help run companies whose investors reaped far better returns during the past decade than the S&P 500 index, Crist|Kolder found.

Those businesses include Raymond James, health-care information-technology company **Cerner** Corp. and energy-drinks maker **Monster Beverage** Corp.

Total shareholder return at Raymond James—which consists of stock-price changes plus reinvested dividends—was 182% as of July 25, compared with 86% for the S&P 500 index. The 10-year return at Cerner was 378% and 646% at Monster Beverage.

Mr. Julien partly attributes Raymond James's performance to "consistent, long-term focus instead of overreacting to the crisis du jour."

Monster Beverage couldn't be reached for comment. Cerner CFO Marc Naughton "has played a critical role" in helping Cerner to outperform the S&P 500, company President Zane Burke said in an emailed statement.

There are signs of boards' growing preference for experienced finance chiefs to remain longer in their posts. While decadelong stints are rare, the average tenure of CFOs at Fortune 500 companies rose to 5.7 years in 2016 from 4.7 years in 2005, according to search firm **Spencer Stuart**.

"Longevity is important in the CFO role," said Judy Bruner, who occupied the highest finance spot at **SanDisk** Corp. for 12 years until the disk-drive maker merged with **Western Digital** Corp. last year. "You may have to manage through economic downturns and upturns," she said.

Long-serving finance leaders like Mr. Julien typically survive by deftly handling economic and chief executive changes. The stock market crashed six months after he advanced to CFO from controller in 1987 at age 31. St. Petersburg, Fla.-based Raymond James weathered that downturn because "we keep very conservative levels of cash," Mr. Julien recalled.

But during the depths of the financial crisis in September 2008, the brokerage finance chief says he lost sleep for several nights—and was forced to cancel a golf trip to Ireland. He worried about job cuts if Raymond James got acquired and the possibility that U.S. workers could lose trillions of dollars of net worth.

"It was really kind of scary," Mr. Julien said.

Raymond James later "used the downturn quite opportunistically" and recruited more financial advisers, he said. "We were kind of a port in the storm."

A new chief executive frequently replaces the finance chief—an effort now under way at **Mattel** Inc., where 17-year CFO Kevin Farr is set to depart once the toy maker picks his successor.

Mr. Julien and several other CFOs tracked by Crist|Kolder have rarely experienced upheaval in the corner office. **Berkshire Hathaway** Inc., for example, has been run by Warren Buffett since 1970—and had Marc Hamburg as its top finance officer for nearly 26 years so far.

Mr. Julien has served only two Raymond James CEOs. He has enjoyed close ties with incumbent Paul Reilly and his predecessor Thomas A. James because he began playing tennis with each of them while he was in high school, he said.

At **Home Depot** Inc., 60-year-old Carol Tomé has worked for three chief executives since her 2001 promotion to CFO. She lost its CEO succession race to colleague Craig Menear in 2014. He asked her to stay.

"I did a lot of soul searching," Ms. Tomé said.

She considered retiring, running for office or switching employers. She decided she would leave only if she landed a CEO spot elsewhere.

One reason Ms. Tomé remained is that she also is Home Depot's executive vice president of corporate services, overseeing such critical areas as strategic business development. Ms. Tomé relishes driving strategy while keeping a healthy cash position—a number she scrutinizes every day.

She realized she would have the most impact by staying. "My fingerprints are all over this company," she added.

Golden Age

Over the past decade, total shareholder return at the biggest companies with the longest-serving CFOs largely outperformed the S&P 500.

CFO's tenure years	Company	Total shareholder return
30.3	Raymond James Financial, Inc.	182%
29.5	Robert Half International, Inc.	50%
29.5	CBOE Holdings, Inc.	204%
28.5	CenturyLink	-3%
25.5	Berkshire Hathaway	138%
24.3	Henry Schein, Inc.	230%
23.8	Costco	173%
23.0	Macerich Co.	9%
21.7	Cerner Corp.	378%
21.0	Monster Beverage Corp.	646%
-	S&P 500 Index	86%

Note: Data as of July 25
Source: Crist|Kolder Associates

THE WALL STREET JOURNAL.

Ackman Fires Back at ADP

By David Benoit

William Ackman on Monday tried to change the narrative around his $4 billion bet on **Automatic Data Processing** Inc., questioning whether its chief executive accurately portrayed conversations with the activist investor to the company's board and shareholders.

At the heart of Mr. Ackman's concern is a misfired email ADP Chief Executive Carlos Rodriguez meant to send to his own legal team but delivered to Mr. Ackman instead, according to a Monday filing with the Securities and Exchange Commission. In the email, Mr. Rodriguez said he had disregarded Mr. Ackman's statements about being open to working with current management because he didn't find them credible, Mr. Ackman said.

ADP didn't immediately comment.

The human-resources software company has painted the activist investor as attempting to fire Mr. Rodriguez and said he was trying to take control by asking for five seats on a 10-person board.

It rejected his request for more time to negotiate privately, and Mr. Rodriguez in a television interview called Mr. Ackman a "spoiled brat" who wanted to take vacation instead of hit a deadline.

Mr. Ackman's **Pershing Square Capital Management** LP last week nominated three directors, including Mr. Ackman.

On Monday, it countered the events the company has described, saying in the filing it had been willing to work with Mr. Rodriguez. Mr. Ackman also questioned whether the CEO accurately conveyed his requests to the board before the directors rejected his request for time to negotiate, the filing said.

The sides have scheduled a meeting for September.

This Thursday, Mr. Ackman, who owns an 8% stake in ADP, is expected to detail his thesis for the company for the first time on a conference call.

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E-Tender Notice No.15 Year 2017-18

Online E- tenders in "B-2" (Item rate) forms are invited by Executive Engineer, Public Works Division No.2, Chandrapur for the following works from bidders who satisfy the qualifying criteria. The tenderdocuments should be downloaded from the Government Website **http://pwd.maharashtra.etenders.in** the competent authority reserves the right to accept or reject any or all the tenders. Conditional Tenders will not be accepted.

Sr. No.	Name of Work	Estimated cost (In Crores)
1	Construction of New Building and Infrastructure for Chandrapur Forest Administration Development and Management Academy at Chandrapur Tah. Dist. Chandrapur (Maharashtra State)	Rs. 120.354
1	Tender Download	From Dt.11/08/2017 to Dt.18/09/2017
2	Tender Pre-Bid Meeting	Dt.1/09/2017 At 16.00 Hrs. at Chief Engineer, Public Works Region, Nagpur
3	E-Tender Opening	From Dt.22/09/2017 to Dt.27/09/2017 at Superintending Engineer, Public Works Circle, Chandrapur (If Possible)

All information of e-tendering is available on the following websites / Notice Board

1. http://mahapwd.com
2. http://pwd.maharashtra.etenders.in
(If there is any changes in the notice, then the information will be communicated on the above websites)
3. Executive Engineer, Public Works Division No.2, Chandrapur Office Notice Board.
4. For any correspondence contact
Executive Engineer, Public Works Division No.2, Mul Road, Chandrapur Telephone No.07172-252256 **E-mail chandrapur2.ee@mahapwd.com**

NOTE:-

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2. Bidders are requested to contact on following telephone numbers for any doubts /information / difficulty regarding online enrollment or obtaining digital certificate. Sify Technologies Ltd. Nexternder (India) Pvt. Ltd. No. 25315555 / 25556 (Pune) or 022-26611117 / 26611287 (Extn) 25, 26 (Mumbai)
3. Tender Document Fee and EMD is to be paid via Online E-Paymet Gateway Mode Only. EMD Exemption Certificate shall not be considered. The information of E-Payment Gateway is available on E-Tendering website **https://mahatenders.gov.in**
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Chandrapur.

Outward No.4032/D-3(2)/Tender/2017-18 Dated 1/08/2018
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D.G.I.P.R. 2017/2018/2039

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NO.02 OF 2017-2018

On the behalf of the **"Godavari Marathwada Irrigation Development Corporation,** Aurangabad the Executive Engineer, Mula Irrigation Division, Ahmednagar Pin-414003 Tel No.0241-2326086 is invited Sealed Online E-Tender for the following work in B-1 from the contractors registered with P.W.D (Government of Maharashtra) in appropriate class

Sr. No.	Name Of Work	Estimated Cost Rupees In Lakhs	Time Limit for Completion (Months)	Earnest Money Rupees In Lakhs	Cost of Blank Tender Form (Rs.)	Class of Registration
1	2	3	4	5	6	7
1	Restoration of storage capacity of Mula dam by removing silt & silt mixing sand by means of mechanical operation		180 months (Including Monsoon)	Rs.50.00 (To be paid via online online gateway payment mode only)	50000/- Each copy (Non refundable)	Bidder shall be CDR or Classified as NPA

Note:

Details of conditions etc are incorporated in the E-Tender documents and Main Tender Document Set is available online on **https://mahatenders.gov.in** For submission of E-Tender/online tender bidder has to obtain Digital Signature Key from authorized company/agency. Name of authorized company/agency with detail information is available on above website. For any additional information if required can be obtained from the Office of the Executive Engineer, Mula Irrigation Division, Ahmednagar and Phone No. (0241-2326086)

Executive Engineer,
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MARKETS

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Officials of the Fed, headed by Janet Yellen, have said they expect inflation to rise to the 2% target, but the data undershot again in July.

Rising Doubts About Fed

Investors again grow skeptical that the U.S. central bank will raise interest rates this year

By Ben Eisen

The market is once again second-guessing whether the Federal Reserve can lift interest rates again this year.

The yield on the two-year Treasury note, which tends to rise alongside expectations for rate increases, was down to 1.32% late Monday from its early-July level of 1.41%, the highest since 2008.

Meanwhile, the federal-funds futures market, where traders wager on the path of the Fed's policy rate, was indicating a 38% chance Monday afternoon of at least one more rate increase by the end of the year, down from 54% a month ago, according to CME Group.

Expectations for a Fed rate increase declined Friday after the Labor Department said an index of consumer prices climbed 1.7% in July from a year earlier, marking yet another month in which the data have undershot the central bank's 2% target.

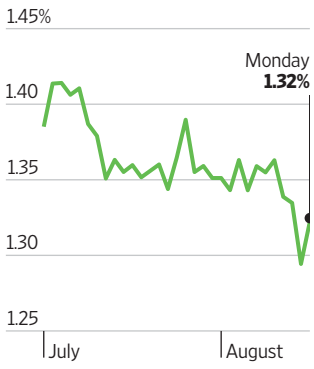
It is a confounding trend considering that the labor market continues to be strong. Economists have historically thought that a tight labor market should push up wages, and thus inflation.

Another month of below-target inflation is leading investors to pare their expectations for another rate increase this year.

But market prices can fluctuate quickly, and better economic data could lead to a shift in investors' views. The central bank has lifted rates twice this year, and penciled in one more in 2017. Economists say the latest report provides no evidence that inflation is permanently stuck below 2%.

Short End

Two-year Treasury yield



Source: Ryan ALM
THE WALL STREET JOURNAL.

"The still-moderate pace is likely to keep Fed members convinced the decline in prices is 'transitory' and additionally reinforce the need for further policy adjustment by the end of the year," said Stifel economist Lindsey Piegza, in a Friday research note.

Fed officials have long said that they expect inflation to gradually increase to the target level, but it has only ever done so in fits and starts in recent years.

In last month's policy statement, the Fed's policy committee said it expects inflation to "stabilize around the Committee's 2% objective over the medium term."

That means there isn't ample reason yet for the Fed to greatly speed up the pace of its tightening, investors say. Such a view is a reversal from late last year, when many of them bet that the election of President Donald Trump would lift growth and inflation, forcing the Fed to increase interest rates faster.

For now, it seems that the easy-money policies that have helped push stocks to record highs aren't going away in a hurry.

Global Stocks Gain As Worries Abate

By Akane Otani and Justin Yang

U.S. stocks jumped Monday, pushing the S&P 500 to its biggest one-day gain in months.

The move higher marked a turnaround from last week, when geopolitical tensions and a string of disappointing corporate reports sent the S&P 500 and Dow Jones Industrial Average to their steepest weekly declines since March.

MONDAY'S MARKETS

On Monday, the Dow industrials added 135.39 points, or 0.6%, to 21993.71. The S&P 500 climbed 1%, its biggest one-day gain since April, and the Nasdaq Composite rose 1.3%.

In Europe, the Stoxx Europe 600 was up 1.1% to 376.16, led by gains in shares of banks, real-estate companies and technology firms.

The declines last week punctured what had been a streak of largely listless trading for the stock market. Yet solid corporate earnings, stronger-than-expected economic data from Japan, and some easing of fears of conflict between North Korea and the U.S. helped stocks climb again Monday, traders and investors said.

To some analysts, the day's moves also appeared to reflect the tendency of investors this year to buy stocks following any pullbacks. That has helped limit both the scale and duration of stock selloffs in recent months, keeping major indexes near their all-time highs.

Assets that investors consider to be havens, including gold and the Japanese yen, pulled back.

Government-bond prices fell, with the yield on the 10-year U.S. Treasury note rising to 2.217%, according to Tradeweb, from 2.191% Friday. Yields rise as bond prices fall.

Financial stocks rose with bond yields. Banks tend to benefit from higher yields because they boost their net-interest margins, a key measure of lending profitability.

Shares of Morgan Stanley were up 2% and Goldman Sachs Group added 1.7% in late trading.

Another sign of the relative calm in the markets: A measure of expected stock volatility that had spiked last week retreated Monday. The CBOE Volatility Index, which tracks investors' expectations of swings in the S&P 500 over the next 30 days, was down nearly 20% in late trading.

The CBOE Volatility Index was down nearly 20% in late trading.

"There's been a little bit of a sigh of relief that you haven't seen further escalation," said Supriya Menon, senior multiasset strategist at Pictet Asset Management.

Earlier in Asia, Hong Kong's Hang Seng Index rose 1.4% after registering its biggest one-week decline since December. In China, the Shanghai Composite was up 0.9%, snapping a three-day losing streak.

In Japan, the Nikkei Stock Average lost 1%, down for a fourth consecutive trading day.

Earnings have been beating "more optimistic" forecasts in Asia, where roughly half of companies, excluding those in Japan, have already posted results, said Stephen Corry, chief investment strategist at LGT in Hong Kong.

—Kenan Machado contributed to this article.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Car Stocks: Cheap for a Reason

In an expensive stock market, car makers are sensationally cheap. Sadly, though, this looks less like a buying opportunity than a rational response to the radical uncertainty created by the industry's transition to electrified and self-driving vehicles.

GM shares trade at six times forward earnings, compared with 17 times for the S&P 500. The biggest U.S. car producer isn't alone: Globally, the average earnings multiple for big car manufacturers is about seven times.

The usual suspect when automotive valuations appear low is the cyclicality of car sales. True to form, they are now at or close to a peak in the key developed markets. Earnings are likely to fall, pushing earnings multiples up towards more normal-sounding levels.

But this isn't the whole story. A cyclically adjusted valuation measure—share prices relative to average profits over 10 years—puts automotive stocks (including better-loved suppliers) at 16 times, compared with about 24 times for the wider market and 26 times for other industrial stocks. Even adjusting for the industry's current profitability car stocks look very cheap.

LUKE MACGREGOR/BLOOMBERG NEWS

A hybrid Volkswagen Golf at a charging station in London.

So should investors pile in? Probably not. For one thing, cyclically adjusted valuation measures only make sense if the company survives the next bust with its equity intact. Last time around some players, notably GM, went bankrupt. The industry is in better shape now, but fixed costs are still so substantial that most car makers' profits would be wiped out in a repeat of the 2009 sales collapse, estimates Katherine Davidson, automotive sector specialist at Schroders, an asset manager.

Moreover, the future path of profits is clouded by technological transition, however many cars consumers buy. Investments in electric cars and self-driving features are already pushing up research-and-development spending, holding back profitability. But the hit to margins will be far greater as tightening emissions standards spur electric-car sales. Today's manufacturers have a century of experience honing the car-making process with combustion engines; it will take time to get to the same point with electric cars.

And that is leaving aside the substantial risk that new competitors eat the incumbent industry's lunch. Even if tomorrow's car brands are mainly the same as today's—outside China, **Tesla** is the only credible new car brand—profits could ebb away to automotive suppliers with must-have technology on the one hand and customer-facing app providers like **Uber** on the other.

Faced with such a range of possible outcomes for the industry, long-term investors are sensible to watch and wait for greater clarity—though it probably won't emerge for years. There may be pockets of relative opportunity: **Daimler**'s and BMW's low valuations look a bit unfair in light of their industry-leading cash reserves and profitability. Overall, though, car stocks are cheap for good reason. *—Stephen Wilmot*

OVERHEARD

American investors may be cheering on the rally in U.S. stocks this year, but they would have been better off putting their money almost anyplace else.

Take Belgium, where the MSCI index gained 15.1% through Thursday in dollar terms, versus 9% for the U.S. index. Or Mexico, which is up 27.2%. Austria has soared 39.9%.

Indeed, of 48 developing and emerging-market countries covered by MSCI, only nine have performed worse than the U.S. MSCI's index of global stocks excluding the U.S. is up 13.5%.

Even the U.S. stock rally is mostly a global affair. Large multinationals with major operations abroad have been driving America's stock-market gains as improving overseas economies fuel profit gains.

Meanwhile, shares of smaller, domestically oriented companies have been faring worse.

Investors who have focused solely on the U.S. have let a world of opportunity pass them by.

Sell Shares Of DryShips After Surge

Anchors aweigh! The **DryShips** saga finally took the turn that so many have lost so much money betting on too early—a violent rally now that the Greek firm's stock issuance to **Kalani Investments** Ltd. has ended.

The offshore investment firm, controlled by Toronto financier Marc Bistricer, has acted as a conduit for over $600 million in new shares sold with little regard to price. DryShips shares doubled in early trading Friday after the announcement that the maneuvers that had depressed its value by 99.9% since mid-November 2016 had ended. That still is well short of the stock's current value on paper after the capital infusion, but investing in DryShips on that basis, or on any basis, remains foolhardy.

The company also said Friday that Chief Executive George Economou is investing $100 million in the company at a 34% premium to Thursday's closing price.

But Mr. Economou's payment effectively will consist of shipping assets, redeemed loans and a series of preferred stock that had given him supervoting rights that had cemented his control over the company during the rapid dilution.

Lawsuits and the possibility of securities-law violations continue to loom over the company. The Securities and Exchange Commission declined to comment, while the company, Nasdaq and Mr. Bistricer hadn't responded to questions at the time of publication. Even without legal blowback, Mr. Economou remains the captain of this ship. That is reason enough for those fortunate enough to have made a quick gain to hop off at the next port.

—Spencer Jakab

Beijing Sets Chinese Lenders on a Scramble for Funding

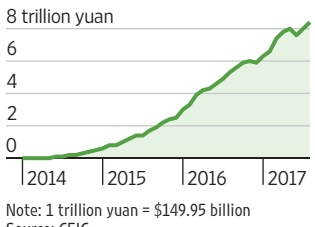
All roads in Beijing's deleveraging efforts lead to its banks.

China's central bank—increasingly becoming the one all-powerful financial regulator—said it would begin reclassifying the fastest-growing source of banks' wholesale funding from the first quarter of next year. So-called negotiable certificates of deposits, a type of money-market instrument that came into existence just three years ago, have grown almost 60% in the past year to 8.4 trillion yuan ($1.26 trillion) in July. The new rule is supposed curb Chinese banks' ability to expand their balance sheets rapidly using these short-term financing tools.

Funding has become a difficult task for China's banks. The traditional deposit base has been fleeing to higher-yielding investment products while capital markets have made raising debt punitive. So NCDs have been all the rage. Of the 1.6 trillion yuan issued in July, small and midsize banks issued the bulk of the volume and half of all NCDs are issued by a dozen such banks. Banks such as Shanghai Pudong could be heavily impacted.

Up and Away

China's monthly stock of negotiable certificates of deposit



Note: 1 trillion yuan = $149.95 billion
Source: CEIC
THE WALL STREET JOURNAL.

Big state-owned banks' issuance rose 160% on the month in July.

NCDs are booked as bonds but aren't really. A less stable form of funding, they have tenors of six months or less and rates are closely linked to money-market rates, which are currently around 4.5%. They don't require collateral or guarantees and credit ratings. Buyers include other banks, money-market funds and bank-run wealth-management products.

The sheer scale of NCD issuance means reclassification is bound to cause banks to hit up against regulatory limits. For instance, bank-to-bank, or interbank, liabilities—the new classification for NCDs—can only total a third of total bank liabilities. Meanwhile, the central bank's test for lenders requires this ratio to be below 25%.

At current levels, nearly 40 banks exceed this. Failing the test subjects them to central-bank punishment such as higher borrowing costs and restrictions on funding.

The latest rule will put pressure on banks' liquidity. Or it will force them to find other means of funding. Either way, many Chinese banks will have to scramble.

—Anjani Trivedi